



The President's Daily Brief

October 1, 1974

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Exempt from general
declassification schedule of E.O. 11652
exemption category SBr(1)(2)(3)
declassified only on approval of
the Director of Central Intelligence

FOR THE PRESIDENT ONLY

October 1, 1974

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PORUGAL

Speeches yesterday by newly installed Portuguese President Costa Gomes and former president Spinola contrasted sharply.

In his resignation speech, Spinola bitterly denounced the emergence of a generalized climate of anarchy. He warned the Portuguese people that they were threatened with a "new form of servitude under the banner of false liberty." He declared that he was unable to carry out the program of the Armed Forces Movement because its ideals had been set aside.

Costa Gomes stressed the achievements that have been made since the April coup and appealed for unity. The new President reaffirmed his support for the Armed Forces Movement and seemed to be signaling that he will be more flexible than his predecessor. He reminded his listeners that in politics "one must not be tied to rigid and preconceived schemes."

Costa Gomes has long acted as a mediator between the unyielding Spinola and the leftists in the Armed Forces Movement. Perhaps to calm supporters of the popular ex-president, Costa Gomes lavishly praised Spinola's dedication to the movement's ideals and noted his own efforts to prevent the resignation.

Earlier in the afternoon, Costa Gomes visited a commando unit outside Lisbon, which professed loyalty to Spinola, presumably to quell possible unrest.

Costa Gomes promised that Portugal would honor all of its international obligations including its association with NATO. Foreign Minister Soares had earlier informed the embassy that Lisbon will remain in NATO.

The size of the military junta has been reduced by the forced resignation of three Spinola loyalists. With Spinola's resignation, only three officers remain: Costa Gomes himself and two decidedly leftist admirals. Cabinet changes are expected; Spinola supporters in the ministries of defense and social communications are likely to be replaced.

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The Council of State reportedly approved the formation of a "Council of Revolution" composed of 160 members of the Armed Forces Movement to serve as the highest directive body of the government.

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CYPRUS

Greek Prime Minister Karamanlis yesterday urged Greek Cypriots to support acting President Clerides. Karamanlis qualified his backing somewhat by saying support for Clerides should be extended so long as the continuing crisis precludes the return to Cyprus of the "elected president, Archbishop Makarios."

The Prime Minister's announcement followed a meeting with a member of the Cypriot parliament who briefed Karamanlis about the growing disunity in the Greek Cypriot community. The parliament member may also have delivered a threat from Clerides to resign if Athens did not give him stronger public support.

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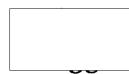
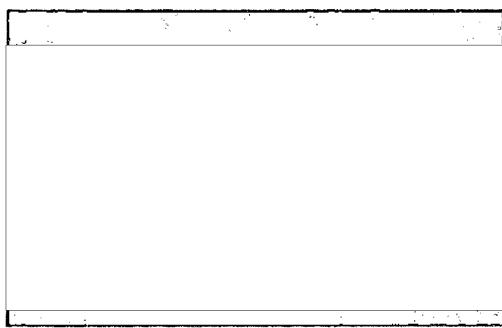
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The machinations of Archbishop Makarios, who has announced his intention to go back to the island, have also become a growing worry for Clerides. The campaign among Makarios' supporters for the Archbishop's early return has gained strength; Makarios' supporters held a mass rally in Limassol on Sunday.

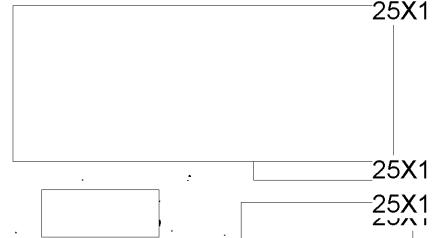
Clerides, meanwhile, continued his discussions of humanitarian issues with Denktash yesterday. The two agreed to resume the exchange of prisoners, who will be released where they wish, regardless of the location of their homes.

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SYRIA

Syrian pilots have begun training for ground-attack missions with the MIG-23. Training of this kind suggests that the Syrians are well advanced in their ability to handle this aircraft, which is the most sophisticated in any Arab inventory. Iraq is the only other country to have received this aircraft.

