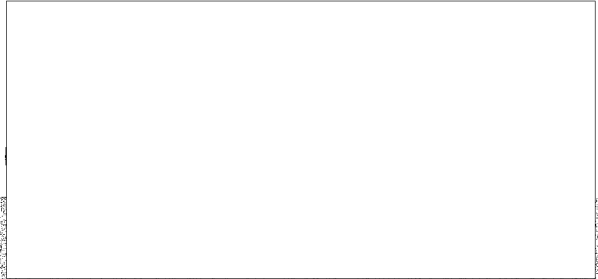




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Outlook for the Palestinians

National Intelligence Estimate

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**OUTLOOK FOR THE
PALESTINIANS**

Information available as of 3 August 1984 was used in the preparation of this Estimate, which was approved by the National Foreign Intelligence Board on 9 August 1984.

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THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL INTELLIGENCE.

THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS.

The following intelligence organizations participated in the preparation of the Estimate:

The Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the intelligence organization of the Department of State.

Also Participating:

The Assistant Chief of Staff for Intelligence, Department of the Army

The Director of Naval Intelligence, Department of the Navy

The Assistant Chief of Staff, Intelligence, Department of the Air Force

The Director of Intelligence, Headquarters, Marine Corps

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SCOPE NOTE

This Estimate assesses the status of the Palestinian issue in Middle East affairs two years after the Israeli invasion that forced the evacuation of the Palestine Liberation Organization from Beirut. It examines the effects on the PLO of its dispersal and the rebellion within the moderate Fatah faction of Yasir Arafat, with emphasis on the implications for Arafat's leadership of the PLO, the relative balance of power between the radical and moderate PLO camps, and how developments in the PLO have affected its relations with the Arab states.

The paper assesses the likely impact of the Palestinian issue on regional problems over the next year or so—and, whenever possible, we have tried to project judgments over a longer period. The paper examines the attitudes of the PLO and the diaspora Palestinians toward the Middle East peace process, and the likely strategies they will adopt to achieve their objectives. It discusses the prospects for any credible Palestinian leadership to emerge in the West Bank and Gaza as an alternative to the PLO. It also assesses the likelihood of increased terrorism by the Palestinians and their sympathizers.

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KEY JUDGMENTS

The Arab states are unlikely over the next two to three years at least to cooperate with the United States in negotiating a solution to the Palestinian issue. This conclusion is based on our judgment that:

- PLO leader Arafat will have neither the mandate nor the will to permit King Hussein of Jordan to negotiate on behalf of the Palestinians.
- Without PLO approval, moderate Arab states are unlikely to endorse negotiations by Hussein. His room for maneuver on the Palestinian issue will remain severely circumscribed, and he will not act unilaterally.
- Only if Washington wrings significant concessions from Israel would Hussein accept the United States as an honest broker in the peace process.
- Even the new Israeli Government will not offer sufficient concessions to make negotiations an acceptable option for the PLO.
- No credible West Bank leadership will emerge capable of entering negotiations on its own or in cooperation with Hussein.
- Syria will be able to block any agreement it does not approve, and will move to halt any incipient negotiations that seem on the verge of approving Jordanian talks with Israel.

The Palestinian issue will remain a potent force in Middle East politics for the indefinite future. The Arab and Palestinian commitment to Palestinian statehood has not diminished in the 35 years of Israel's existence, and is not likely to do so now.

Although other regional conflicts may periodically divert Arab attention, the issue nonetheless will continue to be a source of divisiveness between the United States and the Arabs. Arafat's diminished influence over the PLO has increased the Arabs' fear that the Palestinian issue could destabilize the region, creating threats to their own security. If this occurs, moderate leaders would feel they have no choice but to distance themselves from the United States.

PLO and Palestinian attitudes toward the United States are likely to harden over the next year if there is no progress toward solution of the Palestinian problem. Even Palestinian moderates will point to US refusal to support Palestinian self-determination, or to recognize the

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PLO, as the basic reason for the impasse. They will see continued Israeli settlement activity as proof Washington could not in any event be relied on to get Israel to compromise on its narrow definition of Palestinian autonomy.

The internal situation in the PLO remains unsettled, although Arafat appears to have overcome challenges to his position. Nevertheless, the de facto veto power of the radicals who oppose negotiations with Israel has been enhanced.

Despite internal dissension, the PLO is likely to avoid a formal split over the next year; it cannot, however, legitimately claim to be a relatively united representative of the Palestinians. If it avoids fragmentation, its symbolic appeal to the Palestinians and the terrorist potential of its component groups will allow it to play at least a spoiler role indefinitely. If it does disintegrate, new and probably more radical organizations will replace it as instruments of Palestinian nationalism.

Under Arafat's leadership, the PLO over the last decade has pursued a strategy based on diplomatic tactics and aimed at acquiring some territory for a Palestinian state. Increasing numbers of Palestinians have come to believe that this strategy is doomed to failure and that old approaches may never bring about a Palestinian state. Over time, the PLO's relevance may decline as increasing numbers of Palestinians adopt more sweeping ideological approaches such as Islamic fundamentalism or Marxism, or abandon politics altogether.

As hopes for gains through negotiation dwindle, there will be a return to militancy in the Palestinian movement and an attempt to refurbish the PLO's revolutionary credentials. This implies:

- Rejection of a negotiated settlement.
- Abandonment of any land-for-peace concept.
- Renewed emphasis on armed struggle, largely in the form of unconventional operations against Israeli targets.

A radicalization of the Palestinian movement may force Arafat to end his ban on terrorism outside Israel and the occupied territories. The Palestinians' loss of an independent base in Lebanon, however, means that Palestinian groups will be increasingly influenced by host nations' policies, which could limit their freedom to conduct either international terrorism or terrorism in Israel and the occupied territories. Such terrorist efforts, however, are likely to increase through use of PLO assets in Israel and the occupied territories.

The Palestinians' 17-year experience of Israeli control makes it unlikely that they would consider autonomy under Israeli sovereignty as

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a solution to their political future, but the pace of de facto accommodations between many West Bank Palestinians and the Israeli military government will expand.

On balance, we believe the odds are against a credible West Bank and Gaza leadership joining Hussein in support of negotiations and sustaining its support in the absence of Israeli willingness to grant ultimate Palestinian self-determination.

There is only a slim chance that the dissension within the PLO or the failure of Arafat and Hussein to reach an agreement will lead to an independent West Bank initiative.

Not all Palestinian goals are congruent with the national interests of all Arab states. Syria supports militant PLO groups only to facilitate its own regional goals. Syria is willing to wait years, even decades, for the conditions conducive to a settlement on its terms to arise. A change of regimes in Syria is unlikely to alter Syria's refusal to support a solution to the Palestinian issue except as part of a broader Arab-Israeli settlement that includes the return of the Golan Heights to Syrian control.

The moderate Arab states are concerned over the continuing lack of progress toward a settlement of the Palestinian problem. The moderates will use their influence to keep US-Jordanian relations from deteriorating further and to keep alive the Arafat-Hussein dialogue, in the hope that forward movement in the peace process will resume after the US elections.

Although the Arab moderates will express initial willingness to explore any new Israeli offers, they are unwilling to compromise on the issues of Palestinian self-determination and the need for a role for the PLO in any Palestinian political entity. Egyptian support would be essential in the unlikely event the moderate Arabs and Arafat ever decided, despite Syrian opposition, to support negotiations with Israel or to reach a comprehensive agreement with Israel.

The prospects are remote that the moderate Arab states over the next several years will back an alternative to the PLO unless it clearly loses the support of the Palestinian people.

