

The President's Daily Brief

December 1, 1975

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~~Top Secret 25X1~~

Exempt from general
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December 1, 1975

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Notes: USSR (Brezhnev); Spain; India-Bangladesh;
New Zealand; [redacted] Laos; Nepal
(Pages 4, 5, and 6)

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(This Brief, with information as of 1:00 P.M. EST,
was cabled on this date to the President in
Asia.)

FOR THE PRESIDENT ONLY

ISRAEL

The cabinet, meeting in special session today, has announced that it will have nothing to do with the proposed Security Council debate on the Middle East in January. Although the cabinet said Israel will adhere to the disengagement agreement on the Golan Heights, it rejected the Security Council's linkage of the UN mandate renewal to broader political issues.

The cabinet further noted that Israel considers the Security Council decision to debate the Palestinian question as a move that is likely to hinder progress toward peace. It reaffirmed Israel's determination not to negotiate with the Palestine Liberation Organization or to attend the Geneva conference if the PLO is invited.

The cabinet did not close the door to further negotiations with Syria as a result of the Security Council resolution, but noted that as a result of the resolution "discussions" have been authorized on the establishment of new Israeli settlements in the Golan Heights. The government heretofore has refused to act on applications for new settlements in order not to jeopardize any future peace negotiations.

The cabinet statement avoided criticism of the US, and most press commentary has not directly condemned Washington for approving that part of the resolution calling for a debate on the Middle East question. Nonetheless, the Israelis' reporting of the US vote on the resolution is played in such a way as to associate the US obliquely with a decision they regard as unacceptable. A radio broadcast this morning, for instance, reported that despite reservations the US voted in favor of a "resolution proposed by the Arabs' friends in the Security Council." The broadcast quoted Secretary Kissinger as expressing great relief that the resolution had passed, implying his support for all elements of the Council's decisions.

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The Israelis seem to be deliberately ignoring the fine points of the Security Council action, such as the distinction between the resolution itself and the separate statement of understanding regarding PLO participation in the debate. They read both documents as a single package that will have the net effect of placing Israel under pressure to recognize and negotiate with the PLO. Their initial comments suggest the Israelis are prepared to believe the US will be a party to this pressure.

The cabinet debate apparently did provoke a recommendation from some ministers that Israel revise its position on the Palestinian question, but in the end any such accommodation was rejected, at least for the present. According to Jerusalem radio reports, five ministers proposed that the government announce that Israel would negotiate with any Palestinian element that recognized Israel's existence. This is a position the Israeli government has consistently rejected.

Syria, the PLO, and Egypt have predictably issued statements expressing satisfaction with the Security Council resolution.

INDIA

The cabinet shuffle on Sunday does not significantly alter the ideological complexion of the government, nor does it appear to have any connection with New Delhi's present foreign policy concerns.

The shakeup comes on the eve of an important Congress Party session, however, and may be part of a general housecleaning by Prime Minister Gandhi. Last week she forced the resignation of the Congress Party chief minister of Uttar Pradesh. The cabinet change removes two important members of the government--Minister of Defense Swaran Singh and Minister of Shipping and Transport Uma Shankar Dikshit--as well as two lesser known ministers of state. Singh may have irritated the Prime Minister with his alleged criticism of her decision to impose a state of emergency last June.

The two new cabinet ministers are Bansi Lal, who becomes Minister without Portfolio, and Gurdial Singh Dhillon, who takes over the Shipping and Transportation Ministry. Both men have been close to Gandhi, particularly in the months since the emergency was proclaimed. Gandhi, at least temporarily, will take over the Defense Ministry.

NOTES

Nothing unusual was revealed in the first public report of the Soviet Central Committee meeting on December 1.

The committee announced that General Secretary Brezhnev will deliver the main report at the Party Congress which opens February 24. Premier Kosygin will speak on the economy. Brezhnev spoke at the plenum, but the text of this speech probably will not be made public. Next year's economic plan and budget were approved; they will also be taken up at the session of the Supreme Soviet--the USSR's legislature--which opens December 2.

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Spanish Communist Party leader Santiago Carrillo may soon test the government's political tolerance.

He announced his intention Sunday of returning to Spain legally or illegally from his exile in Paris. Aside from his party position, some of his recently published statements will make it difficult for the government to permit his return. Carrillo has criticized King Juan Carlos as "Franco's king," and has said he may call for demonstrations against the limited pardons granted last week.

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The scheduled visit to India early this week of a high-level Bengalee delegation to discuss means of improving relations will be delayed for at least a week.

The meeting was proposed by Bangladesh President Sayem following last week's attack on the Indian High Commissioner in Dacca. The proposal to send a high-level delegation to New Delhi has met resistance in Dacca, where some officials view the proposal as a sign of weakness. The Indian government also is skeptical about the visit and wants to exclude from the delegation anyone New Delhi regards as anti-Indian. A meeting of Bangladesh and Indian border commanders is scheduled for December 2 in Calcutta.

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The New Zealand National Party victory in Saturday's election should improve Wellington's ties with the US.

Prime minister-elect Muldoon will probably drop the Labor government's ban on port calls by nuclear-powered warships and its proposal for a South Pacific zone closed to vessels carrying nuclear arms. Muldoon sees both of these as bars to full military cooperation with the US. The margin of the National Party victory surprised even party stalwarts. Its 19-seat majority in the 87-seat parliament could increase as close contests are decided. The new government will probably assume office on December 12.

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The Lao Foreign Ministry today announced the end of the coalition government.

Representatives of non-communist governments in Vientiane were told that the coalition had served its purpose and was being changed to conform to the "people's wishes" and the "present situation." A Foreign Ministry spokesman stated that a new government would be formed shortly and confirmed that Prince Souvanna Phouma and King Savang had been informed of this decision. Both are expected to announce their resignations shortly.

* * *

Nepalese King Birendra appointed a new prime minister and made other cabinet changes on December 1.

The appointments may be another indication that the King is moving to reassert firm control over the government. In recent months he has cracked down on students, the press, and dissident elements. [redacted]

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Notes: Israel-Fedayeen-Lebanon; Spain; Saudi Arabia - North Yemen - USSR; Saudi Arabia; Rhodesia; Somalia (Pages 4, 5, and 6)

FOR THE PRESIDENT ONLY

PORUGAL

Factionalism is surfacing again within the Portuguese military as relatively conservative officers seek to sustain the momentum gained in putting down the leftist rebellion last week.

[redacted] a group of conservative officers--reportedly including some who played a key role in suppressing last week's rebellion--met on Saturday outside of Lisbon to discuss Portugal's political future. These officers advocate a strict division between political and military affairs, and want the other military officers to make a choice between the two.

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Many of those present also reportedly oppose the policy of "forcing" socialism on the Portuguese people. This sentiment puts them in opposition to both the Antunes faction, which dominates the military's Revolutionary Council, and the Socialists, who have the largest party representation in the cabinet. Antunes and the Socialists have declared socialism to be their goal for the country.

The strength of the conservative officer faction is unknown, but it did insist on the crackdown on the left. The group aims at replacing President Costa Gomes and members of the Antunes faction before the election scheduled for next spring. The officers suspect that the Antunes faction may try to sidestep the election out of fear that the more conservative Popular Democratic Party and the Social Democratic Center will win a majority rather than the Socialists. There is little evidence at present, however, that the conservative officers have sufficient strength to pull this maneuver off.

USSR-PLO

PLO chief Yasir Arafat appears to have broken little new ground during his visit to Moscow last week. The communiqué issued at the end of the visit indicates that Arafat gave no more than lip service to the idea, advanced by Moscow early in November, of reconvening the Geneva conference. The Soviets continue to withhold formal endorsement of the PLO as sole legitimate representative of the Palestinians.

The Palestinians seem to be looking to the UN to develop new momentum for their cause, while Moscow remains cool to the pursuit of Middle East issues in a forum where its influence will be diluted.

The Soviets apparently again pressed Arafat to move toward an affirmation of Israel's right to exist, but again were unsuccessful. The communiqué did say that a Middle East settlement should be achieved on the basis of UN resolutions and the UN charter. Although the Soviets can take this as implicit acknowledgment of Israel's existence, the wording is ambiguous and leaves Arafat much room for maneuver.

The communiqué criticized the second Sinai accord and castigated "certain quarters" for undermining Arab unity, but it did not mention either Sadat or the US by name.

Arafat's reception in Moscow was generally similar to that given him last spring. He did not talk with officials higher than Foreign Minister Gromyko and party secretary Ponomarev. During his previous visit, Arafat had a brief, ceremonial encounter with Brezhnev.

The situation in Lebanon and Soviet arms supplies to the fedayeen were not mentioned in the communiqué, but must have been discussed. Three fedayeen leaders with military responsibilities went to Moscow with Arafat, suggesting that the Palestinians pressed for additional arms supplies

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ANGOLA

Growing publicity over South African military support for the National Front for the Liberation of Angola and the National Union for the Total Independence of Angola is proving a political liability for those two organizations.

The attention being paid Pretoria's involvement in Angola already has caused Nigeria and Dahomey to abandon the neutrality they had assumed toward the civil conflict. Both countries have now recognized the regime established by the Popular Movement for the Liberation of Angola.

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Many African nations are seriously concerned about Soviet involvement in Angola but this uneasiness is outweighed by antipathy toward South Africa.

NOTES

The Israeli aircraft bombings of fedayeen camps in northern and southern Lebanon on December 2 were the first such air strikes in about three months.

The strikes probably were largely in response to a fedayeen attack launched from Syria in late November. They presumably also reflect Israel's unhappiness over the action by the Security Council president inviting PLO participation in the Middle East debate in January.

* * *

Spanish King Juan Carlos appears to have won his first battle to get his own men into the government.

He is expected to name Torcuato Fernandez-Miranda as President of the Cortes--the Spanish parliament--and as president of the powerful advisory body, the Council of State. Fernandez-Miranda was Franco's choice as tutor to the King and is expected to be responsive to what Juan Carlos wants. In his new offices he will play an important role in promoting the King's choice for prime minister should Juan Carlos decide to replace Carlos Arias. Fernandez-Miranda also will be in a position to sign a number of executive decisions which may permit the King to sidestep some of the constitutional restraints on his freedom of action.

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Saudi Arabia's initial reaction to a reported North Yemeni - Soviet arms deal has been predictably harsh.



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Ambassador Akins has suggested that the arms deal might still be reversible, and that Fahd may yet move to conclude the long-delayed agreement with North Yemen to provide Saudi financial assistance for the purchase of US and other western arms. Hamdi repeatedly has stated that, given a choice, he prefers to have Western arms and the good will of the Saudis.

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Saudi Arabia has refused an International Monetary Fund request to commit an additional \$480 million to the Fund's oil facility, which provides loans to oil importers facing financing problems.

Jidda made an initial commitment of \$1.2 billion in June and agreed in October to contribute \$300 million more. Saudi Arabia is already supplying 35 percent of the facility's funds this year, but its failure to go beyond \$1.5 billion could make the fund less able to ease balance-of-payments problems among oil importers early next year. The Saudis' decision is a product of their displeasure with the operations of the facility since its inception in 1974. They would like a greater voice in the administration of the fund.

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Rhodesian Prime Minister Ian Smith and Joshua Nkomo, leader of a major faction of the country's black nationalists, signed a joint "declaration of intent" on December 1 to begin negotiations for a constitutional settlement of their dispute.

The final details for the conference, including the date that talks will begin, are to be worked out next week. The declaration assures Nkomo's team of negotiators immunity from arrest and freedom to enter and leave Rhodesia. Two of Nkomo's leading rivals, Bishop Muzorewa and Ndabaningi Sithole, will doubtless be excluded from the talks and are likely to denounce the declaration.

Nkomo can apparently count on the support of Zambian President Kaunda and Botswanan President Khama. Tanzanian President Nyerere may take a neutral position toward the dissident factions. Nkomo hopes to obtain the support of Mozambican President Machel, who currently favors Muzorewa and Sithole.

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The Somali armed forces last week carried out a combined land, sea, and air exercise [redacted] [redacted]; the exercise simulated operations in the French Territory of the Afars and Issas.

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Somali President Siad has publicly stated-- most recently to a visiting French journalist-- that he would accept an independent territory of Afars and Issas as long as it is neither pro-Ethiopian nor anti-Somali. According to an Arab military attaché in Mogadiscio, Soviet advisers in Somalia have warned Siad not to move militarily against the French territory until its independence is proclaimed. They have advised him that once the proclamation is made, he can press the Issas, who are a Somali tribe, to call for Somalia's intervention on the ground that the Issas must be protected from their traditional enemies, the Afars.

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Indonesia - Portuguese Timor: Indonesia apparently has decided against further efforts to resolve the problem of Portuguese Timor through negotiations with the Portuguese or international mediation. (Page 1)

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the Turks may be willing to back off a bit from their tough position in the negotiations with the US for a new defense cooperation agreement. (Page 3)

Lebanon: French mediator Couve de Murville is optimistic that the Lebanese government's effort to expand the cabinet will help ease the country's turmoil. (Page 4)

Portugal: The democratic political parties are again pressing for a reduction in the military's dominant political role. (Page 6)

USSR: Speakers at the December 2 session of the Supreme Soviet projected an increase in industrial production during 1976 of 4.3 percent, the lowest planned rate since 1961. (Page 7)

China [redacted] 25X1

Notes: Laos; USSR (Infrared); USSR (satellite); USSR (drydock); USSR (ABM radar); USSR (Kosygin) (Pages 9 and 10)

(This brief, with information as of 1:00 P.M. EST, was cabled on this date to the President in Asia.)

FOR THE PRESIDENT ONLY

INDONESIA - PORTUGUESE TIMOR

Indonesia has apparently decided against further efforts to resolve the problem of Portuguese Timor through negotiations with the Portuguese or international mediation. Jakarta asserts that the unilateral declaration of Timorese independence by the left-wing Fretolin party last week has radically altered the situation. Foreign Minister Adam Malik told reporters during a trip to Timor this week that diplomatic efforts have ended and that military force now offers the only solution.

Malik visited Timor to talk with pro-Indonesian Timorese who, on the day following the Fretolin party's announcement of independence, had declared the colony part of Indonesia. Malik promised integrationist leaders full support in their struggle but made no specific offers of assistance.

[redacted] Jakarta has ordered Indonesian commanders in Timor to increase their military operations against Fretolin. Jakarta plans to send additional troops and supplies to the island, which would bring Indonesia's total strength there to well over 10,000 men. This increased support should be enough to maintain the present momentum against the Fretolin military forces.

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Suharto is still concerned that open military intervention might strain relations, particularly with the US and Australia, and would generate international criticism. Should he decide that invasion by regular forces is necessary, it would be an easy matter to arrange an invitation from the integrationists for Indonesian intervention.

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[redacted] Suharto will undoubtedly raise the question of Timor during talks with you in an effort to determine US reaction to overt intervention.

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FOR THE PRESIDENT ONLY

During the past week, Indonesia captured a Fretolin stronghold 35 miles southwest of Dili, the capital of Portuguese Timor. Dili, controlled by Fretolin, is suffering a severe food shortage, and troops there are low on supplies and ammunition. Fretolin leaders in Dili are unsure of the loyalty of some of their troops.

Fretolin's independence declaration last Friday was an effort to focus greater international attention on Timor and on Indonesian military support to integrationist forces. Fretolin leaders probably hoped to take advantage of the current media interest in Indonesia stimulated by your visit to Jakarta.

Thus far, Fretolin's bid has had little effect even among third-world states. Australia and Portugal have rejected the independence declaration outright. Some former Portuguese colonies and radical third-world countries that dislike the Suharto regime may recognize the Timor regime, but such support is unlikely to alter the dim prospects that Fretolin can make independence for Portuguese Timor stick.

TURKEY

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[redacted] the Turks may be willing to back off a bit from their tough position in the negotiations with the US for a new defense cooperation agreement.

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[redacted]
The US approach to the negotiations, which Turkish military leaders reportedly believe has been reasonable and fair so far, also helped persuade the generals to be more flexible.

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[redacted] Turkish negotiators have recently indicated that compromise may be possible on a number of issues. There have been no signs, however, that the Turks are prepared to back down from their demand for a guaranteed annual compensation for US use of the bases. The general staff is said to be urging the Turkish negotiators to press for a minimum of \$150 million annually, which compares with the \$1.5 billion the Turks first mentioned.

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LEBANON

French mediator Couve de Murville, who completed preliminary talks with Lebanese leaders this week, is optimistic that the government's effort to expand the cabinet will help ease the turmoil in Lebanon. Couve told US Ambassador Godley he thought a cabinet including representatives of the major factions could be put together within the week if the current cease-fire holds.

The French envoy apparently is encouraged by hints of moderation shown recently by Christian Phalangists and the Maronite clergy. Couve also believes leftist leader Kamal Jumblatt may be prepared to back away from his previous refusal to be represented in a cabinet including the Phalanges Party.

The unusual show of unity between President Franjiyah and Prime Minister Karami last weekend will make the task of expanding the cabinet easier. Karami has been trying to broaden his government since his appointment as Prime Minister in July, but until now has not had the backing of the President. As expected, Karami appears to be having some difficulty with Jumblatt and other leftists who rightly perceive advantages for the Christians in an enlarged government.

Expansion of the cabinet would reduce the importance of the national dialogue committee, in which Lebanese leftists are over-represented, and thereby would benefit the Christians. Moving the focus of political debate from the committee to the cabinet would also give the Christians a better chance to delay or influence any political changes that would erode their dominant position.

Karami's ability to control and direct a reform program would be improved should he succeed in eclipsing the national dialogue committee with a broadly based cabinet. The Prime Minister does not chair the committee and has been unable to exert effective control over it.

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Difficulties with leftist leaders may delay formation of the cabinet until next week. Renewed tensions in the north and around Tripoli and Zagharta and fighting in the eastern city of Zahlah may increase the reluctance of warring factions to cooperate with the government.

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Beirut has reacted sharply to the heavy Israeli air strikes Tuesday on fedayeen camps in northern and southeastern Lebanon. Following an emergency cabinet meeting on December 3, Prime Minister Karami announced that his government will request a UN Security Council meeting to discuss the attacks. The call for a special council session is a departure from Lebanon's usual practice of only issuing a formal complaint.

The raids were the first in about three months and were the farthest north that the Israelis have bombed in nearly three years. According to US officials in Beirut, well over 100 non-combatants are feared dead. Many apparently were women and children. The raids have blunted--at least temporarily--efforts of the Lebanese army and Palestinian security forces to bring radical elements under control as all attention is now focused on the Israeli challenge.

PORUGAL

Portugal's democratic political parties are again pressing for a reduction in the military's dominant political role.

The popularly elected constituent assembly took up the issue on December 2 when it met for the first time since the collapse of the leftist military mutiny last week. Military participation in the government had been formalized last spring. The then leftist military leadership, dominated by the pro-Communist Vasco Goncalves, had forced the political parties to agree to a key role for the military for three to five years. The military, under the agreement, was given the right to veto presidential candidates and key cabinet ministers and to override decisions of an elected government.

At the assembly session the Socialist Party announced it is willing to take part in renegotiating the pact with the military. The Socialists are, however, reluctant to challenge the military just now. The party has cooperated closely with the anti-Communist Antunes group since the overthrow of the Goncalves government and hopes to use its favored position in the Azevedo government as a springboard in the general election promised for next year.

The other democratic parties have no such reluctance and are likely to push the issue now that the Socialists have opened the door. Francisco Sa Carneiro, head of the Popular Democratic Party, has on several occasions called on the military to return to the barracks. He recently urged the popular election of a civilian to succeed General Costa Gomes as president. The Social Democratic Center, a center-right party, can be expected to throw its weight behind the proposal to reopen the question of the military's political role.

Popular sentiment for an end to military rule has been on the increase, and there is support for such a move within the military as well. The present military leaders, however, have given no indication that they intend to withdraw from politics completely.

USSR

Speakers at the December 2 session of the USSR Supreme Soviet projected an increase in industrial production during 1976 of 4.3 percent, the lowest planned rate since 1961. Production has grown by an average of 6 percent a year since 1971.

Nikolay Baybakov, Moscow's chief economic planner, ascribed this unusually low forecast to anticipated shortages of agricultural raw materials resulting from a poor harvest this year and to delays in completing new production facilities. Baybakov did not provide an official estimate of the harvest, but other Soviets have described it as "terrible" and "disastrous." Consumer goods and services probably will bear the brunt of the reduced industrial growth next year, although heavy industry will be cut back too.

Baybakov said the USSR's national income this year will be up by 4 percent; the plans had called for 6.5 percent. Baybakov foresees national income growing by 5.4 percent next year, a goal that is probably based in large part on the assumption that the harvest will be better.

The report on the state budget for 1976 by Minister of Finance Garbuzov was unremarkable. As he has in recent years, Garbuzov gave a figure for projected defense spending--17.4 billion rubles--which was about the same as in recent years. The parts of the speech available to us do not include a figure for the large and growing "science" category, which, we think, contains a substantial share of the actual defense budget.

The announced figure for next year's defense spending has little meaning in terms of the size of Soviet defense programs, but announcing defense outlays at the same level as this year helps buttress the detente image the Soviets are attempting to project both at home and abroad.

CHINA

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Peking announced on December 2 that the man-made satellite China launched on November 26 had returned to earth as scheduled.

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Peking has reportedly given high priority to developing military reconnaissance and communications satellites in its space program.

NOTES

The Laotian communists on December 3 announced that a two-day "National Congress of People's Representatives" had accepted the abdication of King Sавang Vatthana and dissolved the coalition government. The monarchy has been abolished, and Laos is now a "people's democratic republic."

According to the announcement, a president of the republic will soon be named, along with a "supreme adviser to the president." Souphanouvong, the head of the Lao Patriotic Front, presumably will be the president, and other front personalities will compose a new cabinet. Real power, however, will rest with the Lao communist party headed by Kaysone Phomvihan. The communists may reveal the fate of the now deposed Souvanna Phouma at a press conference scheduled for December 4 in Vientiane.

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USSR

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A large Soviet floating drydock was towed into Berbera on Monday.

The size of the drydock--an estimated 8,500 tons--suggests that it is intended for Soviet, not Somali use. The Soviets will now be able to perform major repairs in Berbera on ships and submarines of their Indian Ocean Squadron, and can thus extend the operational time of their ships in the Indian Ocean.

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Soviet Premier Kosygin failed to attend the opening day's session of the Supreme Soviet on December 2.

We have no ready explanation for his absence. At 71, he appears to enjoy relatively good health and works hard. He may have suffered a sudden indisposition, or he may have had other official duties that prevented his attending the session. Politburo members do not play an active role in these meetings, but usually attend to add lustre to the gathering. Kosygin's major role at the 25th party congress next February, like that of General Secretary Brezhnev, was announced at the Central Committee plenum this week.

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Angola: Forces of the Popular Movement for the Liberation of Angola earlier this week breached the defensive line of the National Front for the Liberation of Angola and advanced to within 45 miles of the National Front's headquarters at Ambriz. (Page 1)

Indonesia - Portuguese Timor: President Suharto reportedly has approved a scenario for overt Indonesian intervention in Portuguese Timor. (Page 2)

Portugal: The Communists were dealt another blow on December 3 when the Azevedo government nationalized all radio and television stations except those that are foreign- or church-owned. (Page 3)

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Syria-Israel: [redacted] 25X1

USSR: [redacted] 25X1

Australia: Public opinion polls show a trend in favor of the country's Liberal-Country coalition as the campaign for the national election on December 13 enters the final stretch. (Page 6)

Notes: USSR; Philippines; Bangladesh-India; Laos; Cuba-Angola; Poland (Pages 7, 8, and 9)

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FOR THE PRESIDENT ONLY

ANGOLA

Forces of the Popular Movement for the Liberation of Angola earlier this week breached the defensive line of the National Front for the Liberation of Angola along the Lifune River. By December 3, these forces, presumably bolstered by Cuban troops, were about 45 miles south of the National Front's headquarters at Ambriz.

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[redacted] Most of the estimated 600 to 800 Zairian troops stationed there fled northward toward Ambrizete, despite National Front efforts to stop them.

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[redacted]
Morale within the National Front in northern Angola apparently has been low for some time as its forces have been pushed back since their earlier advance to within ten miles of Luanda. It is not certain at this time that they can be rallied to give a strong defense of Ambriz, even with substantial Zairian support.

The capture of Ambriz would deprive the National Front of its major base of operations in northern Angola, leaving only Carmona as a staging area for military operations. Carmona, however, is in the interior and cannot easily be resupplied. It will be extremely difficult for the National Front to mount any sort of counteroffensive against the Popular Movement if it loses Ambriz.

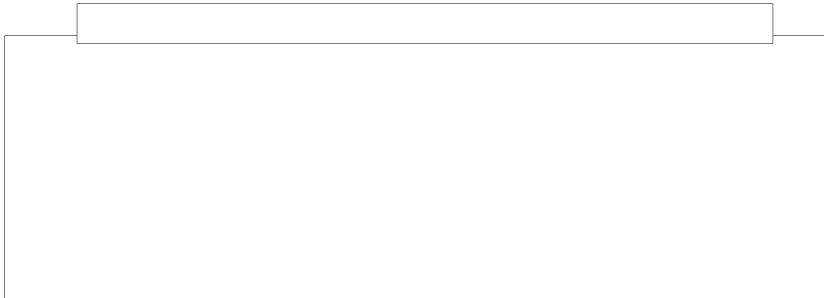
FOR THE PRESIDENT ONLY
INDONESIA - PORTUGUESE TIMOR

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[redacted] there is a possibility that the present offensive in Timor by pro-Indonesia Timorese [redacted] may seize Dili prior to the arrival of regular Indonesian forces. The regular forces could then describe their mission as peace-keeping designed to assure order. According to the scenario, three months after order is restored Indonesia would organize a referendum in East Timor to provide the legal ratification for integration of the former colony as a province of Indonesia.

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Suharto undoubtedly is still concerned about the effects of an Indonesian invasion on his bilateral relations with the US and, in particular, continuation of US military aid. He probably hopes he can present a plausible justification for intervention that will avert problems with Washington. His military commanders, moreover, may have worked out a battle plan that will exclude the use of US security assistance equipment in the final cross-border operation, thereby observing the letter if not the spirit of Indonesian-US agreements.

PORUGAL

The Communists were dealt another blow on December 3 when the Azevedo government nationalized all radio and television stations except those that are foreign- or church-owned.

Nationalization has been expected since government forces occupied the stations during the mutiny last week. Although the Communists up to now have not been directly implicated in the mutiny, media under their control have been accused of contributing to the atmosphere that produced the uprising and of supporting it once it was under way.

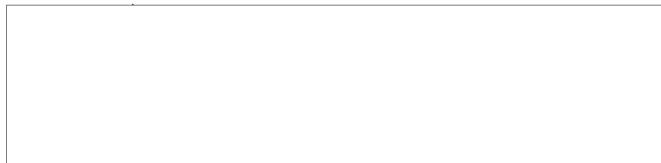
The Communists' grip on the national press was loosened last week when the administrative and editorial boards of eight major newspapers were summarily dismissed. Top officials of the government news agency, which had served as a Communist propaganda outlet, were also replaced.

On top of all this, the Communist Party's right to a place in the government is being challenged. Although Major Ernesto Melo Antunes, head of the dominant group in the military, says the Communists still have an essential role to play, they have come in for severe criticism from the democratic parties, which hold them accountable for the uprising.

The center-left Popular Democrats are demanding the immediate dismissal of all Communists from the government. The Socialists are demanding that the Communists repudiate the rebellion and swear loyalty to the government if they are to continue participating in the cabinet.

Both the Antunes faction and the Socialists probably would prefer that the Communists remain in the government to help ensure labor peace until a measure of stability is restored to the economy. Continued friction between the Popular Democrats and the Communists could, however, prompt the military to drop both parties from the government and rule with the Socialists until an election is held next spring.

SYRIA-ISRAEL



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USSR

We now think the Soviet anti-ballistic missile system under development at Sary Shagan may be designed to intercept targets after they have re-entered the atmosphere.

The Soviets initially tested the system's ability to intercept targets before they have entered the atmosphere, and it may also have this capability. In the past two years, however, the missile associated with the system--the SH-4--has been tested primarily at lower altitudes. The Soviets do not have an operational ABM capable of intercept within the atmosphere.

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The Soviets could be thinking of using the SH-4 in a special way. The missile would be launched while the incoming targets were still outside the atmosphere; it would remain aloft while the decoys burn up in the atmosphere, and only then attack the incoming re-entry vehicle.

We do not know if the SH-4 has the capability to remain aloft and wait until all decoys are gone. If not, several SH-4s might have to be launched to assure destruction of the target. Even more missiles would be required to assure destruction outside the atmosphere.

AUSTRALIA

Public opinion polls show a trend in favor of Australia's Liberal-Country coalition as the campaign for the national election on December 13 enters the final stretch. If the trend holds, the coalition will win a comfortable majority in parliament.

Constitutional questions raised by the abrupt dismissal of Whitlam's Labor government have been eclipsed by the economy as the primary issue. The coalition has also been aided by the lackluster campaign being run by Whitlam and the Labor Party.

The leader of the Liberal-Country coalition, Malcom Fraser, is running an effective, well-financed campaign. He seems to be relying mostly on the voters' disenchantment with Labor.

Fraser has hit a responsive chord with the public by pledging to introduce legislation requiring a secret ballot in labor union elections--a step designed to weaken the hold of communist union leaders.

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NOTES

The Soviet media are giving limited attention to your trip to Peking; their primary focus has been on castigating the Chinese for their "vicious attacks" on Soviet detente policies.

The media have carried all of your remarks in defense of detente in an effort to prove that the US is not about to change its policy to suit Peking. Moscow is still reminding its domestic audience, however, that China and the US have common ground on issues such as the Middle East and Angola. The Soviets also expect that there may be some progress on trade, scientific, and cultural exchanges.

* * *

Activist Catholic priests and nuns, labor union leaders, and members of the pro-Peking Communist Party are planning a protest rally in Manila to coincide with your visit. The Communists hope to take advantage of the demonstration to agitate against the US presence in the Philippines, although the main focus of the rally will be opposition to a recent labor decree by President Marcos.

The decree, among other things, imposes a total strike ban and prohibits all foreigners from engaging in trade union activities. Missionary priests, including many foreigners, are among the most active union organizers and supporters of labor activities. There is some fear the decree may be part of a broader attempt by Marcos to neutralize the church's effectiveness as a means for organizing opposition. Marcos recently has hinted that his government is considering new restrictions against foreign priests, many of whom are Americans, and the protest rally could prompt him to carry out these veiled threats.

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Communal tension in Bangladesh and strained relations between Dacca and India will be exacerbated if a pro-Muslim, anti-Indian rally, called for Sunday, comes off.

The rally is being organized by a veteran opposition leader and has been heralded by inflammatory leaflets that condemn India and urge Islamic unity. The US embassy in Dacca reports that the anti-Indian sentiments in the leaflets have struck a responsive chord among Bengalee Muslims. Government officials in Dacca, fearful of Indian intervention, presumably will try to block the rally or at least keep it from getting out of hand and endangering the Hindu minority.

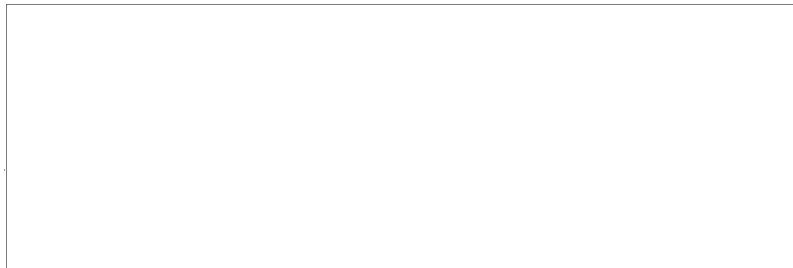
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A communist spokesman in Laos announced on December 4 that Prince Souphanouvong will be president of the new Laotian People's Republic. His half-brother, Prince Souvanna Phouma, was named an "adviser to the government," and King Savang was made "supreme adviser" to the president.

Souphanouvong's post, as well as the advisory positions of King Savang and Prince Souvanna, almost certainly will be ceremonial since the secretary general of the Laotian Communist Party, Kaysone Phomvihan, has taken the position of prime minister. In addition, the party's deputy chief has been made deputy prime minister, and all the ministers announced are senior party officials.

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Cuba has stepped up its military support for the Popular Movement in Angola. We now believe there may be as many as 4,000 Cubans in Africa supporting the war effort in Angola.



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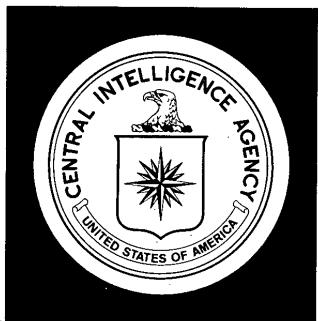
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Poland has nearly completed negotiations with General Motors on a \$500-million deal under which the US company will assist in the design and production of delivery vans.

The contract, the largest ever between Poland and a US firm, is expected to be signed next spring if Warsaw can arrange financing. The Poles have asked the Export-Import Bank for a \$121-million loan and also have asked Morgan Guaranty Trust Company to put together a consortium loan for the project.

Top Secret

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Exempt from general
declassification schedule of E.O. 11652
exemption category 5B(1),(2),(3)
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(This brief, with information as of 1:00 P.M. EST, was cabled on this date to the President in Asia.)

FOR THE PRESIDENT ONLY

USSR

Soviet officials recently have indicated that this year's grain harvest was the lowest since the mid-1960s.

A published statement by a middle-level Soviet official indicates that the harvest may have been about 137 million tons. Soviet Agriculture Minister Polyansky gave [redacted] some figures that point to a crop of between 142 and 152 million tons. This could mean the worst harvest since 1965

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[redacted] the weather in 1975 was the worst in a hundred years.

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A harvest of 137 million tons would leave the USSR short of at least 40 million tons of grain even if it imports all it can. The Soviets have bought 26.5 million tons so far this year and, under the existing agreement, they can buy only another 3.5 million tons from the US. Because only minimal amounts are available from other suppliers, we estimate that total imports will not exceed 30 million tons. The Soviets thus would have to curtail domestic consumption sharply.

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Our latest estimate of the Soviet grain crop is 150 to 155 million tons; that of the Department of Agriculture is 160 million tons. Earlier, unofficial estimates given by Soviet officials had been in the range of 160 to 170 million tons.

So far, the Soviet leadership has not employed all-out tactics for curtailing consumption such as limiting the sale or drastically reducing the quality of bread, or delivering public harangues against waste. We have, however, good evidence of distress slaughtering of livestock, reductions in feed rations, and increases in the prices of farm products.

PORUGAL

The Revolutionary Council has pressed ahead with plans to prosecute those responsible for the paratroopers' uprising on November 25 and 26. The Council has continued to get rid of its pro-Communists. Arrests of foreign leftists are also reported to be under way.

The Council named an air force officer, Luis Araujo, to head a commission of inquiry to look into the uprising and instructed investigating units to prepare legal proceedings against participants. Approximately 100 soldiers have been arrested and others still are being sought. The purge has claimed 36 members of Prime Minister Azevedo's personal staff. All of those implicated thus far have been military personnel, but the government says they were part of a larger plot with broad political implications.

The Council announced the arrest Thursday of a navy member of the Council, Almada Contreiras, and issued a warrant for the arrest of his deputy as part of the continuing purge of leftist officers. Contreiras is the fifth member of the Council removed for leftist political leanings. His departure leaves only one pro-Communist still on the Council--another navy officer, Martins Guerreiro.

The military purge prompted an outcry from the Communist Party newspaper, *Avante*, on December 4. In a front-page editorial, the paper appealed for an end to the purge and the arrests, branding them a witchhunt conducted by reactionaries. The Communists are on the defensive, but they still appear unprepared to accept the conditions recently set forth by the Socialists for continued Communist participation in the cabinet--repudiation of the military uprising and a pledge of loyalty to the Azevedo government. *Avante* said that a capitulation by the party on such matters of principle was not possible.

TURKEY

Renewed student unrest and violence between leftist and rightist street gangs are heightening political tension and exasperating the military.

Officers on the general staff reportedly expected their chief, General Sancar, to relay the military's growing impatience with government procrastination to Prime Minister Demirel on December 5. The officers thought that Sancar would warn Demirel--as he reportedly did early last month--that the armed forces do not wish to see the political climate deteriorate to a point requiring a military ultimatum to the government similar to that which forced Demirel to resign in 1971 under similar circumstances. Sancar is expected to advise Demirel to begin preparations for declaring martial law in Istanbul and Ankara provinces. Perhaps in anticipation of a warning from the chief of the general staff, Demirel held a lengthy cabinet meeting on December 4 after which the government announced that it is taking all necessary measures against "those who would provoke anarchy."

