1. The 5 March Operation in Tel Aviv is an example of our past assessment of the PLO: its use of terrorism is directly connected with its level of frustration at any given time. In the wake of "successes" at the Rabat Summit, the UNGA, other international forums (UNESCO, ILO, EEC, etc.) and the establishment of PLO offices in such places as New Delhi, Arafat could keep the frustration level low by pointing out political success. With the last Kissinger visit there was an absence of any mention of the PLO or Palestinians. Even such cautious statements as "the rights of Palestinians" were avoided. This was unfortunate, because these little phrases keep hope alive and frustration low.

2. The PLO has just about used up all its diplomatic gimmicks. The last, and most important, is some kind of presence at Geneva. The PLO does not trust its Arab brothers, it has been used by them too often. It wants to get in on the negotiations as a political entity, anything less than this would not be acceptable. Although this position is compatible with the Soviet position, i.e. Geneva with PLO presence, the PLO is not a Soviet tool. If the PLO does not get a lot of play in this coming round, if a firm date for Geneva is not set and if the PLO is not represented at Geneva, its answer will be terrorism. There can be a grey area rather than just the black and white presented above. This grey area can occur if Syria is satisfied with the latest negotiations, Syria still has the capability of holding the reins of the PLO.
3. If the PLO is satisfied with the progress of the negotiations, and it sees a defined role for itself, it may decide to strike at the "rejection" front. It has not wanted to do this in the past because it still might have to adopt the rejectionist line. There is no rival group to the PLO. There is the PLO, the rejectionists and the old system politico-feudal-family Palestinian ties. Only the PLO is broad-based and makes political sense.

4. As long as Arafat is physically around he will have no rival. On one else is even close. The second echelon leadership is too involved with petty bickering and too tied with one or the other of the Arab states to play the role that Arafat has played. Arafat is tremendously interested in his own image, which he transposes to the Palestinian image. To ignore Arafat is to ignore Palestine. To cross Arafat is to cross Palestine. In spite of the problems dealing with a man (and an organization) like this presents, the alternative would be a group of radicals vying for the leadership by overbidding in the field of "armed struggle".

5. The PLO situation is reminiscent of the NF in Pory. There was a time when the NF (or NLF as it was then) pleaded with us to open a dialogue. The moderate leader was Abd-al-Latif al-Sha’bi. We failed to talk because of Saudi sensitivities, al-Sha’bi was assassinated and we now have Pory. It seems to me that we have got to talk to Arafat and we have got to get to Geneva with Arab agreement that the PLO be granted some status. We can keep the ball in our court, by taking the initiatives. Embassy Beirut appeals for this have been most compelling.

6. As to the last point, and to break it down to its simplest contingencies, either there will be a Palestinian state or there won’t. If there is, the PLO will set up a transitional government base on the Palestinian national council. The PLO is already talent hunting. There are literally hundreds of Palestinians who are currently getting experience in the Gulf states. There is hardly a ministry in Kuwait in which there is not a Palestinian who really manages its day to day affairs. These men will be conservative.
ARAFAT WILL MAKE LIBERAL USE OF INDEPENDENTS IN THIS NEW
GOVERNMENT SUCH AS FAHUM, CAMHAWI, ABU MAYZIN, ETC. BECAUSE
HE WILL WANT TO AVOID OBVIOUS FATAH DOMINATION, AND THE
PARTISAN SQUABBLES THAT WOULD BRING, UNTIL HE HAS FATAH'S
INTERNAL AFFAIRS TRULY IN HAND, HE REALIZES THAT THE COMMUNIST
PLOLFP IS BETTER ORGANIZED AND WOULD BE A STRONG CHALLENGE TO
FATAH IN A PARTY-DOMINATED GOVERNMENT.

7. IF THERE IS NO STATE THEN THE WEST BANK WILL REVERT
TO JORDAN, OR PART WILL BE RETAINED BY ISRAEL. THE LEADERSHIP
WILL THEN REVERT TO FAMILY POLITICS AND TO THOSE WILLING TO
FACE THE WRATH OF THE PLO BY DEPENDING ON JORDANIAN AND ISRAELI
PROTECTION. THE STRONGEST FORCE WOULD THEN BE THE COMMUNIST
NATIONAL FRONT EITHER IN COOPERATION WITH THE CPJ OR THE ICP
(RAKKA). IN THIS CASE THE PLO WOULD PROBABLY TURN IMMEDIATELY
TO THE SUBVERSION OF JORDAN, RATHER THAN ON RUNNING A STATE.

8. THE ABOVE IS A BRIEF OUTLINE OF A VERY COMPLEX SUBJECT
AND ONE ON WHICH, I MUST ADMIT, I AM LESS THAN OBJECTIVE
BECAUSE THE ALTERNATIVES APPEAR TO BE SO GRIM. AFTER THE
CURRENT KISSINGER TRIP, WE MUST GET DOWN TO THE NITTY-GRITTY
OF THE PLO. NO MATTER HOW DRAMATIC KISSINGER'S SUCCESSES IN
SINAI AND GOLAN MIGHT PROVE, IF THE PLO IS LEFT OUT IN THE
COLD, THEY WILL MAKE THINGS HOT AND THEY HAVE THE CAPABILITY
OF DOING SO. IF WE VIEW THIS KIND OF "THREAT" AS AGAINST OUR
DIPLOMATIC PRINCIPLES, WE MUST REALIZE THAT, HISTORICALLY,
PEOPLES IN FRUSTRATION HAVE ALWAYS USED THREATS, PERHAPS LESS
DRAMATIC, WHEN THEY HAVE RUN OUT OF OTHER OPTIONS.

9. NO FILE. L2, IMPDET.