As the stalemate over the Palestinian issue continues, Israel will move toward incorporation of the West Bank. Israel is unlikely to do anything that will support a moderate wing of the PLO against the radicals; Israel prefers a radical PLO, which obviates any need for compromise.

A Labor government would adopt a more flexible approach than Likud to solving the Palestinian issue. Labor's policy of turning over the heavily populated areas of the West Bank and Gaza to Jordan probably

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would raise some initial interest in Jordan and Egypt, but would not serve as a basis for a final settlement. A resumption of talks would present opportunities for conciliatory moves by all participants, but we believe that even a Labor government is unlikely to come forward with compromises that would sustain moderate Arab hopes for an acceptable negotiated solution.

The festering of the Palestinian issue and Soviet support for the PLO provide Moscow with major opportunities to increase its influence in the Arab world. The USSR still views Arafat as the most viable PLO leader, but, if forced to choose between him and Syria, Moscow will opt for the latter.

The Soviets will continue to pursue a political solution to the Palestinian issue that would achieve their regional goals. This will keep them at odds with PLO radicals that favor armed struggle and terrorism as the chief means of dealing with Israel. Moscow probably will offer Arafat increased military and diplomatic support if he overcomes the challenges to his leadership and his position as PLO Chairman seems secure. If radicals opposed to a political solution gain control of the PLO, Moscow will try to rely on the Marxist Democratic Front for the Liberation of Palestine—a radical group that seeks Soviet inclusion in negotiations—to urge a return to the pursuit of diplomacy.

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DISCUSSION

Arafat's Leadership

1. Yasir Arafat's personal prestige and authority declined dramatically in the year following the dispersal of the Palestine Liberation Organization from Beirut. (See chronology, table 1.) He had emerged from the 1982 defeat with enhanced international prestige, increased authority within the PLO, and more influence with Arab leaders. But by the end of 1983 he had been expelled from Damascus, his most loyal deputies in his moderate Fatah faction had repudiated his tentative approval for Jordanian King Hussein to enter Middle East peace talks, a significant portion of Fatah was in revolt against his leadership,

Yasir Arafat: A Political-Psychological Perspective

Yasir Arafat's number-one priority is maintaining his leadership of the Palestine Liberation Organization. Sensitive to the complex political differences among Palestinians, Arafat has a finely honed consensual decisionmaking style, which has helped him to retain leadership of the PLO for 15 years. Throughout his career he has acquired and exploited power by shrewdly playing off factions in order to avoid splitting the movement. At the same time, his unwillingness to risk losing his across-the-board support has inhibited Arafat from taking more decisive actions. In general, we believe this pattern is likely to persist.

While Arafat's talents as a consensus decisionmaker have kept him on top of Fatah and the PLO, we believe his style has impeded any strong direction for the organizations. Arafat can make only short-range tactical decisions that can be readily reversed if circumstances change; we believe that his primary objective is to keep his options open. Arafat's toleration for diversity under the umbrella of the PLO has so far proved to be one of the chief stumblingblocks to any Fatah/PLO-sponsored peace initiatives—including granting to King Hussein of Jordan a clear mandate to negotiate on behalf of the Palestinians. Thus, paradoxically, Arafat's consensus leadership provides an organizational constraint that weakens his ability to negotiate: he has consistently demonstrated an unwillingness to act boldly or get too far out in front on key issues. His insistence on keeping all Palestinians under the Palestinian umbrella implicitly gives the radical elements in the PLO and Fatah a veto over any effort to achieve a negotiated settlement.

Table 1
Recent PLO Chronology

June 1982	Israel invades Lebanon to destroy infrastructure of Palestine Liberation Organization.
August 1982	PLO fighters evacuate Beirut.
May 1983	Syrian-backed PLO dissidents in Lebanon revolt against Yasir Arafat's leadership. PLO leftists remain loyal but tilt toward dissidents.
December 1983	Dissidents force Arafat loyalists to evacuate Tripoli, Lebanon. Arafat meets Egyptian President Mubarak in Cairo.
July 1984	Arafat and leftist PLO factions in the Democratic Alliance sign Aden accord allowing him to remain as PLO Chairman but with reduced personal authority. PLO dissidents remain unreconciled.

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and he was again forced to flee a Lebanese city under the guns of a superior military force.

2. The prospects that a Palestinian consensus in favor of a political solution can remain a strong force in Middle East politics are linked to Arafat's political fortunes. None of the other moderate PLO leaders come close to wielding the authority and prestige necessary to maintain the commitment to diplomacy in the face of radical Palestinian opposition and a relatively uncompromising Israeli stand.

3. Arafat (see inset) remains widely popular among Palestinians in the West Bank, Gaza, and the Palestinian diaspora. His support, however, now depends more on his role as the symbol of an independent Palestinian resistance movement than on any belief in his ability to advance Palestinian political objectives.

4. Arafat's prestige as a symbol of Palestinian resistance to the Israeli attack on Beirut did not last long as the PLO once again became subordinate to the general interests of the Arab states. The Arab heads of state who had deferred to him at their summit meeting in Fez in September 1982—after his departure from Beirut—remained largely passive as Syria and its PLO

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dissident allies progressively reduced the area under Arafat's control in Lebanon and then attacked his last positions near Tripoli. Arab leaders only belatedly applied strong pressure on Syria to observe a cease-fire and allow Arafat to leave.

5. Arafat's meeting with Egyptian President Mubarak, his prominent role at the Islamic Conference in December 1983, and the Arab states' willingness to let him take the lead in determining the next Arab move in the peace process demonstrate his continuing influence in Middle East politics.

6. Arafat now controls 6,000 to 8,000 fighters, comprising those who evacuated Tripoli and those who remained abroad after the 1982 evacuation from Beirut. He also commands some underground assets in Lebanon, and his loyalists dominate the PLO diplo-

matic corps and other PLO departments. Arafat maintains his headquarters in Tunis.

7. Arafat's opponents include PLO dissident forces that fought against him in Tripoli in 1983. These number 2,600 to 3,000 fighters. Leftist PLO forces who remained neutral in the fighting between Arafat and the dissidents total 3,000 to 4,000. Both PLO radical camps—the dissidents and the leftists—have headquarters in Damascus.

PLO Factions

8. There are three broad groupings within the PLO (see table 2):

— Pro-Arafat elements consolidated in the Fatah mainstream.

Table 2
Groups Within the Palestine Liberation Organization

Group	Leader	Politics	Size of Militia
Pro-Arafat			
Fatah loyalists	Yasir Arafat	Palestinian nationalism; main goal is to secure Palestinian political demands; largely non-ideological	6,000-8,000
Arab Liberation Front (ALF)	Abd al-Rahim Ahmad	Controlled by Iraq.	300-500
Democratic Alliance (neutral) ^a			
Popular Front for the Liberation of Palestine (PFLP)	George Habbash	Revolutionary, Marxist-Leninist movement committed to elimination of conservative monarchical Arab regimes as well as Israel. Uses support for Arafat as PLO leader to press him for more radical policies.	1,500-2,000
Democratic Front for the Liberation of Palestine (DFLP)	Nayif Hawatmah	Marxist-Leninist; most "ideological" group; generally supports Arafat and mainline PLO policy.	1,200-1,500
Front for the Liberation of Palestine (FLP)	Taalat Yaqub	Militant opposition to Israel.	300-500
National Alliance (anti-Arafat)			
Fatah rebels	Political: Nimr Muhammad Salih (Abu Salih) and Sami Abu Kuwayk Qadri Military: Said Muragha (Abu Musa)	Reject negotiated solution with Israel.	2,000-2,200
Popular Front for the Liberation of Palestine—General Command (PFLP-GC)	Ahmad Jibril	Lacks clearly defined political ideology; emphasizes military struggle; follows anti-Israel policy.	800-1,100
Popular Struggle Front (PSF)	Samir Ghawshah	Militant advocate of armed struggle to eliminate Israel.	200-300
Saiqa	Issam Qadi	Controlled by Syria.	500-1,000

^a Includes a non-PLO member, the Palestine Communist Party.