Disquiet in the military may have been heightened by the murder earlier this week of two students in Istanbul and the sympathy demonstrations that followed in Ankara and Izmir as well as in Istanbul. The incident and the demonstrations provoked another round of bitter recrimination among Turkey's major political parties. Demirel's ruling party accused Ecevit's opposition party of "moving the political struggle into the streets" in an effort to seize power. The opposition responded by charging that the disorders were being used to divert public attention from internal divisions in the government coalition and from Turkey's increasingly serious economic and social problems.

We have no evidence that the generals are prepared to go beyond putting pressure on the government to act, but the violence and the near paralysis of the government are testing their patience. Most of them appear at this time to have little desire to take on the burden of dealing with Turkey's seemingly intractable problems. Some junior officers may not share their seniors' reluctance.

SPANISH SAHARA

Morocco and Algeria are intensifying their bitter propaganda exchanges as Rabat moves rapidly to consolidate its foothold in Spanish Sahara.

Numerous Moroccan officials have traveled to the Spanish Saharan capital of El Aaiun to participate in the new administration; postal service, airline connections, and telephone links with Rabat have been set up. Morocco's claim that Saharan views are being taken into account is in part based on the Saharan territorial general assembly's approval last week of the Spanish-Moroccan-Mauritanian agreement and the announcement of its fealty to King Hassan. A Spanish correspondent claims, however, that less than one third of the members attended the special meeting.

Algeria, meanwhile, has accused Spanish officials of facilitating Rabat's takeover. The press and radio are highlighting the allegations of the Polisario Front--a Saharan independence movement backed by Algiers--of Moroccan atrocities against civilians. Clashes between Moroccan troops and Polisario guerrillas have been occurring for several weeks, but most have probably been skirmishes instead of the fierce battles described by the Front. Algeria also reinforced its borders with Morocco and Spanish Sahara last month and is continuing to take other limited military steps.

The Spanish are accelerating their withdrawal from Sahara to avoid hostilities with Morocco, the Polisario Front, or Algiers.

THAILAND - NORTH VIETNAM - CHINA

Hanoi apparently has begun to challenge China's long-standing dominance of the Thai Communist Party.

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[redacted] at least some Thai insurgent leaders in northeast Thailand are complaining that North Vietnam is now obstructing the flow of Chinese assistance in order to pressure the movement into accepting guidance from Hanoi rather than Peking.

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During the Vietnam war years, the North Vietnamese facilitated the movement of men and supplies between Thailand and China, and also channeled Chinese funds to the Thai communists. The North Vietnamese themselves provided material support and training to the insurgents.

The shift in Hanoi's stance apparently occurred last summer. In August, insurgents in Thailand began to notice a drop in deliveries of supplies and funds from China. By November, the communications route through Vietnam to China was closed, and the insurgents were unable to send personnel to China for training.

Hanoi later ordered all routes closed, alleging that Thai government border operations along the Mekong made the routes unusable. The insurgents, however, have concluded that North Vietnam is deliberately blocking these channels in order to pressure the Thai party into adopting a more pro-Hanoi orientation. In early November, an insurgent province chief sharply criticized the Vietnamese for following the "revisionist line" of the Soviets and dismissed the Lao communist party as a lackey of Hanoi. Although he admitted that the Thai Communist Party still depends on Vietnamese material aid, he vowed that the Thai party would never accept "the Soviet line."

Over the past few months, China and North Vietnam have expressed growing differences, both directly and indirectly, over such matters as sovereignty over the Paracel and Spratly islands, the Soviet "threat" in Southeast Asia, and the issue of detente.

It is too early to tell whether their competition for influence will lead to an overall weakening of the insurgent movement in Thailand.

NOTES

The UN Security Council on December 4 invited the Palestine Liberation Organization to take part in its debate over the recent Israeli bombings of refugee camps in Lebanon. The vote was nine to three with three abstentions. The US, Britain, and Costa Rica opposed the move, while France, Italy, and Japan abstained. The session was held at the request of Egypt and Lebanon.

Egypt doubtless will claim the vote is a victory for its efforts on behalf of the PLO in hopes of receiving some of the credit for the PLO's enhanced position at the UN. Syria was instrumental earlier this week in getting the Security Council to invite the PLO to participate in a general discussion of the Middle East problem next month. In anticipation of the outcome of the vote, Israel boycotted the debate.

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Two more SS-7 above-ground launchers were seen being dismantled at the USSR's Svobodny ICBM complex.

This brings to 38 the number of launchers for older ICBMs that have been or are being dismantled in accordance with the SALT Interim Agreement, which allows older launchers to be dismantled and replaced by launch tubes on ballistic-missile submarines. All launchers dismantled to date have been above ground, but the Soviets may have started to dismantle older ICBM silos for the first time. The doors for three silos at Svobodny were open and the silos were empty, and there was some digging in the vicinity of the control bunker.

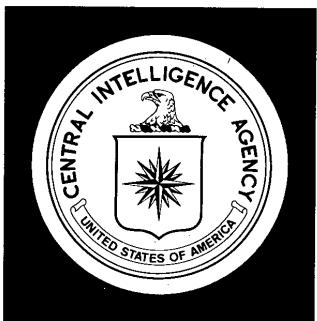
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Iceland may take its fishing dispute with the UK to the UN.

Reykjavik is determined to attract world attention and sympathy to its cause, and after deciding not to withdraw from NATO, the government may believe that a UN resolution will advance its case. Its objective at the UN would be a resolution in the General Assembly branding the UK an aggressor. According to a high official in the Icelandic Foreign Ministry, the recent "irresponsible actions" of the General Assembly would make approval of Iceland's case there "a certainty."

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~~Top Secret 25X1~~

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Indonesia - Portuguese Timor: Indonesian troops
have captured Dili, the capital of Portuguese
Timor [redacted]
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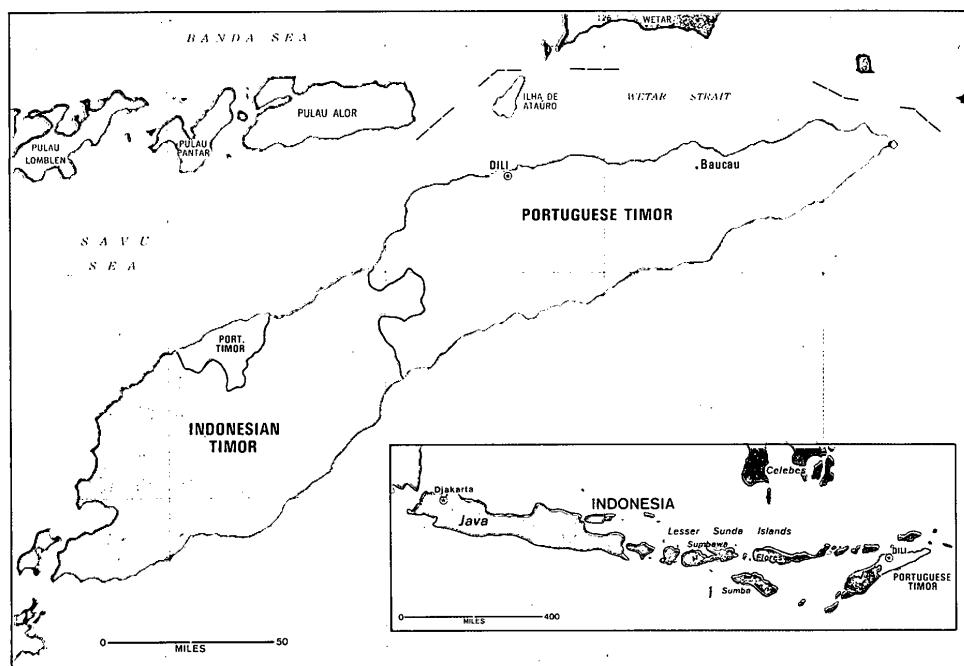
Portugal: The centrist Popular Democratic Party
has averted a showdown over Communist partici-
pation in the government. (Page 2)

Spain: Prime Minister Arias is moving toward re-
organization of the government. (Page 3)

Notes: Israel; Netherlands-Indonesia (Page 4)

At Annex we present a memorandum on the Prospects
for Peace in Lebanon.

FOR THE PRESIDENT ONLY



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INDONESIA - PORTUGUESE TIMOR

Indonesian troops have captured Dili, the capital of Portuguese Timor. Yesterday, marines and airborne troops equipped with US weapons mounted a full-scale attack against the city following a naval bombardment. The units met little resistance from Fretilin, the group that had declared Timor independent.

Fretilin troops fled the city before the attack. In anticipation of the fall of the city, several weeks ago they began moving their supplies and ammunition into the mountains from where they plan to wage guerrilla war against the Indonesians.

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Jakarta, meanwhile, is attempting to portray its invasion in the best possible light. Foreign Minister Malik told reporters yesterday that Indonesian "volunteers" had landed in Timor after Dili had fallen to indigenous anti-Fretilin forces, and in response to a request from these forces for assistance.

Malik denied that Indonesian forces were involved in any heavy fighting or that they had bombarded or carried out an air attack. He indicated that a delegation representing the four pro-Indonesian Timorese parties soon would depart for the UN to lobby for approval of the absorption of East Timor by Indonesia.

Portugal has broken relations with Indonesia because of the invasion. Lisbon will ask the UN Security Council to order Jakarta to cease military operations.

PORtUGAL

The centrist Popular Democratic Party has dropped its inflexible stand against Communist participation in the government, averting a showdown over the issue.

At a national congress over the weekend, Popular Democratic delegates voted to allow the party to continue to participate with the Communists in the government under certain conditions.

Many of the conditions either have already been met or could be met by the government without extreme difficulty.

Popular Democratic leaders backed away from a conflict with the Antunes faction and the Socialists over the Communist issue. The final resolution may have been a compromise to avoid splitting the conservative and leftist wings of the party.

Party Secretary General Francisco Sa Carneiro had been calling for the ouster of the Communists for weeks because of their efforts to undermine the government.

Communist Party leader Alvaro Cunhal, meanwhile, told 20,000 supporters in Lisbon yesterday that the party had not withdrawn from the government because such a move would only strengthen the rightists. He said a new threat from the right must be overcome by changing the policies of the Socialists and the ruling faction in the Armed Forces Movement.

Cunhal told the rally--the Communists' first since the coup attempt of November 25-26--that the rebellion had been "disastrous," and he placed the blame on the far left. He said a bloody rout of the workers had been narrowly avoided when the Communists failed to support the uprising.

SPAIN

Prime Minister Arias is taking steps to begin reorganizing the government after agreeing on Friday to King Juan Carlos' request to remain in office.

Arias and members of his cabinet reportedly have readied a decree authorizing the Prime Minister to carry out the reorganization without seeking approval of the rightist-dominated parliament. Formal announcement of the decree apparently will be held up until Arias can announce his new cabinet. The delay suggests Arias is meeting resistance to some of his plans.

Two Communist-led anti-regime demonstrations in Madrid over the weekend brought a stern police crackdown. The police reaction will make it difficult for the King to project a liberal image of his government. The demonstrations will also arouse concern on the right and complicate Arias' efforts to bring men favoring political liberalization into the new cabinet.

NOTES

Israel's approval of four new settlements in the Golan Heights is an answer to recent UN Security Council actions.

Our embassy in Tel Aviv reports that the new communities will be of a paramilitary nature and will be established between two existing fortified settlements in order to close a "security gap" used by fedayeen infiltrators. Israeli press reports indicate that the new settlements may be ready for occupancy within two weeks. Syria will view the developments as further evidence of Israel's intention to retain control of the Heights. Israelis who are pushing for more settlements in the occupied territories will be encouraged to press their demands all the harder.

* * *

The young men holding hostages on a Dutch train and at the Indonesian consulate in Amsterdam are not representative of the 35,000 Moluccans living in the Netherlands.

Refugees from an unsuccessful South Moluccan revolt against Indonesia in 1950 formed the nucleus of the expatriate colony in the Netherlands. Most of the Moluccans have long since abandoned dreams of independence, and many would like to return to the islands. The Hague and Jakarta have had such a move under discussion for some time. The terrorists probably have never seen the South Moluccas and do not speak for those now living there.

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PROSPECTS FOR PEACE IN LEBANON

Lebanon's principal Christian and Muslim political leaders over the last two weeks have shown some willingness to negotiate their political differences. This change of positions--although qualified and probably only temporary--may allow Prime Minister Karami to enlarge his cabinet to include representatives of important groups across the political and religious spectrum, and subsequently to begin consideration of specific political reforms.

Renewed tensions in Beirut over the weekend and the possibility that the cease-fire again might collapse will make Karami's task more difficult. The Prime Minister, however, almost certainly will persist in his efforts which, if successful, provide some hope for progress toward ending the civil strife. The cabinet and parliament will resist any changes that would end Christian political dominance, but they may agree on modest reforms to keep the fighting at a low level at least until the parliamentary elections next April.

Franjiyah's Outlook

President Franjiyah, after months of silence and political passivity, expressed on November 26 a willingness to have the government consider any "well-studied plan" for political, social, or economic reforms. On November 29, he joined with Karami in appealing for an end to the fighting in Beirut, and in endorsing--albeit in the most general terms--a government program of political reform. Because Franjiyah and Karami are the country's leading Christian and Muslim politicians, their reconciliation created hope among many Lebanese that the fighting can at least temporarily be ended.

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FOR THE PRESIDENT ONLY

Franjiyah's conciliatory public position presumably is designed to placate the many mediators who have appealed to him to be, or at least to appear, more cooperative. Such advice has come from French emissary Couve de Murville, Vatican envoy Cardinal Bertoli, Western and Arab diplomats in Beirut, and a number of Lebanese politicians.

In addition, Franjiyah has been urged by representatives of the right-wing Phalanges Party and Christian officers of the Lebanese army to be more assertive so he can resist basic political changes, or at least use his office to assure that changes come in the areas least objectionable to the Christian community.

The President recently has agreed to allow his personal representative to engage in private talks with the Palestine Liberation Organization. In the past, Franjiyah and other Christian politicians have generally preferred to deal with the Palestinians through intermediaries. This shift reflects partly recognition that the PLO chief, Yasir Arafat, is now a major force in Lebanese politics, and partly an effort to undermine the uneasy alliance between the Palestinians and the Lebanese radical left.

Franjiyah so far has not mentioned any specific reform that he would support, and his tactics suggest that he is not prepared to change the essentials of Christian policy. Above all, he will insist that a Christian retain the presidency and that the strength of the office not be undercut by a formal transfer of powers to the prime minister. Franjiyah may, however, be prepared to:

- Allow informally greater prerogatives to the prime minister.
- Equalize Christian and Muslim representation in parliament and the civil service.
- Establish a joint Christian/Muslim command of the Lebanese army.

Other Christian Leaders

Leaders of the Phalanges Party, which has the largest Christian militia, are showing some willingness to compromise. Party leader Pierre Jumayyil

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FOR THE PRESIDENT ONLY

was in Damascus this weekend for consultations with President Asad, and Phalangist representatives have for the past few weeks been negotiating with leaders of Fatah, the largest fedayeen group. The Palestinians and several mediators are optimistic that the Phalangists will consider limited economic and political reforms.

Jumayyil's willingness to enter negotiations is prompted by the restraint shown by the major fedayeen groups during the fighting in Lebanon this year. If the Palestinians respect the existing agreements outlining their rights and responsibilities in Lebanon--the Cairo Agreement of 1969 and the Melkart Agreement of 1973--and limit their assistance to or help control the radical Lebanese leftist groups, the Phalangists may make concessions to Lebanon's traditional Muslim leaders.

If the main fedayeen groups revert to obstructionist policies, however, or demand that the Christians negotiate with or make changes that would directly benefit the Lebanese far left, the Phalangists will no longer bargain seriously.

The Phalangists, like the other Christian groups, are pessimistic that the Palestinians or the Muslims will temper their political demands to allow agreement on fundamental issues. Party leaders, nevertheless, have an interest in keeping negotiations alive; talks of any kind buy time to rearm and allow the Christians to contend that they are heeding the advice of mediators who have counseled a conciliatory attitude.

The Phalangists' concessions and demands in future negotiations are likely to grow out of a statement of policy issued last August. The party at that time called for more vigorous action by government security forces to restore order and defended Lebanon's 30-year-old National Covenant as a "unique and model formula."

It asked that the PLO honor its agreements with Lebanon and refuse to "be used" by those seeking to overturn Lebanon's system of power-sharing between Christians and Muslims. The Phalangists, however, also called for government sponsorship of social and economic reform, reiterated their backing

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FOR THE PRESIDENT ONLY

for the PLO as the "sole legitimate representative" of the Palestinian people, and took care to avoid a flat rejection of change in the country's constitution.

The head of Lebanon's predominantly Christian National Liberal Party, Camille Shamun, has until recently appeared to be the Christian leader least interested in serious political negotiations with the Muslims or the Palestinians. His hard line has been designed primarily to check the erosion of support among right-wing Christians that followed the more cooperative stand he adopted when he joined Karami's "national salvation cabinet" last summer.

At that time, the Phalangists and ultra-conservative Maronite groups were competing to be the most ardent defender of Christian interests. When continued heavy fighting and growing political pressures later forced the Phalangists to soften their position, Shamun's National Liberal Party still moved toward a more intransigent stand. The National Liberal's militia played a central role in the fighting last month.

Stone-walling

Shamun's obstinacy resulted in an almost complete lack of progress in his group's private talks with the Palestinians. The National Liberal strategy was to resist making concessions that would weaken the Christian hold of the government and control over internal security. This was in keeping with the long-time policy of Shamun's party, which since its formation in 1958 has been the most extreme of the Maronite groups in opposing the growth of Arab nationalism in Lebanon.

Despite his propensity to take arbitrary actions in the interest of his political position, Shamun is interested in coordinating his tactics with the other Christians. Accordingly, last Thursday, he proposed that he, as interior minister, should serve with Arafat as co-chairman of a new committee formed to facilitate talks on coexistence between the Lebanese and Palestinians.

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FOR THE PRESIDENT ONLY

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[Redacted]

Even the arch-conservative Christian groups--the Order of Maronite Monks and the Maronite League--may be tempering their opposition to political change with realism. There is no chance these groups will support political change, but if they reduce their opposition, conservative Christians like Franjiyah would have more freedom to negotiate.

Leaders of the arch-conservative groups apparently were advised by Cardinal Bertoli last month to back away from the hard-line paper they had published in mid-October. That statement had, in effect, called on the President to dismiss Karami, call in the army to stop the fighting, and shelve proposals for political reform until the Palestinian problem had been solved.

Maronite Patriarch Antonios Khreish, who is in Rome for consultations with the Vatican, is much more temperate than the extremist leaders. He strongly advocates social reform, and recognizes that Muslims must be given assurances that predominant Maronite political power is a thing of the past.

Nevertheless, neither he nor leaders of the Christian militias have been willing to criticize the extremists in the absence of evidence that Christian concessions would bring a dependable peace. The arch-conservative Christian groups are influential far beyond their small size; they have close ties to Franjiyah, and have long provided heavy political, financial, and military aid to the Christian militias.

The Muslim Stand

Muslim leaders have not reduced their demands in any way likely to elicit concessions from the Christians. In fact, the traditional Muslim politicians--Karami in Tripoli and Saib Salam in Beirut--have lost considerable support to the Muslim far left, and are under increasing pressure to move toward more radical positions. According to some

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FOR THE PRESIDENT ONLY

accounts, these long-time political leaders might even lose their parliamentary seats to [redacted]
 [redacted] Muslim radicals, like Faruq Muqaddam in Tripoli, and Ibrahim Qulaylat in Beirut.

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Despite his apprehension about his eroding power base, and his inability to compromise basic Muslim interests, Karami has been taking steps toward a political settlement. He has endured attacks from several quarters after saying that he aims only to reinterpret--rather than amend--the National Covenant. In addition, he has indicated that he would accept changes less sweeping than those presented by the dialogue committee.

Karami is presently attempting to enlarge his cabinet to include all major political factions, a move that will effectively move consideration of political reforms from the dialogue committee, where the leftists are over-represented, to the cabinet. The Prime Minister has much greater control over the cabinet than over the committee, and will be able to ensure that any move toward reform is worked out beforehand by himself and Franjiyah.

Karami has sought to avoid antagonizing either the Muslims or the Christians by speaking of reform only in general terms. The nearest he has come to making specific proposals was on November 15, when he elicited agreement from the cabinet that he and Franjiyah should come up with specific ways to ensure Muslim and Christian equality in parliament and the civil service, limit unemployment, and stimulate the economy.

Such goals are in line with Karami's earlier recommendations to the government and his past expressions of personal aims. In two major policy speeches he made soon after becoming Prime Minister, Karami advocated comprehensive economic reforms--they would concentrate on housing and assistance to the poor of Beirut--and the need to abandon the system of religious balance on which the country's National Covenant is based.

Karami has emphasized the need for a greater Muslim role in the command of the army, and declared in late July--primarily for political effect--that he considers himself, a Muslim, a candidate for the presidency next year.

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FOR THE PRESIDENT ONLY

Libyan Puppet

The religious head of the Sunni Muslim community, Sheikh Hassan Khaled, is much more intransigent than any major Muslim political leader. Couve found that only Khaled insisted that the Muslims secure the presidency in any political settlement of the Lebanese crisis. Khaled

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[redacted] is likely for the short term to remain a Libyan puppet; he will not soften his stand.

Imam Musa Sadr, head of the Shia Muslims, has played a generally constructive role in working toward civil peace. Although he receives some help from Libya, he is backed primarily by the major fedayeen groups and by Syria. His militia plays only a small role in the fighting.

The spokesman for Lebanon's leftist groups, Druze leader Kamal Jumblatt, is much less flexible than the Muslim politicians. For the moment, at least, he is holding to a demand that some economic and political reforms be enacted before he joins an expanded government under Karami. This requirement probably is only part of a tough bargaining position designed to secure heavy Muslim representation in a new cabinet and promises from the Christians that the expanded group will move quickly to implement meaningful reforms.

Jumblatt's limitless ambition--he would like the system altered so that he, a Druze, could become president or prime minister--impels him to drive a hard bargain, but also induces in him some sense of realism that in the end probably will prompt him to take what he can. Jumblatt has been pushed toward accepting a compromise by Palestinian leaders and the Syrians, from whom his militia receives arms and training. He presumably received the same message from conservative Arab leaders during his recent tour of Gulf states, and from some moderate Lebanese Muslim politicians.

Jumblatt almost certainly will not hold out long against such pressure/

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FOR THE PRESIDENT ONLY

Despite his politically motivated attacks on Karami, Lebanese Christians, and the US, Jumblatt promotes a relatively moderate reform program. His party's platform calls for extensive education and social welfare programs, a merit system in the civil service, proportional representation in parliament, an independent judiciary, electoral reform, and some reduction in the powers of the president. Jumblatt prefers that all reform proposals be debated by the dialogue committee, where he and his leftist colleagues are more heavily represented than they have been in any recent cabinet.

Views from Outside

Many foreign governments and the PLO are trying to facilitate a negotiated settlement in Lebanon. France, the Vatican, Egypt, Saudi Arabia, and several Western governments have urged the warring parties to compromise.

The Syrians, while deeply involved in the situation, have generally worked toward ending the fighting. Israel, another concerned party, supports the Christian cause against the Muslims, but for the most part has played only a peripheral role in the dispute over Lebanon's system of government.

Only Libya and Iraq are heavily involved in Lebanon's domestic problems in ways that perpetuate the fighting.

Should the Lebanese fail in their current efforts to find a political solution and heavy fighting resumes, the chances will increase that foreign powers--especially Syria and Israel--will be drawn into the conflict. This, in turn, could spark wider hostilities in the Middle East.

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Lebanon: Heavy fighting is continuing today in the hotel section of Beirut. (Page 1)

Israel-Syria: The Syrians have been told by the UN commander on the Golan Heights that 13 Israeli surface-to-air missile launchers with missiles were seen on December 2 within Israel's 20-kilometer area. (Page 3)

Notes: USSR-Angola; Spain; Iceland-UK; India-Bangladesh (Pages 4 and 5)

FOR THE PRESIDENT ONLY

LEBANON

Ambassador Godley has cabled a gloomy description of the scene in Beirut this morning, which he describes as "the worst we have experienced." He reports intense mortar, rocket, and machine-gun fire in the hotel area, and pillars of smoke visible from the US chancery despite heavy rains.

Plans for a meeting today of leaders of all Lebanese political factions were canceled after leftist leader Jumblatt and Muslim leader Salam refused to attend.

Army commandos last night moved into Beirut's commercial district to protect government buildings and financial institutions. The action came after the heavy fighting between Christian and Muslim militiamen spread to central Beirut and the city's hotel district.

Army spokesmen have sought to limit adverse Muslim and Palestinian reaction to the move by asserting that the 100-man force is intended only to create a "security belt," and not to enter into the fighting.

This use of the army is the government's most forceful action to end civil unrest this year. It represents a compromise between Interior Minister Shamun, who has long favored calling in the 18,000-man army, and Prime Minister Karami, who has not wanted to alienate his Muslim supporters by involving the army, which is led largely by Christian officers.

The resumption of heavy fighting comes at a time when prospects were good for progress in the political negotiations and when conservative Muslim politicians had begun a cautious effort to isolate the far left politically.

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Radicals both outside and inside the major Christian and Muslim militias were fearful that Phalangist leader Jumayyil, who was in Damascus during the weekend on a peace mission, might strike a bargain with Syrian President Asad. The radicals thus were eager to undermine his mission with a return to violence.

A Muslim delegation that included three former Lebanese prime ministers traveled to Damascus on Sunday, presumably to affirm that Asad had not promised Jumayyil any concessions that would threaten the interests of Lebanese Muslims.

ISRAEL-SYRIA

The Syrians have been told by the UN commander on the Golan Heights, according to the US ambassador in Damascus, that 13 Israeli surface-to-air missile launchers with missiles were seen on December 2 within 20 kilometers of the UN buffer zone. Under the disengagement agreement, no surface-to-air missile equipment is permitted within 25 kilometers of the zone.

Syrian Chief of Staff Shihabi told the US ambassador he has also received reports that Israeli "rockets" of an unknown type arrived on the Heights in late November, and that there has been an increase in the number of Israeli tanks and artillery on the Golan in recent days. Shihabi also claimed that the Israelis have been storing significant amounts of artillery shells in the area.

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NOTES

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The Spanish government's harsh response to demonstrations over the past few days--including two Socialist rallies in Madrid yesterday--appears to be playing into the hands of the Communists.

The Communists apparently hope to provoke police over-reaction to make the point that Franco-type repression continues. The Communist-dominated Workers' Commissions have called for strikes by construction and metal workers in the Madrid area on Wednesday and Thursday; the strikes could spread to Barcelona and various Basque cities. The Communist-controlled leftist coalition, the Democratic Junta, has appealed to its supporters for a demonstration of "democratic rupture with the political laws of dictatorship" between December 10 and 16.

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Iceland intends to raise its fishing dispute with the UK at the NATO foreign ministers' meeting in Brussels later this week.

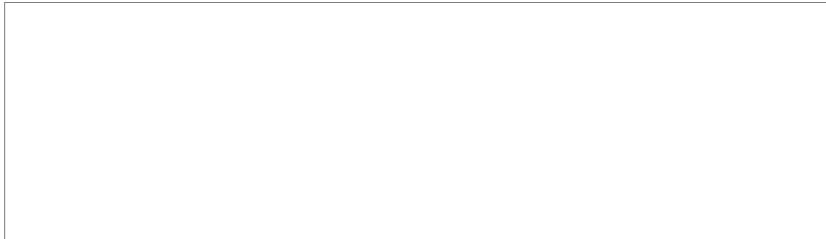
Should there be no escalation in the cod war in the meantime, the cabinet will defer a decision on taking the issue to the UN General Assembly until after the NATO meeting. Prime Minister Hallgrimsson told the US ambassador that although Iceland is deferring an approach to the General Assembly, Reykjavik may send "some sort of communication" to the Security Council. He did not indicate whether this would occur before the NATO meeting.

Hallgrimsson did not specify to the ambassador what he wants NATO to do. The ambassador gained the impression that Hallgrimsson would settle for expressions of concern over the dispute and would accept Secretary General Luns' offer to mediate.

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Discussions in New Delhi last weekend between Indian officials and a high-level Bangladesh delegation did not eliminate tensions between the two countries, but appear to have sustained the generally positive atmosphere evident at talks in Calcutta last week between Indian and Bengalee border security officials.

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A rally on Sunday north of Dacca organized by a veteran radical did not have the strong anti-Indian, pro-Muslim flavor that was expected, possibly because of pressure from the Bangladesh government to avoid any provocative statements.

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LATE ITEM

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[REDACTED]
Baucau, the second largest city in
Portuguese Timor, fell to Indonesian
forces this morning.

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Lebanon: Radical Muslim forces have gained control of some previously contested ground during the heavy fighting in Beirut this week.
(Page 1)

Indonesia - Portuguese Timor: An Indonesian task force is assembling off the east coast of Portuguese Timor in preparation for an attack on Baucau. (Page 3)

Greece-Cyprus: The Greek and Cypriot governments do not like the recent Turkish proposals for the resumption of intercommunal talks but have kept the door open for discussions at the NATO ministerial meetings this week in Brussels. (Page 5)

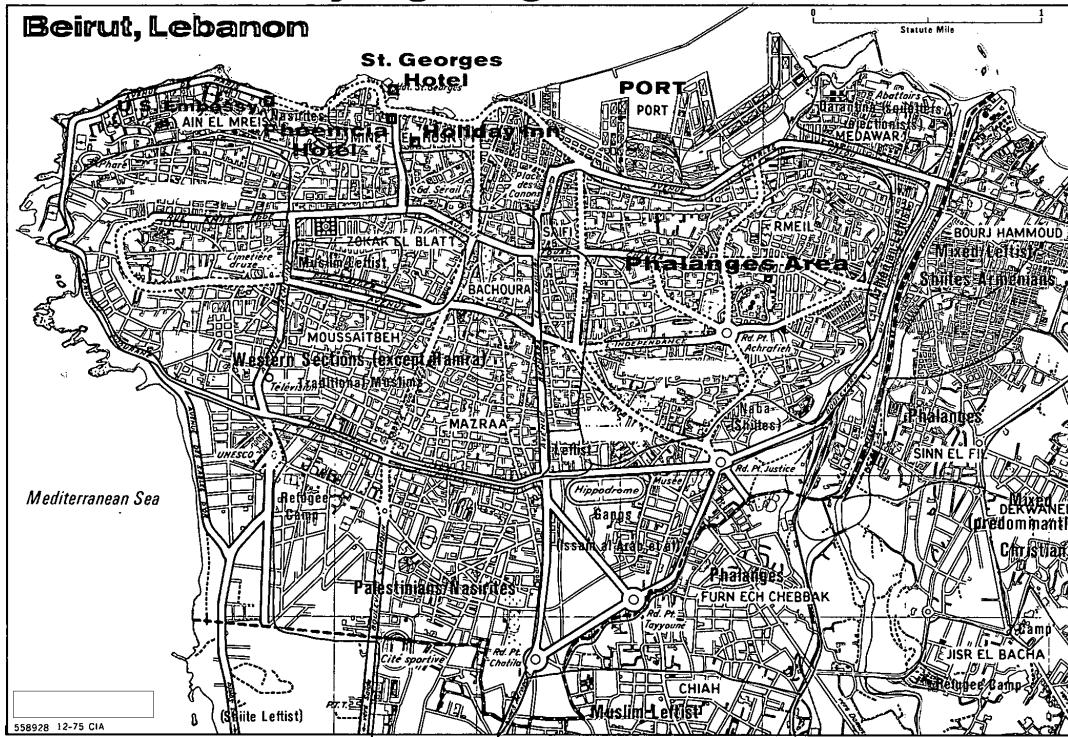
USSR: Georgy Arbatov, Moscow's most prominent academic authority on the US, last week gave Ambassador Stoessel his views on bilateral relations. (Page 7)

China-Angola: The Chinese are maintaining a policy of strict neutrality toward conflicting forces in Angola. (Page 8)

FOR THE PRESIDENT ONLY

Areas of Heavy Fighting

Beirut, Lebanon



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LEBANON

Radical Muslim forces have gained control of some previously contested ground during the heavy fighting in Beirut this week. The leftists, who occupied the St. Georges Hotel on Monday, still hold it this morning. Army troops control the Phoenicia and the Holiday Inn.

The Christian and Muslim combatants as well as the Lebanese security forces are trying to gain control of the hotels in order to gain a commanding field of fire over the adjoining neighborhoods. Right-wing Phalangist militiamen suffered heavy casualties when their Muslim opponents moved in heavy weapons, including anti-aircraft guns supplied by the fedayeen.

The Phalangists, who claimed last night to have made gains in other areas, are holding out along a front that extends from the hotel district to Beirut port. They use this corridor to supply their forces in the hotel district from more secure Phalangist strongholds south of the port.

The leftist forces are led by Ibrahim Qulaylat, a radical Lebanese Muslim backed by Libya and some Palestinian fedayeen groups. His Independent Nassarite Movement has some 400-500 militiamen and can draw on substantial backing from rejectionist Palestinians, radicals within the major fedayeen groups, and Lebanese communists.

Qulaylat yesterday repeated charges that Lebanese army troops were firing on Muslim forces and said his followers would retaliate. According to press reports from Beirut, several army vehicles were fired on by Muslim and Palestinian forces, and at least two army commandos were killed.

Lebanon's political leaders so far have come up with nothing to end the renewed fighting. The best hope is that the leftists--who are claiming victory--will convince themselves that their limited military gains constitute sufficient revenge

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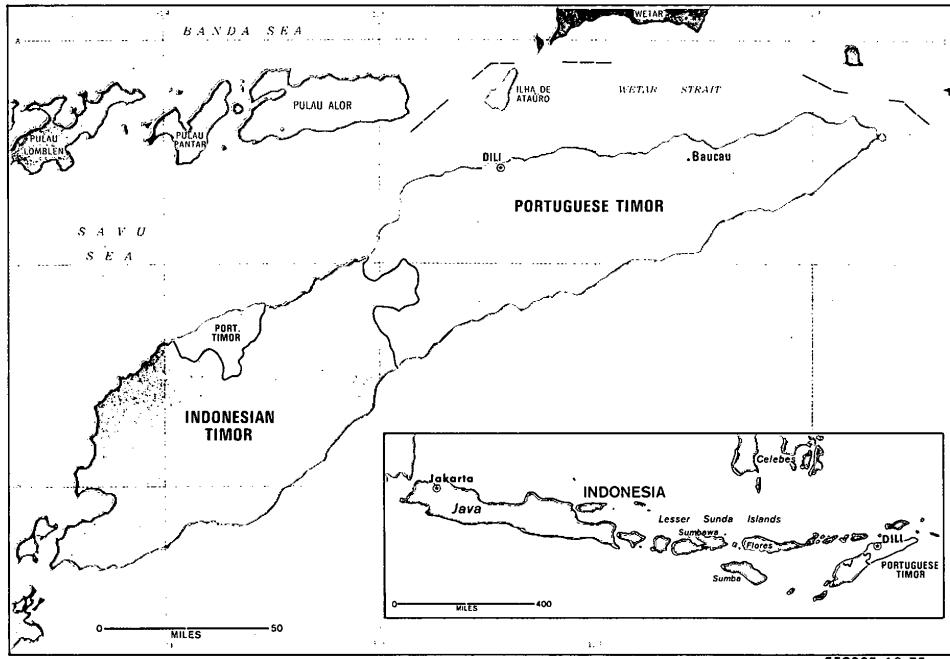
for the murder of Muslims by Phalangists last weekend. Interior Minister Shamun is threatening to resign, and leftists are criticizing the government's use of the army to try to restore some order.

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The Id al-Adha Muslim holiday that starts late this week may provide an excuse for both sides to stop the fighting. [redacted]

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[redacted]



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INDONESIA - PORTUGUESE TIMOR

An Indonesian task force is assembling off the east coast of Portuguese Timor in preparation for an attack on Baucau, the second largest city in the Portuguese half of the island.

The assault will probably be similar to that against Dili earlier this week, when marines went ashore following a naval and air bombardment. Airborne troops may also participate in the attack. The capture of Dili last Sunday was generally well executed, although elements of the Indonesian task force had problems coordinating their attack against the city.

Meanwhile, Indonesia's carefully orchestrated campaign to convince world opinion that military intervention in Timor was justified is running into difficulty, in part because of the unexpectedly strong reaction from Portugal.

Jakarta claims that it had to act to restore an orderly decolonization process in Timor because the Portuguese had abdicated responsibility for the colony's future. Lisbon has broken relations with Indonesia, and the Portuguese foreign minister has branded Jakarta's actions an "unqualified act of armed aggression." Lisbon may be speaking for Portuguese domestic consumption, but more importantly because it wishes to remain on good terms with its former African colonies, which are in the forefront of those criticizing Jakarta. The Portuguese statements, nonetheless, will give encouragement to Indonesia's other antagonists.

