The following is our best effort to be creative on the Haddad problem, in response to your request. You probably should discuss these ideas with Phil when he returns late this week.

The future of Saad Haddad has become a serious obstacle to progress in the Lebanon negotiations. For Israel, he represents part of the answer to ensuring security over the next year or two in southern Lebanon which the Lebanese Army is perceived as incapable of doing. Moreover, Begin is fully supportive of the present Israeli negotiating position and emotionally committed to Haddad personally as a "true friend of Israel," who must not be humiliated or summarily dismissed. For Lebanon, the retention of Haddad is seen as a condition which would destroy Amin Gemayel's political consensus while inviting Syrian refusal to withdraw.

Lebanon's promise that an honorable future will be found for Haddad has not been sufficient for the Israelis. Similarly, Israel's proposals regarding Haddad's role are inconsistent with strengthening the central government of Lebanon and getting the Syrians and PLO out. Ideas for solving this problem fall into three categories.

Defining the "Honorable Future": One problem is that Lebanon has not yet clearly expressed to the Israelis—or to Haddad—what Haddad's future could be under a scheme for his departure with grace and dignity. From what we know of President Gemayel's thinking, this could entail appointment abroad as an Ambassador or Defense Attaché, possibly in Australia where his sister lives. Another possibility would be to "retire" Haddad at home in Marjayoun for a year or so followed by appointment to some public post, or possibly a seat in the Parliament and a hefty sweetener in the form of a
retirement bonus. It is possible that Haddad could be
attracted to such proposals, but the Lebanese have apparently
not yet had an opportunity to explore them privately with
Haddad, away from his ever-present Israeli advisers. The U.S.
would have to push the Lebanese, and probably obtain Israeli
agreement as well, for Haddad and the Lebanese to talk.
Despite the reservations they would have, it would be difficult
for the Israelis to refuse such a meeting or for that matter a
private meeting between Ambassador Habib and Haddad, if you
were to ask for it. However, they would probably insist on
attending.

Keeping Haddad On: An alternative approach to explore
further with President Gemayel and his advisers would be to
find a face-saving way to keep Haddad on in some active
capacity in Lebanon, while shedding his militia role. Haddad,
as a civilian, might be emplaced as governor of the South
Lebanon administrative district; he might serve in some fashion
as titular head of the Israeli-orchestrated "Organization of
the South", a collection of village leaders; or, he might
receive a position in a party represented in the Lebanese
Forces, such as the Chamunist National Liberal Party. Another
idea might be to arrange Haddad's participation, perhaps after
completion of his participation in arrangements for Israeli
withdrawal, in a "National Reconciliation Conference" designed
to bring together confessional and political leaders, even
estranged ones such as Haddad and Syrian protege Suleiman
Franjiyah, to discuss the political structure of Lebanon's
future.

Using the Negotiations: Although the alternatives within
the context of the talks appear close to exhaustion, we could
press the Lebanese further on accepting Haddad as one of
several commanders in the south, perhaps as second in command
of the two brigades for the south instead of as commander of
the southern-most "territorial brigade." A more radical
possibility would be to press Lebanon to "trade" Haddad for
greater Israeli operational latitude, including a more
substantial Israeli presence if not intervention rights, in
southern Lebanon, which is probably what Israel seeks in any
event. Both carry the dual risks of provoking internal
opposition to the Gemayel government and raising the likelihood
of a Syrian refusal to withdraw.

In summary, our best bet may be to bring Haddad and the
Lebanese together to discuss his future with the object of
enticing Haddad to begin if not announce a commitment to a
dignified transition away from Israeli control to an agreed
future. We might supplement a Lebanese approach to Haddad by urging Israel to acquiesce, while simultaneously letting Haddad know through a protected UNTSO channel that Lebanon, with U.S. support, is prepared to talk in concrete terms about his future options. The first step would be for Phil or Morrie to discuss these possibilities frankly with President Gemayel.

Finally, we should be conscious of the fact that there are no clear signs that Haddad is willing to leave now while there is every public and private sign that the Israelis are determined to keep him where he is. While General Tamir has said that the GOI could not object if Haddad wanted to leave, Shamir has stated that if Haddad wanted to leave the GOI would convince him to stay. A further informal discussion of the Haddad issue with Tamir may also be in order.