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- Anti-Arafat elements forming the National Alliance, whose aim is to remove Arafat as PLO Chairman, drop pursuit of the political option, and commit the PLO to “armed struggle” against Israel. This alliance includes the Fatah dissidents; the Popular Front for the Liberation of Palestine—General Command (PFLP-GC); the Popular Struggle Front (PSF); and al-Saiqa.
- Neutral elements forming the Democratic Alliance, which seeks to preserve PLO unity, but with constraints on Arafat’s personal authority. This alliance comprises the Popular Front for the Liberation of Palestine (PFLP); the Democratic

Front for the Liberation of Palestine (DFLP); the Front for the Liberation of Palestine (FLP); and the Palestine Communist Party (not a PLO member).

Fatah Split

9. The split in Fatah between the rebels and the loyalists is likely to prove permanent. The rebels’ initial call for reforms, with Arafat remaining as Fatah and PLO leader, gave way to demands for his removal as it became apparent he would avoid compromise. The Fatah rebels’ demands for political and administrative reforms constituted a rejection of Arafat’s relatively moderate policies of the past decade and a rebuke of his personal leadership. (See insets.)

Evolution of PLO Policy

Official policy of the Palestine Liberation Organization, as stated in resolutions of the Palestine National Council, has undergone significant shifts since the Council first met in 1964. PLO moderates claim the resolutions have in effect modified the more hardline provisions of the PLO Charter and are a better guide to PLO intentions than the Charter. The Charter, adopted in 1964, contains uncompromising “maximalist” demands calling for the “total liberation of Palestine,” which would obviously require the elimination of Israel.

A basic split in the ranks of the PLO on the issues of its participation in Middle East negotiations and its terms for a settlement occurred at the PNC session in 1974. The Council, against bitter opposition from the radical camp, adopted a resolution known as the Phased Political Program. The resolution rejected negotiations on the basis of UN Resolution 242 but called for the establishment of a “combatant national authority” on any land from which Israel withdraws—an acceptance in principle of the idea of a negotiated solution to the Palestinian issue and the creation of a Palestinian state in the West Bank and Gaza.

The program left vague the exact Palestinian terms for a settlement. It also stipulated that the Palestinians intended to continue the effort to eliminate a Jewish-dominated state.

The next PNC meeting in 1977 took some additional steps in support of negotiations. The 1974 declaration regarding a national authority was modified. The new wording asserted the Palestinians’ right “to establish their independent national state on their own land”—dropping the word “combatant” and substituting the word “state” for “authority.” The declaration also stated the PLO’s right to participate in any international conference bearing on the Palestinian issue. These resolutions were victories for Arafat, but the radicals forced him to drop a proposed resolution calling for coordination between Jordan and the PLO.

The 1979 PNC predictably denounced the Camp David accords. The Council reiterated rejection of UN Resolution 242 but softened some of the hardline language from the 1977 declaration. It deleted one phrase stating that the PLO rejects all dealings on the basis of Resolution 242 and another calling for recovery of Palestinian national rights “without reconciliation or recognition.” The more moderate language was designed to show the PLO’s alleged willingness to consider reasonable compromise. Arafat in 1979 also won qualified Council approval for a PLO dialogue with Jordan.

At the 1981 Council session, Arafat and his followers, over radical and Syrian opposition, narrowly succeeded in securing the passage of resolutions giving limited approval for PLO contacts with the European Community and endorsing the continuation of the Jordanian-PLO joint committee established in 1979 to oversee the distribution of Arab funds to the West Bank.

The 1983 PNC resolution affirmed a “special relationship” between the Jordanians and the Palestinians and approved the concept of an eventual confederation between Jordan and an independent Palestinian state. The resolution said the PLO “refused to accept” the US September 1982 initiative as a basis for a Middle East solution, but did not explicitly reject it. Arafat and the moderates interpreted this language as leaving open the possibility of PLO cooperation with the plan if the perceived defects were modified. The radicals insisted the resolution’s practical effect was to foreclose any PLO connection with the initiative.

Despite the moderate words and implied willingness to negotiate found in some provisions of PNC resolutions, the Council’s declarations inevitably state the PLO’s intention to intensify the armed struggle within the occupied territories. Another standard clause is a reintegration of the PLO’s basic demands for a settlement of the Palestinian issue: the right to “return” (to Palestine), to self-determination, and to the establishment of an independent national state.

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The PLO and the Palestine National Council

Since 1964, when both the PLO and the Palestine National Council (PNC) were formed, there has been purposeful ambiguity about their relationship. Both were formed by the May 1964 "National Congress of Palestinians" in Jerusalem. The congress published two documents, the Palestine National Charter and the Constitution of the Palestine Liberation Organization. There is no evidence that the congress proclaimed the actual formation of the PLO. Ahmed Shuqairy, who was elected head of the interim assembly, later made an announcement to this effect, but it is not clear that he was authorized to do so by the assembly. The PNC is the successor of that interim assembly.

Article 21 of the constitution specifically states that half of the members of the national assembly will be "elected directly by the Palestinian people" and that the other half will be "elected from the commands of the Organization." ("Organization" is used throughout the constitution to mean PLO.) This clearly indicates that the framers viewed the assembly as distinct from the PLO, which would provide only half of its members. This view was reinforced when Arafat's "fedayeen" groups demanded half of the seats in the PNC after taking over the PLO. Article 22, in apparent contradiction to Article 21, names the assembly as "the supreme authority of the PLO." It can be argued that this simply gives the PNC legislative authority over the PLO, but the contrary argument—that the assembly is "of the PLO"—is more easily supported by the language of Article 22.

In practice, the PNC has always maintained at least cosmetic separation from the PLO. It is clear that most members of the PNC try to maintain separation between themselves and active PLO organizations. Many consciously remain independent of the PLO so they can live in or travel to and from the United States and Israeli-occupied territories. Only about 30 percent of PNC members now represent the PLO's constituent organizations; the other 70 percent claim to represent various other Palestinian clubs, unions, organizations, and municipalities.

The PLO, as the largest constituent party in the PNC, most often gets its way in matters of policy, and, since the 1969 fedayeen takeover of the PLO, Arafat has been able to manipulate the PNC on most important issues. Arafat is not always sure that the PNC will ratify his actions or policies, however. The delays in convening the PNC since Arafat's expulsion from Tripoli, Lebanon, in December 1983, have been caused by the attempts by Arafat and his PLO rivals to woo nominally independent PNC members to their respective sides.

10. The rebels demanded:

- An end to Arafat's dialogue with Jordan and a rejection of all compromise plans for settling the issue, including the US initiative and the proposals adopted by Arab leaders at the Fez summit in 1982.
- Arafat's adherence to the principle of collective leadership and acceptance of more accountability for the dispersal of PLO funds.
- A purge of Fatah officers considered corrupt and incompetent.

11. The attack on Arafat in Tripoli proved a costly political blunder for the rebels. The PLO and Palestinian view of them as Syrian puppets hardened, and the rebels' influence declined sharply. Rebel leaders as of mid-1984 no longer seemed to pose a threat of replacing Arafat as Fatah or PLO leader, but the ideas they espoused seem to have gained greater credibility in the PLO.

