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NATIONAL INTELLIGENCE DAILY CABLE

Friday 25 November 1977

CG NIDC 77/273C

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NATIONAL SECURITY INFORMATION
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MIDDLE EAST: Further Reactions

[] The Israeli public, while still euphoric over Egyptian President Sadat's visit, seems disappointed that its own government did not rise to the occasion and match Sadat's gesture. As a result, the government is on the spot to respond soon in some way that will further boost peace efforts. On the Arab side, the Saudis reportedly will quietly support Sadat's initiative, and moderates within the Palestine Liberation Organization apparently are attempting to prevent the PLO stand from being overly harsh.

[] Most Israelis agree that it is their move, but they appear uncertain and divided over what Prime Minister Begin could have given Sadat before the Egyptian President departed. It is generally conceded that Begin could not have suddenly changed his hard-line position on substantive matters, but his performance has raised doubts anew about his capacity to overcome past ideological convictions and deal with the new situation.

[] A cleavage may already be developing between hard-liners, on the one hand, and most of the public, the Israeli press, the opposition Labor Party, and even some moderates within the governing coalition on the other over the direction Israel should take. The moderates are urging the government to make some appropriate concession that will give new momentum to reconvening the Geneva conference.

[] The hard-liners, however, seem even less convinced of the value of a Middle East peace conference. While Israeli hawks are now convinced that Sadat desires peace, the reaction of Syria, the Palestinians, and other Arabs to the visit has reconfirmed the view of many hard-liners that--apart from Egypt--none of the other Arabs are ready to accept Israel and make real peace. As a result, they believe Begin should concentrate on bilateral negotiations with Egypt.

[] We do not know what Sadat and Begin discussed privately, nor do we have any clues as to how the Begin government intends to react. Foreign Minister Dayan, presumably with Begin's approval, has stressed the need for Israel to reexamine its negotiating position. But he has also interjected a note of caution against expecting a quick solution.

[] Begin and Dayan, however, may be playing for time to let passions subside in Israel while they devise a strategy and tactics for dealing with Sadat's gambit. They undoubtedly hope to channel and regain a measure of control over the pace and direction of negotiations.

[] The PLO continues to be strongly critical of Sadat's trip, but PLO chief Yasir Arafat and his moderate colleagues apparently are trying to preserve their political options by not attacking Sadat personally. The PLO's negative position is due at least in part to the influence of militants within the organization as well as to Syrian, Iraqi, and Libyan pressures.

[] The Palestinian reaction, such as the speech delivered at the UN on Wednesday by the PLO's observer, has generally been somewhat milder than that of Syria and other opponents of Sadat's initiative.

[] Arafat probably is apprehensive that Sadat might be willing to accept a settlement with Israel that does not completely satisfy Palestinian demands, but he appears to be hedging against the possibility that Sadat's trip will lead to movement toward an acceptable solution to the Arab-Israeli problem. Arafat realizes he may need Egypt's support at some future date.

[] Romania yesterday responded favorably to Sadat's visit to Israel in a lengthy editorial in *Scinteia*, the official party newspaper. The editorial termed the trip a practical move "offering a way out of a deadlock."

[] The Romanians, who have long prided themselves for maintaining good relations with both Israel and the Arabs, are thus taking a stand at variance with handling of the visit by the USSR and other Warsaw Pack members. The Soviets have made efforts to discredit Sadat, but their coverage of his trip has generally been indirect and has not appeared prominently in their most authoritative publications. []