Jakarta probably would like to follow the same procedure in Timor that it used in 1969 with the former Dutch territory of West New Guinea, which was incorporated into Indonesia after an Indonesian-managed plebiscite was held under UN auspices. Indonesia, before Sunday's invasion, already had sponsored a resolution in the UN decolonization committee calling on the administering power in Timor to create conditions leading to self-determination for the Timorese people.

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Although the resolution was directed originally at the Portuguese, Jakarta evidently expected that once its own control was established, the UN committee would merely substitute Indonesia for Portugal. Now, however, several members of the decolonization committee, pressed by former Portuguese colonies in Africa, are sponsoring amendments to the resolution that will condemn Indonesian aggression against Timor. At the same time, Portugal itself has asked for a Security Council session to consider Indonesian aggression.

Most members of the international community would probably prefer not to stand up and be counted on the issue. Whether or not Indonesia's opponents will be able to do more than cause Jakarta temporary embarrassment probably will depend on how quickly Indonesian troops can restore order and create a stable administration in Timor.

GREECE-CYPRUS

The Greek and Cypriot governments do not like the recent Turkish proposals for the resumption of intercommunal talks but have kept the door open for discussions at the NATO ministerial meetings this week in Brussels.

Both Greece and Cyprus were unenthusiastic over Ankara's suggestion to broaden the talks to include Greek and Turkish representatives. The Greeks clearly prefer to avoid direct involvement in talks that can only result in a settlement unfavorable to the Greek Cypriots.

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Cypriot Foreign Minister Christophides told Ambassador Crawford yesterday that progress on resumption of the talks hinges on Ankara's willingness to accept some link between the negotiations and previous UN resolutions. According to Christophides, such linkage could be established by a continued role for UN Secretary General Waldheim in the talks--an issue on which the Turks have indicated some flexibility. Christophides also noted that no settlement will be possible if the Turks insist on retaining the Greek Cypriot section of Famagusta.

The Cyprus problem may be further complicated on Friday when the Security Council begins deliberations on an extension of the mandate for the UN peacekeeping force in Cyprus. Angry at the resolution favoring the Greek Cypriots adopted in the General Assembly last month, the Turkish Cypriots at one point threatened to oust the force from their zone and have already sharply curtailed its humanitarian activities.

At Ankara's request, Turkish Cypriot leader Denktash has toned down his attacks on the force. Turkey will apparently insist that the UN make a separate agreement with the Turkish Cypriot administration on the force's role in the Turkish Cypriot zone.

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The Makarios government is opposed to a change in the wording of the force's mandate and will call on the Security Council to endorse the recent Assembly resolution on Cyprus. Indications are, however, that the two sides will reach a compromise.

In a related event, Denktash, at Ankara's request, has indefinitely postponed holding elections and a referendum on the question of independence for the Turkish Cypriot zone.

USSR

Georgy Arbatov, Moscow's most prominent academic authority on the US, last week offered Ambassador Stoessel his latest views on bilateral relations.

Arbatov's views, frequently and freely conveyed to Americans, are often plainly self-serving. He apparently enjoys Brezhnev's confidence as a substantive expert, however, and is evidently attuned to the mood in Moscow. On occasion, as in his recent article in *Izvestia* against Western critics of Soviet behavior, Arbatov seems to serve as a quasi-official conduit for points his patrons want made to the US.

During his conversation with our ambassador, Arbatov predicted that Soviet detente policy would be reaffirmed at the party congress next February. He said, however, that criticisms are being heard in the USSR and that there have been "discussions" about detente within the Soviet leadership. He implied that Moscow is closely following the increased criticism of detente in the US, especially as the issue showed signs of becoming a center of debate in the US election campaigns.

Arbatov acknowledged that there is uncertainty about who will be the leaders in both the US and the USSR a year from now. He was careful to point out, however, that Brezhnev is in "good shape" and will definitely be around for a while. Arbatov advised that both sides ought to strive for as much bilateral progress as possible under the present leaderships, succession uncertainties notwithstanding. He singled out SALT as one "central" issue on which both sides could and should show flexibility "before it is too late."

Responding to a comment about Soviet involvement in Angola, Arbatov observed blandly that differences between Moscow and Washington would inevitably arise, but argued that these problems should not prevent progress in other areas.

CHINA-ANGOLA

The Chinese are maintaining a policy of strict neutrality toward conflicting forces in Angola. Peking's approach--for the short term at least--is one of opposition to the USSR's support for the Popular Movement. There is no evidence of any significant resumption of covert Chinese assistance to the National Front and National Union.

As long as other outside powers continue to shoulder the burden of military assistance to the opponents of the Soviet-backed Popular Movement, China can be expected to maintain a low profile with its former clients.

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Although evidence is lacking, Peking may have reached agreement [redacted] to divert to Angola certain types of equipment [redacted] as long as Peking is left with a plausible case for denying any direct role of its own. [redacted]

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The prospect that the Organization of African Unity may reverse its policy of neutrality toward the civil conflict in Angola or that OAU members may decide to go separate ways on the subject must concern the Chinese. Peking is already on the opposite side of the fence from Tanzania, Mozambique, Romania, Yugoslavia, and North Korea as well as a number of other states that have followed Moscow's lead in extending formal recognition to the Popular Movement. A decision by the OAU to waffle on Angola would almost certainly lead to wider African and Third World recognition for the Movement.

The Popular Movement, for its part, has carefully avoided closing the door to future ties with Peking by avoiding direct attacks on the Chinese. The Movement's second in command has specifically

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FOR THE PRESIDENT ONLY

stated that his group has resisted Soviet pressures to take sides in the broader Sino-Soviet ideological dispute. There are no signs, however, that Peking is seriously considering switching its political support. On the contrary, the expanded Soviet and Cuban role can only have darkened Chinese views of the Movement.

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[redacted] a proposal for an emergency summit session on the Angolan problem has now been approved by the required two thirds of the OAU members. [redacted]

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[redacted] a preliminary foreign ministers' meeting to convene in Addis Ababa on December 19 to set the date and agenda for the summit. The summit itself, however, apparently is not likely to be held until after the first of the year.

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Lebanon: Prime Minister Karami announced last night that his extra-governmental "security committee" had agreed to still another cease-fire. (Page 1)

Indonesia - Portuguese Timor: Indonesia's Asian friends are trying to undercut criticism of Jakarta by other third world states and are seeking a compromise resolution at the UN that all sides can accept. (Page 3)

Angola: The Popular Movement's drive to the north seems to have stalled; morale among forces of the National Front has deteriorated badly. (Page 4)

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USSR-Angola-Zaire: [redacted]

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[redacted] (Page 5)

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Portugal: Major Antunes, a key member of the Revolutionary Council, says the military is prepared to give civilians a larger political role, but he ruled out an early return to civilian rule. (Page 6)

Spain: The government is preparing for an extensive cabinet reshuffle which will bring in some individuals willing to nudge the country toward a more open political system. (Page 7)

Japan-Korea-Vietnam: Japan and South Korea praised your speech in Honolulu this week; North Korea denounced it, and Vietnam took a critical stance. (Page 9)

Notes: China; Iran; Rhodesia (Page 10)

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LEBANON

Prime Minister Karami announced last night that his extra-governmental "security committee" had agreed to still another cease-fire. However, the committee, which contains representatives of Lebanon's principal Muslim and Christian political factions, including the right-wing Phalanges Party, has no representative of the radical left.

The radicals have been the Phalangists' chief opponent in the widespread clashes this week and will attempt to keep the fighting going.

Karami came under great pressure to negotiate a new cease-fire yesterday when socialist leader Kamal Jumblatt joined Ibrahim Qulaylat and other radical leftists in charging that the army had intervened to rescue right-wing Phalangists in the hotel district. The army had in fact prevented either side from making significant new gains but had failed to reduce the level of fighting.

According to press reports from Beirut, as many as 850 army commandos and other troops have taken up positions in the city's commercial center. This represents the most extensive army involvement in internal security functions since the state of emergency in May 1973. Despite the call for another cease-fire, fighting continued in most of Beirut last night.

If the fighting should continue at a high level or become still worse, the army might not be able to provide much additional help. The 18,000-man force includes only about 3,600 infantry troops who could be used for security duties.

An estimated 2,000 of these troops have over the past several weeks been detailed to the government's exhausted 6,000-man internal security force. They have been guarding government buildings in

(continued)

Beirut, patrolling the periphery of the city, securing the road to the airport, and manning buffer zones between opposing factions in the Tripoli-Zagharta and Zahlah areas.

The army's effectiveness in wider hostilities would be limited by the likelihood that its units would divide along religious lines. Because the force so far has been used primarily for patrol duties and has seen little sustained combat, this has not yet become a significant problem.

Karami's willingness to have the army help enforce the new cease-fire despite leftist criticism apparently reflects the generally constructive attitudes of the Syrian government and leaders of the Palestine Liberation Organization. The Lebanese branch of the Syrian Baath Party has been one of few groups to reaffirm its support for Karami this week.

Palestinian leaders have helped by avoiding criticism of the army and endorsing the latest cease-fire.

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INDONESIA - PORTUGUESE TIMOR

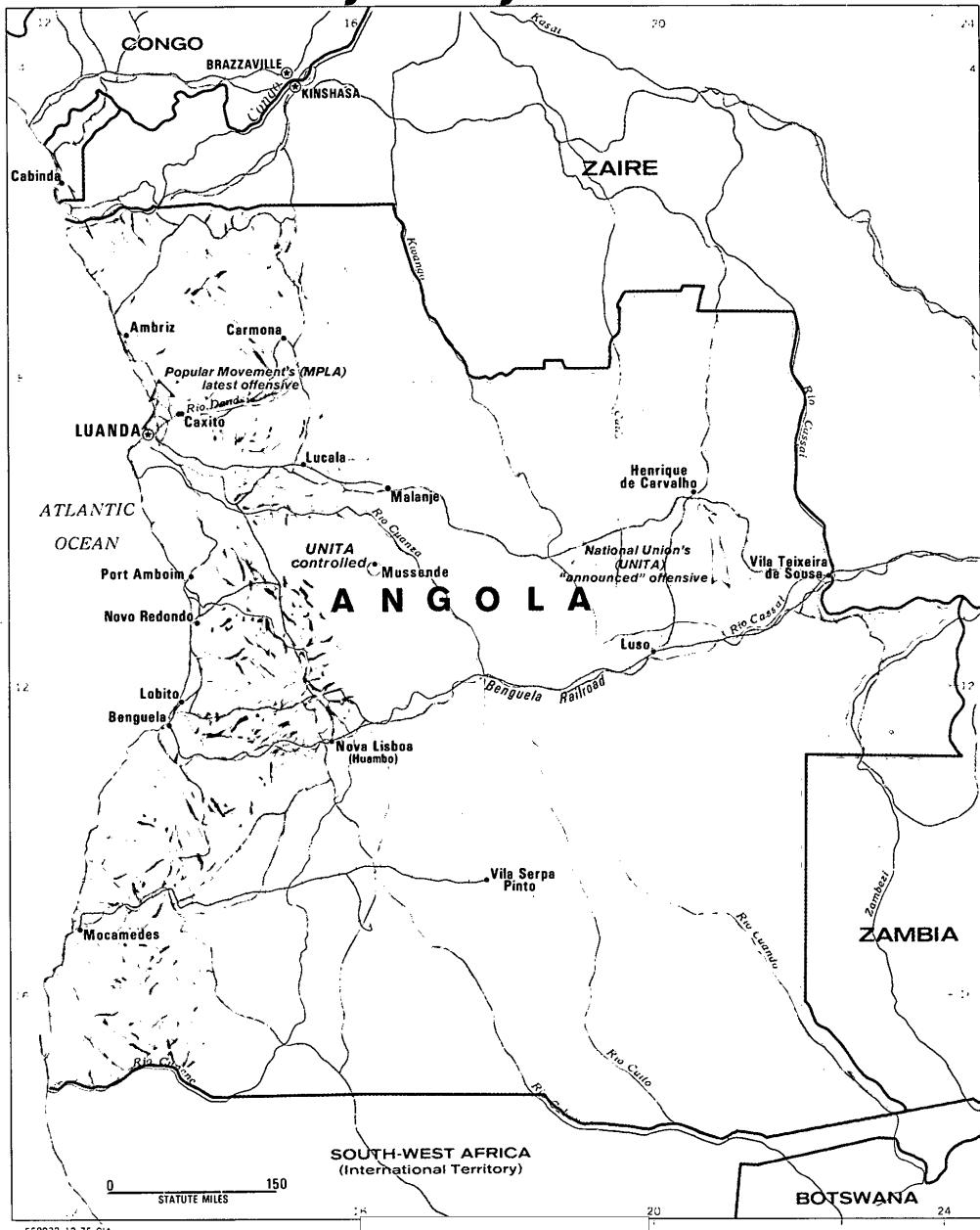
Indonesia's Asian friends are working to undercut criticism of Jakarta by other third world states and to work out a UN resolution on Timor that all sides can accept. Indonesia's partners in the Association of Southeast Asian Nations--Malaysia, Singapore, Philippines, and Thailand--have joined other Asian states at the UN in seeking a compromise resolution that will avoid condemning Indonesia for aggression.

The problem is particularly delicate for the Australian government, which is in the midst of a bitter election campaign. Left-wing trade unionists supporting the Fretelin cause are being joined by usually conservative veterans of World War II, who served in Timor and feel an emotional tie to its people. Australia hopes to work through the UN for a compromise resolution that "deplores" Indonesian action without going much further, but Canberra is doubtful that a resolution can be so limited.

Even Jakarta's severest critics do not seem to believe that Fretelin is a viable government. Both China and Vietnam have denounced Indonesian aggression, but neither has recognized Fretelin's declaration of independence. As the self-proclaimed leader of the third world, Peking undoubtedly felt obliged to criticize Jakarta, but *People's Daily* expressed China's "hope" that the Timor issue would not become an obstruction to Peking's continuing efforts to improve relations with Jakarta. Hanoi took the opportunity to blame Washington for encouraging the Indonesian attack.

Indonesian troops on Portuguese Timor are now operating from both the Dili and Baucau areas, and additional forces have been sent to the island. Indonesian troops there now total over 15,000.

Current Military Activity



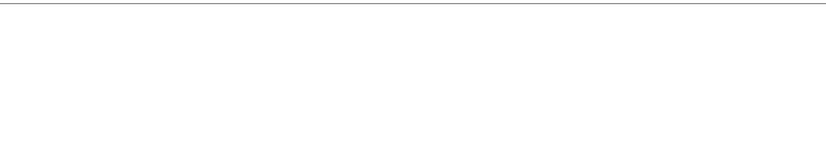
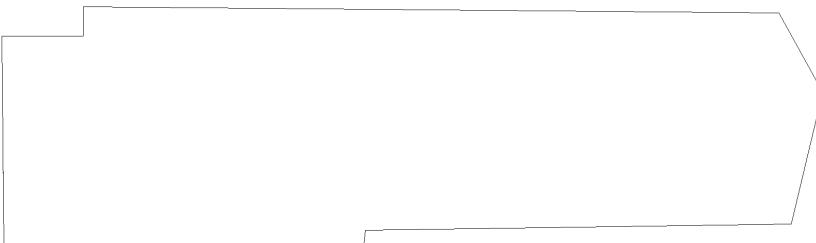
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ANGOLA

The offensive launched by the Popular Movement for the Liberation of Angola last week against Ambriz, the headquarters of the National Front for the Liberation of Angola, appears to have stalled some 50 miles south of its target. The National Front has been destroying bridges as it retreats to Ambriz and farther north. The Popular Movement's supply lines from Luanda probably have slowed down because of the onset of the rainy season.

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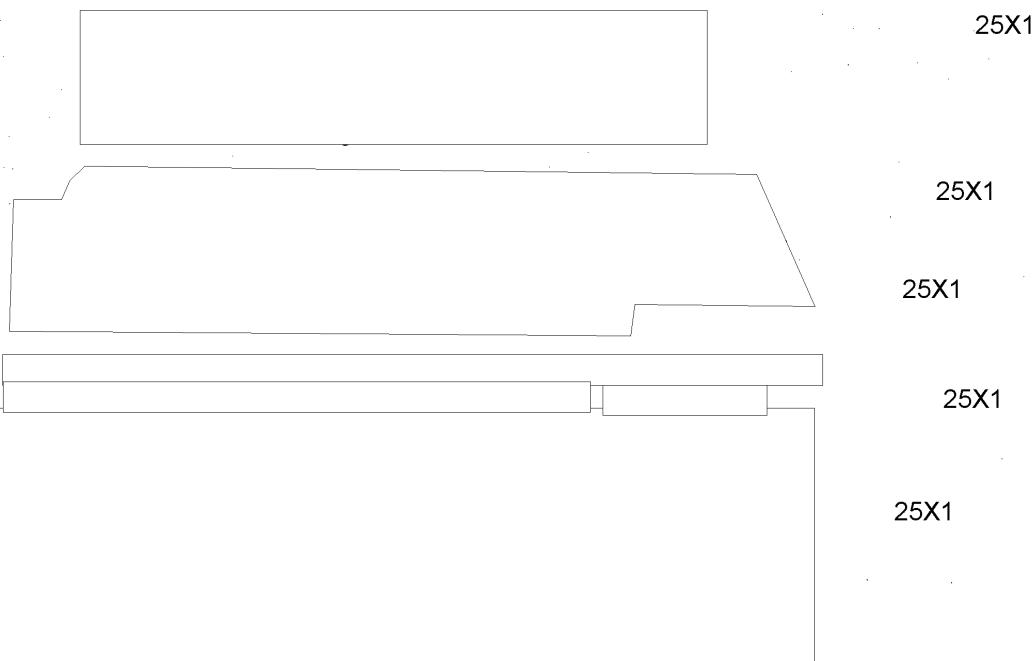


In the fighting southeast of Luanda, forces of the National Union for the Total Independence of Angola yesterday retook Mussende from the Popular Movement, which had captured the town the day before. The National Union had used Mussende as an operational base in its now-stalled drive to take Malanje.

A National Union spokesman announced in Lusaka, Zambia, last weekend that Union forces had "launched an offensive" against Henrique de Carvalho, the Popular Movement's major stronghold in eastern Angola. The extent of the fighting in that area cannot yet be determined.

USSR-ANGOLA-ZAIRE

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FOR THE PRESIDENT ONLY

PORUGAL

Major Ernesto Melo Antunes, a key member of Portugal's Revolutionary Council, has announced that the military is prepared to allow civilians a greater role in running the country, but he ruled out an early return to civilian rule. Antunes' statement was in response to recent demands by both military and civilian political leaders that the Armed Forces Movement relinquish power and return to the barracks.

Antunes conceded at a press conference on Tuesday that the Armed Forces Movement--which has dominated Portugal for the past 20 months--may have to surrender its role as the vanguard of the revolution. He confirmed that a revision of the pact signed with the political parties last spring is under way, but he stressed that a precipitate withdrawal by the military could endanger its program for leading the country to socialism.

Among the officers who are pushing the military to withdraw from politics are a number of professional soldiers who believe the people should be allowed to decide whether or not they want socialism. The strength of this faction is not known, but several of the officers are believed to have played a key role in putting down the leftist military rebellion of November 25 and 26. There is evidence that the group's influence is growing and that it may continue to press the Antunes faction to alter both its gradualist approach toward returning power to civilians and its insistence on socialism as an unalterable goal.

The Azevedo government, meanwhile, has survived a split in the centrist Popular Democratic Party. The party's congress reached a compromise over the weekend on Communist participation in the cabinet, thereby assuring that the sixth provisional government can continue in office.

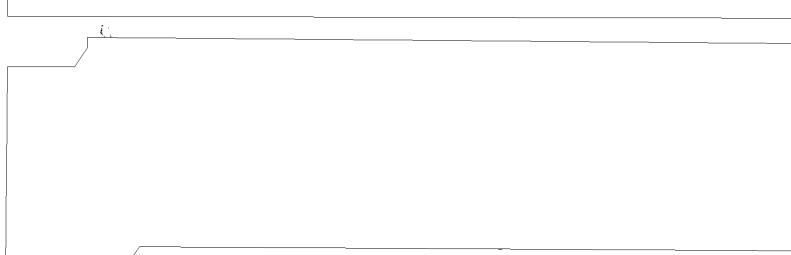
With the defection of some of the members of its left wing, the Popular Democratic Party has lost many of its most effective organizers and has narrowed its appeal exclusively to the right.

SPAIN

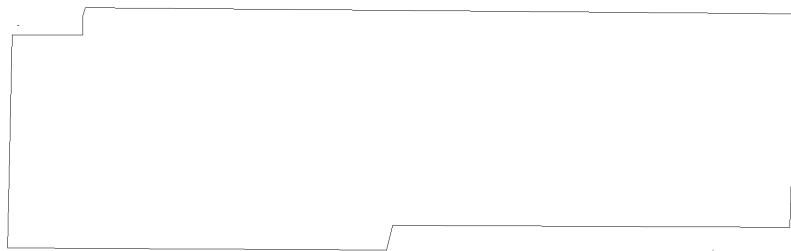
The government is preparing for an extensive cabinet reshuffle that will bring in leaders willing to nudge the country toward a more open political system.

The new government, which could be sworn in as early as Friday, may retain only three members of the present 19-member cabinet

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Whatever the composition of the new government, it will face a baptism by fire. The localized strikes that are taking place this week are likely to be forerunners of more serious labor unrest this winter.

A number of important collective bargaining contracts are due to expire December 31, and last month the government extended the wage freeze--introduced early last summer--for one year. The

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extension has angered most workers and will make the labor movement more receptive to Communist attempts to politicize the country's economic difficulties and organize a paralyzing general strike early next year.

The government also will have to cope with an increasing number of potentially violent demonstrations as the opposition steps up demands for complete amnesty for political prisoners, legalization of all political parties--including the Communists--and an opening up of the government labor organization.

JAPAN-KOREA-VIETNAM

Japan and South Korea have praised your speech in Honolulu this week. North Korea strongly denounced it, and Vietnam has taken a critical stance.

The Japanese are pleased at the reaffirmation of an active US role in Asia and the importance of the US-Japanese alliance. Both your trip and your address were widely publicized in Japan.

Tokyo also is pleased that US relations with Peking remain on course and by indications of a flexible US approach to Indochina. The Japanese view your visits to Jakarta and Manila as important symbols of continued US involvement in Southeast Asia.

South Korea has focused more narrowly on Washington's determination to maintain its commitments to allies in Asia. North Korea denounced US policy as aimed at perpetuating the division of Korea. It criticized the US-Japanese alliance and ignored your remarks about improving US-Chinese relations.

Hanoi rejected your expression of good will toward Vietnam, stating that the US still refuses to address the issue of compensation for war damages.

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China [redacted]

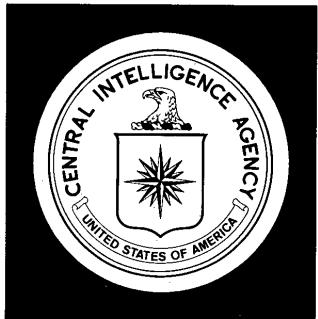
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Joshua Nkomo, the leader of a major faction of Rhodesian black nationalists, announced yesterday that formal negotiations with Prime Minister Ian Smith aimed at achieving a constitutional settlement will begin today.

Nkomo says he will lead a 12-man delegation to the talks. The delegation almost certainly will not include Nkomo's most prominent rivals, Ndabaniingi Sithole and Bishop Muzorewa, who have denounced from exile the Smith-Nkomo meetings. Settlement talks will be prolonged and difficult, and ultimate success is far from assured. In any event, Smith can be expected to employ tactics aimed at avoiding a final settlement for as long as possible.

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Lebanon: Radical leftists last night announced their conditional acceptance of Prime Minister Karami's latest call for a truce. (Page 1)

Spanish Sahara: Morocco is continuing to strengthen its security forces in northern Spanish Sahara in anticipation of a rapid Spanish withdrawal from the territory. (Page 3)

Notes: North Korea; Iceland-UK; Australia; Spain
(Pages 4 and 5)

FOR THE PRESIDENT ONLY

LEBANON

Radical leftists yesterday announced their acceptance, with conditions, of Prime Minister Karami's latest call for a truce. They say they will decide after meeting with him whether to negotiate a durable cease-fire.

One of the leftists' conditions is that Karami meet with them to explain the government's use of the army in Beirut's commercial center this week. They also want an explanation of a speech by President Franjiyah on Wednesday, which the leftists believe placed undue blame on them for the continued fighting.

Leaders of the Palestine Liberation Organization played a role in the leftists' decision on a cease-fire. One of the PLO leaders, Zuhayr Muhsin, told newsmen the Palestinians had been able to mediate because, as he put it, "they are not a party to the conflict."

Muhsin is head of the Syrian-controlled Saqiya fedayeen group. His involvement in negotiations and recent attempts to keep his followers out of the fighting are part of Syria's behind-the-scenes effort to end the clashes.

Palestinian and Lebanese groups closely allied with Syria, unlike the independent or Iraqi-supported leftists, have cooperated from the start in Karami's efforts to stop the fighting.

Representatives of the two largest Christian political parties, the Phalangists and the National Liberals, have said their groups will respect a cease-fire. A Phalangist representative has also pledged his party to allow an official inquiry into the causes of the killing of Muslims last weekend that set off the current round of fighting.

(continued)

The US embassy foresees serious consequences within weeks if the country's leaders remain unable to reduce the fighting through political negotiations.

Among the consequences foreseen by the embassy, in ascending order of importance for the US, are:

- The resignation of Karami and Franjiyah.
- The collapse of the Lebanese government.
- An army coup.
- Efforts by ultra-conservative Christians to partition the country.
- Syrian and Israeli intervention in Lebanon.



Spanish Sahara

SPANISH SAHARA

Morocco is strengthening its security forces in northern Spanish Sahara in anticipation of an early Spanish withdrawal from the territory.

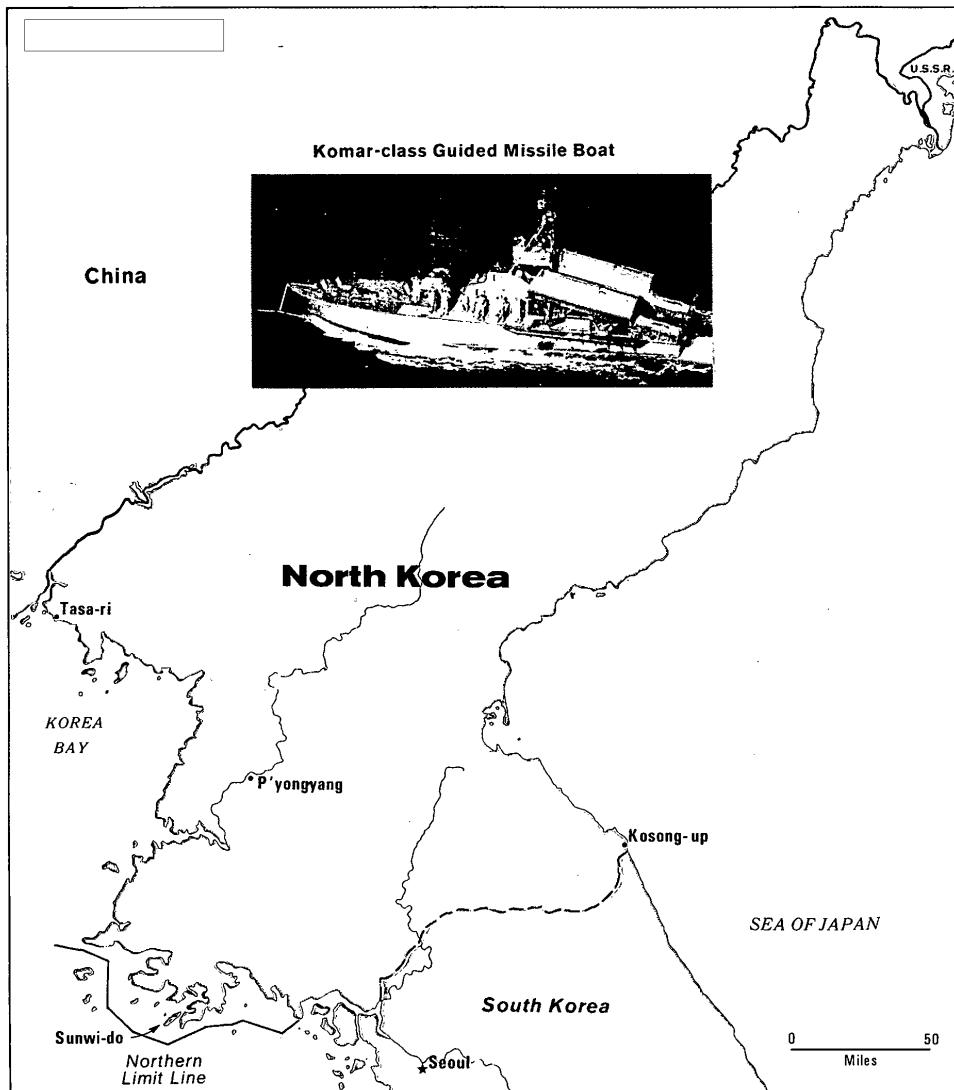
A Spanish Foreign Ministry official recently said all Spanish troops and civilians will be out of Sahara by December 20; the withdrawal had been scheduled to be completed in February. The Spanish want to avoid involvement in hostilities between Morocco and the Polisario Front or its sponsor, Algeria.

Yesterday, the first Moroccan army units arrived in El Aaiun, the capital, and were greeted by Moroccan officials already on the scene. Moroccan police units have been stationed in El Aaiun for several weeks and are beginning to move into some outlying towns.

King Hassan's forces are continuing operations in the northeastern part of the territory against guerrillas of the Polisario Front. The Moroccans will not easily suppress the guerrillas, who are now using mortars, machine guns, and grenade launchers.

Algiers is as opposed as ever to a Moroccan-Mauritanian takeover of Spanish Sahara and has undertaken a limited military build-up in southwestern Algeria adjacent to Sahara. The government is staging demonstrations throughout the country designed to whip up anti-Moroccan sentiment and, we believe, to develop domestic support for increased Algerian assistance to the Polisario guerrillas.

Debate on Spanish Sahara in the UN General Assembly has ended with the adoption of two contradictory resolutions. Algeria was unable to get a formal UN disavowal of the Spanish-Moroccan-Mauritanian agreement that provided for partition of the territory between Morocco and Mauritania.



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NOTES

North Korea has shifted two of its east coast Komar guided-missile boats to a base less than ten miles from the east coast Northern Limit Line.

This parallels a similar move earlier this year on the west coast. These moves together give the North Koreans a stronger naval presence in areas of possible confrontation with South Korea.

* * *

The incident yesterday in which an Icelandic patrol boat was rammed by two British support ships inside Iceland's 12-mile limit is a major escalation of the fishing dispute.

British officials had hoped to avoid serious incidents during the NATO foreign ministers' meeting now under way in Brussels. London feared that an incident at sea would embroil NATO directly in the dispute. Iceland reportedly intended, in fact, to make a relatively moderate plea for support. This incident, however, will increase pressures on the Icelandic government to seek support from its NATO allies. The Icelandic cabinet decided last night to submit a complaint about the ramming to the UN Security Council.

* * *

The Liberal-Country caretaker government appears likely to win control of both houses of parliament in the election in Australia tomorrow.

Late public opinion polls, which have a good record in Australia, give the Liberal-Country coalition a 14-point lead over the Labor Party. Labor leader Whitlam's vigorous campaigning could win back a few votes, but he has been hard put to explain away charges of serious economic mismanagement during Labor's nearly three years in office. Liberal leader Fraser has been sufficiently confident to confine himself to generalities.

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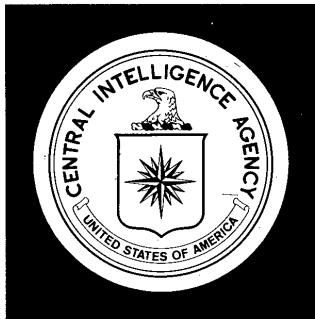
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The new Spanish cabinet, which is to be sworn in today or tomorrow, promises a break with the past. It is liberal in Spanish terms, as King Juan Carlos and Prime Minister Arias try to take some of the wind out of the opposition's sails.

Manuel Fraga Iribarne, the new interior minister, and Jose Maria de Areilza, the new foreign minister, favor an early and fairly extensive liberalization of the political system. Most of the other posts are filled by men who favor gradual, but significant, change. The cabinet will have to move quickly to deal with demonstrations and strikes organized by the left. Thousands of industrial workers struck yesterday as labor action spread from Madrid to other industrial areas including Barcelona, the northern Basque country, and the Asturias coal mines.

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December 13, 1975

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Lebanon: Fighting continued in Beirut this morning, despite the announcement yesterday of yet another cease-fire and the beginning of a four-day Muslim holiday. (Page 1)

USSR

25X1

USSR

(Page 5)

Notes: USSR; [redacted] USSR-Egypt; Jordan-Syria; Azores (Pages 6, 7, and 8)

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FOR THE PRESIDENT ONLY

LEBANON

Fighting continued in Beirut this morning, despite the announcement yesterday of yet another cease-fire and the beginning of a four-day Muslim holiday.

A Lebanese security official said that radical leftist Ibrahim Qulaylat has agreed to allow government security forces to patrol the hotel district and adjoining commerical areas. We have no evidence, however, that Qulaylat's followers have withdrawn from any of the territory they seized this week.

The Phalangists have respected the cease-fire at least to the extent of postponing a widely expected counterattack on leftist positions.

Unidentified forces did fire four mortar rounds into a large Palestinian camp Thursday, thereby raising again the possibility of wider Palestinian involvement in the fighting. [redacted]

25X1

[redacted] According to one press report, Palestinians in at least one camp have started firing on Christian neighborhoods.

Palestine Liberation Army units in Lebanon have gone on high alert, and the Saiga unit in Beirut has sought additional arms and ammunition on an urgent basis.

Leaders of the major commando groups probably still want to stay out of the fighting, but feel they must make a display of military preparations both as a precaution and as a means of quieting radicals within their organizations.

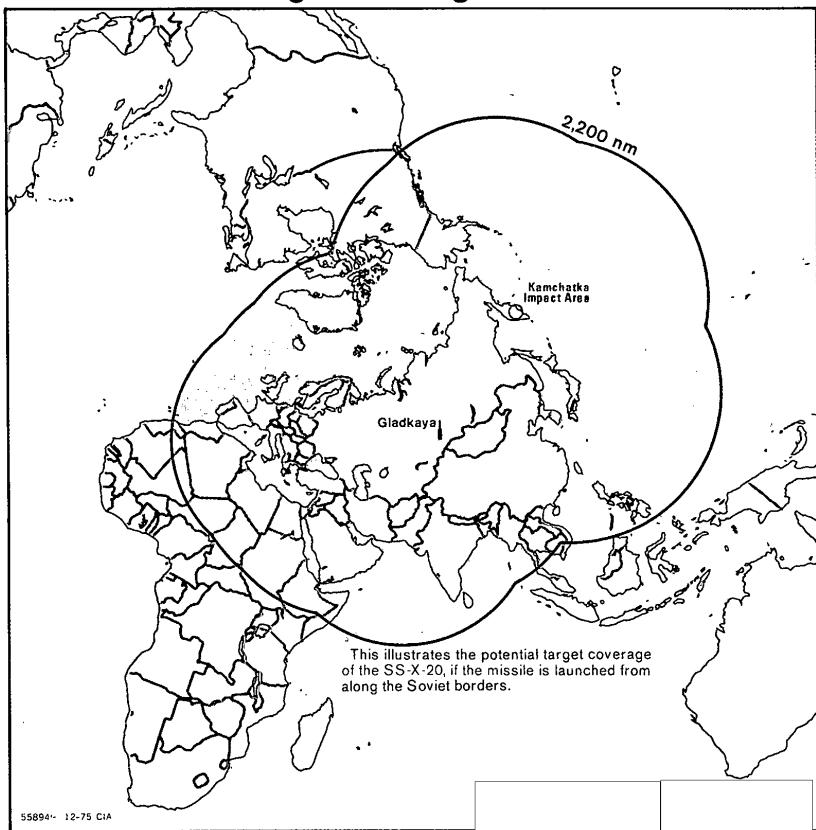
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Prime Minister Karami still has been unable to elicit agreement from the politicians on how to enforce the cease-fire or on the composition of an enlarged cabinet that might be more able to deal with the crisis. Karami told Ambassador Godley on Thursday that he is meeting resistance from Socialist leader Jumblatt, Christian leader Shamun, and Beirut Muslim leader Salam.

The Prime Minister added that he may turn again to the other Arabs to find a political solution. He said he is considering inviting the foreign ministers of Algeria, Syria, Saudi Arabia, and Kuwait--"two leftists and two rightists"--to mediate the Lebanese dispute.

In Cairo, Arab League Secretary General Riad has announced that he is contacting member states on the Lebanese situation.