Democratic Alliance

12. The two principal groups in the Democratic Alliance, the PFLP and the DFLP, have gained status in the PLO since the evacuation from Beirut in 1982. Their influence has always been second only to Fatah because of their size and the prestige of their leaders. Nayif Hawatmah of the DFLP and George Habbash of the PFLP are the only important PLO leaders other than Arafat to maintain reputations as independent representatives of the Palestinians. The Fatah rebellion and the splits within other guerrilla groups have left the PFLP and the DFLP as the two most internally unified groups in the PLO.

13. The PFLP and the DFLP maintain strong ties to the Soviet Union, and the DFLP's relations are particularly close. The PFLP's relations with Moscow were cool until the late 1970s. The Soviets were reluctant to become too closely identified with an organization that had a reputation for supporting international terrorism and rejected negotiations as a means for coming to terms with Israel. The PFLP's suspension of international terrorism in the mid-1970s permitted improved relations, but Moscow continues to differ with Habbash's rejection of a negotiated settlement.

14. Hawatmah and Habbash since the Fatah rebellion have tried to strike a balance between often conflicting objectives:

- They sympathize with rebel demands for collective rule and militant policies but have opposed Arafat's removal or armed revolt as a means to force him to adopt reforms.

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— They want close ties with Syria but to retain a capacity for independent decisionmaking.

15. Habbash's and Hawatmah's political positions will continue to be crucial in determining Arafat's strength within the PLO and therefore his options in the peace process. The movement of either or both into a permanent alliance with the dissidents would jeopardize Arafat's claim to be the leader of the PLO, even if he maintained a majority in the Palestine National Council and the PLO Executive Committee. This, however, seems less likely after the Democratic Alliance and Arafat's Fatah wing agreed to limitations on Arafat's leadership at a series of meetings in Algiers and Aden in mid-1984.

16. Arafat's effort to keep Habbash and Hawatmah on his side will require him to adhere to the Aden agreements and to PNC resolutions that rule out surrendering the demand for Palestinian self-determination or giving Jordan authority to represent the Palestinians in negotiations. Habbash and Hawatmah will argue against any form of PLO-Jordanian cooperation, although they probably would grudgingly accept limited joint action if it were approved by the Fatah Central Council and by the Arab states.

The Balance of Power

17. The veto power of radicals that oppose negotiations with Israel has been enhanced. Opinion within the PLO on Middle East issues favors the radicals' emphasis on armed struggle and a rejection of compromise solutions, including the US initiative and the Fez proposals, as the preferred means of advancing Palestinian political demands. All factions seek to preserve their positions through the retention of armed power.

18. The radicals enjoy the psychological advantage of having their forces concentrated in states that border on Israel—Lebanon and Syria—while Arafat's fighters are distant from the Palestinian-Israeli conflict. This puts the burden of proof on Arafat to demonstrate that he is capable of waging armed struggle against Israel while also pursuing the political option.

19. The radicals are in a position to benefit from a stalemate in the Middle East peace process. Their policies assume that an agreement with Israel is unobtainable, and they are prepared for a protracted struggle to eliminate the Israeli state. Arafat, on the other hand, must show in the next year or so that his diplomacy can achieve favorable results or risk more defections to the radical camp.

20. Arafat still has considerable assets. His supporters comprise a majority on the Palestine National

Council, the Palestine Central Council, and the PLO Executive Committee. They also fill PLO diplomatic positions, direct PLO departments and economic enterprises, and control the PLO treasury. Furthermore, he retains a well-developed infrastructure both in the occupied territories and abroad that will permit him to resume guerrilla and terrorist activity if necessary to preserve his leadership position.

21. The increase in early 1984 of terrorist incidents inside Israel and the occupied territories seemed to confirm that armed struggle against Israel retains significant appeal in PLO circles.

Prospect for a Split

22. The odds favor the PLO's avoiding a formal split over the next year, but it is unlikely to regain the degree of unity it possessed before the Israeli invasion of Lebanon. Even without a formal split, the dissidents who seek a military solution are unlikely to accept Arafat's leadership again.

23. So far, neither side has been willing to formalize the split. This standoff could continue for some time, as both sides see value in preventing the PLO's disintegration.

Relations With Arab States

Syria

24. Syria's consistent objective has been to prevent the PLO—and particularly Arafat—from acting independently of Damascus in the Middle East peace process. Syrian President Assad wants, at a minimum, to keep the PLO responsive enough to Syrian direction to enable him to use the Palestinian issue as a bargaining chip in any negotiations with Israel on a general Middle East settlement. A pliant PLO also gives him additional leverage in his relations with the Arab states, lending weight to his claim to represent Palestinian interests and to his implied threat to use PLO surrogates to conduct terrorism against moderate Arab rivals.

25. Syria's own national interests are not identical with those of the Palestinians, however, and they will continue to take precedence over strictly Palestinian goals. Syria will not support a settlement of the Palestinian issue that is not a part of a broader settlement that includes:

- The return of all the Golan Heights to Syrian control.
- Major Syrian influence over any Palestinian entity.
- Suitable arrangements for the future of the Palestinians living in the diaspora.

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26. The Fatah rebellion gave Assad an opening to go beyond merely restricting Arafat's freedom of maneuver. He saw an opportunity to destroy Arafat's preeminence and bring the PLO under Syrian control. Assad did not instigate the rebellion, but he assured its survival by supporting the rebels with money and arms and encouraging other Syrian-controlled PLO groups—Saiqa, the PFLP-GC, and the PSF—to side with the rebels. The PFLP and DFLP—the only important PLO groups other than the Fatah loyalists that have resisted becoming Syrian surrogates—are basically pro-Syrian.

27. Syria's most important gain is the weakening of Arafat. His loss of support among the more militant PLO groups and his diminished influence over the PFLP and DFLP enhance Syria's ability to pressure these groups.

28. The Syrians prefer a united PLO, with leadership passing to pro-Syrian factions. Short of an assurance its surrogates would get Arab League endorsement, Syria would probably not take steps to establish a rival Palestinian organization except in the unlikely event Arafat seeks and obtains majority support in the PLO for Jordan to enter peace talks on behalf of the Palestinians.

Jordan

29. The effort by Arafat and King Hussein to revive their agreement on entering talks is likely to founder on the same obstacles that prevented them from consummating an agreement in April 1983. Fatah and PLO pressures against a bold move by Arafat to support negotiations, in fact, are greater now than they were last year. The Fatah loyalists and other PLO members who continue to support his leadership have demanded, as the price for their support, Arafat's strict adherence to the principle of collective leadership. The result is to restrict Arafat's room for maneuver with Hussein.

30. Arafat has been noncommittal in recent months on the terms of a possible agreement with Hussein. In his dialogue, he is likely to make demands consistent with the Fez proposals, which Israel will find unacceptable. He will refuse to surrender the PLO's sole right to represent the Palestinians, demand an end to Israeli settlement activity, and insist on ultimate creation of an independent Palestinian state as part of any comprehensive agreement.

31. Arafat will probably probe in his private talks with Hussein for formulas compatible with the Fez proposals and the US initiative. The proposed Egyptian-French UN resolution, which incorporates Resolu-

tions 242 and 338, and calls for Palestinian self-determination, will also receive attention. Much of this discussion will be cosmetic, designed to cultivate an image of reasonableness with Jordan and the United States.

32. PLO radicals and the Syrians will prevent an Arafat-Hussein agreement. They will use terror and the threat of terror to intimidate Arafat's Arab and Palestinian supporters, and they will bid for Palestinian support by arguing that Arafat is pursuing the same policies that in the past have failed to win US and Israeli reciprocation. Syria's strong showing in Lebanon gives it added leverage to keep the moderates on the defensive. Arafat will be able to withstand this challenge only if he demonstrates that the political option can achieve results favorable to the Palestinians.