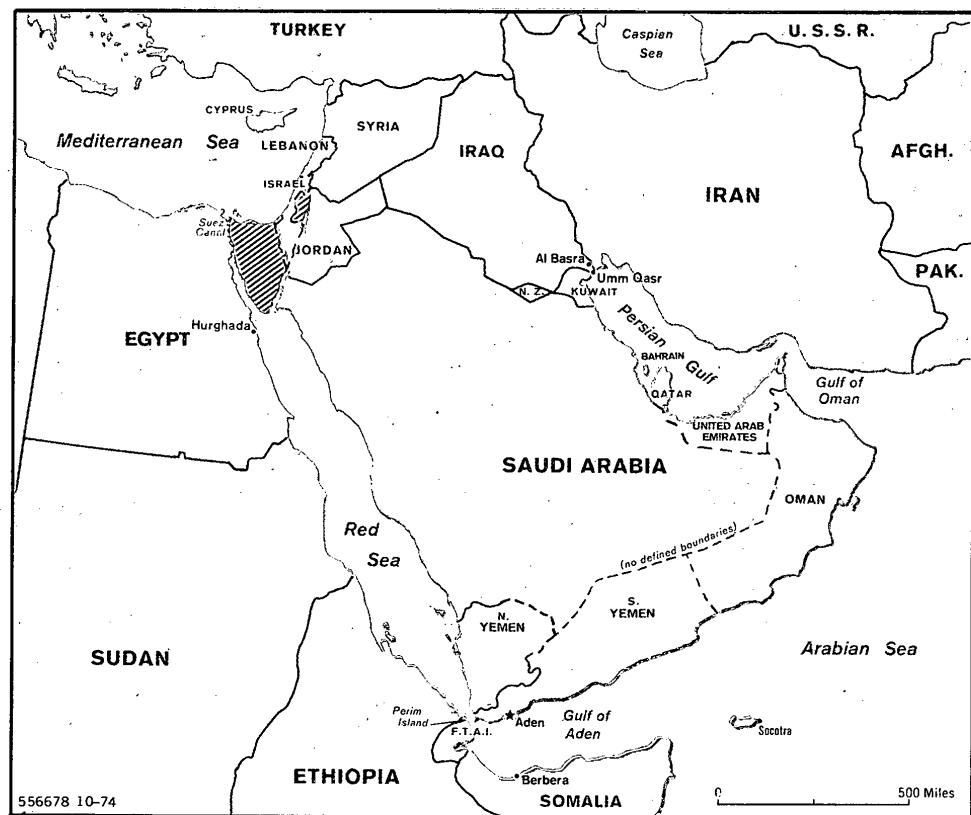
Syria's first MIG-23s arrived in June; it now has at least 45, including both the ground-attack and interceptor versions.

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The Syrians flew only a few ground-attack missions during the war last October; they used obsolescent MIG-17 and SU-7 aircraft in this role.

The MIG-23 will give Syria a better capability for ground attack. The interceptor version of this aircraft should also enable the Syrian air force to engage Israeli F-4 Phantoms more effectively in aerial combat.

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FOR THE PRESIDENT ONLY**USSR - INDIAN OCEAN AREA**

The Soviet helicopter ship Leningrad and its escorting destroyer were sighted 15 to 20 miles off Berbera, Somalia on Friday and Saturday. Helicopters from the ship appeared to be flying to Berbera port, which is just within sight of the anchored ships. The two ships may spend as much as a week in the Gulf of Aden before they rendezvous with a supply ship off the east coast of Somalia.

On Wednesday and Thursday, the Leningrad and its escort took on food and fuel from an auxiliary ship at the Soviet anchorage 20 miles off Aden.

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The Leningrad has not entered the territorial waters of either Somalia or South Yemen.

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Soviet helicopter ships, the Leningrad and the Moskva, have made only five calls at foreign ports--four to Egypt and one to Yugoslavia.

Soviet Naval Support in the Indian Ocean Area

As Moscow has extended its routine naval operations into distant areas such as the Indian Ocean, the Soviet navy has sought to supplement auxiliary ship groupings--"floating bases"--with foreign shore support facilities. Traditionally, the Soviet navy has avoided dependence on foreign sources and means. At present, Soviet ships in the Indian Ocean receive substantial support at several ports, although none were set up as US-style "homeports." At Berbera in Somalia, Soviet personnel even have direct control over some facilities.