Potential Target Coverage of the SS-X-20



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USSR



(continued)

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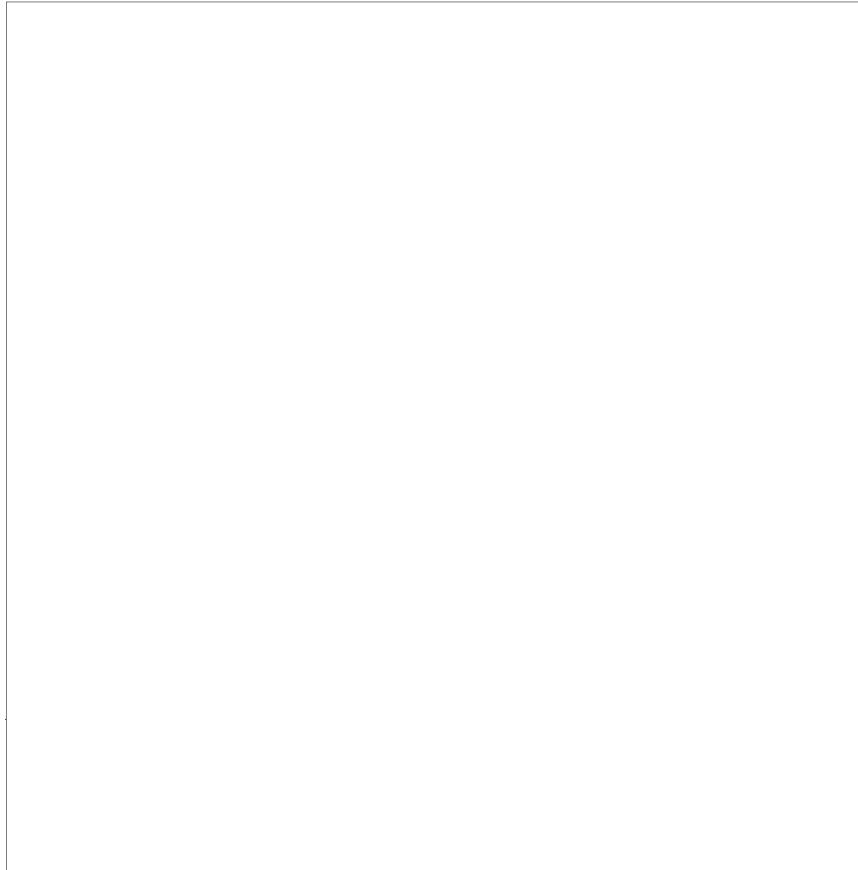
FOR THE PRESIDENT ONLY



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USSR



FOR THE PRESIDENT ONLY

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NOTES

[redacted] three of the largest ships in
the Soviet navy were all docked at the Nikolayev
shipyard on the Black Sea and were photographed
from a satellite. [redacted]

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The Soviets' second anti-submarine cruiser,
the Leningrad, was in port at Sevastopol when the
picture was taken. A third carrier, the Kharkov,
is being built elsewhere in the Nikolayev yards.

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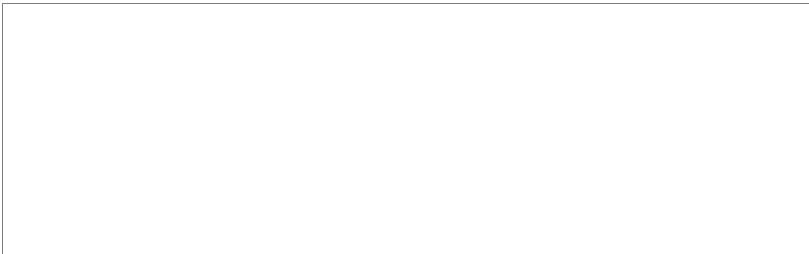
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* * *

The latest round of Soviet-Egyptian talks on debt repayment has ended apparently in a stalemate.

The authoritative Egyptian newspaper *Al-Ahram* reported yesterday that the Soviet delegation that was in Cairo negotiating over the past three weeks had returned to Moscow. The Egyptians said no date has been set for further talks.



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Jordan and Syria



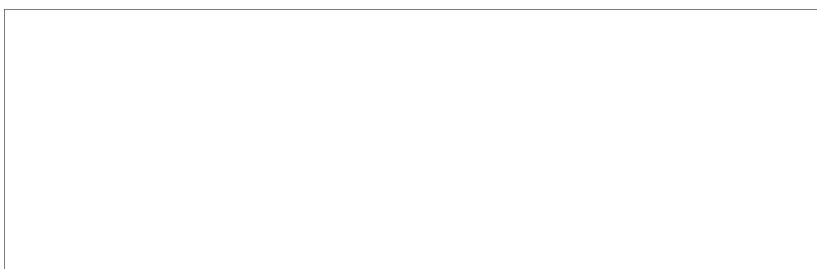
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* * *

A draft constitution which provides for a marked degree of self-government for the people of the Azores has been completed.

The document--which the Portuguese government seems likely to approve--will give the islanders control of their own political, administrative, and economic life, as well as a voice in foreign affairs. Recent victories over the Communists and the far left on the mainland have robbed the Azorean Liberation Front's independence movement of most of its momentum.

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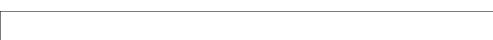


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Lebanon: The fighting continued over the weekend.
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Cuba-Angola-Nigeria: [redacted]

25X1

Non-military assistance to the Popular Movement apparently will soon come from Nigeria.
(Page 2)

Australia: [redacted]

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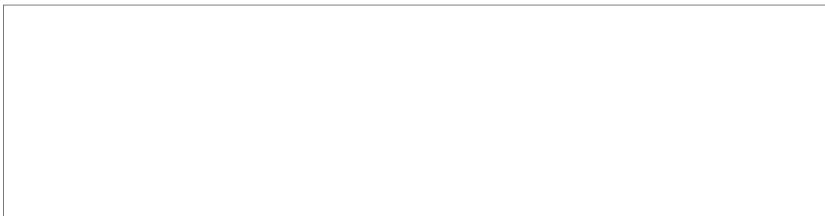
(Page 4)

FOR THE PRESIDENT ONLY

LEBANON

*Heavy fighting continued in Beirut
and elsewhere in the country over the
weekend.*

The failure of the latest cease-fire--announced Friday--is due at least in part to the inability of the Palestine Liberation Organization to control radical Muslims.



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Press reports from Beirut suggest that Damascus may again be attempting to find a political solution. Former Lebanese prime minister Abdullah Yafi, a traditional Muslim leader, flew to Damascus over the weekend after meetings with Karami. Other reports indicate that leftist leader Kamal Jumblatt has been summoned to the Syrian capital.

This activity may be in preparation for another attempt by Syrian Foreign Minister Khaddam to mediate the crisis. According to press reports, Khaddam is scheduled to visit Beirut early this week, perhaps today.

CUBA-ANGOLA-NIGERIA

[redacted]

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* * *

[redacted] assistance to the Popular Movement for
the Liberation of Angola apparently will soon come
from Nigeria. Lagos recognized the Luanda-based
regime last month in reaction to South Africa's
involvement on behalf of the Movement's rivals [redacted]

25X1

25X1

The Nigerian foreign minister has publicly an-
nounced that his government does not expect to send
troops to Angola.

25X1

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The head of a delegation of the Popular Move-
ment that recently visited Lagos has spoken in
terms of economic, commercial, and technical aid.

Nigeria apparently still hopes for the forma-
tion of a coalition government in Angola since no
one nationalist group can claim majority popular
support. Nigerian delegations are touring African
capitals to explain Lagos' position and to exchange
views on how to stop the fighting in Angola.

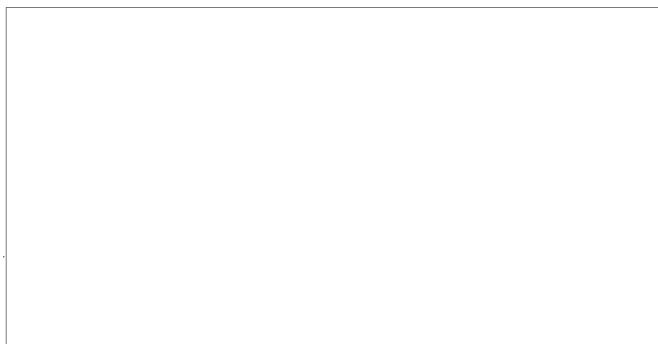
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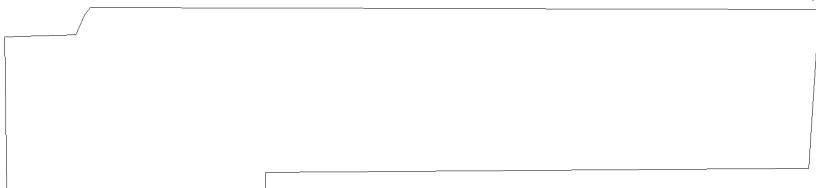
The Nigerians recognize that the intransigence of the Popular Movement is a major obstacle to a political solution. Lagos may hope that by providing aid, it can gain greater leverage with leaders of the Movement and encourage them to adopt a more accommodating attitude toward a political settlement.

Nigeria may also see the provision of aid as a way to help the Popular Movement resist Soviet domination. Nigeria regards Movement leaders, for all their Marxist rhetoric, as pragmatic nationalists and reportedly is determined to do what it can to prevent the Popular Movement from becoming irretrievably mortgaged to Moscow.

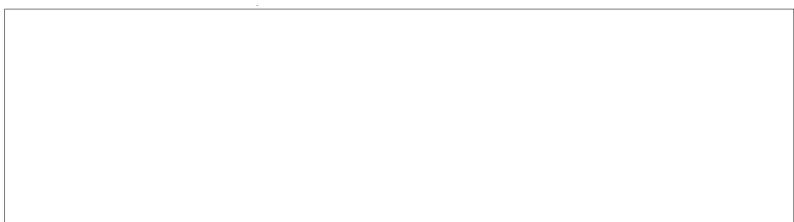
AUSTRALIA



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Lebanon: Security forces in Beirut have begun carrying out their assignments under the latest cease-fire arrangement. (Page 1) 25X1

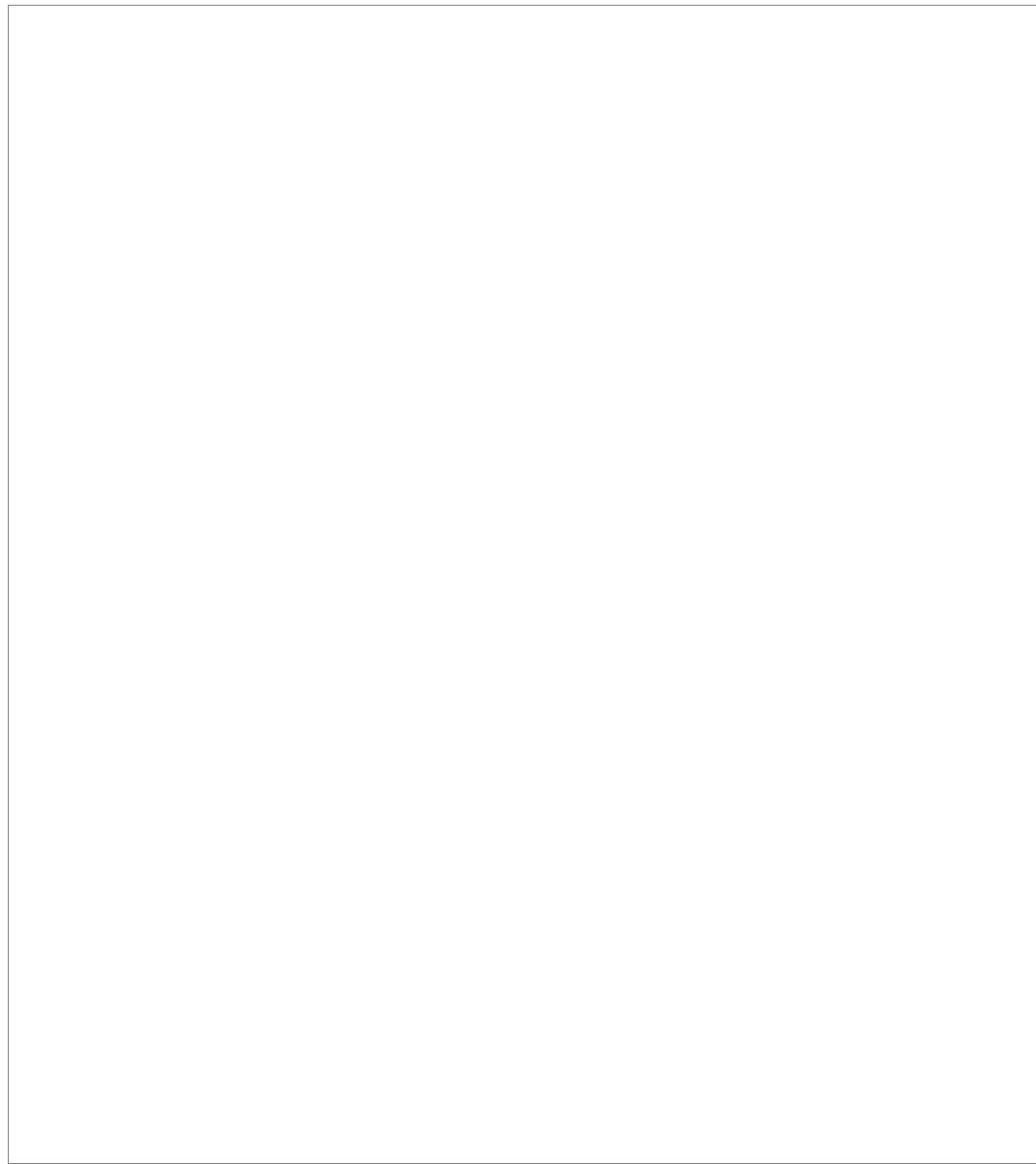
Cuba: [redacted] 25X1
[redacted] 25X1

(Page 2)

Algeria - Spanish Sahara: Algeria is continuing to improve its military posture and reinforce its western border with Morocco and Spanish Sahara. (Page 3)

Notes: Thailand-Cambodia; UN-Iceland-Britain (Page 5)

FOR THE PRESIDENT ONLY



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LEBANON

Security forces in Beirut have begun carrying out their assignments under the latest cease-fire arrangement.

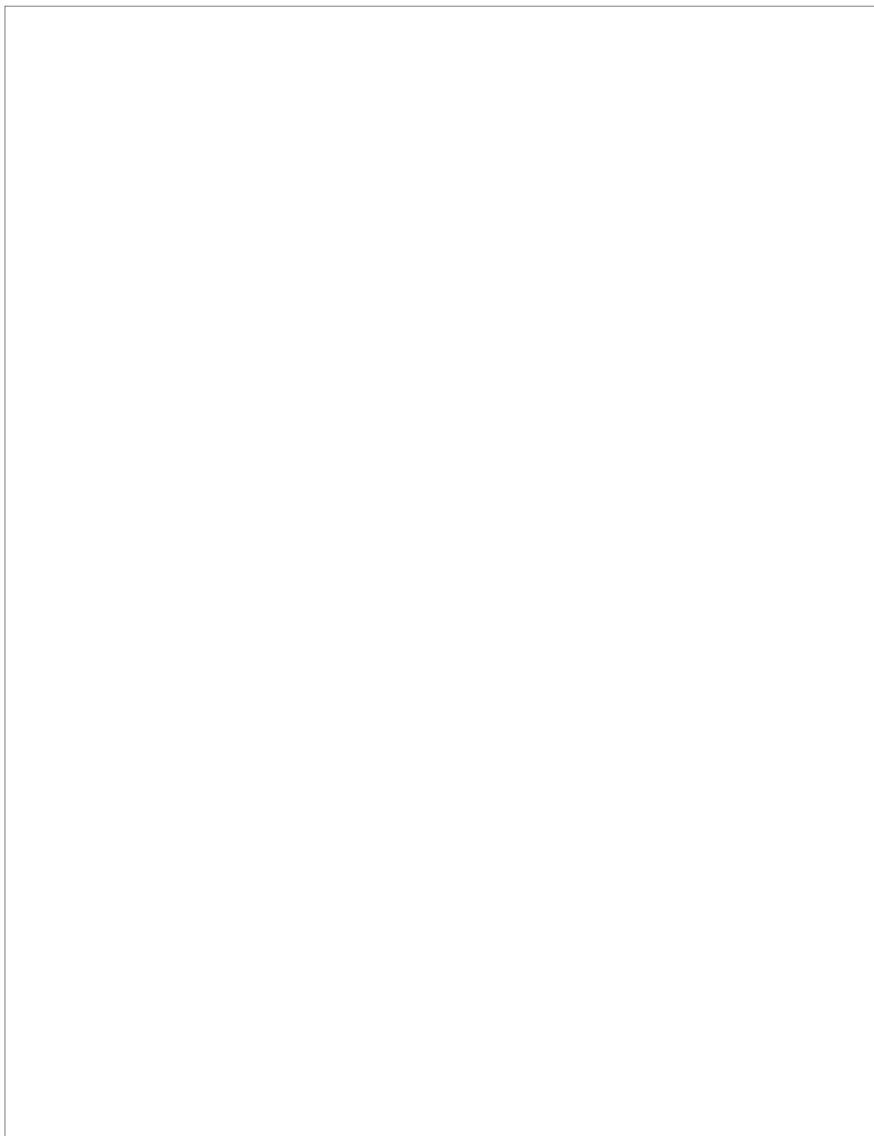
They have taken over some vantage points in the international hotel district from leftist Muslim forces that had won control of much of the area. The new cease-fire effort, worked out late Sunday night by Prime Minister Karami and Palestinian leader Arafat, differs from its predecessor only in that it calls for the security forces rather than the army to take up positions in the hotel district. This was a concession to the leftists, who had refused to relinquish their vantage points to the army.

The Syrians have summoned a number of Lebanese leaders to Damascus over the past ten days in an effort to lay the groundwork for a deal to end the fighting. Leftist leader Kamal Jumblatt, whose allies have played a major role in the most recent fighting, met with President Asad yesterday. Syrian Foreign Minister Khaddam may soon go to Beirut for broader mediation efforts.

Vital services in Beirut are beginning to break down as a result of the months of fighting. Telephone and telex links with Europe have been broken, air services have been cut back, and shortages of food and other necessities are beginning to be felt.

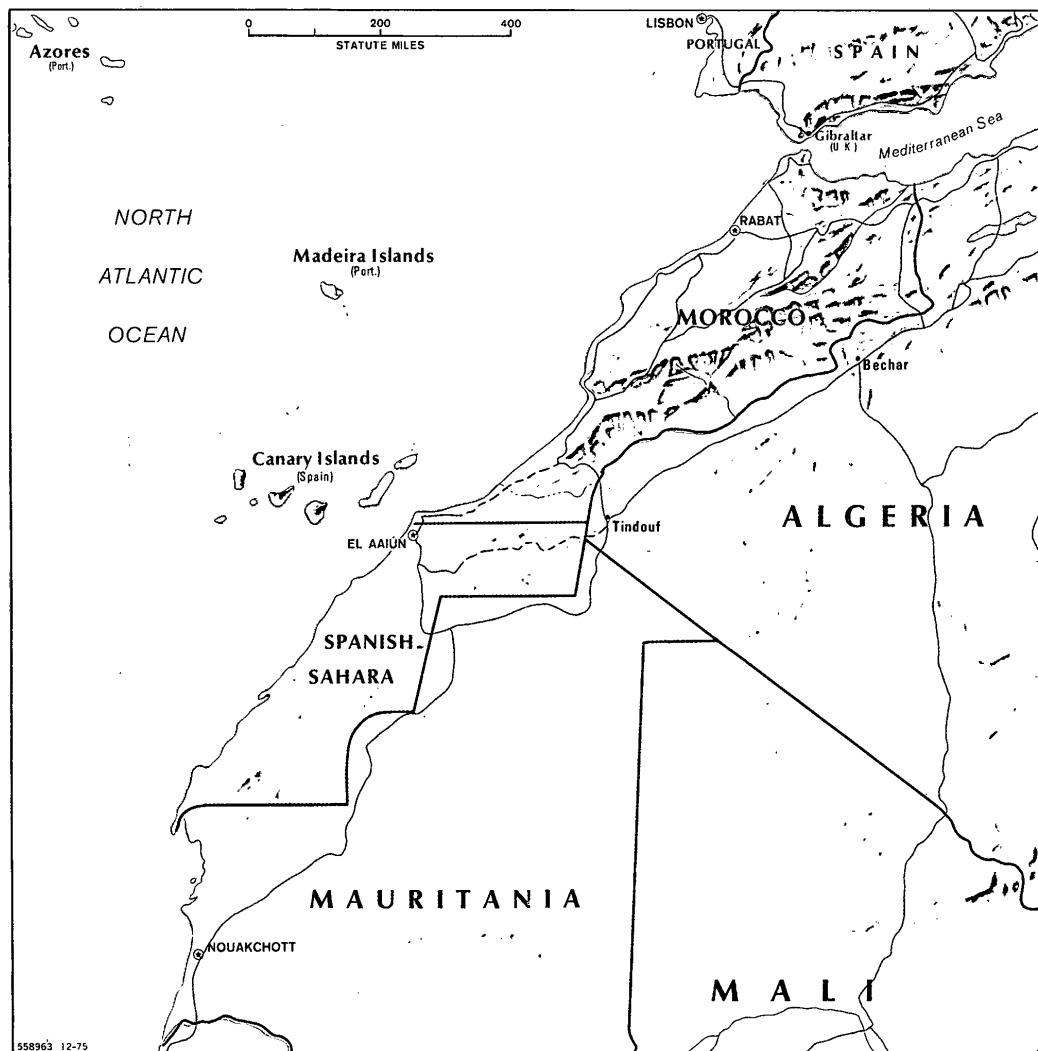
CUBA

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FOR THE PRESIDENT ONLY



ALGERIA - SPANISH SAHARA

Algeria is continuing to improve its military posture and reinforce its western border with Morocco and Spanish Sahara.

At present, these actions probably are intended to exert psychological pressure on Rabat and to strengthen Algeria's defensive capabilities as it increases aid to the pro-independence Polisario guerrillas opposing Morocco's move into Spanish Sahara. At the same time, however, the military measures enhance Algiers' ability to take more direct military action.

Algeria has been making a concerted effort to build its military inventory since mid-October when King Hassan announced plans for the mass march into Spanish Sahara. In early November, Algiers reportedly signed a military aid agreement with Moscow worth some \$500 million

25X1

Other recent Algerian actions include:

--Placement of cash orders in Paris for tents, medicine, and surgical equipment.

--At least five overflights since December 7 of southern Morocco by Algerian fighter aircraft based at Tindouf.

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--Some reinforcement of troops in the same area; information is fragmentary, however, and the actual extent of the build-up along the border is unknown.

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(continued)

FOR THE PRESIDENT ONLY

Algerian President Boumediene would like to see the Moroccans bogged down fighting a long and costly insurgency. Economic and social development is Boumediene's number one priority, however, and he is not likely to favor action against Morocco that would require an expensive outlay of resources. Because Algeria has maintained that it has no territorial claim on Sahara, it would be hard pressed to justify any direct military action against Morocco. The Algerians believe that time works in favor of liberation struggles and probably expect the Polisario Front, following the Algerians' example, to bear the brunt of its own struggle for independence.

NOTES

A series of sharp clashes late last week between Thai and Cambodian forces has again raised local tensions on the border.

Publicly, both Bangkok and Phnom Penh are playing down the significance of the incidents in order to keep their newly improved relations on track. The current dispute is almost certainly an isolated incident. Such fighting is symptomatic of the "wild west" atmosphere that pervades the border as the result of rampant smuggling and years of officially inspired hostility by both sides. Local antagonisms undoubtedly will continue to smolder even though the new regimes in Bangkok and Phnom Penh want rapprochement.

* * *

The UN Security Council today may consider Iceland's complaint against Britain following last week's ramming incident inside Iceland's 12-mile limit.

Reaction in Reykjavik to the incident, in which an Icelandic patrol boat was rammed by a British support ship, has been predictably sharp. Prime Minister Hallgrimsson said the affair was "unusually serious" and demonstrated British "recklessness and violence." Most officials are responding more strikingly to this incident than to previous cod war skirmishes because it occurred within Iceland's 12-mile zone, which Britain recognizes.

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USSR: The disastrous grain harvest, coupled with chronic shortcomings in industrial management and construction, has created the most serious Soviet economic problems in more than a decade. (Page 3)

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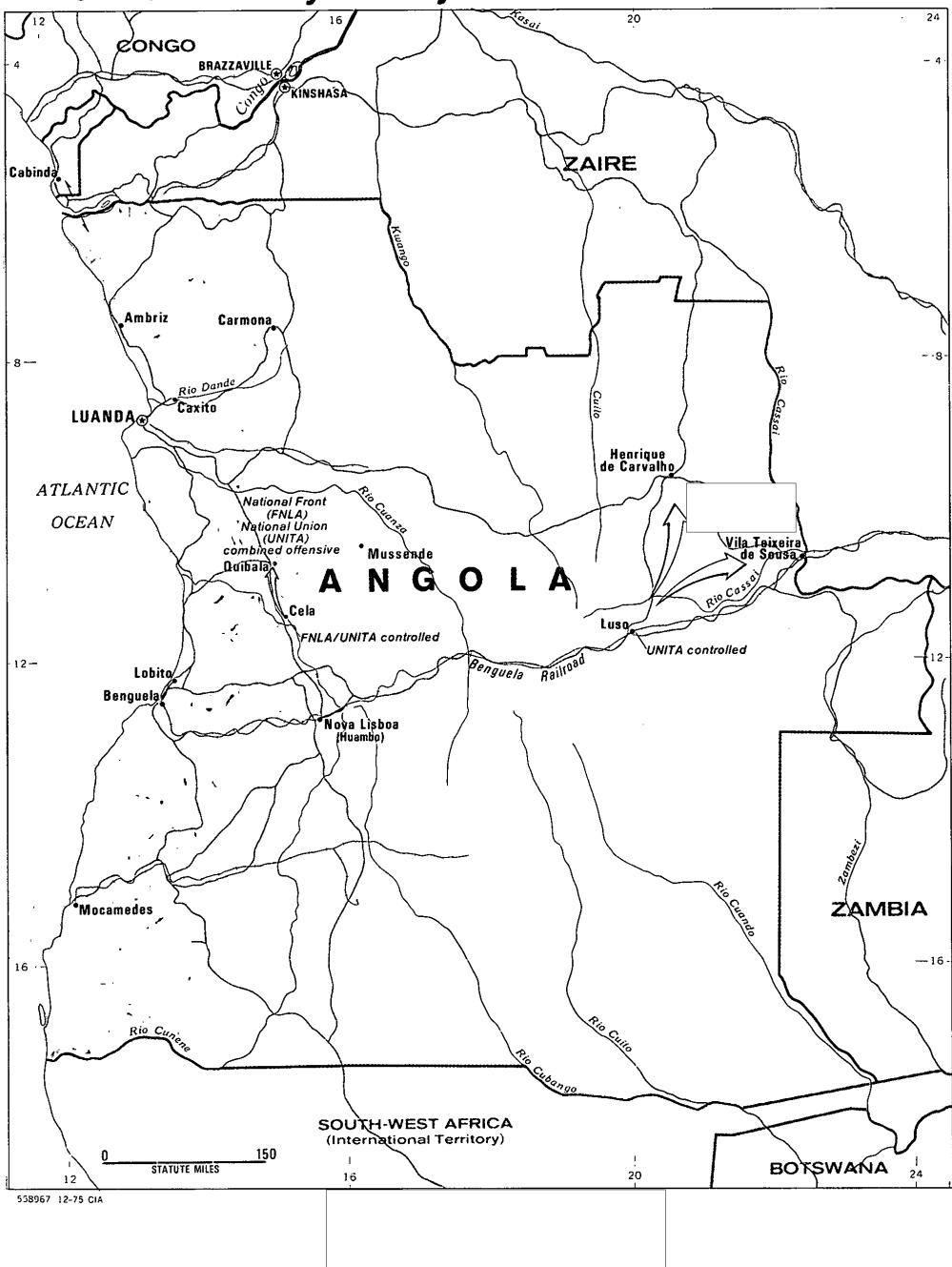
Syria-Israel: [redacted] 25X1

Israel: Tel Aviv's gloomy press forecasts for Israel's economy do not jibe with its own projections for next year. (Page 7)

Notes: Indonesia - Portuguese Timor; China; Lebanon; USSR (Pages 8 and 9)

FOR THE PRESIDENT ONLY

Current Military Activity



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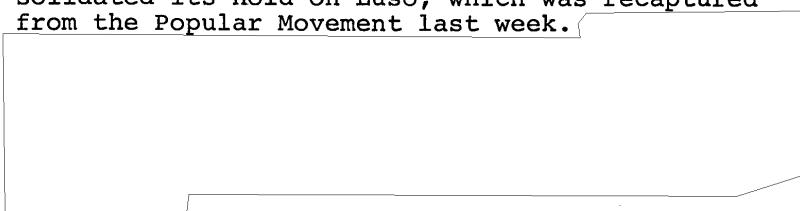
ANGOLA

The National Union for the Total Independence of Angola, assisted by South African troops and forces of the National Front for the Liberation of Angola, reportedly captured Cela in the central part of the country late last week. An official National Union communiqué issued on Monday said that the force is now moving toward Quibala, about 180 miles southeast of Luanda.

At a press conference in Luanda yesterday, the Popular Movement for the Liberation of Angola displayed four South African soldiers captured during the fighting around Cela. The Movement can be expected to focus further publicity on South African involvement in order to gain support from the Organization of African Unity and other African countries.

In eastern Angola, the National Union has consolidated its hold on Luso, which was recaptured from the Popular Movement last week.

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North of Luanda, there have been no recent significant changes in the military situation. The drive begun by the Popular Movement two weeks ago toward the headquarters of the Zairian-backed National Front apparently remains stalled some 50 miles away, mainly because several river bridges were destroyed by retreating Front forces.

(continued)

FOR THE PRESIDENT ONLY

On the political front, the OAU's timetable for its emergency summit on Angola is now uncertain. As originally planned, the summit was to have been preceded by a foreign ministers' planning session in Addis Ababa from December 19-21. OAU member states have now agreed, largely at the behest of supporters of the Popular Movement, to hold the two meetings in succession but have not yet agreed on timing. Unless they resolve the issue soon, no meetings are likely to be held until after the first of the year.

On Monday, Sudan became the 14th African country and 30th worldwide to recognize the Popular Movement's government.

USSR

The disastrous grain harvest, coupled with chronic shortcomings in industrial management and construction, has created the most serious Soviet economic problems in more than a decade. After slowing markedly in 1974, growth in gross national product slumped to less than 2 percent this year.

The outlook for 1976 is bearish. At the heart of the 1975-76 slowdown is the severe drought that prevailed during most of this year in the key grain regions.

Although lacking in detail, announcements from this month's meeting of the Supreme Soviet reflected some of the major developments in the troubled economy:

--Farm output is down more than 10 percent in 1975, the drop highlighted by the depressed grain harvest of about 137 million tons--80 million tons short of target; other crops generally were mediocre.

--The failure of meat output to rise in the fourth quarter despite a sharp increase in the number of animals slaughtered is a harbinger of difficulties to come.

--Industry turned in a respectable performance--up 6.5 percent--with machinery output leading the way.

--Military spending continued to rise in 1975, buoyed by procurement of hardware for strategic weapons systems.

Looking ahead to next year, the Soviets have projected an implied planned increase in gross national product of 5.5 percent. If this goal is to be met, above-average weather conditions will have to prevail.

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If the rebound of 11 percent slated for farm output next year is to be achieved, an exceptionally sharp rise in crop production will be needed to more than offset depressed livestock output. The short-fall in feedstuffs from the 1975 crop will mean that distress slaughtering of livestock will have to continue into the first half of 1976 and that lower herd inventories, coupled with decreased slaughter weights, will bring about a 15- to 20-percent reduction in the output of livestock products.

The Soviets are planning a 4.5-percent rise in industrial output for 1976, the lowest plan figure since World War II. This moderate goal reflects the following unfavorable factors:

- Shortages of agricultural raw materials for the food processing and soft goods industries.
- Persistent lags in the completion of new plants and the delivery of new equipment, a condition that will hold back production of both light and heavy industries.
- A slowing of the growth of the industrial labor force; planners are reluctant to draw further from the large pool of agricultural labor for fear of aggravating chronic difficulties in the farm sector.

The investment data indicate a continued concern about old problems rather than a basic restructuring of priorities. Total investment in 1976 is to grow only 4 percent, with emphasis on (a) the reduction of the vast amount of capital tied up in uncompleted investment projects, (b) an increase in the share of producer durables going for replacement of obsolete equipment, and (c) the maintenance of the high priority of investment in agriculture and its supporting industries (40 billion rubles, or more than one third of all investment).

The serious shortfall in farm output and the scheduled slowdown in industrial growth will put consumer welfare programs under increasing strain.

- Increases in consumer goods and services will be the lowest in the Brezhnev era.

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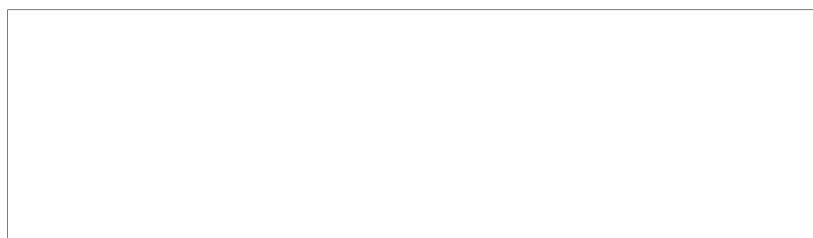
--Similarly, the annual boost in wages and salaries will be held to 3 percent to reflect poorer prospects for supplies of consumer goods.

--Even with consumer incomes rising more slowly, demand for meat will continue to grow. Although supplemented by imports, domestic meat supplies will fall considerably short of the 1975 level. Restricted food supplies, taken together with the regime's refusal to raise retail prices, could result in severe shortages.

SYRIA-ISRAEL



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FOR THE PRESIDENT ONLY

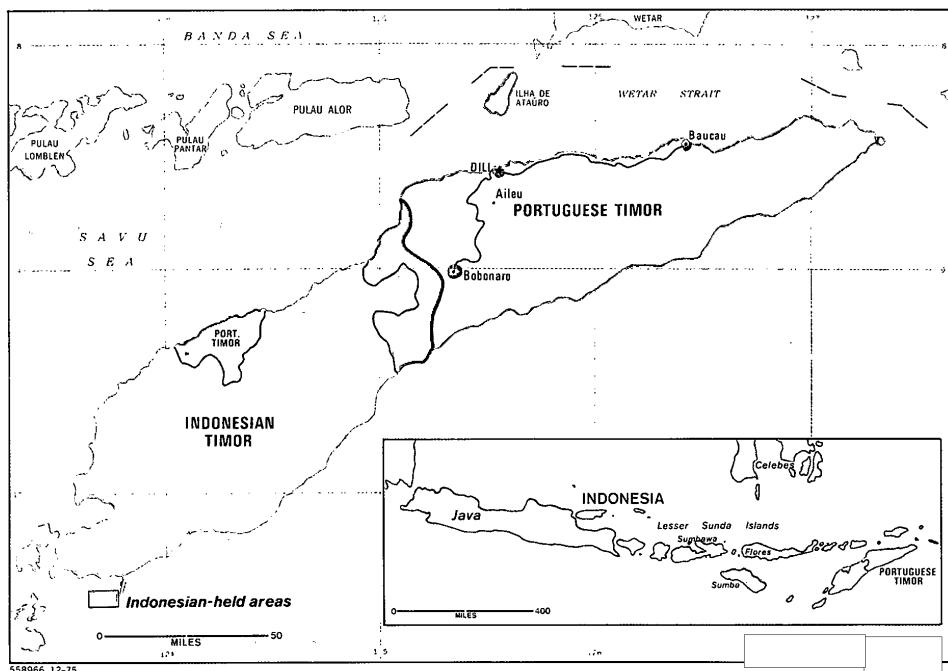
ISRAEL

Recent Israeli press releases painting a dismal picture for Israel's economy next year probably are geared for the kickoff of the 1976 United Jewish Appeal campaign and US Congressional hearings on the Israeli aid package.

Israel's own new economic projections forecast a 6-percent increase in imports as against a 9-percent rise in exports, resulting in about a \$3.7-billion trade deficit. With expected transfers and \$2.3 billion in US aid, this would mean a 1976 balance-of-payments surplus of \$500 million; our earlier estimate was for a \$200-million surplus.

Tel Aviv also has released an unrealistic set of projections for the domestic economy next year: a \$12-billion budget, 40 percent above the current fiscal year budget; a 25-percent rise in industrial output; and a 62-percent hike in unemployment to a rate of 5.2 percent. The Israelis claim that the new budget in real terms will be 5 percent below the fiscal 1976 level, implying a highly unlikely return to the 40-percent annual inflation rate of 1974.

