

MEMORANDUM

NATIONAL SECURITY COUNCIL

3011-X

ACTION

SECRET/GDS

May 18, 1977

MEMORANDUM FOR: ZBIGNIEW BRZEZINSKI

FROM: WILLIAM B. QUANDT *B.2.*

SUBJECT: Israeli Elections

Much of our strategy toward the Arab-Israeli conflict has been predicated on the assumption that a strong and moderate Israeli government would at some point be able to make difficult decisions on territory and on the Palestinians. Now we face the prospect of a very weak coalition, a prolonged period of uncertainty, and an Israeli leadership which may be significantly more assertive in its policies concerning the West Bank, Palestinians, settlements, and nuclear weapons.

The Arabs will no doubt read the Israeli election results as signifying an end to the chance of getting to Geneva this year, and possibly the end of any hope for a political settlement, and we may see them begin to take out insurance by patching up quarrels with the Soviets, digging in their heels on peace terms, and acting more belligerently on oil prices. All in all, the short-term looks rather bleak in the Middle East.

At an early date, perhaps the first week of June, I think we should have a high-level review of our policy. My preliminary thoughts are as follows:

--We should do nothing in public to indicate disappointment with the Likud victory. Instead, we should continue to talk of the importance of Geneva, the requirements of a comprehensive peace, and the need for flexibility. If Begin becomes Prime Minister, he should be treated with respect and we should invite him to Washington.

--A new Israeli election may be inevitable in the near future. By our actions, we do not want to increase support for Begin, which might occur if we reassess our policy too quickly.

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At the same time, Israeli voters should know that a hard-line government will not find it easy to manage the US-Israel relationship. Intransigence must be seen to carry a price tag, but we should not be seen as the bully. Begin should be allowed to make his own mistakes. If he takes positions in his talks with us that preclude the continuation of our peace initiative, we should not hesitate to explain what has happened. Israelis can then draw their own conclusions, and perhaps the next election in 1978 or 1979 will produce different results.

--American public support for a Likud-led government is likely to be less than it has been for the Labor governments of the past. This may give us some room for maneuver. It may even provide a setting in which we can take some of the hard decisions on arms for Egypt and contacts with the Palestinians. We should not rush in these directions, but at the right time we may be able to act without fear of a serious domestic backlash.

--Assuming that progress toward a settlement will be delayed, at least until late this year, we need to consider a damage limiting strategy for keeping Sadat, Asad, Fahd and Hussein from giving up on us. Since we will probably not be producing Israeli concessions in negotiations, we will have to give some thought to what else we can offer. For Egypt and Saudi Arabia the answer may be, unfortunately, arms. We may also need to spell out our views in public on the terms of a peace settlement.

--I would incline toward restraint in our arms policy toward Israel, but we should not be punitive or abrupt. As new decisions arise--co-production, the number of F-16s, and so forth--we can relate our actions to Israeli flexibility, or lack thereof, on peace settlement issues.

These are simply some preliminary thoughts, and I will still try to develop the memorandum for the President that we discussed. Your reactions to the above points would be helpful.

RECOMMENDATION: That you indicate whether you favor a PRC meeting on our Middle East policy in the first half of June.

Agree. Begin work on draft discussion paper.

Disagree.