Most Soviet warships operating in the Indian Ocean routinely put in to Berbera for resupply, minor repairs, and short-term crew rest. Repairs are performed alongside a Soviet barge that has been docked there since October 1972. The Soviets control

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a storage area on the pier, but it is not used for weapons or ammunition.

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The Soviets have reportedly agreed to assist in constructing an airfield near Berbera, but work on an airstrip has not begun. They are, however, assisting in the development of Berbera's commercial port facilities, including a major expansion of petroleum storage capacity.

Access to Berbera has enabled the Soviets to double the time on station of their basic Indian Ocean contingent, which includes one destroyer, two destroyer escorts, two fleet minesweepers, one landing ship, and an F-class diesel submarine.

Facilities in Iraq

Soviet naval ships receive some servicing at the main Iraqi port of Al Basra. Support there apparently is limited to minor maintenance for smaller ships on an intermittent basis. A Soviet repair ship has been observed at the Al Basra naval base, where it has remained for as long as six months at a time. Soviet naval ships, including at least one of the two fleet minesweepers that participated in a Persian Gulf patrol last summer, occasionally visit Al Basra while the repair ship is in port.

Soviet warships call at Umm Qasr in Iraq even more frequently than at Al Basra. Visits are limited to resupply activity, however. There are no maintenance or repair facilities at Umm Qasr.

Aden Port (South Yemen)

Despite the Leningrad's experience, other Soviet naval ships frequently visit Aden. This port, some 150 nautical miles across the Gulf of Aden from Berbera, has extensive commercial repair facilities remaining from the days when Aden was a British colony. The Soviet navy has not used these repair facilities, but their auxiliary ships make regular stops in Aden to take on water, fuel, and other provisions. They may also pick up supplies arriving in Aden via air transport from the USSR. The Soviets have routinely used Aden's international airport--located only five miles from the port--for military transport flights. In recent months, Soviet warships frequently have been observed at anchorage near the port.

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TURKEY

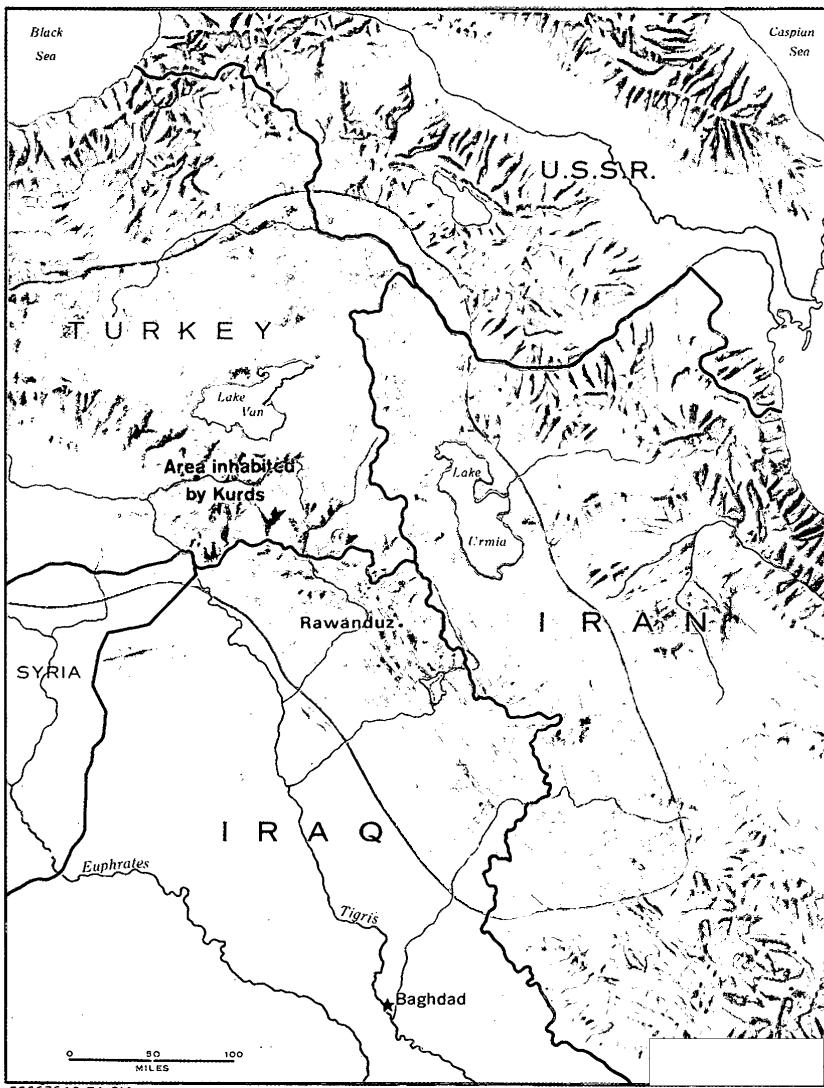
Suleyman Demirel, leader of the Justice Party, will try to form a right-of-center coalition following Prime Minister Ecevit's second failure to organize a new government.