The price outlook for 1976 is closer to the 20- to 25-percent rate expected this year. With only a small increase expected in the labor force, substantial new pockets of unemployment seem out of the question. A similar Israeli unemployment forecast last year failed to materialize.



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NOTES

The Indonesians may attack the important road junction at Bobonaro in Portuguese Timor within the next few days, [redacted]

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Since Indonesian troops captured the capital at Dili and the international airport at Baucau, Jakarta has continued to build up its forces on the island. Merchant ships and civilian aircraft have been commissioned to send in additional supplies and reinforcements.

Meanwhile, Fretolin forces are losing ground and have moved their operations to Aileu, some ten miles south of Dili. Fretolin troops have avoided major contact with Indonesian troops.

[redacted] 25X1

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The fighting in Lebanon has dropped off considerably as the latest cease-fire is slowly being implemented.

The presence of security forces in the hotel district has helped quiet the downtown area, although Muslim leftists and Christian Phalangists could easily retake their respective strongholds. Scattered fighting throughout the suburbs continues, but in general the situation has improved enough to allow Lebanese leaders to focus on political solutions to the dispute.

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FOR THE PRESIDENT ONLY

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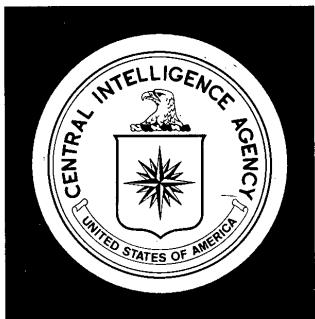
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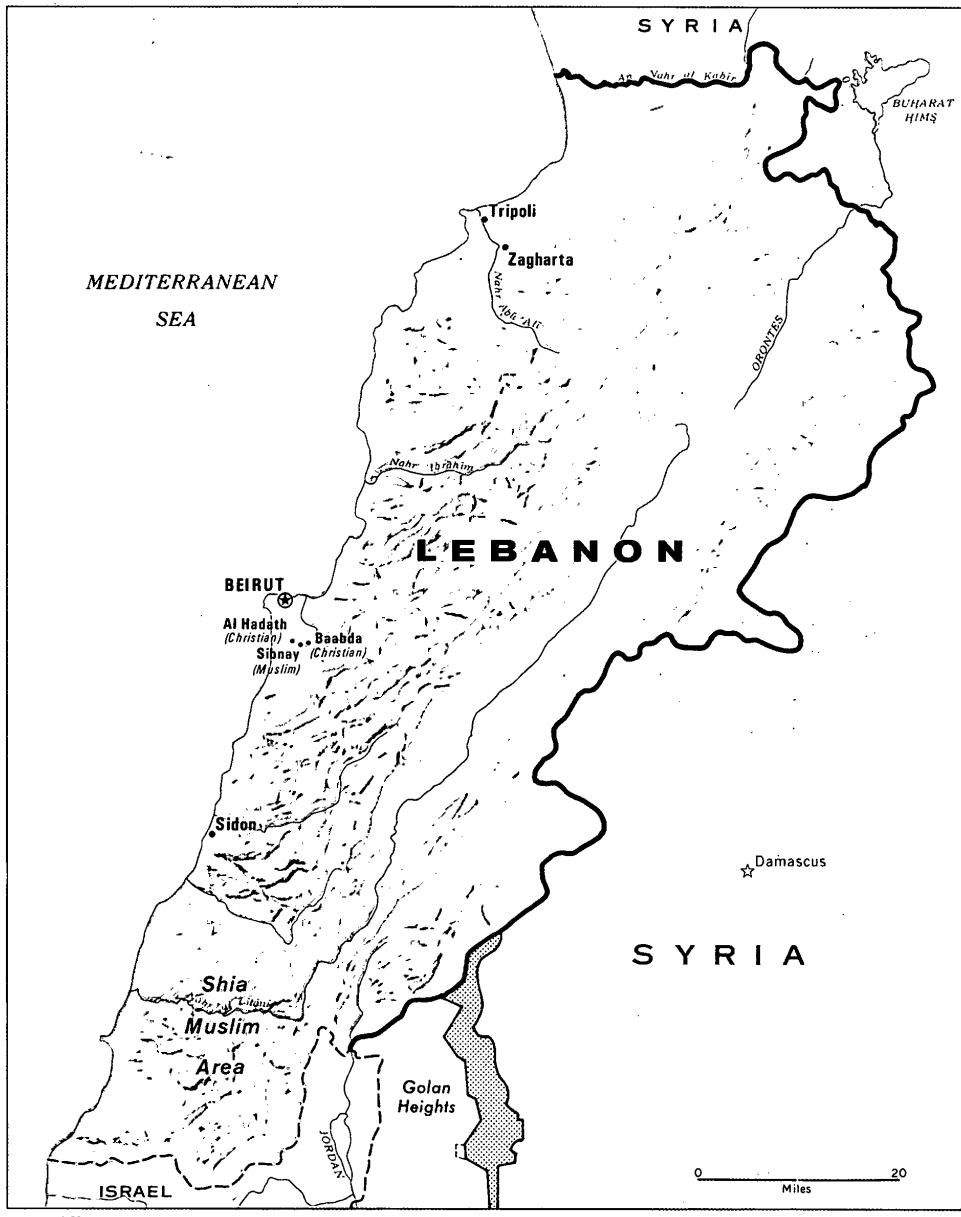
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FOR THE PRESIDENT ONLY



558974 12-75

LEBANON

Scattered shooting was reported in Beirut overnight, but the cease-fire has restored relative calm to the central part of the city and the hotel district. Shelling has been reduced between Christian and Muslim strongholds in the suburbs. Heavy clashes continue in villages southeast of the capital, and in the northern Tripoli-Zagharta area.

On Tuesday, the militia of Camille Shamun's National Liberal Party attacked a Muslim village southeast of Beirut to halt increased sniping directed at two nearby Christian villages. Lebanese security forces intervened to halt a firefight that left at least five persons dead.

The incident so far has not sparked widespread clashes in Beirut, but--because it involved Muslims allied to Kamal Jumblatt's Progressive Socialist Party--it could still seriously complicate political negotiations and lead indirectly to renewed fighting. The leftists have boycotted one session of Prime Minister Karami's higher coordination committee to protest the attack, and Jumblatt will try to exploit it while pushing his political demands.

25X1

In Tripoli

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Representatives of five Christian families, led by Franjiyah's son, had called on Karami on Tuesday to apologize for killing Lebanese army troops and to solicit additional military assistance in separating predominantly Muslim Tripoli from Christian Zagharta, the President's hometown.

25X1

The prolonged fighting in Lebanon has led to widespread unemployment and to significant population shifts. As many as 200,000 foreign workers, mostly Syrian and Egyptian, may have left the country altogether, and as many as 40,000 Shia Muslims may have departed Beirut for their family homes in

(continued)

southern Lebanon. For the most part, Palestinians have taken over areas of Beirut vacated by these departing workers.

Political activity in Beirut is continuing, but so far to no particular end. The cabinet, the higher coordination committee, and the parliamentary committee considering political reforms have all resumed their regular meetings.

ANGOLA

The National Union for the Total Independence of Angola and the Popular Movement for the Liberation of Angola are waging new diplomatic offensives in view of the almost certain postponement until after the first of the year of any Organization of African Unity summit on Angola.

National Union President Jonas Savimbi is traveling around trying to drum up support against Cuban and Soviet involvement in Angola. He met with Zairian President Mobutu on Tuesday and currently is in Kampala. He will arrive in Senegal on Friday for talks with President Senghor. Savimbi reportedly will then go on to visit Cameroon and Ivory Coast which, like Senegal, have called for an end to all foreign intervention in Angola. He reportedly also would like to make an appearance at the UN.

Popular Movement Prime Minister Nascimento left Luanda Tuesday night for a visit to Nigeria to cement the ties that have developed between the two regimes since Nigeria extended recognition late last month. Lagos recently decided to extend non-military aid to the Popular Movement regime.

The Nigerians apparently still believe, however, that a government of national unity can be formed in Angola, and Nascimento probably will try to convince them otherwise. The Popular Movement fully realizes that Nigeria is a major voice in African affairs and that its position will carry weight with uncommitted states.

The Nascimento delegation also is taking with it the four South African soldiers captured in recent fighting in central Angola. The white South Africans will be exhibited to the Nigerian government and the international press as added weight for the Popular Movement's case that it is the victim of foreign aggression. Nigeria's recognition was prompted by South African support for the National Union.

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The Popular Movement undoubtedly will contend
that the National Union and National Front have
sold out to the white minority regime in Pretoria
and thus cannot be considered by Africans as true
Angolan nationalist groups.

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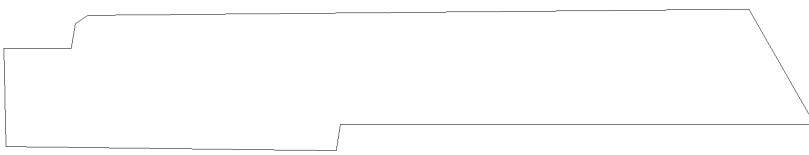
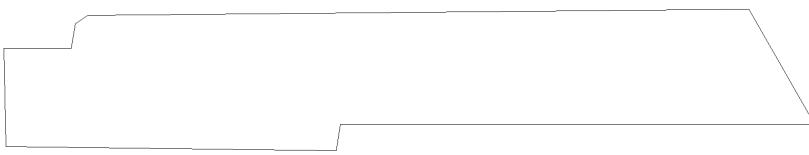
In Angola, [redacted]

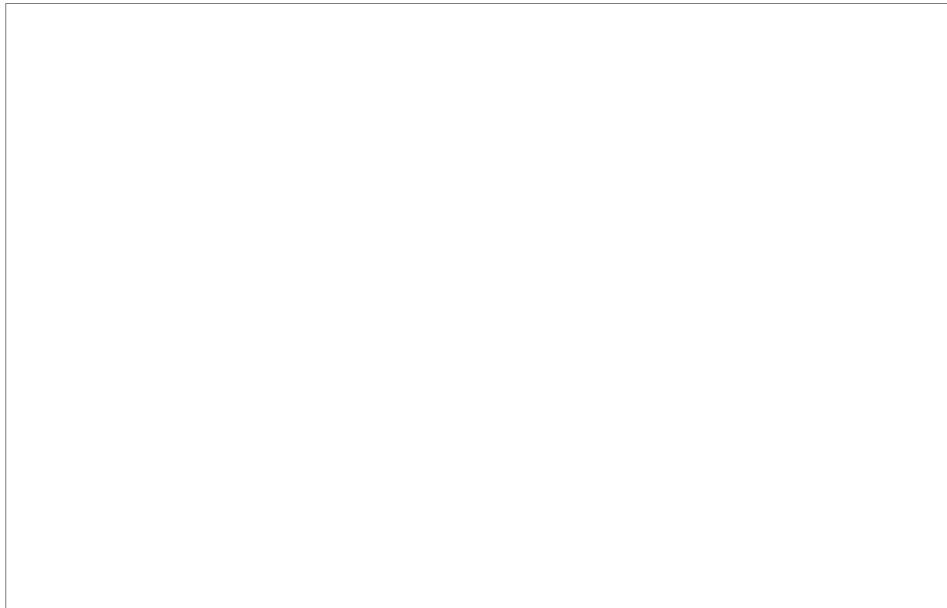


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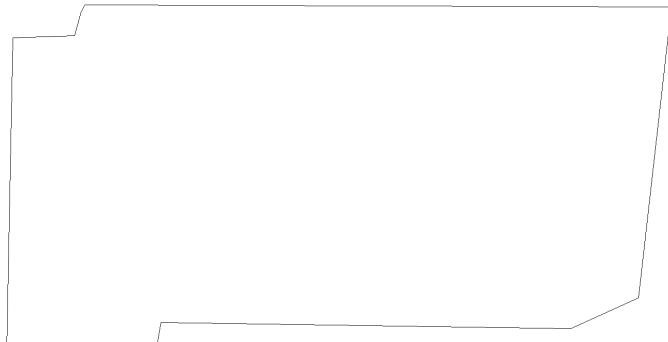




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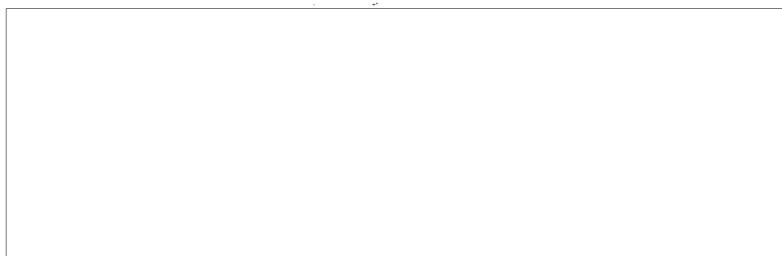
CUBA-ANGOLA-USSR

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FOR THE PRESIDENT ONLY

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The Soviet central press has admitted for the first time that both Moscow and Havana are providing military support to the Popular Movement in Angola.

Moscow's decision to make public, even in an unofficial way, its role in Angola coincides with recent military and diplomatic gains of the Popular Movement, and suggests that the Soviets may want to get their fair share of the credit for these successes. The Soviets also may now feel less compelled to mask the dimensions of their own involvement because of the recent revelations in the American press of US support for the Popular Movement's rivals.

ISRAEL

Prime Minister Rabin is holding the line against any significant policy shifts despite increasing criticism of his handling of a number of issues by centrist and left-wing factions of the ruling Labor Alignment.

Rabin has been attacked for his:

--Apparent readiness to bow to conservative pressures for new Jewish settlements in the occupied territories.

--Inflexible position against negotiations with the Palestinians.

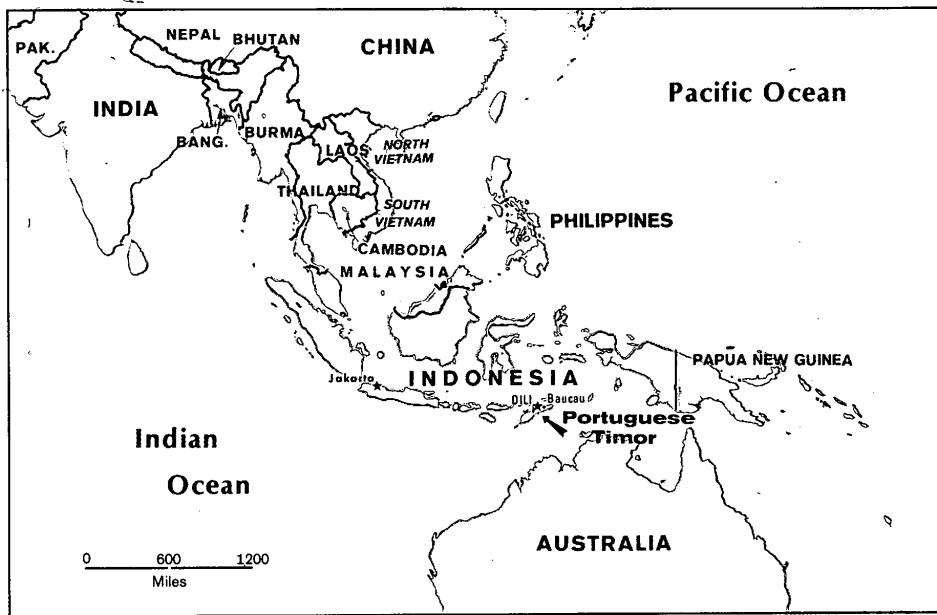
--Failure to consult Labor Party leadership forums in making governmental policy.

The stability of Rabin's fragile coalition depends on his ability to retain the support of both conservatives and centrists. The conservatives wield much more political clout than their cabinet colleagues, however, and Rabin looks to them for his Knesset majority. Labor's centrist Mapai faction is not a cohesive block and, even with the support of various left-wing factions and parties, could not form a government.

The conservatives, together with the right-wing opposition Likud bloc, would need only the support of a handful of Knesset deputies from the Mapai faction to form a government. Any alternative to Rabin, therefore, would be likely to be a conservative who would be even less responsive to pressure from Labor's center and left-wing elements.

For now, neither side seems inclined to permit an open break that could topple the government. Nevertheless, the increased grousing by Foreign Minister Allon and other ministers has placed new strains on the Rabin cabinet's precarious unity.

Any changes Rabin might make in response to the recent criticism are likely to be non-substantive ones, such as toning down his uncompromising public remarks on the Palestinian issue.



558973 12-75

TIMOR

President Suharto, now that he has finally authorized overt intervention in Timor, is unlikely to pull back regardless of the amount of resistance Fretelin can create. He is clearly prepared to commit whatever forces are necessary to restore order and begin a decolonization process that will ensure integration of the colony into Indonesia. The scenario worked out by Indonesian officials is along the lines of the agreements reached with the Portuguese in conferences earlier this year. The major difference is that Jakarta rather than Lisbon will be the administering power for the period of the transition.

Indonesia plans to organize a referendum a few months after order is restored to ratify its fait accompli in Timor. Jakarta hopes to conduct the decolonization process under the auspices of the UN Security Council. Indonesian officials have said they would welcome UN observers for the voting. Local authorities in Timor would have little difficulty restricting the movements of such observers, thereby avoiding embarrassing disclosures about the secrecy of the balloting or fairness of the outcome.

Jakarta expected Portugal to be a willing participant in the behind-the-scenes activity that would engineer a favorable UN resolution and is clearly shocked at Lisbon's strong reaction to the Indonesian invasion. Nevertheless, Indonesia hopes that its friends in the Security Council will be able to hammer out a resolution that in effect recognizes the new status quo.

Immediate Military Prospects

Indonesian forces have now established their control over Portuguese Timor's two principal cities, Dili and Baucau. Fretelin forces are withdrawing to the hills and are not contesting Indonesia's moves against major towns. Any difficulties Jakarta experiences in moving into the remaining well-populated areas more likely will result from command-and-control shortcomings, poor weather, and bad communications than from Fretelin resistance.

(continued)

Fretelin initially may try to retake some areas occupied by pro-Indonesian forces, but so long as Indonesian troops are present, Jakarta's overwhelming superiority in men and materiel should prevail.

Pacification of East Timor is in many respects similar to the kind of internal security problems that the Indonesian armed forces have dealt with successfully in other parts of the archipelago. With the departure of the last Portuguese and Australians, there is no longer any known foreign presence other than the Indonesians. Any resistance activity is likely to go largely unobserved by the rest of the world.

Prospects for Guerrilla Resistance

The core of the Fretelin fighting forces consists of Timorese trained under the Portuguese, some of whom advanced as far as sergeant. After the April 1974 coup in Portugal, the Timorese troops evidently became highly politicized through contact with newly arrived Portuguese officers who have since departed. Estimates of the total Fretelin forces range from 5,000 to 10,000, but few of these have had much military training.

Fretelin has enough resources to carry out terrorist acts that could cause some international embarrassment for the Indonesians. Rural dissidence, moreover, will be extremely difficult for Indonesia to eradicate.

Fretelin's successful exploitation of long-standing tribal rivalries will give it more staying power in the countryside than it otherwise would have. The organization apparently has been able to ally itself with enemies of the pro-Indonesian tribal groups in many areas. Fretelin has attracted few international supporters, however, who would be either able or willing to provide it with supplies.

Jakarta's success at restoring order will depend on how effective it is in manipulating the tribal situation and in selecting local rulers. This will be a difficult job for the Indonesians, who do not share a common language with the Timorese and have little knowledge of the tribal politics in Timor.

(continued)

The International Dimension

Indonesia is less concerned about lingering dissidence in the countryside than about problems its action in Timor will cause at the United Nations and in Jakarta's bilateral relations, particularly with Australia and the US.

Once Indonesia establishes military control of the towns, it should be able to control the flow of information. Fretelin spokesmen are still active abroad, however, and they will probably be a source for anti-Indonesia propaganda in the international media for some time. There is a large reservoir of sympathy for the Timorese in Australia among both left-wing trade unionists and usually conservative World War II veterans who served in Timor and have an emotional attachment to it.

The main focus of the propaganda battle is likely to be the UN. Jakarta realizes that it will have to take some lumps from Portugal and the OAU bloc. Indonesia's Asian friends will try to prevent resolutions that harshly censure Jakarta or demand restoration of Fretelin. The African bloc already has engineered an expression of anti-Indonesia sentiment in the UN decolonization committee.

Jakarta's friends believe they can head off any move in the Security Council to impose sanctions or otherwise force Indonesia's hand. If those friends can contain the efforts of radical Third World states, international interest in Timor will probably wane very quickly. Even Jakarta's Asian critics, Hanoi and Peking, have given Fretelin only limited media support.

Both China and the Soviet Union are trying to improve their bilateral relations with Indonesia and will not risk this effort by championing Fretelin's cause. India and the Arab states are working on Jakarta's behalf at the UN.

An exile Fretelin group probably will be active for some time, but so long as Jakarta is able to establish effective control of the more heavily populated areas of Timor quickly and without excessive casualties, Fretelin spokesmen will be little more than a nuisance. They will probably be in much the same position as the West Irian separatist movement. Information on continuing resistance in Irian rarely reaches the outside world.

USSR

In a recent assessment of the dismissal of Secretary of Defense Schlesinger, an official of the Soviet Union's USA Institute concludes that US adherence to detente will probably be substantially unchanged.

The author of the article relies heavily on the American press to make his points. Using numerous quotes, he points out that you probably wished to strengthen your position on the eve of the election campaign, but he places the burden of the dismissal primarily on Schlesinger's attitude toward detente. The former defense secretary is called a "stubborn opponent" of detente who had attempted to use the "old bugaboo" of national security to block arms limitations agreements.

The Soviet author also alleges that Schlesinger's "noise" against defense budget cuts contributed to his downfall. The removal of the defense secretary is seen as a victory for Secretary of State Kissinger and a reflection of your desire to "move further down the path of detente."

The article warns, however, that the installation of Secretary of Defense Rumsfeld does not mean that the Pentagon will change its position on detente. Both the new Secretary and his predecessor are seen as holding similar ideological views of the world, and White House denials that Rumsfeld would follow a softer line are underscored. The author ends by citing your pledge to sustain US foreign policy without change and to continue trying to reach a second SALT agreement with the Soviet Union.

The USA Institute official's article cautiously replays, with only slight distortions, the discussion in the US press of the significance of the cabinet changes. The former defense secretary is, however, linked directly to the obstacles in the way of a new SALT agreement. The article, moreover, identifies Secretary Rumsfeld's views with those of Schlesinger more clearly than did initial Soviet coverage of the personnel change. This portrayal of the new Secretary as a "hard-liner" may reflect a Soviet need to maintain the Pentagon as a believable scapegoat for US actions that Moscow does not approve.

NOTES

Soviet Union/

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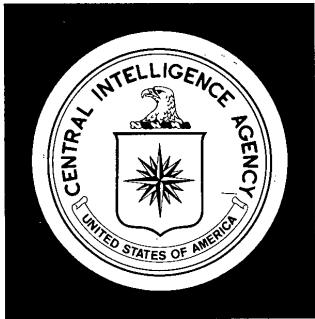
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The East and West German governments plan to announce today their agreement on a "package deal" to improve road and rail transit routes to Berlin.

The accord is the most important single step the two Germanies have taken to improve bilateral affairs since they established diplomatic relations in June 1974. Negotiations were stymied for a long time by several problems, but Chancellor Schmidt evidently saw an opportunity to reap political benefits by concluding these highly visible accords with the East Germans.

The improvement in transit routes should boost his stock with West Berliners, who have considered Schmidt less attentive to their interests than former chancellor Brandt. East Berlin will gain some favorable publicity, as well as coveted hard currency from highway construction projects.

Top Secret



The President's Daily Brief

December 19, 1975

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~~Top Secret~~ 25X1

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December 19, 1975

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Lebanon: Armed clashes in the Beirut suburbs and the Tripoli-Zagharta area threaten to draw the large Christian and Muslim militias into another round of sustained fighting. (Page 5)

Thailand: Foreign Minister Chatchai's trip to the US last month seems to have helped put Thai-US relations back on an even keel. (Page 7)

Portugal - West Germany: Chancellor Schmidt has told newsmen that his government is contemplating extending credit to Portugal in order to help Lisbon resolve an impending liquidity crisis. (Page 8)

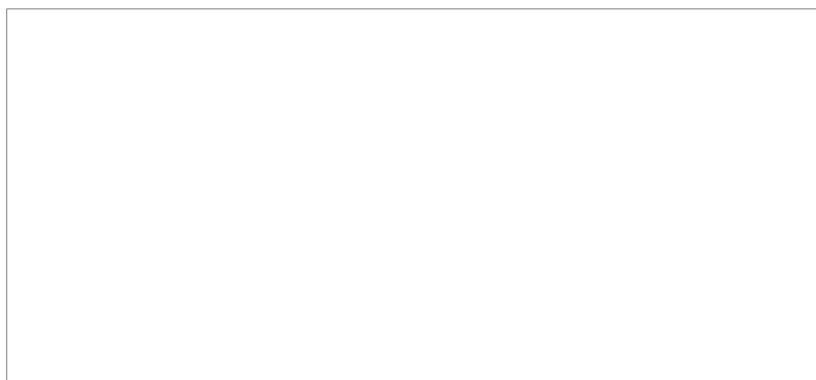
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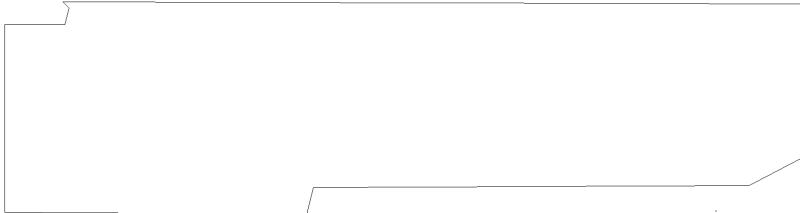
USSR-ANGOLA



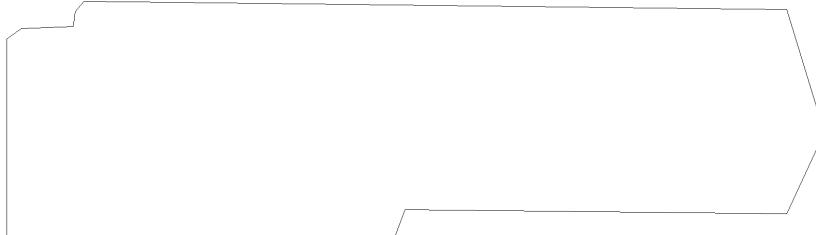
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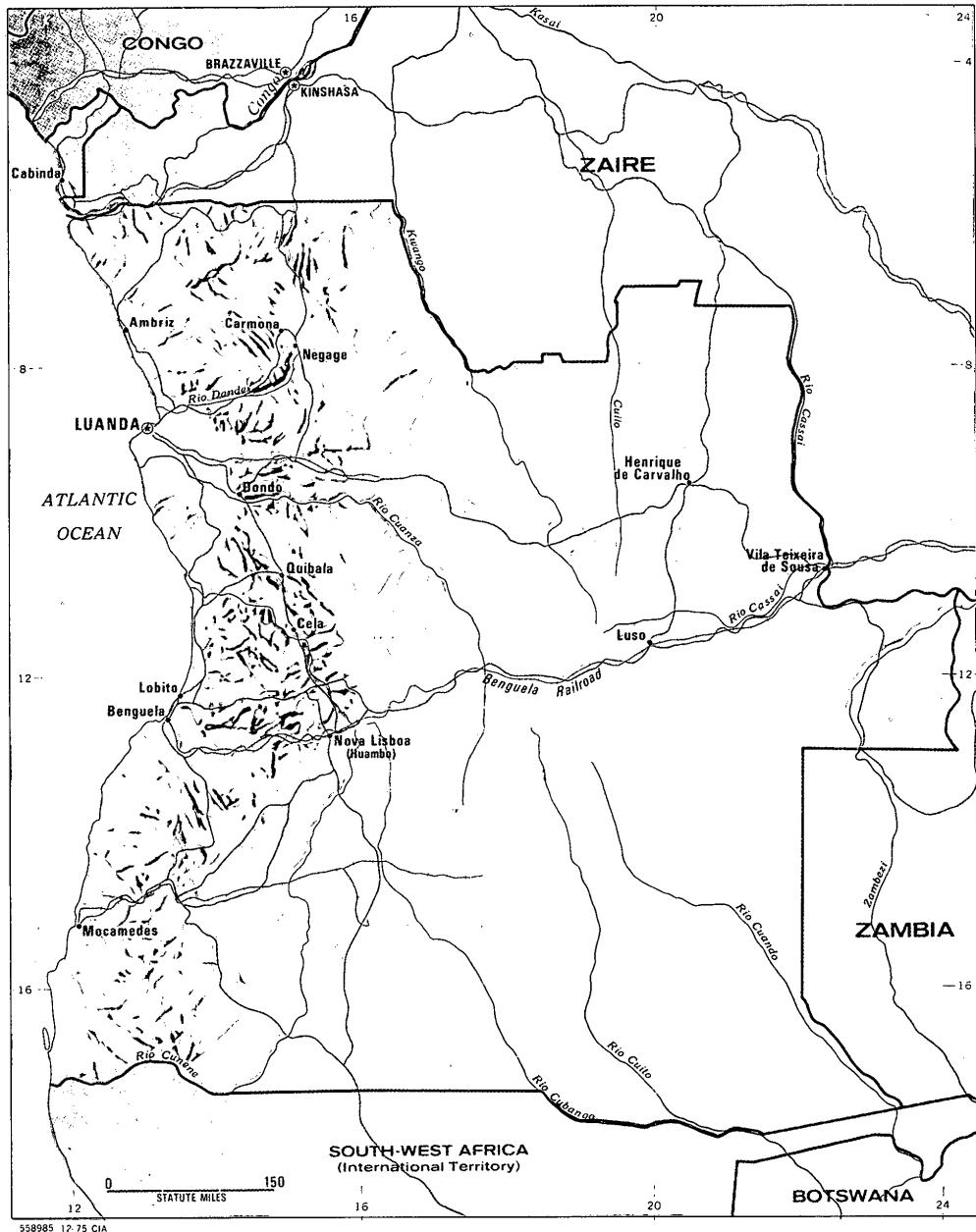
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FOR THE PRESIDENT ONLY



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ANGOLA

The fighting has picked up over the past few days, with the two sides trading gains in different areas.

The combined National Union - National Front force that captured Cela from the Popular Movement late last week has moved to within ten miles of Quibala [redacted] A second National Union force, approaching Quibala from the east, reportedly is within 14 miles of the town.

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The capture of Quibala would put the allied forces in a position to move along a major highway toward Dondo, the Popular Movement's only major base protecting Luanda in this sector. The hydroelectric plant that provides power to the capital is located near Dondo.

25X1

In eastern Angola, [redacted] National Union forces are now moving north from Luso toward Henrique de Carvalho, the Popular Movement's base in the east. [redacted]

Movement forces were forming a defense line along a river after blowing up a number of bridges in the area.

25X1

In northern Angola, a 300-man Popular Movement force reportedly has advanced to within 60 miles of the National Front's base at Negage. So far, however, the force apparently has not succeeded in breaking through the Front's outer defenses southeast of the city. The ultimate goal of the force is Carmona, the second most important National Front base, after Ambriz on the coast.

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Publicly, Savimbi has recently attempted to disown Pretoria's assistance by claiming that any South African forces are in Angola on their own and by calling on African states to help drive them out. His argument is not likely to be persuasive in many African capitals.

LEBANON

Armed clashes in the Beirut suburbs and the Tripoli-Zagharta area threaten to draw the large Christian and Muslim militias into another round of sustained fighting.

Lebanese security forces have failed to contain clashes southeast of the capital involving Christians allied with Interior Minister Shamun and Muslims allied with Kamal Jumblatt's Progressive Socialist Party. Fighting between Muslim and Christian factions in Tripoli yesterday reportedly involved tanks and armored vehicles taken from the Lebanese security forces.

Although the cease-fire is still holding in the central part of Beirut and in the hotel district, tensions elsewhere could prompt Christian Phalangists and radical leftists headed by Ibrahim Qulaylat to resume their battle for control of the seafront area. The two sides turned over their respective strongholds to the security forces earlier this week in accordance with provisions of the cease-fire. Nevertheless, they are still in the area and could easily retake their positions.

President Franjiyah's denunciation of the Palestinians [redacted] almost certainly has contributed to rising tensions. Franjiyah accused the Palestinians of breaking their agreement to stay out of Lebanon's internal politics and favoring "one side over another." Franjiyah's Zaghartan Liberation Army is involved in the fighting near Tripoli.

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The deteriorating situation in Beirut has prompted a call from Arab League Secretary General Mahmud Riyad for another special conference on Lebanon. An earlier Arab League meeting hastily convened in October was boycotted by Syrian and Palestinian representatives. This latest call appears to be sponsored by Egypt.

THAILAND

Foreign Minister Chatchai's trip to the US last month seems to have helped put Thai-US relations back on an even keel.

25X1

[redacted]

Prime Minister Khukrit seems equally pleased with the outcome of the talks.

25X1

The Thai reportedly have been pleased with what they believe is a generous military assistance package, even though no specific amounts were discussed.

25X1

Encouraged by the results of his talks in Washington and perhaps impressed by Peking's warning of aggressive Vietnamese designs on Thailand, Chatchai now seems to have adopted a tougher position toward Hanoi.

25X1

[redacted]

25X1

PORUGAL - WEST GERMANY

Chancellor Schmidt told newsmen on Wednesday that the West Germans were contemplating extending credit to Portugal in order to help Lisbon resolve an impending liquidity crisis.

The announcement followed Schmidt's discussions with Portuguese Socialist Party head Soares, who is on a week-long tour of European capitals to explain recent developments in Portugal. Soares' mission is partisan rather than official, but any aid commitments he can produce will enhance the Socialists' popularity in legislative election promised for next spring.

Soares has emphasized in his talks with foreign leaders that the political situation in Portugal is stabilizing but that the country urgently needs economic assistance. Portugal's foreign exchange reserves are expected to run out early next year. The nation's gold reserves, valued at about \$4 billion at the present rate, were expected to forestall the crisis, but government efforts to sell or borrow against the gold have been unsatisfactory. This has resulted in large part from the gold market's current instability and the reluctance of bankers to deal in large quantities of gold.

* * *

While the cabinet is concentrating on the economy, military leaders have turned their attention to renegotiating an agreement with the major political parties over the division of government responsibility between military officers and civilian politicians. The armed forces presented a draft agreement to the parties on Wednesday, and the parties have until December 30 to submit their responses and proposals for a new pact. After the beginning of the year, a five-man delegation from the all-military Revolutionary Council will discuss the proposals with each party and draw up a final document.

The five-man delegation is weighted in favor of the faction of military officers who have agreed to reduce the military role in national political life but do not want to withdraw from the government altogether.

25X1

NOTES

Soviet propagandists have reacted in predictably negative fashion to your announcement of a new Pacific Doctrine.

An extensive broadcast and an article in *Pravda* on December 16 attacked the doctrine as a proposition inconsistent with detente. A comment in *Izvestia* was hard on both the US and China, the US for allegedly seeking yet another formula to justify maintaining a large military presence in Asia, and China for allegedly going along with Washington. In reality, while the Soviets hope that the US will eventually withdraw militarily from Asia, they probably regard our military forces there as a brake on possible Chinese and North Korean adventurism and as a deterrent to closer Chinese-US relations.

* * *

Anti-regime disturbances apparently involving dissident members of the military and police have broken out again in Lourenco Marques, the capital of Mozambique, for the second day in a row. Information on the disorders is sketchy, but at one time Thursday, loyal forces appeared to have restored order.

According to a South African press report, the dissidents are reacting against a crackdown ordered last weekend by President Samora Machel on corruption and political agitation in the police and the army. Although there have been no previous signs of significant opposition to the government from within the military or police, some discontent with the regime's tight control over society and with the declining economy has surfaced since Mozambique became independent last June.