33. Hussein, for his part, will not enter negotiations without PLO approval because other Arab states—particularly Saudi Arabia—would not then support such a move. The Arab moderates, furthermore, are not ready to pay the price of antagonizing Syria and jeopardizing the Arab consensus.

34. Only if Washington wrings significant concessions from Israel would Hussein accept the United States as an honest broker in the peace process. Hussein is concerned that the Arabs' military inferiority against Israel will translate into a weak negotiating position unless the United States is committed to seeing that a solution acceptable to all the parties to negotiations is reached. Hussein will have reservations about the US commitment unless Israel is persuaded to accept a freeze on settlement activity in the West Bank.

35. Hussein's decision in early January to reconvene the Jordanian Parliament after a 10-year hiatus was designed in part to give him a possible alternative mechanism for asserting his claim to represent the Palestinians if his talks with Arafat fail. The Parliament will remain a potentially valuable mechanism for supporting long-range Jordanian interests in controlling the West Bank.

Other Moderate Arab States

36. The moderate Arab states oppose Syrian domination of the PLO, but their lack of a unified response, reluctance to impose concrete sanctions on Damascus, and fear of terrorist retaliation have limited their ability to blunt Syrian efforts to undermine Arafat and gain control of the organization.

37. The moderate Arabs have depended on Arafat to control the PLO radicals and prevent terrorism.

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Many moderate leaders like those in Saudi Arabia, Kuwait, and the UAE would nonetheless continue to support a PLO dominated by the radicals in the hope of ameliorating hostility toward them even if this meant dealing with some previously unacceptable PLO leaders.

38. The moderate states' strategy is to preserve at all costs at least the appearance of forward motion and to prevent the devastating confrontation that a total collapse of the peace process would imply. They believe progress in talks between Arafat and Hussein is necessary to keep up the diplomatic momentum and to demonstrate to the United States that the Arabs are capable of acting positively in support of a political course toward a resolution of the Palestinian problem.

39. The moderate states would probably favor any arrangement Arafat could get the Fatah leadership to approve. This would be unlikely to provide Hussein with a clear mandate to enter Middle East peace talks, but the moderate states are unlikely to press Arafat for greater concessions. They would probably prefer that he accept an ambiguous outcome and engage in prolonged talks rather than reach an immediate agreement that would risk his remaining support in Fatah and thus jeopardize his chances of remaining as PLO Chairman.

Egypt's Role

40. Arafat's rapprochement with Egypt and Cairo's improved relations with Arab states following its readmission into the Islamic Conference are new elements in the Palestinian picture. Egypt's political rehabilitation, is still some way off, but some Arab moderates believe moves in that direction bolster Arab efforts to foster Arafat-Jordanian cooperation. Egyptian support would be essential in the unlikely event the moderate Arabs and Arafat ever decided, despite Syrian opposition, to support negotiations with Israel or to reach a comprehensive agreement with Israel.

41. After his meeting with Mubarak the criticism Arafat received from Fatah and other PLO leaders who support him as PLO Chairman demonstrates that he cannot count on Egyptian support to alter Palestinian opinion regarding the terms of an agreement with Hussein. Any evidence that Egypt was encouraging Arafat to act in defiance of his Fatah colleagues would undermine his support in Fatah and the rest of the PLO.

Other Arab States

42. *Libya.* Libya is the only Arab state besides Syria to support the PLO dissidents against Arafat.

Libyan leader Qadhafi provided them with money and arms to fight the loyalists in Lebanon. Qadhafi's strongest relations are with the dissidents, especially the PFLP-GC, but he also has ties to other radical groups. Libya is a major source of funds for the DFLP and PFLP as well as the PFLP-GC.

43. Despite Libyan financial support, the PLO radical groups are likely to continue to take their political cues primarily from Syria. The PFLP-GC and the smaller radical groups are comfortable with their Libyan connection, but the other groups seem to want to keep some distance from Qadhafi.

44. *Iraq.* Iraq in recent years has established close ties to Arafat, primarily because of their shared enmity toward Syria. The Arab Liberation Front, an Iraqi puppet organization, is the only non-Fatah guerrilla group to have remained totally loyal to Arafat. Iraq probably would support tacitly an agreement between Arafat and Hussein providing for Jordanian participation in peace talks but might adopt a cautious public stand while awaiting the reaction of Fatah and the PLO.

45. Iraq has accepted some Fatah loyalists from other Arab countries, and Baghdad in the long term could become a major base for Arafat. Iraq may see PLO moderates as potential tools to use in isolating and weakening Syria but is unlikely to consider such a move until the war with Iran is ended.

The Soviet Union

46. Soviet treatment of Arafat since his departure from Lebanon indicates that Moscow—while keeping its distance—still views him as the preferred PLO leader. Soviet officials periodically have made positive comments about him. Soviet officials have emphasized throughout the PLO's internal crisis that Arafat remains an international symbol of Palestinian unity.

47. Moscow traditionally has fashioned its policy on Palestinian issues to accord with Arab sentiments. The Soviets will keep their options open until Arafat's position in the PLO becomes clearer, and they will avoid pro-Arafat actions that might antagonize Syria.

48. The Soviet preference for Arafat stems from broad popular support, international recognition, and his position as the single best person to speak for the Palestinians as a whole, in contrast to most of the PLO radicals who emphasize armed struggle. The Soviets apparently also calculate that Arafat is more likely to keep the PLO independent of Syria.

49. While Arafat is secure as PLO leader, Moscow probably will offer pledges of greater military and

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diplomatic support to assuage his irritation at the lack of Soviet support during his fight with the Syrian-backed dissidents. Moscow's relations with Arafat have never been harmonious, however, and distrust of his intentions will persist.

50. The Soviets have avoided direct contact with the Fatah rebels. Although Moscow sympathizes with some of the rebels' demands—especially rejection of the US peace plan—it apparently views Abu Musa and Abu Salih as little more than Syrian puppets.

51. The Soviets are backing efforts to reunite the PLO and reconcile Arafat and Assad. They probably hope that the leftists of the Democratic Alliance can emerge from the intensive negotiations with Arafat's branch of Fatah as a major factor in PLO decision-making. Moscow undoubtedly would be especially pleased if the reports about the Palestinian Communist Party's admittance into the PLO are true. The Soviets will attempt to use the DFLP and the PCP to urge Arafat's PLO adversaries to pursue a political solution to the Palestinian problem and to limit their emphasis on terrorism and military confrontation with Israel.

PLO Support in the West Bank and Gaza

52. Arafat's support in the West Bank and Gaza increased substantially in recent months as the Palestinians rallied behind him as the symbol of an independent Palestinian movement in the face of efforts by Syria to gain control of the organization through its PLO surrogates.

53. The political leadership of the West Bank and Gaza broadly agrees with what we believe is the mainstream PLO goal of establishing a Palestinian state in the West Bank, Gaza, and East Jerusalem and eventually recognizing Israel. These leaders are prepared to be more flexible in their choice of tactics because their primary concern is to end the Israeli occupation as soon as possible. For this reason, political moderates have supported the US initiative as a sound basis for negotiations. They were disappointed when Arafat last year failed to reach an agreement with Hussein to support talks tacitly linked to the US initiative. Most West Bankers and Gazans are prepared to accept strong links to Jordan as an interim settlement, but they have not abandoned the creation of a Palestinian state as the final objective.