If Demirel can get the Democrats and the ultra-conservative Salvationists to join him, the three-party coalition would have a majority of approximately 15 in the 450-seat parliament.

The Democratic Party, however, is largely made up of former Justice Party members who broke with Demirel in 1970, and they remain bitterly opposed to him. The chances of a rightist coalition coming to fruition would be much better if Demirel would step aside.

Ecevit believes that Demirel will fail to organize a new government. Ecevit told the US embassy last week that once it is demonstrated that a rightist coalition is not possible, his chances of enticing the Democratic Party into a coalition with his Republican People's Party will be much improved.

A caretaker government led by Ecevit will provide continuity for Turkey's policies, but will be unable to take any new initiatives. Even should the rightist political forces put together a coalition, they would be unlikely to make any radical departures from the policies pursued by Ecevit on issues such as Cyprus and relations with the US, including the opium question. A rightist coalition might find it even more difficult to make significant concessions to the Greeks.



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IRAQ

The anticipated renewal of the Iraqi offensive against Kurdish positions in northeastern Iraq began Friday. The offensive involves a two-pronged attack, whose objective is to drive the Kurds from the heights overlooking the road from Rawanduz into Iran, and to cut Kurdish forces from supply points along the Iranian border.

[redacted] the Iraqis have already suffered a costly defeat, their second in two weeks. Baghdad's troops, supported by aircraft and artillery, apparently overran some Kurdish positions in the early stages of the assault, but were driven back in fierce fighting early Saturday morning.

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The Iraqis are said to have withdrawn to Rawanduz, leaving some 500 casualties and a large amount of military equipment on the battlefield. The Kurds followed the retreating Iraqis to their camp and shelled them with mortars.

Baath Party strongman Tikriti has committed his prestige to defeating the Kurds before winter sets in about six weeks from now. If the latest drive fails, opposition within the Iraqi military to the Kurdish war will certainly intensify. This could produce an open power struggle between Tikriti and opponents within the government and the military.

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CHINA-PHILIPPINES

Mutual interest in improving relations was dramatized last week as the Chinese gave Philippine First Lady Imelda Marcos an extraordinary reception in Peking.

Mrs. Marcos was favored with separate meetings with Chairman Mao Tse-tung and with hospitalized Premier Chou En-lai. This was Chou's first such appearance in more than six weeks. Excluding earlier meetings with US officials, Mrs. Marcos' audience with Mao is the only time in recent years that he has met with an emissary of a government with which Peking has no official ties.

By their warm treatment of Mrs. Marcos, the Chinese have shown that they will keep the pressure on for early diplomatic recognition. President Marcos may conclude that the time has come to move more quickly in this direction, despite the damage this will do to Philippine relations with Taiwan.

Even before Mrs. Marcos' visit, there were signs that Manila had begun exploring some of the issues that could come up during negotiations on diplomatic relations. The Philippines sent a representative to Taipei earlier this year to advise the Nationalists that Manila was considering improving its ties with Peking. [redacted]

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A trade agreement was announced during Mrs. Marcos' visit. The agreement reportedly provides for the sale of Chinese petroleum. The Philippines agreed to sell sugar, wood products and other items in return. Details of the pact are to be worked out when a Philippine trade delegation visits China later in the year.

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MUJIBUR RAHMAN

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As Bangladesh Prime Minister Mujibur Rahman arrives in Washington, his country is undergoing severe internal stress. When Mujib took over early in 1972, the new nation of more than 75 million people faced a quantity of postwar problems. Nearly three years later the economic situation has not improved, and political and social problems have reached a point where they pose a serious threat to his regime.