Top Secret



The President's Daily Brief

December 20, 1975

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December 20, 1975

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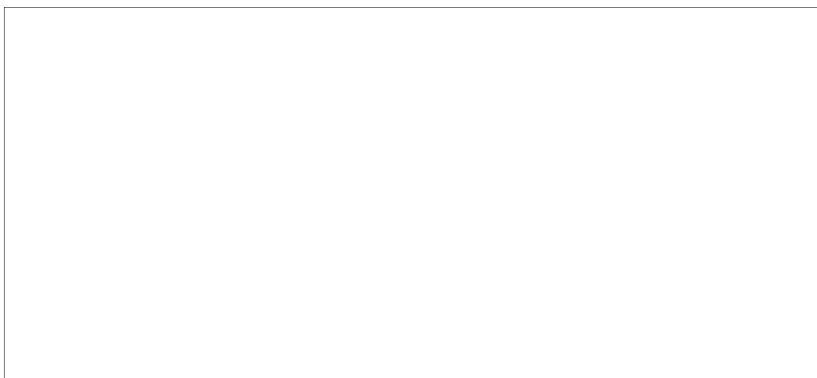
<u>Angola:</u>	[Redacted]	25X1
	[Redacted]	25X1

Lebanon: Lebanese leaders traded accusations yesterday over the causes of the recent fighting, while Syria continued its efforts to mediate the dispute. (Page 3)

Notes: Cambodia; Kuwait-USSR; Argentina; Mozambique
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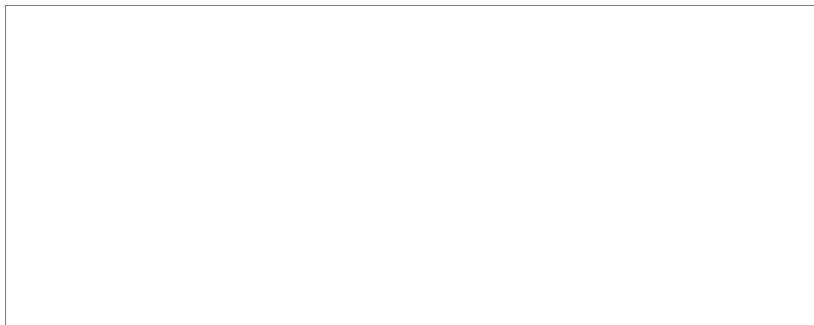
ANGOLA



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Our embassy in Libreville, Gabon, has received second-hand information--originating with a source described to it as reliable--that a fresh contingent of some 3,000 Cuban troops arrived in Pointe Noire, Congo, during the past week. The contingent, supported by "55 tanks" and "additional light armored and support vehicles" reportedly moved into the Angolan exclave of Cabinda.

Three Cuban ships were due to arrive in that area last week. Given the capabilities of the ships involved, however, half the reported number of troops would be a more realistic figure. Whatever the size of the force, its presence in Cabinda, where no fighting is taking place, is unnecessary and its actual destination was probably Angola proper.



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The Organization of African Unity announced yesterday that a majority of its 46 member states have agreed to hold an emergency summit meeting on Angola from January 10 to 12 in Addis Ababa.

OAU members are deeply divided over Angola, and the summit--which could turn out to be acrimonious--may contribute little toward an African solution to the Angola conflict.

LEBANON

Lebanese leaders traded accusations yesterday over the causes of the recent fighting, while Syria continued its efforts to mediate the dispute.

Christian Interior Minister Shamun and Phalanges Party leader Jumayyil charged yesterday that the "communists" were behind the recent trouble at a small village southeast of Beirut where Shamun's forces clashed with Muslims allied with Socialist leader Kamal Jumblatt.

Jumblatt again has called for Shamun's resignation--along with that of President Franjiyah--and yesterday issued his standard demand for political and economic concessions from the Christians.

The bickering reportedly has prompted the Syrians to summon Jumblatt for another round of talks. The Syrians apparently warned Jumblatt during his visit to Damascus last week that he would lose the backing of Syrian-supported groups in Lebanon if he did not help to end the fighting. Jumblatt is expected to return to the Syrian capital within the next few days.

General Shihabi, Syrian army chief of staff, arrived in the Lebanese capital yesterday, presumably to inform Prime Minister Karami of Syria's mediation plans. President Asad apparently intends to delay sending Foreign Minister Khaddam to Beirut until the cease-fire becomes more stable.

Fighting diminished yesterday in most of Beirut's suburbs, but armed clashes continued in the Tripoli-Zagharta area. Lebanese security forces aided by Palestinian patrols are moving into the disputed areas in the north, and members of the Syrian-controlled Saiqa fedayeen group apparently are trying to arrange a truce between Christian and Muslim militiamen.

NOTES

Cambodia has for the first time supported Laos and Vietnam in their demand that the Thai expel the remaining US military forces from Thailand.

Phnom Penh expressed its support in a joint communiqué issued yesterday following a visit to Cambodia by Lao Deputy Prime Minister and Foreign Minister Phoun Sipaseut. The Cambodians, however, have not joined Hanoi and Vientiane in insisting that as a precondition for the normalization of relations Bangkok return all the US-origin aircraft and military equipment taken into Thailand during the last stages of the Vietnam war.

* * *

Kuwait's negotiations with the USSR for the purchase of arms appear to have made progress.

If an agreement is reached, it would mark the first sale of Soviet weapons to any of the Arab sheikhdoms in the Persian Gulf. The Kuwaitis can be expected to haggle about types and quantities of weapons and the conditions Moscow wants to attach to any agreement. Negotiations have been stalled over Kuwait's refusal to guarantee that Soviet-supplied weapons would not be used against Iraq, one of Moscow's most important Arab clients. Kuwait and Iraq have long been engaged in a bitter border dispute.

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The continuing rebellion by dissident Argentine air force officers is aggravating serious strains between the military and the administration.

While the move began Thursday apparently as an internal air force insurrection aimed at their commander in chief, who has since been replaced, the dissidents are now calling on the armed forces to overthrow the government because the "political process is exhausted." Given the considerable military opposition to President Peron, the rebels' call could yet evoke a sympathetic response from the other services. Several army officers have told our embassy in Buenos Aires that "the next moves are up to the President."

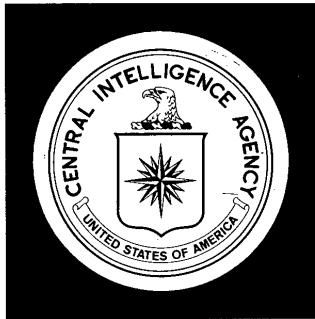
In statements yesterday, Peron refused to resign, and opposition political leaders later called on her to request a leave of absence. The army might well refuse to obey a presidential order to suppress the air force rebellion, if Peron moves in this direction.

* * *

Forces loyal to the government appear firmly in control of Mozambique.

The authorities are rounding up stragglers from the dissident members of the army and police who clashed with loyal troops beginning on Wednesday night. Our embassy in Lourenco Marques reports that press accounts of widespread disorders have been highly exaggerated.

Top Secret



The President's Daily Brief

December 22, 1975

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~~Top Secret 25X1~~

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FOR THE PRESIDENT ONLY

LEBANON

Syrian army Chief of Staff Shihabi's two days of talks with Lebanese and Palestinian leaders in Beirut and his praise for right-wing Phalanges Party leader Jumayyil have raised speculation that the trip was designed to press leftist leader Kamal Jumblatt to cooperate with Prime Minister Karami.

On Friday, Jumblatt said publicly that Lebanon is "at the beginning" of a political settlement that could take two or three months to implement. Although it was ambiguous, this was his most optimistic statement in several weeks.

Jumblatt so far has resisted the temptation to blame Lebanese Christians directly for the assassination of Tripoli Governor Qassim Al Imad on Saturday. Al Imad generally shared Jumblatt's leftist views and like Jumblatt was a member of the Druze sect.

For the present, Druze, Muslim, and Christian leaders are united in blaming the slaying on unidentified individuals seeking to perpetuate the fighting. Interior Minister Shamun claims to have evidence that radicals who in the past have used sniping attacks to spark a resumption of general hostilities are now preparing a series of political assassinations.

The Syrians may be trying to persuade Jumblatt to endorse the terms of an agreement worked out when Jumayyil visited Damascus early this month. That plan reportedly provides for:

- Implementation of an effective cease-fire.
- Expansion of the cabinet to include representatives of Jumayyil and Jumblatt.
- Agreement to minor, largely cosmetic reforms while President Franjiyah is in office.
- Negotiations on more fundamental reforms after a new president is elected in August 1976.

(continued)

FOR THE PRESIDENT ONLY

Lebanese Christians probably would accept these proposals on the theory that they would bring immediate peace, and allow time to qualify or back away from the pledge to negotiate fundamental changes in the country's system of government.

Jumblatt and other leftists are reluctant to give up anything in return for mere promises of reform. They too have suffered heavy casualties in the fighting this year, however, and now may be convinced that Franjiyah is not likely to resign or make significant concessions before his term expires.

EGYPT - SAUDI ARABIA - LEBANON

Egypt and Saudi Arabia apparently are planning a more active joint effort to mediate in Lebanon. They are apprehensive about the growing power and questionable intentions of the Lebanese radicals and the Syrians in the dispute.

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Egyptians have been pressing the Saudis to take the lead in negotiations since Crown Prince Fahd's visit to Cairo early this month.

More active Saudi mediation would be welcomed by the Lebanese. It would be tolerated by the Syrians, who are still angry with the Egyptians over the second Sinai agreement, and would work to undercut a direct Egyptian initiative. A Christian member of the Lebanese cabinet told Ambassador Godley on Friday that Fahd was the only person who could mediate the Lebanese problem.

In late November, high-level Saudi officials were promoting an Arab summit as offering the best hope for ending the fighting in Lebanon. Khalid may propose such a meeting during his talks in Damascus or he may endorse the recent call by Iran for a special meeting of the Islamic foreign ministers.

Cairo and Riyadh [redacted]

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[redacted] realize that they would have only limited ability to influence the decisions of such a group. Damascus, which is always reluctant to see its own influence in Lebanon diluted, has not yet replied, but President Asad presumably will offer his views during a visit to Tehran scheduled for December 28.

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The Lebanese government has welcomed the Iranian proposal. Lebanese leaders have found in the past that any regional meeting focused on Lebanon

(continued)

tends to buy time by relieving domestic pressures on them. In addition, such meetings have always been accepted by the other Arabs as substitutes for more dramatic remedies, such as Arab military intervention in Lebanon.

Cairo and Riyadh apparently intend that their planned diplomatic initiative should substitute for serious consideration of any Arab military move at this time. Leaders of both countries, however, have at different times observed [redacted] military action might be required if the situation in Beirut should deteriorate sharply.

Saudi Foreign Minister Saud said in November that a pan-Arab force could provide a solution if it were invited in by the principal parties to the Lebanese dispute. [redacted]

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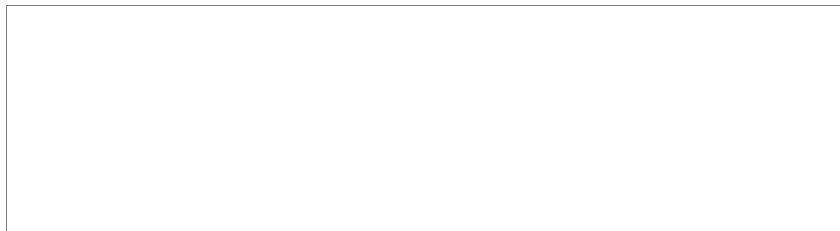
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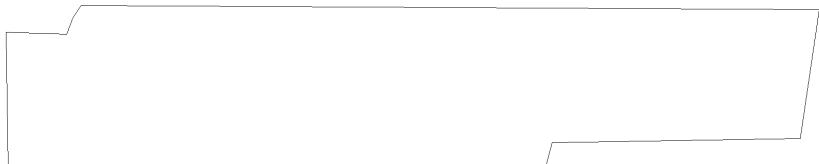
Some of the less radical Arab states might tacitly approve an Egyptian move to prevent the upset of Lebanon's traditional governing system, but few would be willing to risk Syrian and Palestinian condemnation by offering public support.

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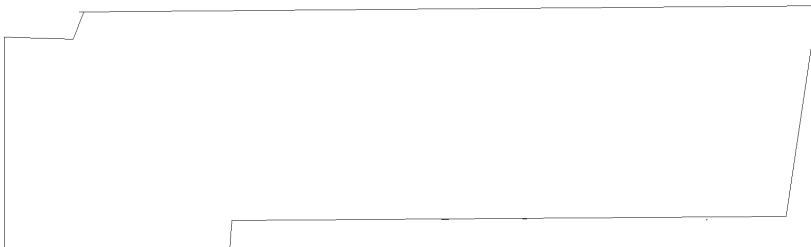
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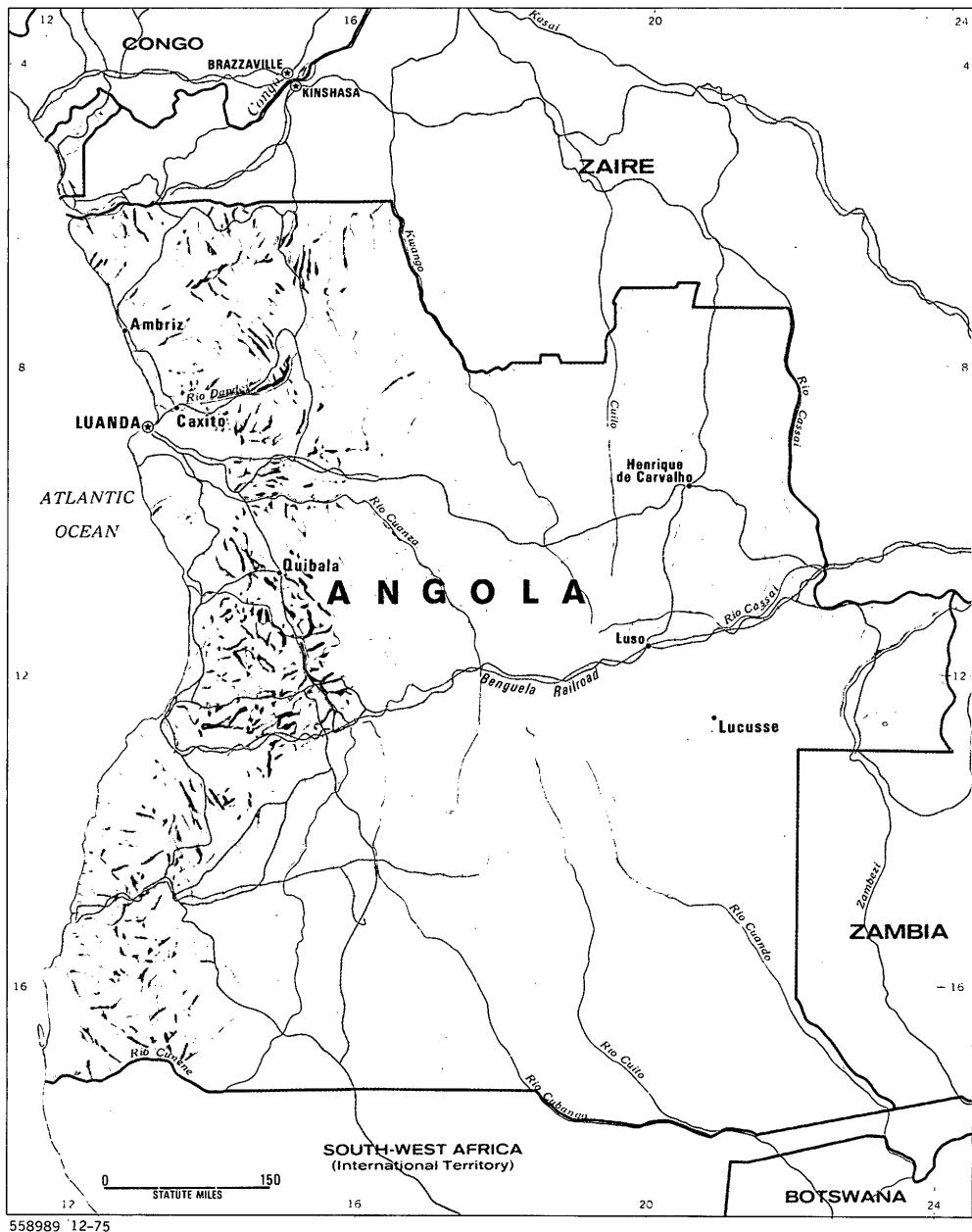
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ANGOLA

Forces of the National Front and National Union are continuing to make gains against the Popular Movement in the central and eastern part of the country.

A National Union force, which had advanced to within 14 miles of Quibala, has beaten back a Popular Movement counterattack, reportedly led by three Soviet-built T-34 tanks. The National Union claims to have destroyed one of the vehicles and driven off the rest. A separate, combined National Front - National Union force is moving on Quibala from the south.

National Union forces in the east have initiated a drive south and east of Luso to clear out Popular Movement troops that moved into the area earlier this month. If the clearing action is successful, the National Union will be able to open a road from Luso through Lucusse to the Zambian border. North of Luso, the Popular Movement has fallen back to positions along the Cassai River and has destroyed a number of bridges to block the National Union advance toward Henrique de Carvalho.

North of Luanda, the Popular Movement remains bogged down some 50 miles south of Ambriz, the National Front's headquarters. The Popular Movement forces appear to be building up defensive positions in the area and are erecting earthen bypasses to replace destroyed bridges.

The Nigerian government, meanwhile, publicly has announced its decision to give \$20 million to the Popular Movement. The announcement capped a visit to Lagos by the Luanda "government's" Prime Minister, Lopo de Nascimento.

USSR-ANGOLA

Moscow is continuing its propaganda campaign against the US on the issue of Angola.

Soviet media are giving heavy play to US Congressional deliberations on Angola and focusing particular attention on US news stories expressing concern that Washington might be drawn into another Vietnam situation. The media predictably have applauded the Senate's decision to block US aid to the Angolan factions opposed to the Popular Movement.

Reaction in the Soviet media to your weekend public statements on Angola has been sparse. Radio Moscow called your remarks on Soviet policy toward Angola "unfriendly" and avoided comment on your references to Cuban activity.

Recent Soviet commentaries have also blasted the Chinese for "teaming up with the most rabid forces of international reaction" in Angola and for allegedly providing "massive" military and financial assistance to "pro-imperialist, pro-racist forces" operating there. For its part, Peking, in a *People's Daily* article last Friday, denounced the Soviets as "outrageous meddlers" in Angola, bent on undermining African unity and plundering the continent's vast strategic resources.

Despite Moscow's harsh rhetoric on Angola, there may be some flexibility in the Soviet position. Last Friday, a *Pravda* article signed by "Observer"--indicating top-level Kremlin endorsement--spoke in positive terms of the UN and Organization of African Unity deliberations on Angola. The article seemed to imply that Moscow now may place more importance on African participation in a negotiated solution of the conflict.

NOTES

The rebellion of dissident Argentine air force officers calling for the ouster of President Maria Estela Peron is apparently all but over. Peron remains in office for the moment, but her hold is tenuous at best.

The air force rebels failed in their repeated attempts to enlist the support of the other services. At no time was the position of the rebels very strong. The move apparently surprised most other officers

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The six terrorists who yesterday seized numerous hostages, including 11 ministers, at the headquarters of the Organization of Petroleum Exporting Countries in Austria are probably linked to radical Palestinian groups.

They apparently acted in an effort to dramatize their opposition to any Arab accommodation with Israel. A statement issued by the group attacked the US, Iran, Egyptian President Sadat, and Arab-Israeli negotiations. It specifically called for renunciation of the Sinai agreement between Israel and Egypt and denounced attempts to involve the Palestinians in Middle East peace negotiations.

The terrorists have not yet been identified. A spokesman for the radical Popular Front for the Liberation of Palestine has denied that his group is involved in the Vienna attack. The Palestine Liberation Organization, headed by Yasir Arafat, has similarly disclaimed any responsibility for the incident.

Top Secret



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Exempt from general
declassification schedule of E.O. 14176
exemption category 5(b)(1),(2),(3)
declassified only on approval of
the Director of Central Intelligence

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Bangladesh-India-USSR: Strongman General Zia ur-Rahman reportedly is concerned about the threat of further trouble in the army. The USSR has also expressed its concern about the situation in Bangladesh. (Page 5)

Notes: Cuba; Austria; India; Laos-Thailand; Argentina (Pages 7, 8, and 9)

FOR THE PRESIDENT ONLY



LEBANON

We cannot confirm press reports that Syrian army troops have joined in the fighting at Zahlah, Lebanon.

Fighting in Beirut remains at a relatively low level one week after the latest cease-fire was proclaimed. More serious clashes continue in the Tripoli-Zagharta area and in villages south and east of the capital.

There were heavy clashes and artillery exchanges between Zahlah and the neighboring village of Saadnayel on Sunday and Monday. These involved primarily Christian and Muslim private militias and the Lebanese army, which for several months has tried to restore calm in the area.

Elements of the Syrian-controlled Saiqa fedayeen organization probably have also been involved in the clashes. There are approximately 3,000 Saiqa troops in Lebanon; at least 500 of these are in the immediate Bekaa Valley area.

The reports of foreign intervention may have come from Ilyas Harawi, who is a member of parliament from Zahlah and a Maronite Christian ally of Interior Minister Shamun. Harawi has tended to exaggerate the ferocity of the fighting in his home area, and may have misrepresented Saiqa forces as Syrian regulars to discredit Lebanese Muslims and leftists by suggesting that they must depend on outside support.

President Franjiyah is convinced that increased numbers of Palestinian and Syrian troops have recently infiltrated Lebanon from Syria.

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Prime Minister Karami was in Damascus yesterday to continue his talks with Syrian leaders.

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USSR



USSR-TURKEY

Soviet Premier Kosygin will arrive in Turkey on Friday for a five-day visit. The inauguration of the Iskenderun steel plant, which is being constructed largely with Soviet aid, is the ostensible reason for the visit. Kosygin will use the occasion, however, to continue Moscow's low-key efforts to exploit US-Turkish friction and to improve Soviet relations with Ankara.

In conversations with Turkish Prime Minister Demirel, Kosygin will probably urge continued economic cooperation and may indicate that the USSR is willing to sell Turkey military equipment.

Kosygin may also raise the subject of extradition of two Soviet air hijackers who fled to Turkey in 1970.

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Whatever the immediate outcome, the incident has prompted the Soviets to propose to Ankara that an agreement be worked out on air piracy.

In discussions on Cyprus, Kosygin will restate the formal Soviet position favoring a unitary Cyprus, but he will not press the issue. He may point out that Moscow has followed a policy of benign neutrality toward the Turkish occupation.

The Turks in general will continue their efforts to improve relations with their Communist neighbors, without, of course, altering relations with the West. These efforts have accelerated since Turkey's difficulties with the US over the arms embargo, and the Turks no doubt view Kosygin's visit as a useful signal to the West that Turkey cannot be taken for granted.

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The Iskenderun project that Kosgyin will dedicate is one of Moscow's largest aid projects, involving \$420 million in Soviet credits. Construction began in 1970; the first stage, now being opened, will be able to produce 1.1 million tons of steel annually.

Moscow and Ankara signed an economic and technical cooperation agreement last July that may provide credits up to \$600-700 million for several projects. Expansion of Iskenderun to an annual capacity of 4 million tons is envisioned in this accord.

BANGLADESH-INDIA-USSR

Bangladesh strongman General Zia ur-Rahman reportedly is concerned about the threat of further trouble in the army.

Enlisted men from two army units in Dacca are said to be refusing the transfer of their units to outlying posts. They are demanding the return to Bangladesh of two of their former officers who were exiled last month

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The commander of New Delhi's forces in eastern India seemed convinced, when speaking with the US consul general in Calcutta on Sunday, that General Zia's position is weakening. The commander forecast another period of disorder in Bangladesh, but continued to maintain that his troops are not preparing for intervention.

* * *

The USSR has once again expressed its concern over the situation in Bangladesh. In a conversation with Ambassador Stoessel a few days ago, Soviet Deputy Foreign Minister Firyubin repeatedly stressed the importance Moscow attaches to the preservation of stability in South Asia.

The Soviets believe the turmoil in Bangladesh is a direct result of outside interference. Moscow persists in seeing China's hand in the allegedly anti-Soviet activities of extremist groups in Bangladesh. The planned establishment of a Chinese diplomatic mission in Dacca has heightened Moscow's concern.

In an effort to reduce Soviet suspicions, a special envoy from Bangladesh, Tabarak Husain, visited Moscow for three days last week. Husain probably sought to assure the Soviets that Dacca would continue its policy of nonalignment and would do its best to put down disturbances in the countryside.

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FOR THE PRESIDENT ONLY



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NOTES

The reorganization of Cuba's Communist Party at its first party congress indicates that Cuban policies are now more closely aligned with Moscow's than ever before.

The "re-election" of Fidel and Raul Castro was announced yesterday by Fabio Grobart, probably the only surviving member of the group that formed the first Cuban Communist Party in August 1925. The selection of the Polish-born, 70-year-old Grobart--long suspected of being a Soviet agent--to make the announcement, and the lengthy praise he gave Fidel, were probably intended to signify the total unity of views of the Cuban communist leadership. The elevation of Grobart and two other pre-revolutionary communists to the Political Bureau gives three of the 13 seats to "old" communists, who previously had no representation.

* * *

Austria's Chancellor Bruno Kreisky is defending his handling of the OPEC terrorist incident in the face of strong criticism at home and abroad.

Several Arab countries have criticized Austria for failing to provide adequate security measures for the OPEC meeting, while Israel and some of Kreisky's domestic political opponents have scored him for giving in so easily. The Chancellor said he rejected long, drawn-out negotiations because there already had been casualties, and the safety of the hostages would have been further jeopardized if the government delayed granting the concessions.

The main opposition party, the Austrian People's Party, may try to exploit the security issue by pointing out the deficiencies that have left the government virtually helpless on two occasions. The other occasion was in 1973 when Kreisky ordered the closure of a Jewish transit camp to save the lives of four hostages held at the Vienna airport by two Arabs. The Austrian government will be especially anxious to improve security because of its hopes to turn Vienna into another "UN city."

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FOR THE PRESIDENT ONLY

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India's newly named Minister of Defense Bansi Lal is a close ally of Prime Minister Gandhi's increasingly influential son, Sanjay.

Lal, a former chief minister of Haryana state, entered the cabinet for the first time only a month ago as a minister without portfolio. He is considered a tough and efficient administrator whose views are compatible with Sanjay's conservative orientation. He replaces long-time cabinet member Swaran Singh, whom Gandhi ousted last month; in the intervening period, the Prime Minister held the defense portfolio herself. Sanjay reportedly is the driving force behind a move to replace older cabinet members, such as the 68-year-old Singh, with younger, presumably more vigorous figures.

* * *

Vientiane is seeking help from non-communist diplomatic missions to persuade Bangkok to reopen the Thai-Lao border.

The Lao deputy foreign minister yesterday summoned the US, British, Malaysian, and Indonesian chargés to his office, admitted that the economic situation in Vientiane was bad, and attributed it to Bangkok's closing the border following the mid-November clash along the Mekong. The official said that the Lao would not meet the Thai demand for negotiations on border problems, but indicated that his government would be willing to exchange views on an agenda for talks after Bangkok reopened the border. He asked all four governments to intervene with Bangkok.

Vientiane has been unable to circumvent the border closure by obtaining sufficient supplies through Vietnam. Yesterday, Thai officials did give the Soviets permission to begin airlifting Soviet aid that had been stranded in Thailand.

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Rebellious Argentine air force officers came to terms yesterday with their superiors, ending the insurrection they began last Thursday.

No air bases remain in rebel hands. The rebels' only success, achieved early in the uprising, was the replacement of their commander in chief. The underlying problem--the status of President Peron--remains unresolved.

Top Secret



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~~Top Secret 25X1~~

Exempt from general
declassification schedule of E.O. 11652
exemption category 5B(1), (2), (3)
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the Director of Central Intelligence

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<u>Portugal:</u> New appointments to the Revolutionary Council appear to complete the purge of leftists from the highest levels of the armed forces but serve notice that the military does not intend to abandon its political role entirely. (Page 6)		
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FOR THE PRESIDENT ONLY

USSR-PALESTINIANS

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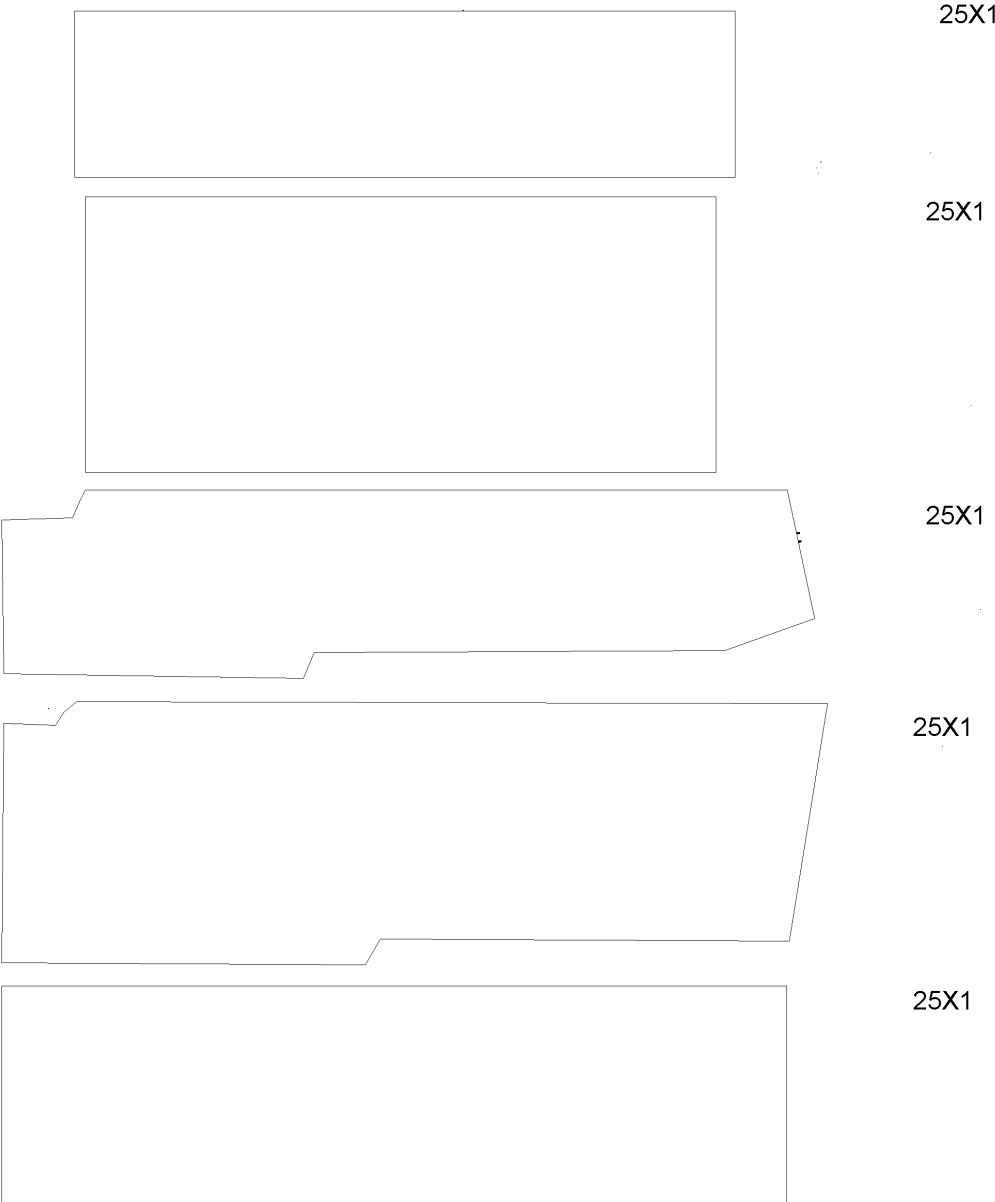
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EGYPT-LEBANON





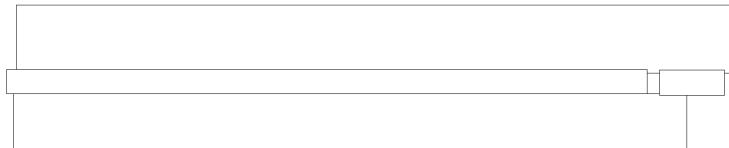
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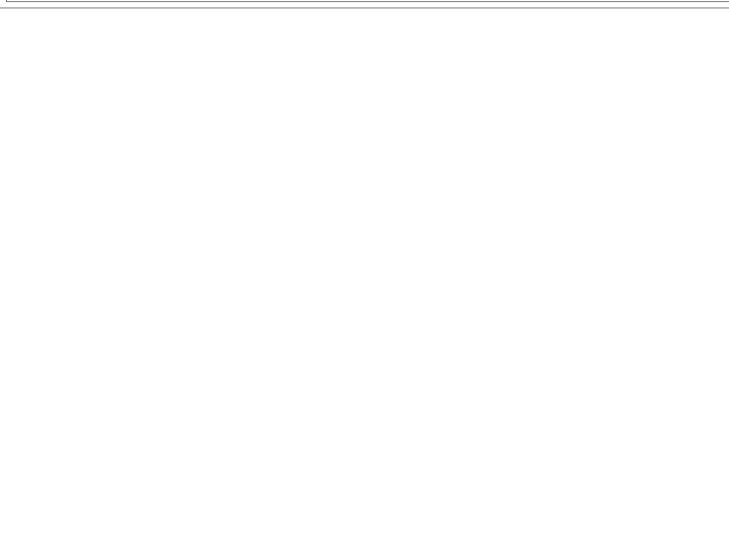
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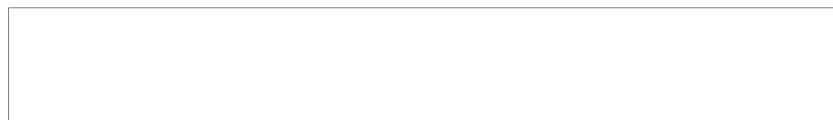
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LEBANON

Lebanon and Syria have issued no official statement on Prime Minister Karami's visit to Damascus on Monday. Generally reliable press reports say that an effort will be undertaken to limit the flow of arms to the warring parties in Lebanon. This is part of a wider understanding that includes plans for implementing the cease-fire, resuming high-level negotiations on political reform, and holding a meeting of Syrian and Lebanese heads of state.

President Franjiyah has been hoping that President Asad will invite him to Damascus to meet with Saudi King Khalid tomorrow. Franjiyah probably calculates that such a meeting would bolster his political standing even if it did not help end the fighting in Lebanon. A Lebanese official has said that Palestine Liberation Organization chairman Yasir Arafat may also join the group.

Franjiyah and Asad have not met since January, before this year's fighting began. A meeting of the two has been under consideration for some months as a means of stimulating progress in the endless political negotiations.

Asad, however, may abandon any plans to meet with Franjiyah as the result of allegations by Lebanese Christian leaders this week that Syrian or Syrian-controlled Palestinian forces have joined in the fighting in Lebanon. Both Damascus and the PLO have denied these charges.

Some troops from Fatah's Yarmuk Brigade, Saiqa, and the Palestine Liberation Army--all heavily influenced or controlled by Syria--apparently did participate in the heavy clashes at Zahlah. They joined radical fedayeen and local leftist militias to form a combined force of approximately 2,000 to attack the predominantly Christian town.

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FOR THE PRESIDENT ONLY

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PORUGAL

New appointments to Portugal's all-military Revolutionary Council appear to complete the purge of leftists from the highest levels of the armed forces, while at the same time serving notice that the military does not intend to abandon altogether its political role.

The vacancies on the Council resulting from the dismissal of two leftist navy officers following the November 25 military uprising have been filled by two navy officers who also serve as cabinet ministers. Commanders Almeida e Costa and Vitor Crespo were confirmed during an all-night meeting of the Revolutionary Council that approved the economic austerity measures adopted earlier by the cabinet.

Both officers are strong anti-Communists, but their appointments otherwise maintain the balance on the Council between the so-called political officers, who are led by Foreign Minister Melo Antunes, and the "professionals," who seem to be gravitating toward newly appointed army Chief of Staff Eanes.

The "professionals" generally emphasize the need for strict discipline in the armed forces and dedication to their military function. The Antunes group seems intent on carving out a continuing political role for itself.

The differences between the two groups appear to be largely a matter of degree; even the "professional" officers are unwilling to give the civilian politicians a free hand. The point of divergence comes on whether the military should lead the nation to "democracy and socialism"--as Antunes maintains--or should merely provide order and stability and let the people decide whether they want socialism.

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The squabbling among the politicians will tend to confirm the officers' belief that the military must continue to play at least a limited role in government if anything is to be accomplished. [redacted]

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FOR THE PRESIDENT ONLY

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Quarrels among the political parties are focusing again on the issue of representation in the cabinet. Popular Democratic leader Sa Carneiro told a party rally on Monday that the proposed reorganization of the Azevedo government, which would give the Socialists four ministers, the Popular Democrats three, and the Communists two, was unacceptable because it would double Communist representation. The Socialists as well as Foreign Minister Antunes have argued that Communists should be in the government in order to share responsibility for the tougher economic measures that must come.