54. There is only a slim chance that the dissension within the PLO or the failure of Arafat and Hussein to reach an agreement will lead to an independent West Bank initiative. West Bank and Gaza leaders would be more inclined to act with Hussein independently of the PLO if the Labor party came to power in Israel

and committed the government to the party's proposal providing for the transfer of the heavily populated areas of the West Bank and Gaza to Jordan.

55. On balance, we believe the odds are against a credible West Bank and Gaza leadership joining Hussein in support of negotiations and sustaining its support in the absence of Israeli willingness to grant ultimate Palestinian self-determination.

56. Stalemate in diplomatic efforts to end the Israeli occupation is likely to increase the attractiveness to younger West Bankers and Gazans of radical alternatives for confronting the Israelis, but the pace of the de facto accommodations between many West Bank Palestinians and the Israeli military government will expand. Support for PLO radicals is likely to increase, but Israeli security measures that so far have restricted PLO political agitation or terrorism in the occupied territories (see inset) probably will continue to keep the radicals in check.

57. Another alternative for the West Bankers, and one that is likely to gain increased support, is to turn to Islamic fundamentalism. Islamic organizations over the past few years have increased their membership, especially among students, and adherence to fundamentalist religious practices has also increased. The fundamentalists have occasionally engaged in violent incidents against PLO leftist rivals and Israeli authorities but have not shown the fanaticism associated with Iranian-style Shia fundamentalist movements. This may change, but even if violence is avoided the almost certain consequence of a resurgent Islamic fundamentalism would be increased West Bank opposition to the concept of a negotiated settlement with Israel.

58. The Israelis are confident for now that their security measures will allow them to blunt a fundamentalist challenge as they have prevented PLO terrorism from posing a serious threat. The Israelis are also likely to play the fundamentalists against the PLO, and the tactic is likely to have some success in getting them to fight each other.

59. A confrontation between Palestinians and the Jewish extremists, or between the extremists and Israeli security forces in which Palestinians become involved, is possible over the next year. Acts of violence by extremists among the Jewish settlers could trigger disruptions. Major outbreaks of violence would inflame West Bank opinion against any accommodation with Israel.

The Palestinian Diaspora

60. Arafat and his moderate PLO wing continue to enjoy the support of the overwhelming majority of

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Israeli Positions on the Occupied Territories

In Israel there is broad agreement among nearly all political parties and within the public as a whole on the major tenets of Israeli policy toward the occupied territories:

- **There will be no return to the borders before June 1967.** Israelis across the political spectrum generally believe that the pre-1967 borders are inadequate to protect Israel's vital security needs. There are, however, significant variations within the consensus.
- **Israel will neither negotiate with nor recognize the PLO.** The vast majority of Israelis oppose negotiations with the PLO even if it were willing to modify its charter to recognize Israel and renounce terrorism. Their concern is that this would lead inevitably to the creation of a hostile Palestinian state in the West Bank and Gaza. Even the minor elements within Israel that might have favored a dialogue with the PLO will find it much more difficult to make their case after the recent divisions within the organization.
- **Israel will retain political sovereignty over a united Jerusalem.** There is virtually universal support for the retention of political sovereignty over a united city. All Jewish Israelis have a deep attachment to Jerusalem because of its place in their religious tradition and in Jewish history. An overwhelming percentage of Israelis reject any sharing of sovereignty over the city with the Arabs. Neither of the major political blocs within Israel—Likud and Labor—would be likely to offer more than expanded municipal decentralization designed to give greater autonomy to the Arab population and to preserve Arab control over Jerusalem's Muslim holy sites.

The Likud bloc aims ultimately to incorporate the West Bank into pre-1967 Israel, but it does not, in practice, seek the formal annexation of the territory. Prime Minister Shamir and many of his colleagues believe that the West Bank—the heartland of the Biblical Land of Israel—must never again be lost. They

also regard continued Israeli control as vital to assure the security of Israel's densely populated coastal plain. Nevertheless, they recognize that formal annexation of the West Bank would endanger Israel's status as a predominantly Jewish state and would inevitably entail a severe deterioration in US-Israeli relations—which they would go to great lengths to avoid. We believe many in Likud realize that formal annexation is an impracticality.

Shamir and his Likud colleagues insist that the Camp David accords, reached in 1978, represent the only acceptable negotiating framework because they provide Israel the best chance to retain control over the West Bank. By their interpretation, the Camp David agreements provide for no more than severely circumscribed Palestinian self-rule, while leaving Israel in control of all sovereignty-related matters, including land and water resources, settlement activity, and security.

The Labor Party maintains a more flexible approach to solving the Palestinian problem than Likud. Labor is no less insistent on de jure recognition of Israel's right to exist, guarantees for Israel's security, and continued control over a unified Jerusalem, but it has long favored a West Bank/Gaza territorial compromise with Jordan.

The Labor Party regards the Camp David agreements as an interim stage in negotiations to reach a final peace with Jordan based on a territorial partition. Those areas returned to Jordan would be demilitarized and would become part of a "Jordanian-Palestinian" state. Israel would retain most of the Jordan Valley, the Etzion settlement bloc south of Bethlehem, greater Jerusalem, and the southern Gaza Strip. Jewish settlement activity would continue in those areas, but most party leaders probably would be prepared to abandon settlements in areas retroceded to Jordan.

Labor's negotiating flexibility—if it returns to power—would depend, in large part, on the strength of its parliamentary base. If it had to gain the support of members of Israel's religious parties—many of whom oppose the return of any portion of the Biblical Land of Israel—to form a coalition, Labor's negotiating flexibility would be severely constrained.

Palestinians in the diaspora. (See map, figure 1.) His fight with Syrian-backed PLO dissidents sharpened the diaspora's view of Arafat as the chief symbol of Palestinian independence, reversing a decline in his prestige. The initial sympathy in the diaspora for the rebels faded as their subordination to Syria became more evident.

61. The support of the dispersed and divided Palestinians in the diaspora, however, provides Arafat with little practical power. In making decisions regarding

the peace process, he must be most attentive to the Fatah Central Committee and the PLO Executive Committee, which must of necessity make decisions without direct reference to the opinion of the millions of Palestinians in the diaspora. The expatriate Palestinians also give Arafat no leverage with which to counter Syrian influence.

62. The Palestinians in the diaspora are likely, for at least the next several years, to continue to support the PLO as their sole institutional representative. Few

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Palestinians support the PLO's military and political program without reservations, and they differ among themselves on its specific policies. They are likely, however, to transfer their loyalties to an alternative organization only if the PLO falls under the domination of a single Arab state or a new organization is formed and over time proves that it is better able to further Palestinian political aspirations.

63. Most Palestinian expatriates, especially those that reside in the Gulf states, support a negotiated solution to the question of their future. They accept Israel as a reality and are prepared to recognize it as part of a comprehensive settlement. Many—probably a majority—see little value in the concept of “armed struggle” as an adjunct of political action. Some moderates who advocate an ultimate political solution, however, believe the PLO must maintain some military capability to provide a greater margin of political credibility.

64. Both the Palestinians and their Arab hosts reject the assimilation of the Palestinians into the local societies as a solution to the problem, short of the establishment of a homeland. Most Palestinians are unwilling to surrender their identity as a separate

people. The emotional and symbolic appeal of a return to, or a political link to, an entity in Palestine is still strong.