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Domestic Problems

The economy of Bangladesh, already strained by an annual population growth rate of over 3 percent, has been hurt badly over the past year by widespread shortages--particularly of food and imported goods. To complicate matters this fall, Bangladesh has been feeling the effects--which Mujib considers very serious--of recent flooding. Indeed, the Prime Minister fears unrest, particularly in urban areas, and reportedly views the situation as the worst his regime has yet faced.

Mujib has recently come under public attack for his inability to check general lawlessness, including political violence, and for the inefficiency and corruption of his regime. Disillusionment and discontent have apparently spread to all levels of the military and to moderate leaders within Mujib's own party, the Awami League. With the political opposition badly fragmented, the most credible threat to Mujib would appear to come from dissidents in the Awami League or from the armed forces.

The risk of an eventual military move against Mujib is increasing as he drifts toward greater authoritarianism in the face of growing problems. Should Mujib act to increase his powers sharply, military support would be crucial; whether the military would go along with Mujib or seek to unseat him would depend in part on whether he could assure the armed forces an enhanced role in a subsequent regime.

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Relations with the United States

Although Mujib and many Bengalee officials have a lingering resentment toward the US for its policy during the independence struggle in 1971, Mujib has shown a genuine fondness for Americans over the years.

Indeed, the Prime Minister himself started the movement toward more normal relations with Washington [redacted]. He sees better relations with the US as resulting in more aid, which in turn will help him stay in power.

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[redacted] Mujib probably also hopes that the meeting will enhance his standing as international statesman and divert attention from domestic problems.

The move toward Washington has been prompted also by the changing status of Mujib's relations with the Soviet Union and India. His feelings toward the Soviet Union have cooled recently, in part because of Moscow's failure to respond more quickly and generously to requests for flood relief and because of its meager contribution to development aid.

The relationship with India also affects his attitude toward the US. Anti-Indian feeling is growing in Bangladesh, stemming from popular fears of economic exploitation and political domination by New Delhi. Improved relations with Washington give Mujib's government more flexibility in dealing with India, upon which he has previously been heavily dependent for political and economic assistance.

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The Prime Minister probably believes the US has more interest in and influence over events in Bangladesh, and South Asia in general, than is actually the case. Thus he probably has unrealistic expectations of what the US can do for him economically and politically.



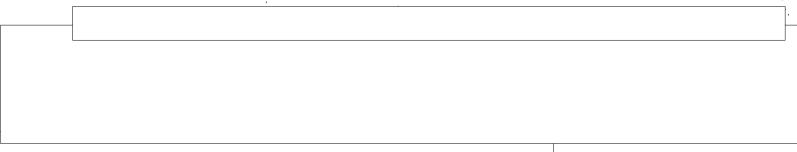
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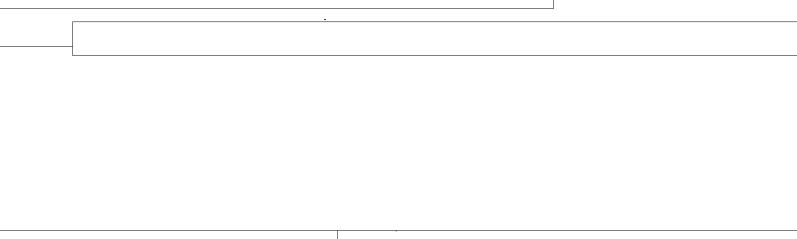
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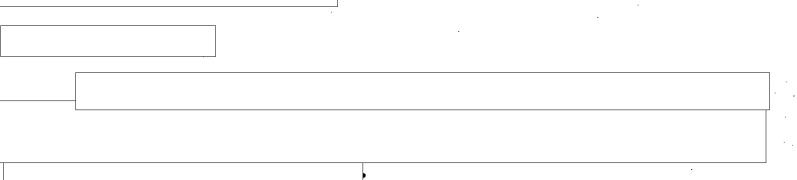
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He was treated in Moscow for an illness last
spring. This was publicly announced as acute bron-
chitis [redacted]

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[redacted] he
returned from Moscow apparently fully recovered.