SPAIN

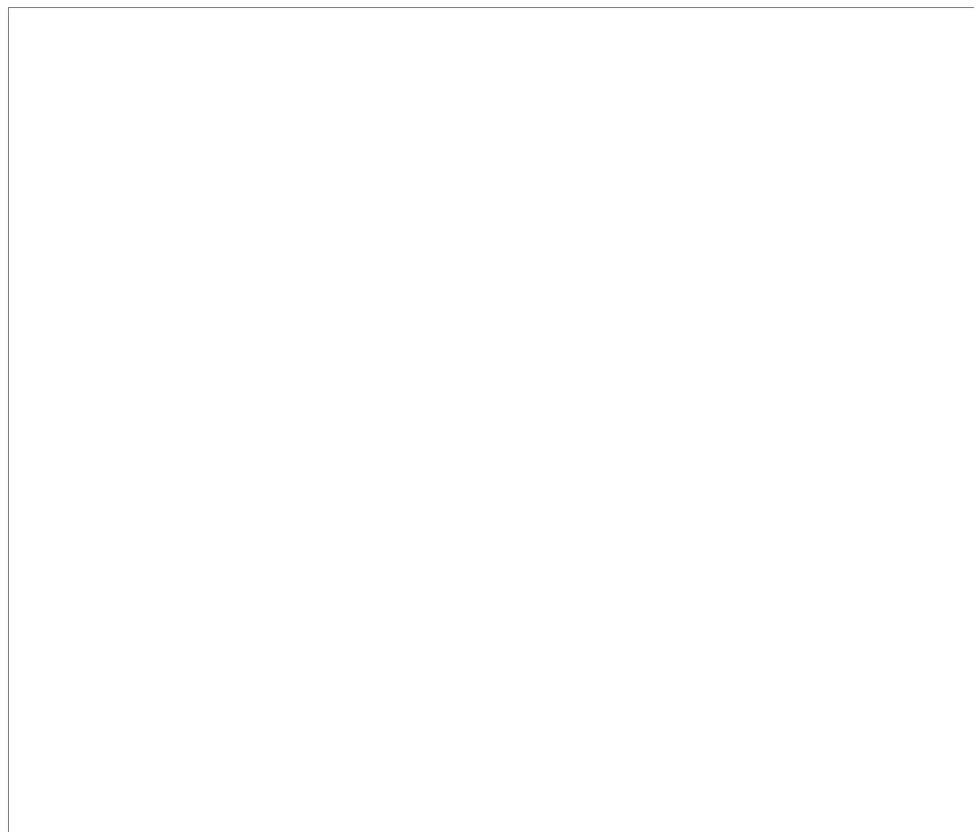
The new Spanish government may be moving discreetly to encourage and strengthen the less radical Socialist leaders and to isolate the Communists.

Minister of Information Manuel Fraga Iribarne recently met the leader of the Popular Socialist Party, Tierno Galvan. Fraga told Ambassador Stabler that he hopes to wean Tierno Galvan away from the Communists and encourage the development of a Socialist coalition composed of factions outside the largest Socialist group, the Socialist Workers Party.

Following the meeting, Tierno Galvan told the press he believes the government is moving in a positive direction. He also announced the formation of a confederation made up of his own Popular Socialists and various regional Socialist parties now affiliated with the Communist-dominated Democratic Junta. The participating groups reportedly are concerned that the leadership of the Socialist Workers Party may be increasingly influenced by the Communists.

The government's recent decision to grant an amnesty to Rodolfo Llopis, who is now in exile, may be part of the effort to undercut the Socialist Workers. Llopis claims that his group represents the traditional right wing of the Socialist Party, and he opposes any cooperation with the Communists. Llopis will reportedly return to Spain next month.

The bickering Socialist factions will find it difficult to resolve their differences and compete with the Socialist Workers Party. The latter is the major non-Communist force on the Spanish left and is the only Spanish party recognized by the Socialist International. The party receives support from West European Socialists, and its leader, Felipe Gonzalez, has recently traveled to West Germany and Sweden to strengthen his contacts there. Gonzalez has stressed that the opposition should form a broad alliance and that the Communist Party should be legalized.



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NOTES

The Soviet guided-missile destroyer moving down the coast of Africa was about 60 miles east of the Canary Islands early today.

Two tankers are accompanying the destroyer, which at its present speed will reach Conakry, Guinea, on Saturday or Sunday. The Soviets have used the port facilities at Conakry since 1960. We do not know now whether the destroyer will stop there or proceed to the vicinity of Angola.

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The Soviet Union has begun to airlift food and petroleum from Hanoi to Laos to help alleviate shortages caused by the closure of the Thai border; so far, only one AN-12 is being used.

The Soviets had hoped, in addition, to move supplies by air from Bangkok to Vientiane. Thai Foreign Minister Chatchai told the press on Monday, however, that he would permit such an airlift only after the border is reopened. Chatchai said that the border could be reopened after Thai and Lao officials have met to discuss the continued influx of refugees from Laos, the smuggling of arms into Thailand and commodities into Laos, and "other problems."

Lao Deputy Prime Minister and Foreign Minister Phoun Sipraseut on Monday publicly ruled out any talks with Bangkok until Thailand reopens the border and "sincerely displays a friendly attitude of true neighborliness."

* * *

Chancellor Bruno Kreisky hopes to persuade UN Secretary General Kurt Waldheim not to seek re-election when his current term expires next year.

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Waldheim has mentioned his disappointment with the UN post on several occasions

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Although not a member of any party, he has been more closely associated with the opposition People's Party than with Kreisky's Socialists. Prior to last October's election, when Kreisky thought he might not get a majority, the Chancellor talked of forming a government of experts of varied political backgrounds. Waldheim's presence in the government would broaden its support. He served as foreign minister in the last conservative government between 1968 and 1970.

USSR-ANGOLA

The following is a CIA view of the future of the Soviet commitment in Angola.

Moscow's performance in Angola over the past several months bespeaks a rather tough and unyielding cast of mind regarding its support for the MPLA. The Soviets have been unflinching in the face of the countervailing pressures that have arisen, both in Africa and the US, during those months. Moscow seems to be saying, both on the ground in Angola and in its public utterances, that it is willing to go a significant distance to support an MPLA victory.

Moscow is also saying that appeals to the idea of detente will not deter the Soviet Union from pursuing what it regards as its legitimate role as a world power. Angola has become the occasion, perhaps intentionally, more likely fortuitously, for the Soviets to make a point that they have been anxious to assert since the brouhahas over Vietnam and Somalia, namely, that the Soviet Union will not allow the US to establish the ground rules of detente.

This means that if the US, for domestic reasons, cannot bring its power to bear in a given arena, then it will be compelled to accept the consequences. The Soviet Union will not, out of a magnanimous spirit, forego opportunities to strengthen its position in the world or use its influence to protect US interests.

In their present frame of mind, the Soviets are unresponsive to arguments that their actions in Angola will unduly complicate their broader relations with the US. The detente atmosphere was palpably soured over trade, emigration, and SALT II before Angola became a political issue between the two countries. The Soviets are also likely to view as hypocritical complaints about the incompatibility of detente and Angola in the light of extensive US publicity over Chile and assassinations and against real US gains at Moscow's expense in Egypt and elsewhere in the Middle East, as well as in Portugal.

(continued)

The Soviets are skeptical that Washington will step back from a SALT agreement because of Angola, or will refuse to market its surplus grain in the Soviet Union because the MPLA strengthens its hold on Luanda. The Soviets probably calculate that real interests of the two countries are at the heart of the actual rather than the rhetorical detente relationship and that the impact of Angola is not likely to be of lasting consequence.

This kind of analysis would commend itself to Brezhnev because he has strong domestic political reasons for pursuing a tough line now on Angola. It is a place where he can demonstrate that detente not only creates opportunities for "social progress," but also does not inhibit the Soviet Union from taking advantage of them. Angola, to some extent, offsets Cunhal's reversal in Portugal, the disappointment of Helsinki, the policy debacle in Egypt. With detente providing few concrete gains, and the Party Congress approaching, he probably finds it politic to stress orthodox ideological themes.

The Near Future

The factors which have contributed to Moscow's Angola policy could change in significant ways over the next few months. For one thing, there is some evidence of disagreement in the Kremlin on Angola.

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[redacted] it is possible that Moscow will be inclined to show some restraint if it looks as if it will have to pay a substantial price for continuing the current tough policy.

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If Brezhnev gets through the Party Congress in good shape, politically as well as physically, he may feel under less pressure to show that he is willing and able to stand up to the Americans. The pain associated with the setbacks in agriculture and the economic entrenchment may be less obtrusive. The Soviets may therefore feel somewhat less defensive vis-a-vis the US and less compelled to demonstrate that they are dealing from a position

(continued)

FOR THE PRESIDENT ONLY

of strength. Any progress on bilateral issues such as SALT would tend to refocus attention on the de-tente relationship and relegate, in the eyes of the world as well as the leaders in Moscow, Angola to the wings. This would then make it easier for Moscow to cut a deal on Angola.

As we move into the next year, the Soviets will also be paying more attention to the impact of their actions on US politics. The Kremlin will, of course, want to avoid giving the US reason to believe that it has significant leverage because of Moscow's desire to abet the election fortunes of the supporters of detente. But Angola is the kind of place where the Soviets can afford to show some restraint in the interest of not poisoning the atmosphere during the election period.

But whether such "restraint" will be forthcoming will also depend greatly on the situation on the ground in Angola. At one end of the spectrum, the Soviets are unlikely to show much restraint if there is a serious threat to the continued existence of the MPLA in Luanda. Moscow cannot afford another highly visible defeat, particularly between now and the Party Congress, and particularly in a situation like Angola where the "victor" would seem to be the US. If this contingency threatened, we would expect the Soviets to send in more arms, more Cubans, and more of their own advisers. We strongly doubt that the Soviets will commit their own ground forces in significant numbers. The Soviets are likely to assert a presence with a token force of a few ships out of the Mediterranean, and respond to any larger US show of naval force.

At the other end of the spectrum, Angola does not yet figure so prominently in Soviet priorities that Moscow feels a strong imperative for an early and decisive victory there. But Moscow is not likely to apply significant pressure on Neto or the Cubans to refrain from significantly strengthening their territorial position, or routing the FNLA and UNITA if that seems possible with the forces and material at hand or in the pipeline.

The dynamic of the patron-client relationship is such that the Soviets would have a hard time keeping the MPLA reined in if victory appeared to

(continued)

be ahead. The problem is made worse by the Cubans who would make league with Neto in arguing that the Soviets should not rob them of the fruits of their efforts for reasons unrelated to Angola. Under these circumstances, it would be very hard for Brezhnev, or any other Soviet leader, to actively thwart the MPLA, (for example, by constricting the supply flow) at the behest of Washington.

This does not mean that the MPLA has a blank check. A gradual victory in Angola, which minimized the complications on the detente front while giving the Soviet Union what it wants, would be the ideal outcome for Moscow. If the Soviets judged that events were moving in this fashion, they would probably resist pressures from their clients to support a course aimed at a dramatic early victory.

If the conflict seemed to settle into a prolonged and indecisive stalemate, strong MPLA pressures would arise for an increase in aid, but it would also probably lead other Africans to argue more strongly for a political compromise. The Soviets probably have not yet made up their minds about how to handle this possibility. If it confronted them, the state of their relations with the US in general would be a factor in their reaction and we believe would lead them to accept some compromise solution rather than holding out and pressing for an MPLA "victory" over vigorous US countersupport of the FNLA and UNITA. If they had to make such a decision now, however, it looks as though they would opt for raising their Angolan stake, in the belief that the US is not likely to engage sufficiently to prevent them.

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The President's Daily Brief

December 26, 1975

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FOR THE PRESIDENT ONLY

CHINA

Chinese diplomats abroad and other officials with access to thinking in Peking have described your trip to China in positive terms.

Clearly under instructions from Peking, these officials have privately told US diplomats [redacted]

25X1

--Peking is satisfied with Sino-US relations, and the Shanghai communique remains the framework for further improvement;

--Peking and Washington hold common views regarding many international issues, particularly with respect to "hegemony," and this could result in a common approach to other problems;

--the visit strengthened Washington's hand in future dealings with Moscow.

[redacted] 25X1

Peking seems anxious to dispel speculation that the absence of a communique meant the trip produced no important results or that the two sides failed to agree on any significant matters. [redacted]

25X1

[redacted] 25X1

Peking has taken the line that the talks on international issues constituted the most important part of your visit. [redacted]

25X1

[redacted] 25X1

Your speech in Honolulu has also been well received in Peking. Lengthy excerpts from the speech were carried in the PRC-press in Hong Kong, and one of the newspapers there commented that whereas the Nixon Doctrine meant a limited US withdrawal from Asia, the Ford Doctrine means holding the line. This, the paper claimed, is a spearhead directed against Moscow.

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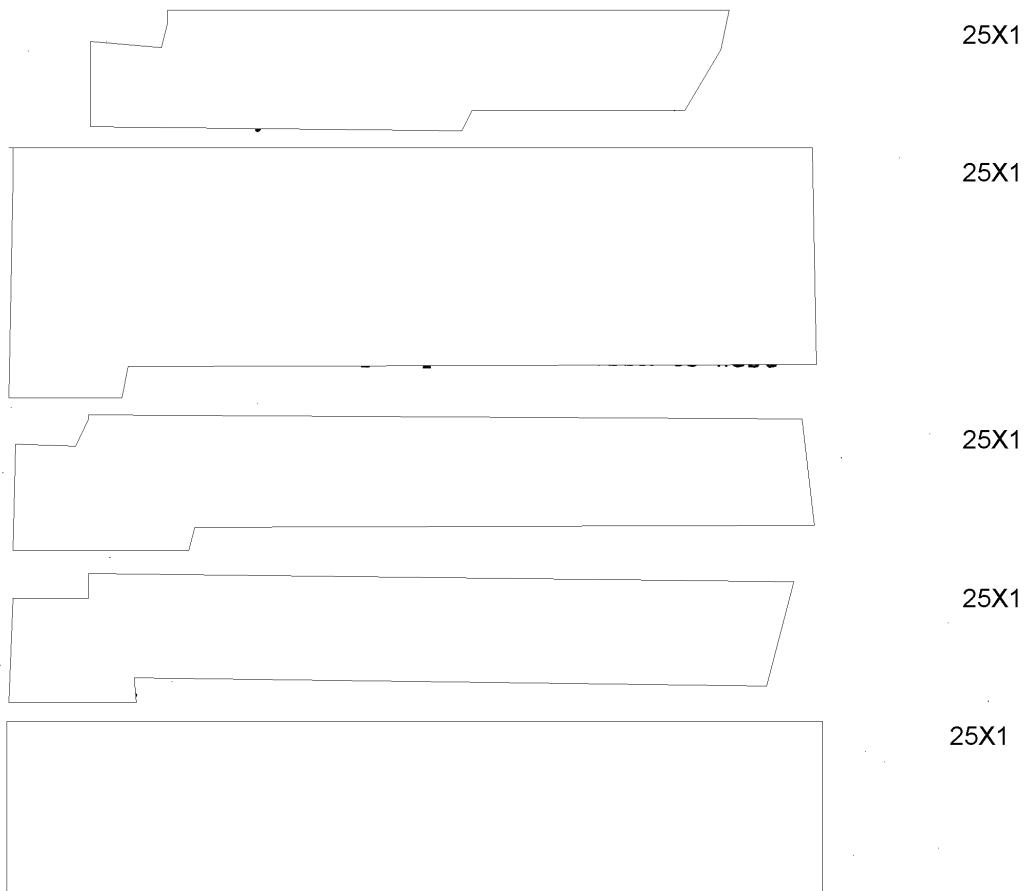
China's treatment of the detente issue further reflects Peking's contention that the visit produced a clearer definition of mutual Sino-US interest in containing Soviet influence. Major Chinese public statements during your visit virtually avoided the detente question and tended toward a strictly anti-Soviet position.

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[redacted] Denunciations of detente by local Communist officials have not been repeated since this briefing.

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USSR-ANGOLA



ANGOLA

Even if present frictions between the National Union for the Total Independence of Angola and the National Front for the Liberation of Angola can be smoothed over, longstanding differences between the two groups and their leaders raise barriers to the transformation of their marriage of convenience into a lasting coalition.

Jonas Savimbi of the National Union and Holden Roberto of the National Front formed an alliance last summer and fall to counter the Popular Movement for the Liberation of Angola. That alliance is now badly strained,

25X1

[redacted] Early this week, the senior representative of the National Front in Huambo, capital of the nominal joint government proclaimed by the two organizations last month, reported "heavy" fighting in that city between troops of the Front and the Union.

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Those forces of the National Front that are involved in the clashes are loyal to Daniel Chipenda, a former central committee member and military commander of the Popular Movement. Chipenda left the Movement about a year ago after he failed to oust its leader, Agostinho Neto. Subsequently Chipenda and a few hundred of his troops joined the National Front. The number of these forces that has participated in clashes with the National Union is not known.

Fighting between Chipenda's troops and those of the National Union apparently started this month

25X1

[redacted] By agreement with the Front, the Union is in charge of all military operations in Central Angola. When Chipenda's troops refused to submit to the discipline of either the National Front or the National Union, National Union troops took reprisals.

25X1

Despite efforts of senior officials of both organizations to restore discipline, fighting quickly spread to other locations. At the request of National Front officials, Zairian President Mobutu has met with both Roberto and Savimbi about the problem, but the clashes have continued.

(continued)

Chipenda

Chipenda's loyalty to the Front is nominal at best, and he is distrusted by both Roberto and Savimbi. He operates virtually as a free agent, apparently obtaining much of his support directly from South Africa. He has never hidden his political ambitions. His attempts to oust Neto from the Popular Movement, while applauded by the Front at the time, have made Roberto cautious of him. Roberto apparently prefers to keep Chipenda in central Angola, where he can undermine National Union leader Savimbi but cannot challenge Roberto.

Chipenda, like Savimbi, is a member of the dominant tribe in central and southern Angola--the Ovimbundu. Savimbi and other National Union leaders view Chipenda as a formidable political rival because of his family ties, his fame as a soccer player, and his reputed skill as a military leader. Savimbi undoubtedly holds Roberto ultimately responsible, however, for the disruption Chipenda has caused.

Savimbi and Roberto

Savimbi's alliance with the National Front nominally re-established an earlier association with Roberto. Savimbi was in charge of foreign relations in the National Front in the early 1960s, but he broke with that organization in 1964 when Roberto refused to open a second front against the Portuguese in southern and central Angola.

The National Front, dominated by Bakongo tribesmen of northwestern Angola, preferred to restrict the insurgency to the north. Front leaders regarded Savimbi's proposal as divisive and potentially challenging to Bakongo domination of the rebellion. Two years after withdrawing from the Front, Savimbi established the National Union and began operations against the Portuguese in central Angola.

Savimbi regards the National Front as the weaker of the two groups. The Front has been unable to maintain pressure from the north against the Popular Movement, even with Zairian support. The National Union, with important help from South Africa, is bearing the burden of the military effort. Unless the National Front can resume the offensive, Savimbi may eventually conclude that the Front is irrelevant and terminate the alliance.

(continued)

Savimbi has stated on numerous occasions that he has not ruled out a political accommodation with the Popular Movement. Such a position can only increase Roberto's uneasiness. Roberto regards the struggle against the Popular Movement as a military one not open to political settlement.

The feuding between the two sides does not appear to have extended to National Union campaigns in eastern Angola, perhaps because of South African direction of Savimbi's military efforts. Should South African forces withdraw, a key element in the military effort against the Popular Movement would be lost, Savimbi's control over operations in central Angola would be seriously affected, and there would be even greater division between him and Roberto.

UNITED KINGDOM

Recent union election results seem to confirm a less militant trend in the trade union movement.

Moderates now control the country's second largest union, the Amalgamated Union of Engineering Workers. Its policy committee recently voted substantial support for the government's wage restraint policy--a reversal of an earlier decision. Last month, centrist forces within the National Union of Teachers blunted a strong drive by the leftwing to take over the presidency of the union. The Electrical, Electronic, Telecommunications and Plumbing Union has also withstood a challenge from the left for seats on the union's executive.

Election results from the country's largest labor organization, the Transport and General Workers' Union should be available soon. This election should show whether the rank and file support the middle-of-the-road domestic policies of the union's leadership.

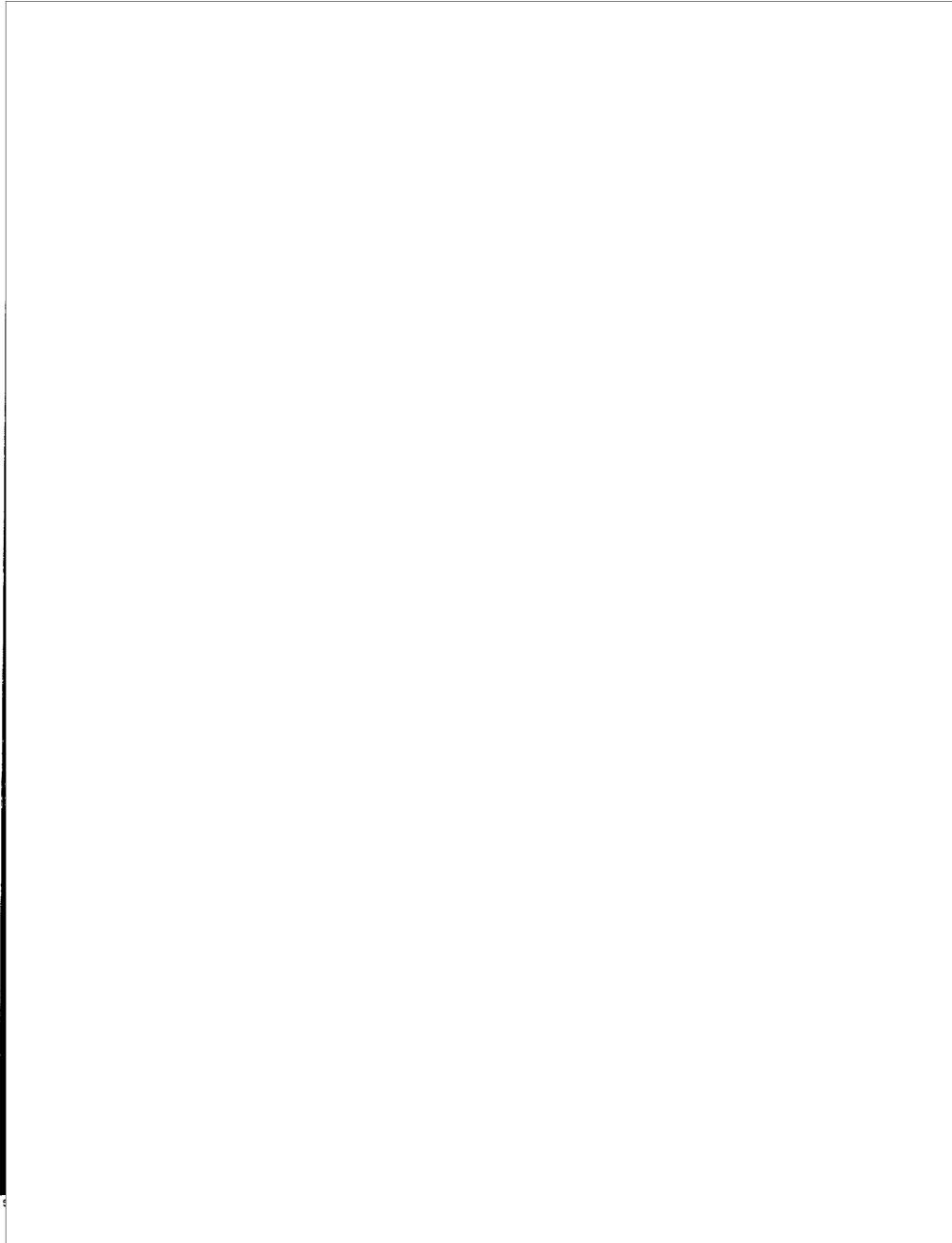
The most important factor behind the success of the moderates has been the economic slump which has brought on record unemployment. Other reasons include the system of postal balloting--which neutralizes militant minorities by promoting broad participation--coupled with intense media interest.

Communist Party fortunes are also on the decline. Membership is dropping and circulation of the party newspaper, *The Morning Star*, is decreasing. The party, however, retains representation on the general council of the Trades Union Congress, on the executives of some of the country's most powerful unions, and at regional and local levels in key industries.

Although the recession has generated a sense of sobriety and moderation, it also makes union leaders even more conscious of protecting the workers' economic position. Trade union leaders will continue to do battle with management on such issues as pay and working conditions.

Basic socio-economic problems will also encourage continued trade union militancy.

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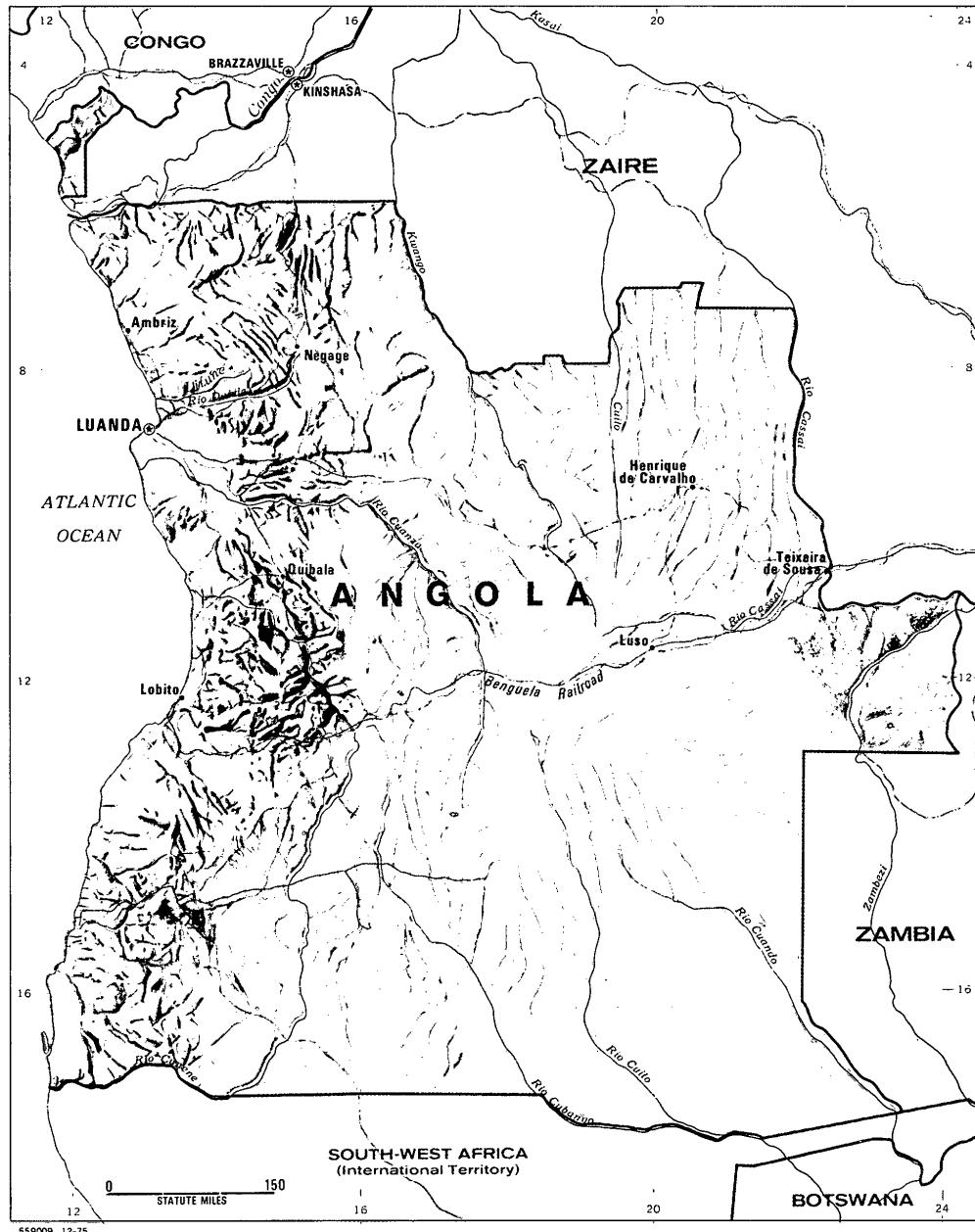
Angola: The National Union reportedly has driven the Popular Movement from the eastern terminus of the Benguela railroad. (Page 1)

Lebanon: Beirut continues to be free of major fighting, but armed militiamen in the streets again raise the risk of a new outburst. (Page 3)

Portugal: The extension of the wage freeze announced by the cabinet on Wednesday will make workers more susceptible to exploitation by the Communists. (Page 4)

Notes: USSR-Angola; Argentina; Syria-Jordan; Romania-Yugoslavia (Pages 6 and 7)

FOR THE PRESIDENT ONLY



ANGOLA

Forces of the National Union have driven the Popular Movement from the eastern terminus of the Benguela railroad at Teixeira de Sousa

25X1

Although capture of the town again gives the National Union and National Front at least temporary control of the railway from Lobito to the Zairian border, several sections of the line are inoperative and the railroad is unlikely to be reopened in the foreseeable future. Popular Movement forces have retreated some 60 miles from Teixeira de Sousa toward their main base in eastern Angola at Henrique de Carvalho.

A separate National Union column advancing on Henrique de Carvalho from Luso remains stalled at the Cassai River because a number of bridges have been destroyed by the Popular Movement. One recent report described Movement forces at Henrique de Carvalho as demoralized and said they have asked for armor and Cuban reinforcements from Luanda.

In west central Angola, a combined National Union - National Front drive on Quibala has made no appreciable progress in the past few days.

25X1

[redacted] in the recent fighting around Quibala the Popular Movement used three T-34 tanks and that one was destroyed.

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In northern Angola, the Popular Movement's drive along the coast toward the National Front's headquarters at Ambriz, stalled until now by bridge destruction and conditions brought about by the rainy season, may soon pick up.

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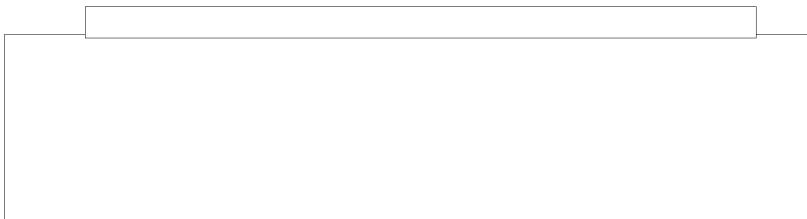
25X1

[redacted] the Popular Movement has bridged the Lifune River and established a token force on the other side.

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LEBANON

Beirut continues to be free of major fighting, but the reappearance since Wednesday of large numbers of armed militiamen on many of the city's streets could precipitate another round of heavy battles.

Government efforts to solidify the shaky truce arranged on Wednesday after the heavy fighting at Zahlah have made some headway. Leaders of the warring Christian and Muslim factions reportedly agreed to disengage their forces, set up joint observation posts in the vacated areas, and permit Lebanese army units to supervise the cease-fire.

Syrian chief of staff Shihabi, who was in Beirut last week to help mediate, told Ambassador Murphy in Damascus on Wednesday that he saw no early prospect for improvement in the Lebanese situation. The Syrian was particularly discouraged as a result of his conversations with President Franjiyah and Minister of Interior Shamun. Shihabi added, however, that Damascus is keeping a line open to Franjiyah in hopes of altering his position.

PORUGAL

The extension of the wage freeze announced by the Portuguese cabinet on Wednesday is only an economic holding action, but it will make workers more susceptible to exploitation by the Communists.

Labor contract negotiations were suspended after the November 25 uprising was squashed, and the cabinet has extended this through February. The suspension effectively freezes wage rates, pending development of better controls.

Wage controls are needed to help privately owned and nationalized firms overcome serious financial problems that stem in large part from the earlier government policy of holding down prices while permitting wage hikes and forbidding worker dismissals.

Many people had expected the government to introduce a stiffer wage policy and to allow price increases. [redacted] the center-left Popular Democrats oppose such measures because they would be too severe.

25X1

The sole Communist in the cabinet has been a less vocal opponent than the Popular Democrats [redacted]

25X1

[redacted] Both parties are hesitant to share responsibility for forcing hardships on the population, particularly now that the cabinet has announced that a legislative election must be held by April 25, 1976.

Prime Minister Azevedo is aware that strict austerity measures will be unpopular and could lead to unrest that might threaten his government. In a Christmas message to the nation, he tried to impress on the people, and especially on workers, the severity of Portugal's economic difficulties. He stressed that economic recovery depends on solid agreement between the unions and the government on a wage policy. Unless production increases, he said, Portugal will face an economic catastrophe.

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FOR THE PRESIDENT ONLY

His pleas may fall on deaf ears. [redacted]

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[redacted]
The Communists have had only mixed success with strikes, but may believe that the wage freeze, rising prices, and the growing scarcity of some consumer goods will attract support to their cause.

25X1

One bright spot in the otherwise gloomy economic scene was Finance Minister Zenha's announcement on Tuesday that Portugal will be allowed to draw some \$85 million from the International Monetary Fund. While the sum is roughly equivalent to only a one-month payments deficit, it does give Lisbon a little time to put its international payments in order.

NOTES

*The Soviets have resumed their airlift to
Angola.*

25X1

25X1

The Soviet destroyer and oil tanker are continuing along the West African coast, probably en route to Conakry. Yesterday they were off the coast of Mauritania.

* * *

Argentine President Peron's position continues to deteriorate, despite the government's victory over leftist guerrillas earlier this week.

Pressure for armed forces intervention is growing, although top military leaders continue to believe the time is not yet ripe. The erosion of support for the Peronists, however, and the lack of confidence in the ability of civilian politicians to find solutions will almost certainly encourage other military leaders to act. Some of them see a direct take-over as the only way to avoid continuing economic and political chaos.

Congressional demands for a change in the executive are certain to be stepped up in the weeks ahead. The chances of a civilian political solution, however, are dwindling.

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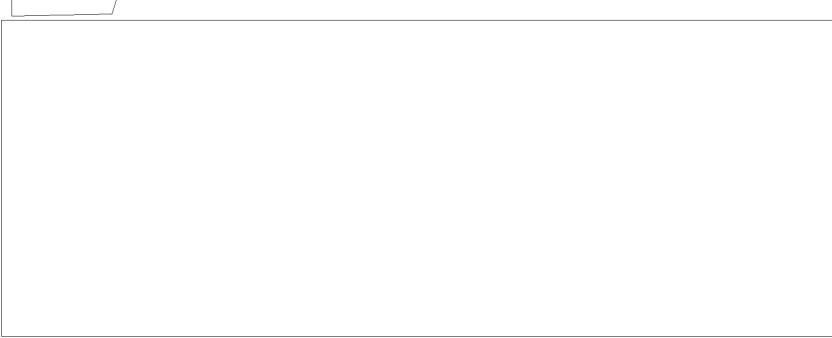
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Jordan and Syria

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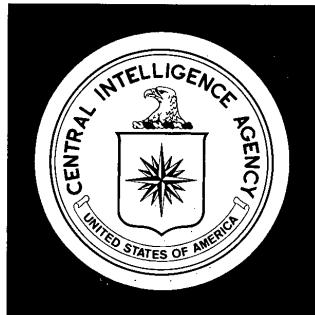
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Two visits this week, by Yugoslav Foreign Minister Minic to Romania and by Romanian Foreign Trade Minister Patan to Yugoslavia, should help to end rumors that problems between Bucharest and Belgrade forced the cancellation of President Ceausescu's trip to Yugoslavia in October.

The visits came on the heels of President Ceausescu's forceful reassertion on December 18 of Romania's independent foreign policy. Ceausescu underscored the similarities between Belgrade and Bucharest on a variety of issues, including their determination to resist Soviet claims to leadership of the international communist movement. Minic probably briefed the Romanians on his recent trip to Moscow, where he discussed Soviet meddling in Yugoslav internal affairs.

While in Belgrade, Patan signed a trade agreement covering the period 1976-80 and a commodity trade protocol for the coming year.

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OAU-Angola-South Africa-Zaire: The summit of the Organization of African Unity that opens in Addis Ababa on January 10 to consider Angola increases South Africa's dilemma as to its involvement there. (Page 3)

Notes: USSR-Angola; Lebanon; Thailand-Laos (Pages 5 and 6)

FOR THE PRESIDENT ONLY

CHINA-USSR

Amicable Chinese handling of the release on Saturday of three Soviet helicopter crewmen is startling, given the hitherto sour state of Sino-Soviet relations and the bitterness the helicopter incident initially caused on both sides.

The Chinese gesture is the most conciliatory move Peking has made toward Moscow since Premier Kosygin was briefly invited to China in 1969.

The Soviet crewmen had been held incommunicado since the helicopter went down in northwestern China in March 1974. The announcement of the release Saturday stated that Chinese public security forces had concluded, following an investigation, that the border intrusion had been unintentional.

Peking had initially charged that the Soviet crew was engaged in an espionage mission. Despite Soviet efforts to gain the crew's release through diplomatic pressure, propaganda, and threats to retaliate, the Chinese maintained a stony silence in public from the beginning while inspiring diplomatic rumors that the crewmen would be brought to trial.

The description in the announcement of the helicopter as an "armed reconnaissance" model may have been designed to justify the lengthy detention of the crew.

In an especially telling gesture, a senior Chinese Foreign Ministry official gave a dinner for the Soviet airmen before their release. Peking had never before accorded such treatment to foreign nationals who had been detained for any reason.

The release appears to be an important symbolic act, but the reasons for its timing are not yet clear. The long Chinese public silence on the helicopter affair suggests that handling of the matter may have been a contentious issue in Peking which has only now been resolved.