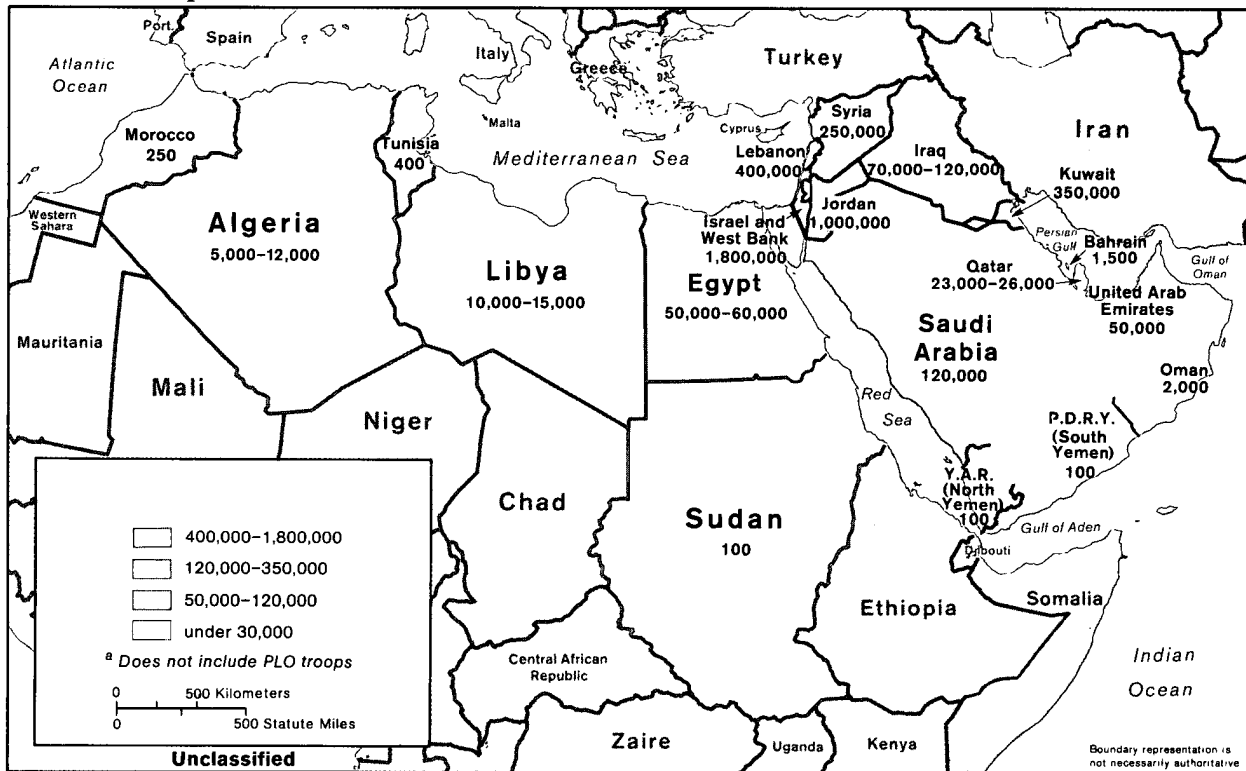
65. The Arab states, with the exception of Jordan, have offered citizenship to only a few Palestinians since the first refugees began arriving 35 years ago, and there is virtually no chance the Arab governments will change this policy or even accept the Palestinians as permanent residents.

The Terrorist Threat

Lessons Learned Last Year

66. Over the past year, a number of observers have predicted that Arafat may have no recourse if his political initiatives fail but to return to international terrorism as a means of breaking the Middle East deadlock. Although the terrorist option is available to the PLO leaders, experience over the past decade suggests that most of them will be cautious about moving in that direction. PLO leaders, including the radicals, have maintained the ban on international terrorism adopted in 1974, despite the setbacks to their cause and the lack of progress toward a solution to the Palestinian issue.

**Figure 1
Palestinian Population^a**



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67. The PLO's ability to act autonomously has been severely circumscribed since the Israeli incursion into Beirut. PLO fighters, including the putative terrorists, are now answerable to their Arab hosts. We judge that most terrorism by Palestinians, in the near future at least, is likely to result more from the desires of their patron states than from their own initiative.

State-Supported Terrorism

68. The dispersal of the Palestinians that began in 1982 and the present de facto split within the PLO has resulted in the increased influence of radical states like Syria and Libya over the radical elements in the PLO. Syria, for example, has traditionally used both Saiqa and the PFLP-GC to maintain a voice in the PLO. Since the Palestinian withdrawal from Beirut and the Fatah rebellion, Syrian influence over other elements has grown as well.

69. Syria has increased its terrorist capabilities by promoting collaboration between radical PLO groups, such as the PFLP-GC, Saiqa, and Black June, a non-PLO extremist group. We believe that Black June's late 1983 terrorist campaign against Jordanian interests, which BJO leader Abu Nidal asserted was carried out because of Amman's refusal to release imprisoned BJO members, also serves Assad's desire to discourage Jordan from playing a role in any Palestinian settlement.

70. The PLO radicals are accepting financial and material aid from Libya, but Libya has failed in its attempt over the past year to get them to form an independent, anti-Arafat bloc. Among the probable reasons for this are the relatively low opinion the Palestinians have of the mercurial and unreliable Qadhafi, and the fact that, unlike Syria, Libya does not control territory from which the Palestinians can operate against Israel.

71. Iraq, preoccupied with its war with Iran, apparently provided very little support last year for Palestinian terrorist groups. President Saddam Husayn last year expelled the BJO from Iraq and circumscribed the activities of the 15 May terrorists, another non-PLO Palestinian group, primarily to ensure the continuation of the military and financial support that Iraq receives from Western and moderate Arab sources.

Implications for the United States

The Palestinians

72. Arafat will eventually have to placate his constituency by adopting a more strident anti-US and

anti-Israeli rhetoric, although he will probably not immediately abandon the hope that the United States will play a role in the peace process beneficial to the Palestinians. Within nine months to a year, if the stalemate continues, pressure from frustrated Fatah loyalists and from Palestinian radicals will probably force him to adjust his policies toward the hardline anti-US position favored by PLO radicals.

73. Palestinian radicals over the next year will step up their assertion that the failure of the United States to take firm action to support its own initiative by reining in Israeli settlement activity (see map, figure 2) vindicates their militantly anti-US stand. With the possible exception of DFLP leader Hawatmah, the radicals are unlikely to soften their opposition to the United States even if negotiations begin on terms acceptable to Arafat and the PLO moderates.

The Arab States

74. The moderate Arab states do not expect progress on the Palestinian issue. Their minimum requirement over the next year will be for the United States to demonstrate that it is genuinely interested in brokering an equitable settlement between the Israelis and the Palestinians that does not rule out the possibility of eventual Palestinian self-determination. The moderates' main standard for judging US willingness to play this role will continue to be whether Washington is able to convince Israel to freeze settlement activity.

75. The Arabs' emphasis on this issue will probably increase over the next year. In the absence of peace talks, the Arabs will probably consider a US-secured halt in settlements as essential to prove that the West Bank and Gaza still provide the basis for a political solution to the Palestinian issue and are not falling irreversibly under Israeli control. If the Arabs decide to support the start of negotiations, they will assert that their demonstration of support for the peace process, at the risk of provoking Syrian and radical PLO retaliation, requires at a minimum that Israel reciprocate with a freeze.

76. A continuing stalemate in the peace process will in time cause the Palestinian issue to become more of a source of friction between the United States and the moderate Arab states. The moderates must balance their desire for US aid in support of their short-term security interests against their belief that the Palestinian issue, if left unresolved, poses the most serious long-term threat to their stability. Persian Gulf Arab leaders for now give priority to cooperation with the United States against the Iranian and Soviet threats to the region.