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Mujib remains a folk
hero and is still respect-
fully referred to in Bang-
ladesh as Bangobandhu--an
honorific translated
roughly as "father of Ben-
gal." He takes this status
quite seriously and refers
to the people and country--
indeed almost everything
about Bangladesh--in pater-
nalistic terms.

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October 2, 1974

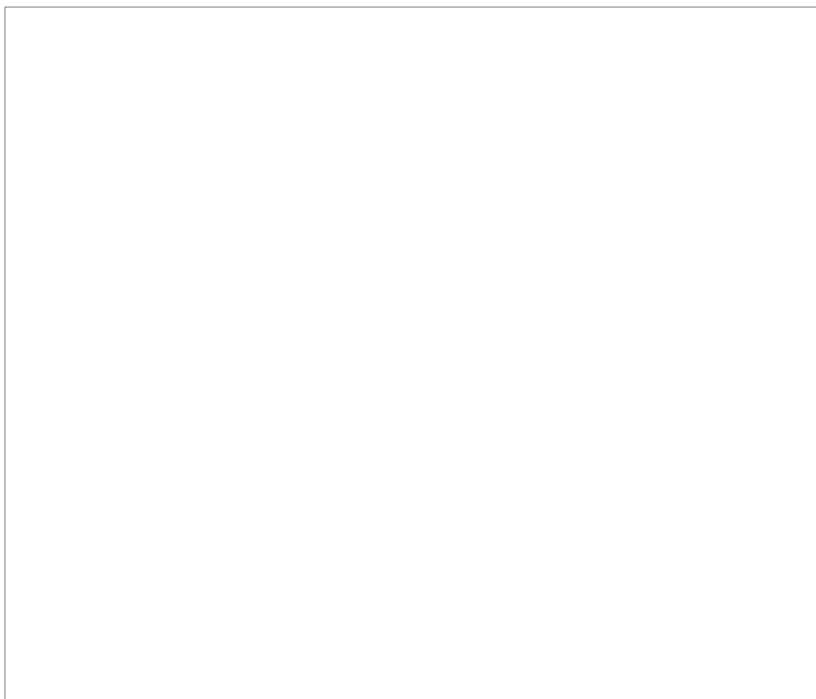
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SYRIA-ISRAEL



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CHINA

All active members of the Politburo except Mao were present to mark the 25th anniversary of the founding of the People's Republic of China. Ailing Premier Chou En-lai presided and made a speech at a reception on September 30, but he was apparently still not strong enough to join other Chinese leaders for a walk in Peking's parks the following day.

The huge leadership turnout was highlighted by the return to public view of several long-absent military officials who were under severe attack earlier this year and by the rehabilitation of a considerable number of civilian and military officials purged during the Cultural Revolution. The new round of rehabilitations includes a number of provincial party leaders and central ministers who fell early in the Cultural Revolution, as well as several figures active in the early purges who were themselves disgraced in later phases of the convulsion. This suggests that an attempt is being made to build the widest possible consensus among the second-echelon leadership in anticipation of a transition period in which China's two top leaders are no longer active.

Peking's major publications issued a joint editorial that gave heavy play to the unity theme but offered little in the way of policy guidance. The editorial made it clear that the divisive anti-Confucius campaign, which has been toned down since this summer, is to remain in low gear. Although the campaign is to continue "for a long time," its main emphasis is on study rather than on attacking party officials, and the campaign is to be used to boost production.

Consensus and continuity were also apparent in the brief treatment of foreign affairs in the National Day joint editorial. A reference was made to Mao's "revolutionary policy in foreign affairs," a code phrase for the opening to the United States. The editorial also incorporated the slogan "dig tunnels deep"--a reference to possible war with the Soviet Union that was a prominent propaganda theme in 1972 and 1973, but has appeared less frequently recently as the Chinese stressed the notion that Moscow was merely "feinting" to the East while preparing for war in the West.

We examine today at Annex the question of the Chinese leadership and succession in greater detail.

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ETHIOPIA

There are signs of increasing dissension among factions in the Armed Forces Coordinating Committee that now runs Ethiopia.

Armed forces units in the capital were placed on alert yesterday during an emergency session of the committee, according to press reports. Air force jets made several passes over the Fourth Division Headquarters, where the ruling military group usually meets. Air force officers, who have been among the more radical members of the committee, have been eclipsed by moderates in the past few months. The flyover suggests the air force is trying to reassert its influence.

