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**THE DIRECTOR OF CENTRAL INTELLIGENCE**

WASHINGTON, D.C. 20505

**National Intelligence Council**

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24 June 1982

MEMORANDUM FOR: Director of Central Intelligence  
Deputy Director of Central Intelligence

FROM: Charles E. Waterman, NIO/NESA

SUBJECT: Lebanon and Palestine Talking Points for 25 June Breakfast

1. As you are aware, Lebanese leaders dealing with the PLO have passed through Habib a proposal for token Israeli pullbacks around Beirut, introduction of international and Lebanese armed forces, and a promise that they will then consider their political future under Lebanese authority. This roughly parallels what the Saudis have been proposing. The Lebanese say they are convinced the PLO intends to disarm and for its leaders to leave Lebanon-but later. The proposal is unacceptable to the Israelis, of course, but in my opinion contains elements which ultimately may prove useful to us. Specifically:

- If at some point we serve as the instrument that engineers a token Israeli withdrawal, it would assist in our regional relations beyond the impact of the act itself. Arab regimes, if they choose, could claim to have influenced us in bringing it about.
- The principle of their disarming has apparently been seriously discussed with the Palestinian leadership -- and perhaps tacitly accepted.

2. A move on West Beirut by the Israelis is obviously not in our wider interests. I personally feel it would not be totally cataclysmic, but many Arabists disagree. If it occurs, it may not initially be the all-out bloody advance being discussed, but rather:

- Isolation of the Shia areas from attack, and pressure on Shia leaders to police their own area. The content of recent Phalange/Shia contacts seem to indicate this may be possible.

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- Attack on the Palestinian camps (largely denuded of civilians) and advance to the Mazra' area on the edge of the Beirut city center.
- Further compression of Palestinian/Leftist/regional Syrian elements into the remaining area of West Beirut.

Negotiations may then begin anew, with the Palestinians in a worse position than now - if that can be imagined. It is my judgment they would at that time explicitly disarm within a few days. A token Israeli pullback as a face-saving device under these circumstances might facilitate this result - and serve our interests as well.

3. Arafat, Khalaf, and other PLO leaders are not martyrs by temperament. They may well be able to exit clandestinely during the unfolding of the above scenario. I continue to judge that many Palestinian fighters, once disarmed, would ultimately find their way to Syrian controlled or influenced areas in east or north Lebanon. A continuing Syrian presence there continues likely.

4. A key to the Lebanon situation's ultimate resolution remains our willingness dramatically and rapidly to support a new Lebanese army as soon as the guns fall silent.

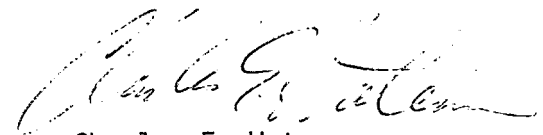
5. An important subject remains the reaction of key moderate Arab states to recent events. There obviously has been an erosive effect on our relations, and universal condemnation of our passivity or connivance. No specific actions against us have occurred, however, and it is difficult to envisage what they can do. It is perhaps only a question of time lag, but I note two actions this week by Saudi Arabia which seem to indicate continuance of discreet collaboration in other areas: a continuing request to the JCS for advice in choosing a site for an airfield for contingency planning; apparent transfer of a large amount of funds for the Afghanistan insurgents.

6. NSC staff contacts inform me that President Reagan pressured Begin hard on a wider scenario for Palestinian autonomy than he now envisages, and at times this session was "acrimonious." [REDACTED]

[REDACTED] I question whether our message has gotten through, however. The written autonomy plan Begin left, I understand, is pretty much the same restricted autonomy scheme already discussed by the Israelis.

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