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77. The weakening of Arafat's moderate wing, however, increases the likelihood that PLO radicals will gain strength. The failure of Arafat's diplomacy over the next year to advance Palestinian political interests will encourage Palestinian expatriates in the moderate states to support the radicals. These developments would bring closer to reality the moderate governments' fear that they will eventually face a radicalized Palestinian movement backed by Syria and Libya. These trends, if left unchecked, will force the moderate states increasingly to distance themselves from the United States.

78. Shifts in moderate Arab policies away from US goals are likely to be evolutionary, but there are developments that could force moderate leaders to react strongly against the United States. These include:

- Moving the US Embassy to Jerusalem.
- Another massacre of Palestinian civilians in Lebanon.
- Violent clashes between Israelis and Palestinians in the West Bank that resulted in large Palestinian casualties.
- Jewish extremist attacks on Muslim holy places in Jerusalem.
- Israel's formal incorporation of the West Bank.

Outlook

79. The Israeli invasion of Lebanon, the dispersal of the PLO from its independent bases there, and the PLO dissidents' move against Arafat have ensured that the Palestinian issue must in the future be handled in a way different from that of the past four decades. Arafat's dominant position in the PLO has been dealt a heavy blow, and his survival depends more than ever on his scoring a political breakthrough that provides convincing evidence to the Palestinians that he can achieve Palestinian self-determination through diplomacy.

80. Despite the fissures within the PLO and its declining influence, Palestinian nationalism will remain a key force in the Middle East. The Palestinian and Arab commitment to Palestinian self-determination will not diminish for the indefinite future. The Palestinians and the Arabs reject the assimilation of the Palestinians into their host countries as a solution to the problem.

81. The Palestinian issue will therefore continue to be a key factor preventing a comprehensive Middle

East settlement and a source of friction between the United States and Israel and the Arabs. The issue's potential for contributing to instability in the region and intensifying serious splits between the United States and the Arabs is likely to increase as more Palestinians conclude that their chances of acquiring a political entity in the West Bank and Gaza are rapidly receding.

82. Palestinian radicals and Islamic fundamentalists reject Arafat's concept of a negotiated settlement based on the creation of a Palestinian state in the West Bank and Gaza and opt instead for a long-term strategy that envisions solving the Palestinian problem by eliminating the Jewish state. The radicals as well as the fundamentalists believe that an Arab world united in militant opposition to Israel, demographic changes that favor the Palestinians, and perhaps a weakening of Israeli resolve offer the possibility of bringing about the demise of the Jewish-dominated state.

83. A total reconciliation between the Fatah loyalists and Syria is unlikely, at least as long as Arafat and Assad remain in power. The willingness of some loyalists to accept Syrian positions will increase if the peace process stalemates and the reversion to the militant tactics favored by Syria becomes more attractive, even to Fatah moderates. In the unlikely event Arafat is removed from power while progress on the political front is stalled, his successor probably will actively promote reconciliation with Syria.

84. The National Alliance groups are likely to remain for some time under Syrian domination. The perception of them as Syrian puppets diminishes their chances of gaining broad-based support in the Palestinian community and leaves them dependent on Damascus for survival. If Palestinians come to believe that a political solution is unobtainable, militant policies and grudging cooperation with Syria will become more acceptable, and the dissidents are likely to recover at least some of their influence.

85. Syria will block any agreement reached by the PLO for solving the Palestinian issue that does not have Syrian approval. Despite the bitter differences between Syria and Arafat, however, Syria still publicly supports Palestinian self-determination, and this fact limits the Fatah loyalists' willingness to act contrary to Syria's wishes in the peace process.

86. The PLO's internal strife, increased susceptibility to Syrian domination, and apparent inability to advance Palestinian political objectives has reduced its effectiveness as an independent force in Middle East politics, and its decline is likely to continue. Its radical

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and moderate wings may avoid an open split, but they will continue to expend much of their energy in internal squabbling, preventing the organization from exercising the degree of cohesion necessary to deal with the Arab regimes as an equal. The PLO's symbolic role as the independent voice of the Palestinians and Arafat's personal popularity and international stature will prevent the organization's sudden demise.

87. While the PLO's ability to exercise independent influence is declining, its capacity to play a spoiler role in the Middle East remains strong. As long as the PLO is recognized by the Palestinians and the Arab states as the sole legitimate representative of the Palestinians, it will maintain a veto power over moves in the peace process. Whatever the PLO's strength as a political force, the terrorist capabilities of its component groups and their capabilities to cause trouble for Arab regimes, independently or as agents of their Arab patrons, will ensure its survival as a factor in the Middle East equation for some time.

88. Regardless of the PLO's fate, some organized expression of the Palestinians' desire for self-determination will exist for the indefinite future. If the PLO fades, another institution—or institutions—will replace it, but will be unlikely to achieve the same broad Palestinian support.

89. One alternative would be a realignment of the factions that make up the PLO. There are many potential permutations, but the realignment would probably shake down into a division between groups that favor or oppose holding open the political option for solving the Palestinian issue.

90. The decline and probable eventual eclipse of the moderate Palestinian center represented by Arafat, together with the Palestinians' refusal to compromise on their demands for self-determination, will leave the Palestinians susceptible to the appeal of extremist movements. Leftist and Marxist PLO groups provide one alternative, but their link with non-Islamic ideologies and the perception of them as little more than puppets of Arab states will limit their mass appeal. Support for Islamic fundamentalism will also increase.

Alternative Outcomes

Egypt

91. President Mubarak is likely to be willing to play a more activist role in Middle East politics as he becomes more confident about his domestic position.

Egypt's reacceptance into the Arab mainstream would reinforce his inclination.

92. The combination of a Labor Party in power in Israel and Egypt playing a more active role on the side of the Arab moderates would increase the opportunities for breaking the stalemate in the peace process. Egypt would try to make a positive response to a Labor government committed to offering concessions on the status of the West Bank and Gaza, possibly including a resumption of autonomy talks. Cairo believes, however, that direct Jordanian and Palestinian participation is crucial to such talks. If Jordan agreed to participate, Arafat and the PLO moderates would be hard pressed to withhold their approval.

Syria

93. A change of regimes in Syria over the next year or so would at best present only an outside chance for a breakthrough in the peace process and would more likely diminish the prospects for progress. If during this time, the ailing President Assad died or was incapacitated, he probably would be replaced by another Alawite-dominated regime, one likely to be weaker than his and less adept at maintaining the balance between the minority Alawites and majority Sunni Muslims.

94. The next Syrian regime is almost certain to interpret Syria's regional interests in terms similar to Assad's, and it would also be preoccupied with keeping itself in power. It would be even less likely than Assad to make significant concessions to begin negotiations with Israel. In a worst case scenario, Assad's death would lead to armed conflict in Syria ruling out any Syrian initiatives in foreign policy for some time.

95. A Syria preoccupied with an internal power struggle would potentially leave the Palestinians and moderate Arab states freer to pursue their own interests. This development probably would only marginally change their approach to the peace process. The Arabs—especially Jordan—might be less inhibited about talking with the Israelis, but they probably would still refrain from reaching an agreement that Syria opposed. They would assume that Syria would eventually put its domestic house in order, reassert its influence in Middle East politics, and seek retribution against any Arabs or Palestinians perceived as having sold out Syrian interests. Moreover, even an unstable regime in Damascus might be capable of using intimidation tactics, including terrorism or a military show of force.

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96. Arafat is unlikely to interpret any change of regimes in Syria as offering him a freer hand to follow a more moderate policy or to be more conciliatory about an agreement with Syria. He is almost certain to see the demise of Assad as improving his chances of a

reconciliation with Damascus, and he is more likely to cultivate his relations with the new regime—whatever its character—than to move more boldly toward closer relations with Jordan and the moderate Arab states.

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