The current discussions of the military committee reportedly center on the issue of whether the military should take over operation of the government from civilians. Late yesterday, the committee announced that it will continue to rule through a civilian cabinet.

The status of General Aman was probably also discussed. On September 28, the committee announced that Aman had been replaced as chief of staff of the armed forces but that he retained the posts of titular head of government, prime minister, and defense minister.

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The committee's rescission yesterday of appointments made two days earlier of officers well regarded by Aman appears to substantiate reports that Aman has lost some status.

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SOUTH YEMEN - EGYPT

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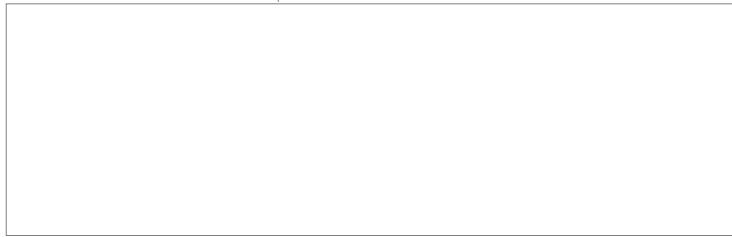
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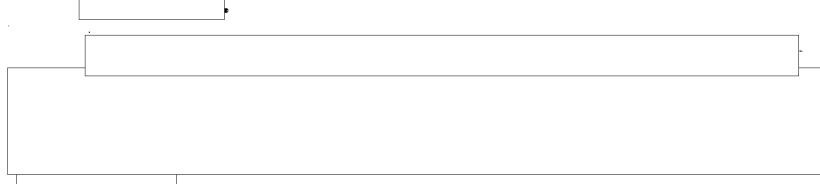
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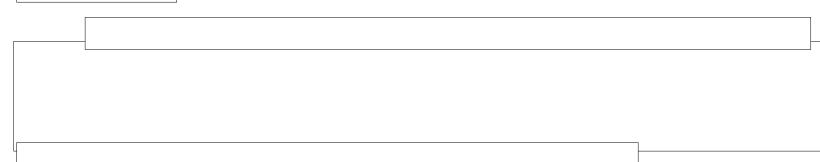
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NOTE

World Grain Production: The world grain situation for 1974/75 has tightened further. We now forecast a decline of 4 percent in grain production from last year's record level. World wheat production is estimated to fall about 5 percent, while the supply of feedgrains, especially corn, will be even shorter than wheat. Production of corn in the major exporting countries is likely to be down by 11 percent.

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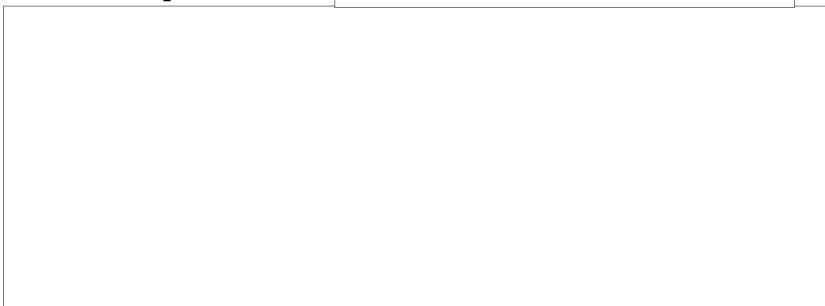
THE CHINESE LEADERSHIP AND SUCCESSION EXAMINED

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Premier Chou En-lai's return to the hospital some time in August suggests that we may be on the verge of the post-Chou era in Chinese politics. The Chinese themselves seem to be considering the possibility with considerable realism, but with apprehension as well, believing as they do that his international prestige and legendary administrative abilities are irreplaceable assets. They are, moreover, aware that Chou's death or permanent incapacity could further roil the troubled waters of Chinese politics.

Chou Not Yet Down for the Count

The Premier is, however, not yet out of the picture. He has made three appearances in the past two weeks. He talked with Imelda Marcos for over an hour on September 20; [redacted]

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[redacted]
Whether he will again tackle many of his duties as Premier and senior vice chairman of the party will obviously depend on the progress of his recovery.