There have been muffled indications for nearly two years that some fairly important people in China may have been arguing in favor of a less abrasive policy toward Moscow, presumably on the grounds that

(continued)

China's current approach is too dangerous. There have been no recent signs, however, that such a debate has come to a head, and in fact exchanges between Peking and Moscow in the past six or eight months have been particularly sharp.

The Chinese have also indicated concern in the past several months that the US has not been properly standing up to the Soviets. The implication is that putative US passivity leaves the Chinese increasingly exposed. Recent action on Angola by the US Senate undoubtedly has further heightened Chinese concern on this matter.

In addition, Peking's move may be intended as a signal to the US that Sino-US rapprochement does not indefinitely preclude some improvement in Sino-Soviet relations. The Chinese may be particularly anxious to make this point at a time when their attacks on detente and SALT seem to be having little or no effect on Washington.

At a minimum the Chinese probably also hope to complicate Moscow's attempts to use the anti-China theme in connection with its efforts to convene an international communist conference in 1976; they may also hope to complicate Secretary Kissinger's dialogue with Moscow.

The release of the helicopter crew removes an important irritant in Sino-Soviet relations, but a host of others remain. A senior Soviet Foreign Ministry official publicly revealed two weeks ago, for example, that the Chinese hold three other citizens who, he claimed, had strayed across the border.

Chinese propaganda, moreover, immediately before and after the announcement of the release, has continued to attack the USSR's "archcriminal" activities in Angola and "expansionist" foreign policy.

Moscow, which from the beginning has maintained that the March 1974 border violation was unintentional, has merely issued a Tass announcement reporting the release of the "illegally detained" crewmen. According to a press report, the Soviet ambassador in China described the Chinese action as a "complete mystery."

The Soviets undoubtedly calculate that as long as he lives, Chairman Mao is unlikely to acquiesce for long in any Chinese move significantly to lower tensions with Moscow.

OAU - ANGOLA - SOUTH AFRICA - ZAIRE

The summit of the Organization of African Unity that opens in Addis Ababa on January 10 to consider Angola increases South Africa's dilemma as to its involvement there.

Pretoria has decided "in principle" to withdraw South African forces soon, preferably before the summit [redacted]. The decision presumably is intended to permit the National Front for the Liberation of Angola and the National Union for the Total Independence of Angola to deny at the summit that South African troops are assisting them.

25X1

South Africa set no specific date for withdrawal. Pretoria is aware that its aid is a political liability to the two groups but also recognizes that a precipitous withdrawal would seriously reduce their military capabilities.

Pretoria hopes that military gains can be made before the summit that will give the National Front and the National Union a political advantage over the Popular Movement for the Liberation of Angola. South Africa's hesitation on setting a date for withdrawal suggests that the decision to leave may be reviewed and could be reversed.

Zambian President Kaunda shares Pretoria's predicament over assisting the Front and the Union.

25X1

With Angola's two rival regimes both trying to line up support before the summit convenes, it is not clear how OAU members would react to a South African announcement of withdrawal. Two more governments--Ghana and Burundi--last week recognized the Luanda-based Popular Movement under Agostinho Neto. This raises to 17 the number supporting the Movement within the 46-member OAU. Both Ghana and Burundi oppose Soviet involvement in Angola but, like Nigeria and others, they recognized the Popular Movement because of South African support for the National Front and the National Union.

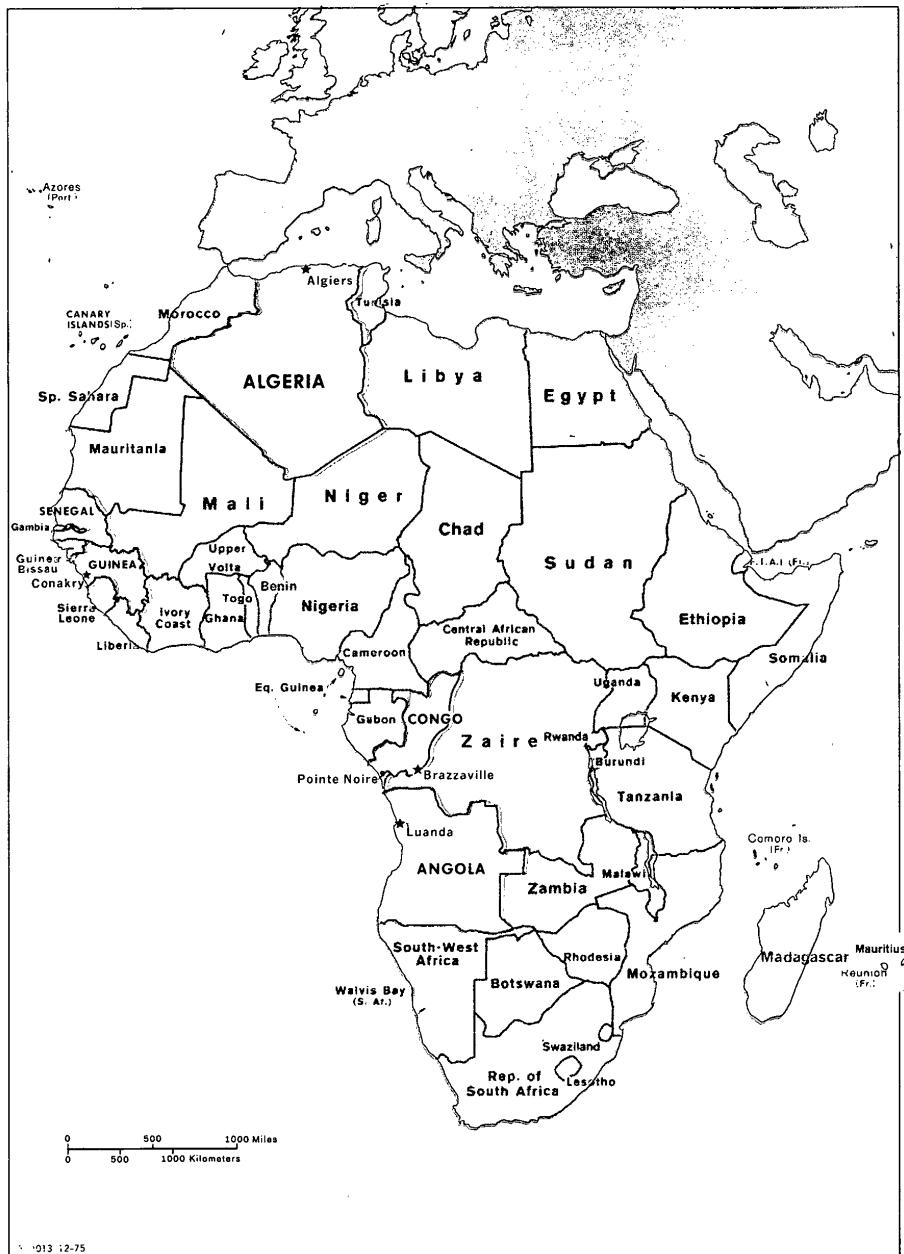
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Kaunda says he has reached agreement with Tanzanian President Nyerere and Mozambican President Machel--both of whom recognize the Popular Movement--on proposals that would avoid a serious split within the OAU and enable it to work for a political settlement in Angola.

Kaunda claims the three governments will propose that the OAU:

- condemn the presence of South African troops in Angola;
- demand the withdrawal of all foreign military personnel;
- stop further supplies to the parties involved in the fighting;
- call for a cease-fire;
- call for a government of national unity.

AFRICA



NOTES

The Soviet Kotlin-class destroyer approaching Conakry, Guinea, could enter that port today.

[redacted] 25X1

The destroyer and the tanker accompanying it were detected Saturday off the coast of Senegal. The Soviet landing ship that has been in the vicinity of Pointe Noire, Congo, remains on station. It was located yesterday about 300 miles off the coast of northern Angola. The tanker that refueled it on Friday is returning to Conakry.

[redacted] 25X1

* * *

The holiday lull in fighting in Lebanon continued over the weekend, partly because of freezing rains and high winds.

Sniping and occasional heavy exchanges of fire in parts of Beirut continued to make the streets unsafe in the capital, but Tripoli and Zahlah were quiet. Radio Beirut announced Saturday that Prime Minister Karami's coordination committee--which includes representatives of the warring factions as well as Lebanese security officials--had agreed on a timetable for enforcing the cease-fire over the next few days. There is no indication that the latest agreement will be any more effective than other truces worked out over the past eight months.

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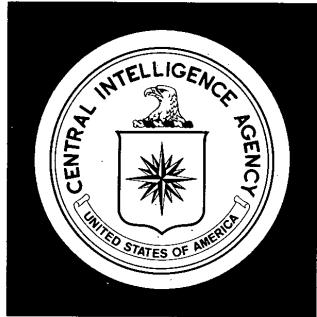
Thailand may be preparing to reopen its border with Laos.

An official of the Thai Foreign Ministry announced late last week that the border would be "temporarily" opened today to facilitate transportation of essential goods to foreign embassies in Vientiane. The official said he expected Thai Prime Minister Khukrit Pramot to order the entire border reopened shortly. An "informed source" in Vientiane, however, today told the French Press Agency that the temporary opening will be delayed a week.

The Thai announcement could be a trial balloon. Khukrit may well decide to withhold a final decision on reopening the entire border until he has strong public support for such a move.

The Vietnamese communists have increased their propaganda attacks against Bangkok's "unilateral" closing of the border and its "economic blockade" of Laos. A statement by the North Vietnamese Foreign Ministry charged on December 24 that the Thai administration has "continuously colluded with US imperialists" against the Lao people.

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ish Sahara. (Page 3)

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USSR-Turkey; India (Pages 5 and 6)

FOR THE PRESIDENT ONLY

USSR-ANGOLA-CUBA

The Popular Movement may be using Soviet-made jet aircraft in a combat role. Because of the recent stalemate in the fighting, the introduction of modern combat aircraft could have a substantial impact on the course of the conflict.

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[redacted]

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Since the Soviet airlift to Angola began on October 29, there have been [redacted] persistent rumors that Moscow had delivered jet fighters to the Popular Movement.

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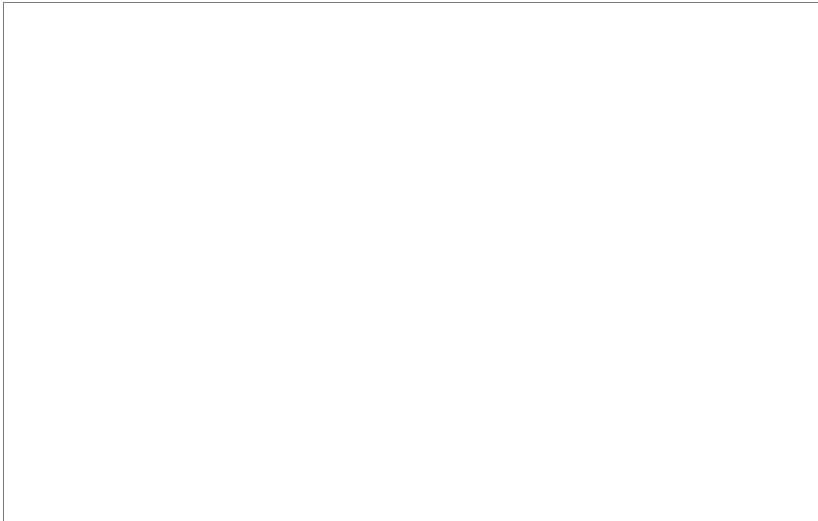
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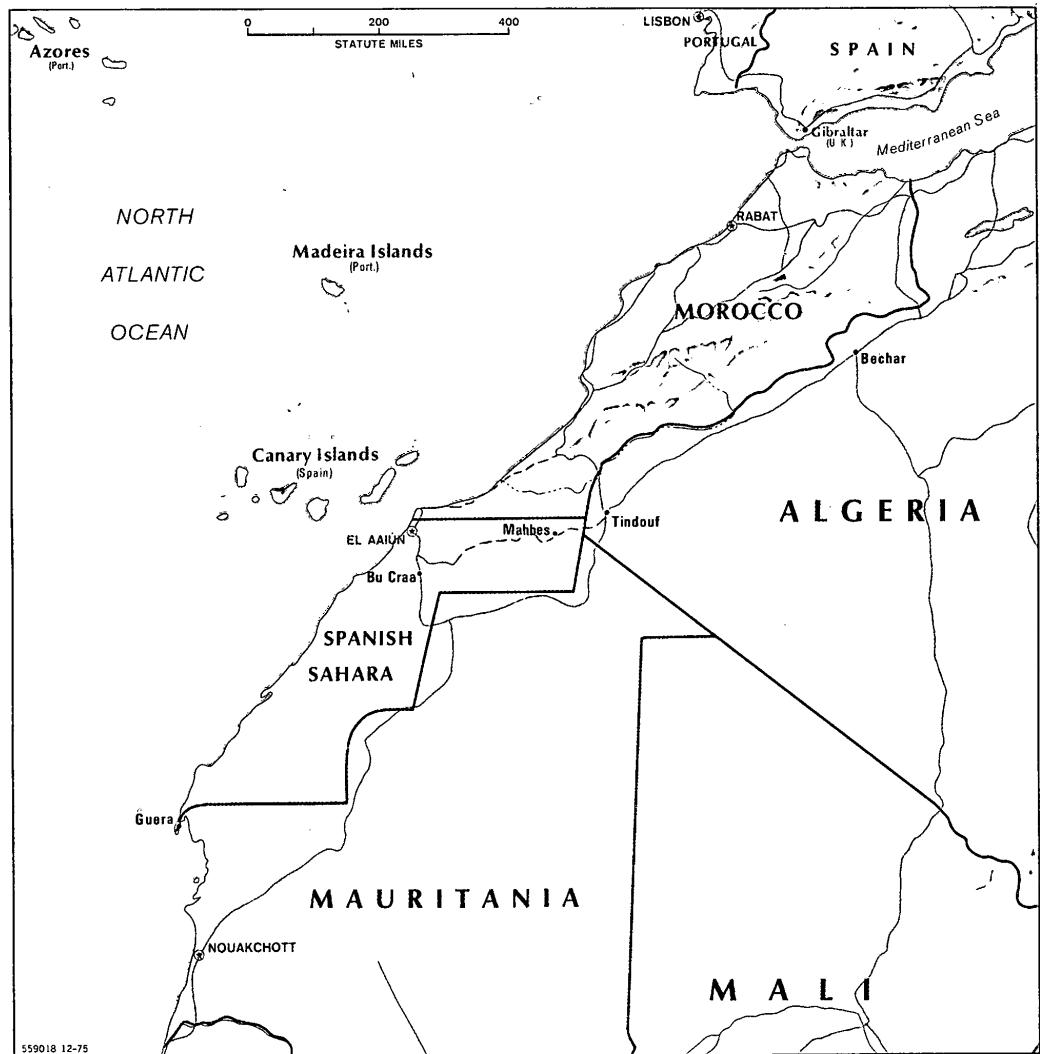
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SPANISH SAHARA

Morocco is continuing to extend and consolidate its control of northern Spanish Sahara.

On December 28, a radio broadcast from Rabat announced that Spain has transferred the military air base and civilian airport at El Aaiun, the territorial capital, to the Moroccan armed forces. Madrid has virtually completed its withdrawal of military and civilian personnel. The few remaining troops will depart by mid-January, leaving behind a diplomatic mission in El Aaiun and a small number of "private policemen" to protect the mission.

Moroccan troops also control most of the towns in the northern part of the disputed territory. Last week the Moroccans took a group of journalists and embassy press attachés on a tour of El Aaiun and two northern towns to demonstrate their control and to deflate the claims made by the Polisario Front, the Saharan independence movement backed by Algeria.

So far the Moroccans have avoided contesting the Front's control of Mahbes, a town in the sensitive northeasterly tri-border area. Rabat probably wants to consolidate its grip elsewhere before risking Algerian military intervention by conducting operations so close to the border.

In the southern border area of the disputed territory, Mauritanian troops, aided by a Moroccan unit, have made some headway against Polisario guerrillas. After a week of fighting, the Front was finally dislodged on December 19 from the Saharan border town of Guera. The Mauritians are concerned about protecting a vital railroad that runs parallel to the southern Saharan border.

Although unsuccessful in conventional fighting with Moroccan and Mauritanian forces, the Polisario guerrillas are capable of carrying out various harassing operations. [redacted]

[redacted] Front guerrillas recently conducted mine-laying operations in southern Morocco in an attempt to disrupt Moroccan supply lines.

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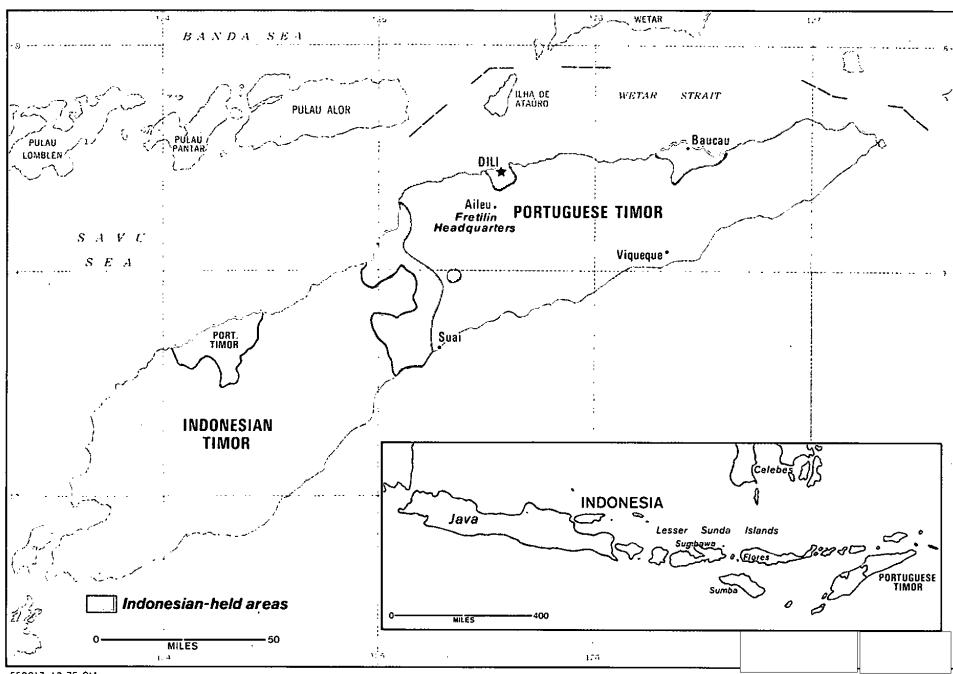
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FOR THE PRESIDENT ONLY

Morocco apparently is trying to prevent a further deterioration of relations with Algeria over Spanish Sahara. A senior Moroccan Foreign Ministry official arrived in Algiers yesterday for talks with Algerian President Boumedienne. He is the second Moroccan emissary in as many weeks to travel there. Rabat's conciliatory efforts are unlikely to make any headway, however, given Algeria's continuing opposition to a Moroccan takeover in the Sahara and its strong support of the Polisario Front.

The Algerians reportedly are reinforcing Tin-douf, their major military base in the tri-border area with Morocco and Sahara. Air travel into southern Algeria has been restricted, especially for foreigners. Despite this activity and the acquisition of arms abroad, we doubt that Algeria is preparing for a direct assault on Morocco or an incursion into Spanish Sahara. Algiers' efforts probably are intended, for now at least, to exert psychological pressure on Rabat and to give a lift to the Polisario Front.



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NOTES

Indonesian troops began moving into the interior of Portuguese Timor last week.

Air and ground attacks have been launched against Fretolin positions south of Dili and Baucau. Rainy weather and stiff Fretolin resistance are slowing the advance. The Indonesians have not been able to take the Fretolin headquarters at Aileu, Viqueque, or the coastal city of Suai. Meanwhile, Jakarta is continuing to pour in large quantities of supplies and reinforcements. Troop strength has swelled to well over 25,000

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The USSR thus far has reacted cautiously to China's decision to release the three helicopter crewmen.

Soviet media have carried only brief reports on Peking's move and the arrival of the crew in Moscow. Soviet embassy officials in Peking, however, are obviously pleased about the release, professing to see in China's behavior a major conciliatory gesture. They told US officials that they were surprised by the Chinese action and were particularly struck by what they saw as an apologetic tone in the announcement.

* * *

Soviet Premier Kosygin's good-will visit to Turkey was short on substance, but it did improve the atmosphere between Moscow and Ankara.

In the communiqué issued at the end of the visit, the USSR and Turkey said they intend to prepare a "political document" on friendly relations and cooperation. This appears to be an attempt by the Turks to sidestep Moscow's oft-made proposal for a treaty of friendship and cooperation. It may involve no more than a reiteration of the declaration of principles the two sides signed during Soviet President Podgorny's visit in 1972.

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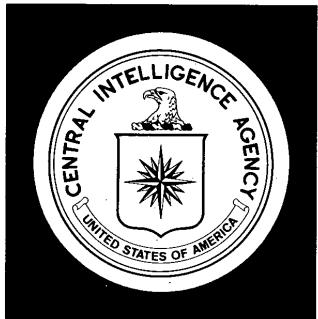
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Indian Prime Minister Gandhi's Congress Party has unanimously approved a resolution she endorsed calling for an indefinite extension of the six-month-old state of emergency and a one-year postponement of parliamentary elections that were due next March.

The party's two-thirds majority in parliament ensures quick extension of the state of emergency shortly after the next legislative session begins on January 5. As long as the emergency remains in effect, the present parliament can extend its own life for successive one-year periods by a majority vote.

The party also has called for a "thorough re-examination" of the constitution to determine whether it is responsive to "the needs of the people." This proposal suggests that Gandhi next may push for constitutional revisions aimed at permanently strengthening the powers of the executive branch at the expense of the courts.

Top Secret



The President's Daily Brief

December 31, 1975

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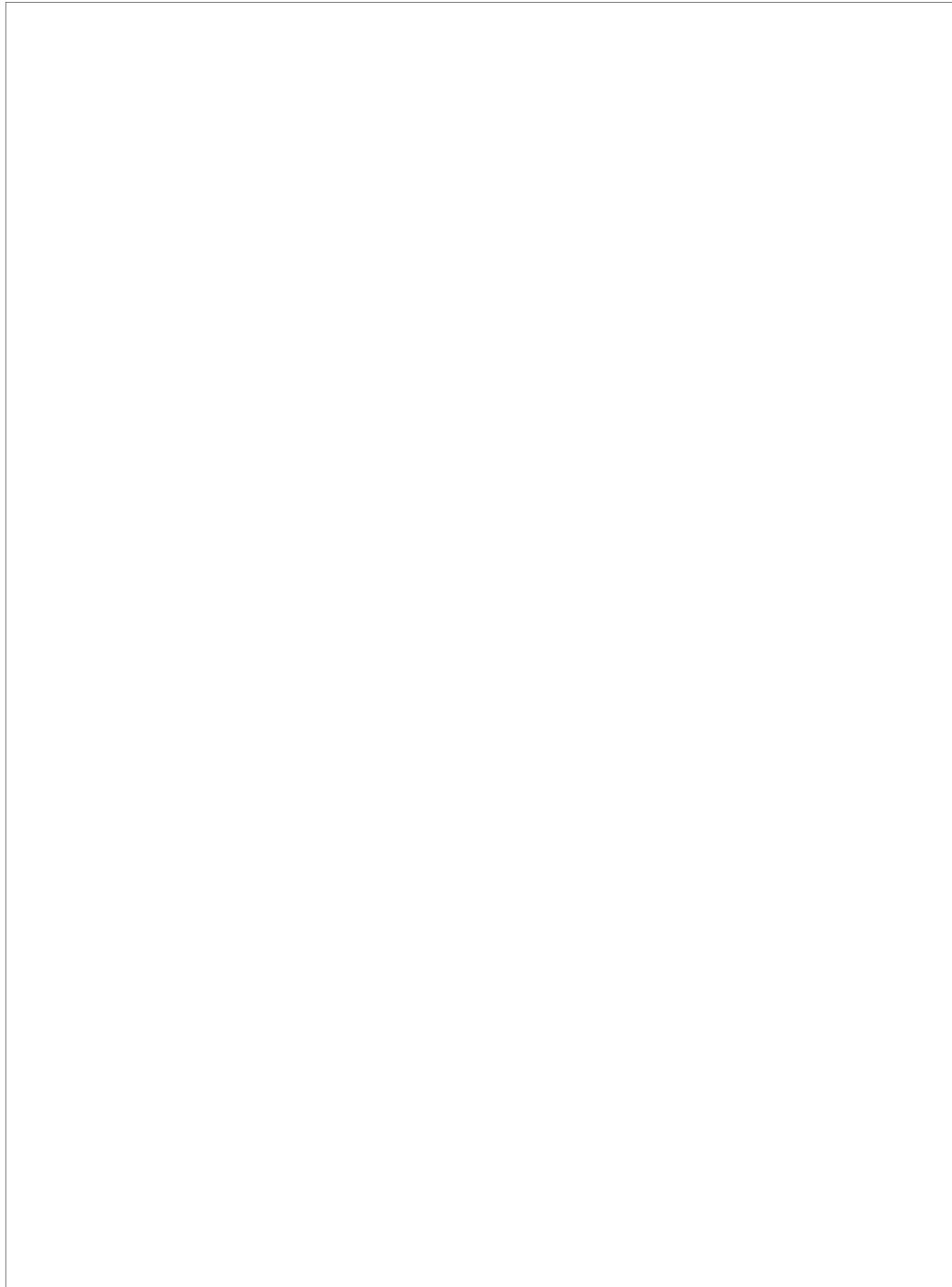
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ANGOLA

With the Organization of African Unity's emergency summit now less than two weeks off, the tempo of fighting in Angola is likely to pick up as the rival regimes attempt to impress African leaders with their strength.

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In northern Angola, the National Front withdrew yesterday from Camabatela after Popular Movement forces bombarded the town with rockets. [redacted]

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The Popular Movement is trying to create an impression of African nations banding together against the much-publicized South African intervention on behalf of the National Union and National Front. A Popular Movement military spokesman announced in Georgetown, Guyana, yesterday, that Nigeria, Congo, and Guinea-Bissau are ready to send troops to support the Popular Movement.

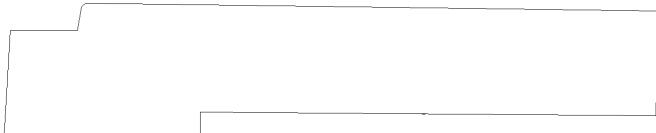
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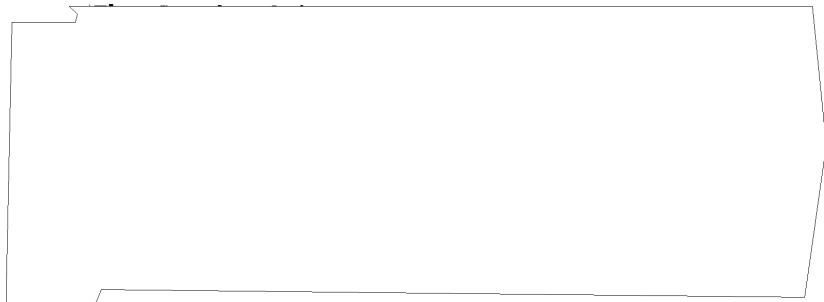
FOR THE PRESIDENT ONLY

It seems unlikely that either Nigeria or Congo plans any such involvement. In both cases, domestic political considerations would reinforce the reluctance that most African states have to becoming involved in the internal affairs of another African country. Some troops from the former Portuguese territory of Guinea-Bissau, on the other hand, already may be fighting alongside the Popular Movement. Relations between the ruling party in Bissau and the Popular Movement have long been especially close.

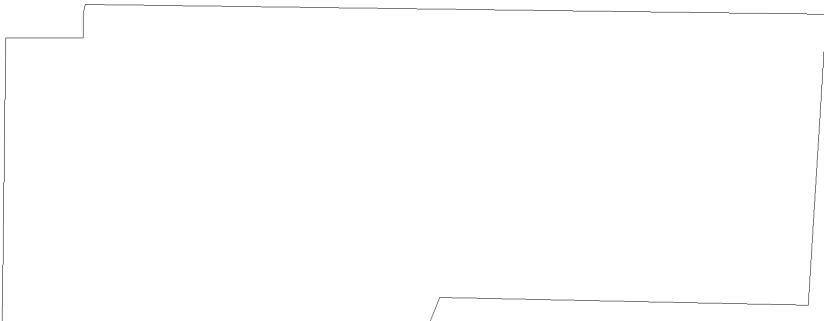
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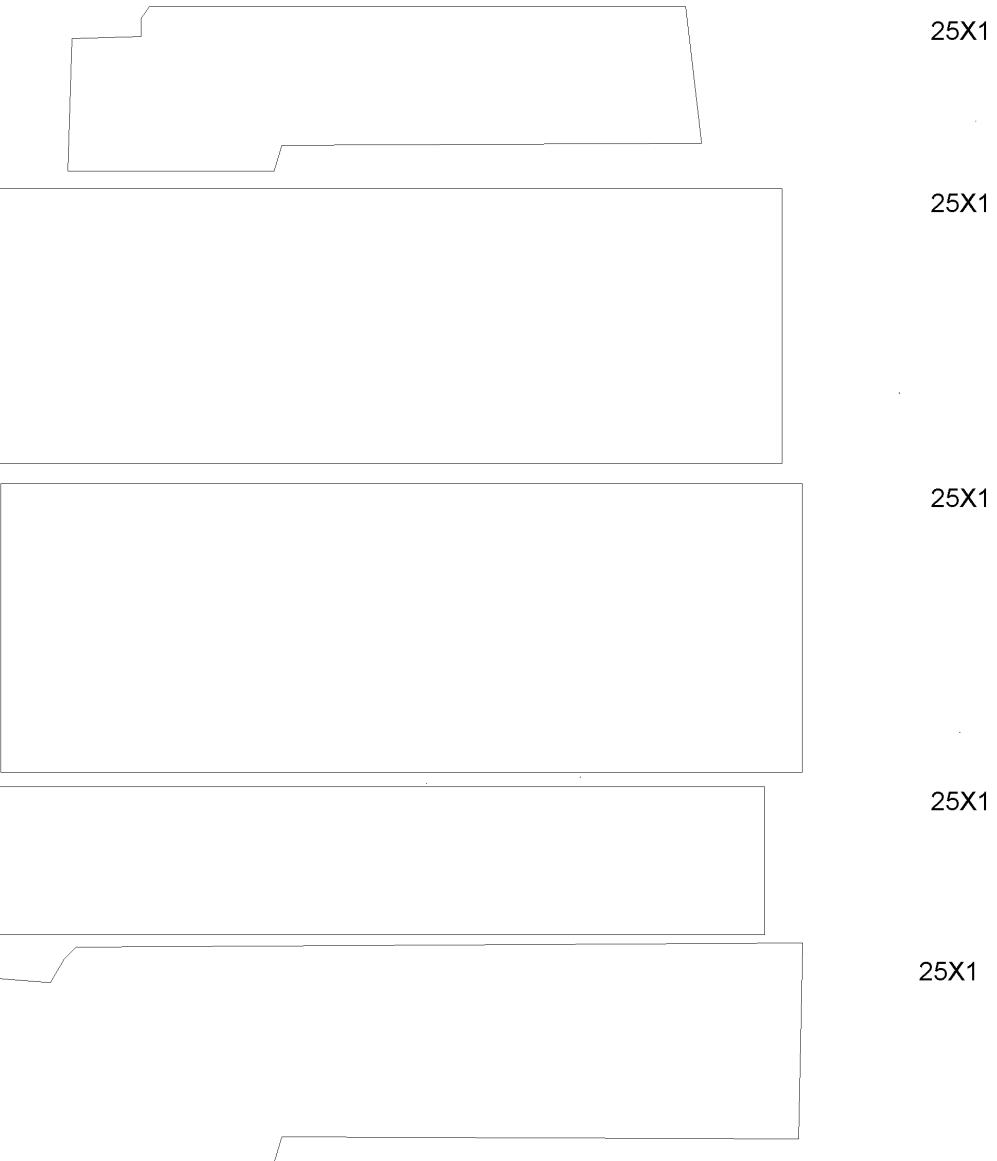


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SAUDI ARABIA - JORDAN - SYRIA



LEBANON

Lebanese President Franjiyah and Syrian President Asad reportedly have reached agreement on the broad outlines of a political settlement for Lebanon.

According to [redacted] a former Lebanese foreign minister who has been serving as Franjiyah's emissary [redacted], the understanding allows for:

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--Franjiyah to remain in office until his term ends next September.

--Formal meetings between Franjiyah and Prime Minister Karami, as representatives of the country's Christian and Muslim communities, to negotiate the details of a settlement.

--Concessions by Lebanese Christians to bolster the power of the prime minister and strengthen Muslim representation in parliament and the civil service.

--Implementation of existing agreements between the Lebanese government and the Palestinians.

--Syrian and perhaps other international guarantees that the agreement will be respected by Lebanese Muslims and the Palestinians.

--An outside "reconstruction and security mission" to ensure civil order until the Lebanese police force can be expanded to an effective level.

It will take several months to implement this agreement, if it succeeds at all. Armed clashes are certain to recur during this time, and are likely to delay or even undermine the planned talks between Franjiyah and Karami. The continued heavy fighting over the past two months prompted the two to disregard an earlier commitment to enter into direct talks on concrete reform proposals.

THAILAND

Growing discontent over Prime Minister Khukrit's handling of various economic and political problems is prompting the first serious challenge to the eight-month-old coalition.

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Khukrit clearly is in trouble. [redacted] the King, reflecting the view of the conservative elite, has begun to speak openly of the need for a "stronger" government. The opposition Democrat Party, the largest single party in the National Assembly, has indicated that it may press for a special session of parliament to vote on a no-confidence motion.

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In addition, the leaders of the Federation of Labor Unions of Thailand have threatened to strike on January 2 in protest against the government's decision to raise the price of rice and sugar at the beginning of the new year--a move that in itself could precipitate a political crisis.

Unless the Prime Minister begins to move forcefully in dealing with the economic and political problems now facing him, it is clear that he will be faced with a major parliamentary challenge when the National Assembly convenes in early February, if not earlier.

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FOR THE PRESIDENT ONLY

MEXICO

Mexico's position on Zionism and its subsequent awkward somersault on the issue apparently led to Foreign Secretary Rabasa's resignation on Monday.

Rabasa was assigned the task of picking up the pieces when President Echeverria's decision to vote in favor of the UN resolution equating Zionism with racism backfired, worsening relations with Israel and with Jewish organizations in the US and Canada. Faced with a loss of vital tourist and development dollars, Echeverria reversed himself in a succession of twists and turns that embarrassed Rabasa.

The Zionism issue was only the latest of seemingly impulsive and erratic foreign policy decisions made by Echeverria that have gone wrong. Mexico was criticized for breaking all relations with Spain in October in protest against the execution of Spanish terrorists and for abruptly severing diplomatic relations with Chile in November last year. In each case, Rabasa has borne the brunt of the criticism.

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Our embassy in Mexico also speculates that another reason for Rabasa's resignation may be because Echeverria is about to spring a new foreign policy initiative that the foreign secretary could not abide. This latest move could be Mexico's recognizing the Popular Movement for the Liberation of Angola. Echeverria met with the visiting prime minister of Guinea over the weekend, and probably was urged to support the Movement.

Rabasa's replacement, Alfonso Garcia Robles, has headed the country's delegation to the UN since 1970 and has earned a high reputation for his work on disarmament matters.

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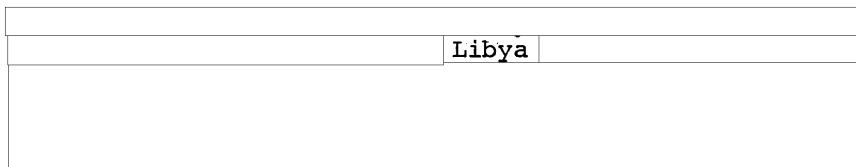
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His appointment does not imply any modification in Mexican foreign policy and, in any event, he will probably be replaced when Echeverria's designated successor, Jose Lopez Portillo, takes over a year from now.

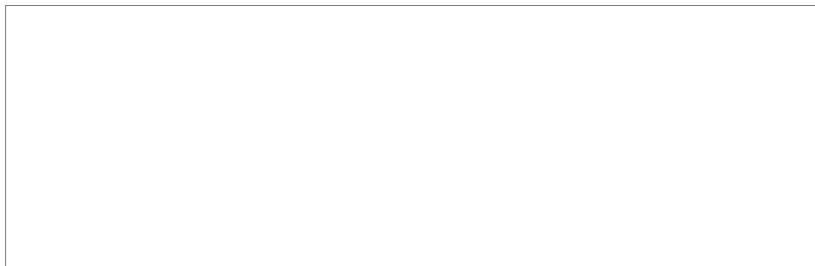
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