1. RefTel requesting comments updating assessments as to Israeli position on settlement is captioned only Limdis and was repeated to a number of posts. My comments go somewhat further and are perhaps more negative than I believe it desirable to circulate in that classification at this time. I am consequently using the higher Nodis indicator.

2. Israeli attitudes and position in relation to the situation resulting from the hostilities last week and their views as to settlement may be recapitulated and summarized as follows: They genuinely believe that a completely new situation has been created which offers an opportunity to move forward to their goals of durable peace and security such as never existed for Israel to date. Their primary purpose will be to seek the removal of the restrictions on their sovereignty and existence as heretofore demonstrated by the armistice regime which never moved forward, as intended, to peace treaties.

3. Israeli Government thinking as to specific parameters of a settlement has not yet crystalized. However as of this time they believe certain goals to be obtainable. Tactically the majority of authoritative circles seem confident that pressures created by the impact of their defeat in the neighboring countries will be sufficient to persuade the Arab regimes to seek direct peace negotiations. In such negotiations the Israelis would be guided by a determination that Jerusalem shall not be redivided, that the West Bank and Gaza should not be annexed to Israel for the reason that they contain so many Arabs that annexation would alter the complexion of Israel into that of a binational state, that free access to the Straits of Tiran and the Suez Canal should be guaranteed by the absence of a right on the part of Egypt to invoke a state of belligerency to deny Israeli access, and that insofar as Syria is concerned provision must be made to prevent the border settlements there from continuing to live under the threat of Syrian bombardment.

4. Despite the majority adherence at present to the foregoing as attainable objectives, the last few days have indicated that some skepticism is arising in certain quarters close to the seat of
power here as to whether this is a realistic assessment. I detect considerable skepticism as to whether the tactic of achieving bilateral negotiations by merely standing pat will work and a growing belief if direct negotiations are feasible that they will have to be under some international umbrella. Similarly there seem to be those who now estimate that to maintain Israeli sympathy among nations having particular religious interests in Jerusalem and especially the Vatican, it will be necessary to envisage some sort of international regime to control or supervise and thus protect the religious interests generally in the city, although presumably such international arrangement would be within the context of an agreement whereby the political entity of Jerusalem would be maintained under Israeli administration. The same individuals are inclined to doubt the government's exploration of some autonomous status for the West Bank will also turn out to be practicable and tend to assume that after taking account of necessary minor frontier rectification to provide additional Israeli security, the West Bank will probably be returned to Jordan. Further, and perhaps more crucial in views of the power relationships involved, I am beginning to hear important voices question whether physical Israeli possession of the heights in Syria, which is now regarded as an essential security requirement, will ultimately become feasible. If not, an international regime of some sort guaranteeing the demilitarization of that area may finally result. In this connection it may be noted that I am now reliably informed, although second hand, that the cabinet decision to clear the Syrian heights militarily was a last minute, on balance reversal [Page 485] of a decision that, regretfully as the Israelis might feel, Israel would have to accept the cease fire without embarking on that expedition. A communication from 14 Kibbutzim on the frontier that unless the action was undertaken they would resettle elsewhere seems to have tipped the scales. The importance of this episode is the indication that the Israeli Government was aware of the Soviet factor in relation to Syria and is presumably still conscious of it.

5. There is of course an enormous difference between the government's position which the Israelis are now trying to implement and these latter more sober estimates of realistic possibilities. Consequently if things work out in this more limited achievement the psychological let down will be of major proportions. In all probability the United States will have to exercise considerable persuasion with the Israelis to achieve a solution salvaging maximum U.S. interests in the whole area before the course of forthcoming diplomatic maneuvering is run. To minimize the impact here I believe it desirable that so long as the Israelis wish to pursue their tactic of bilateral negotiation and to the extent we do so without taking an unacceptable risk of confrontation with the Soviets, it would be to our interest to avoid specific U.S. initiatives. I would anticipate that as things proceed the Israelis will discover that some, at least, of their stated objectives are not attainable and may then come to us for assistance in a more realistic frame of mind.