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[redacted]
As long as Chou is not permanently hospitalized, he is likely to retain a large measure of influence, even if he is not so immediately engaged in day-to-day duties as in the past. But some of Chou's influence has derived from his well-known ability to

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master the detailed problems of running the Chinese bureaucracy, and this aspect of his authority is certain to be diluted in any event.

It is equally important that Mao can now no longer count on Chou to carry on with current Chinese domestic and foreign policies after the Chairman's own demise. Mao Tse-tung has put a great many eggs in Chou's basket in the past several years, but he is now forced to consider the real possibility that, even should Chou outlive him, the Premier may not have the physical capacity or the willpower to carry through on difficult and controversial programs. In the past two months we have seen the first veiled signs that concerns of this sort have begun to trouble Mao. Chou's uncertain health itself makes him a less useful instrument to the Chairman. Mao must consider that the prospect of the Premier's demise will almost certainly intensify jockeying for position at lower levels--a development he cannot afford to ignore, but may now have to manipulate without Chou's assistance.

Despite all these uncertainties, Chinese policy is unlikely to change greatly in the shorter run even if the Premier is incapacitated or dies. Mao remains the core of Chinese politics. Chou has pursued the policies with which he has been identified in recent years in tandem with the Chairman, not in opposition to him, and there is no evidence that the "great helmsman" desires a marked departure from the current line, domestic or foreign. On the contrary, he seems anxious to nail down present policies even more firmly.

Interim Successors

Most of Chou's duties as premier have already devolved--on a temporary basis at least--on two lesser and slightly younger Politburo members, Li Hsien-nien and Teng Hsiao-ping. Both appear to have Mao's trust, although neither is likely to monopolize the Chairman's ear to the extent that Chou has in recent years. Both also appear to lack the broad, long-term perspective that has characterized Chou's--and Mao's--view of the world and of China's internal development.

Li is a long-time lieutenant of Chou, concerned primarily with economic and financial matters. Teng, a somewhat more complicated personality with a solid reputation as an administrator, was for many years secretary general of the party and was the second

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most important man purged during the Cultural Revolution. He had a number of disagreements with Chou in the early 1960s, but the Premier was instrumental in arranging for Teng's "rehabilitation" in early 1973; Teng has been singing a "chouist" tune on policy matters since his return to prominence, and he has a well-established record of opposition to Moscow. Neither man is likely to press for major departures in policy should Chou become incapacitated, but both are more likely to be followers rather than initiators in the style of the Premier.

Chou's party responsibilities are also likely to be fragmented should he fade further from the scene. Thus far, no obvious stand-ins for the Premier have emerged in this field, but many of his duties are probably being performed by two men from Shanghai who rose to prominence during and after the Cultural Revolution, Chang Chun-chiao and Wang Hung-wen. Both are suave, bright, and apparently competent, but neither has more than a mere fraction of Chou's long experience in party affairs, and they may lack the Premier's famous instinct for adjustment and compromise.

Although both were associated with the manic phase of the Cultural Revolution, neither now seems wedded to the "radical" approach to policy questions characteristic of the late 1960s. Both seem to have developed ties to the more "conservative" old-line party administrators as a complement to their initial links to the "radical" wing of the party. They appear, however, to operate under some disability. Although Chang has apparently been slated for the vacant job of party secretary general for over a year, he has not been formally named to the post, apparently because of some sort of opposition. Wang has been rumored to be ultimately destined for Mao's position as party chairman--he is now the third-ranking member of the party--but he is only 39 and a considerable number of older party officials resent his meteoric rise. Both Wang and Chang appear to have Mao's trust, but he probably recognizes that they do not have the experience and--in Wang's case at least--the perspective of Chou En-lai.

In these circumstances, it is likely that greater day-to-day responsibilities for the management of Chinese policy will revert to Mao. Should this in fact happen, the strain could well begin to tell fairly quickly on the Chairman, who is approaching 81 [redacted]

[redacted] Moreover, in overseeing Chinese policy, Mao will find himself without Chou's unique combination of skill and foresight, and without a fully reliable institutional instrument capable of implementing his policies.

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Input of the Cultural Revolution and the Anti-Confucius Campaign

The party and government bureaucracies are still rent to some degree by factionalism engendered during the Cultural Revolution; both have lost some of their elan, and, in each, several crucial posts have remained unfilled for a number of years. The military, the third leg of the tripod supporting the Chinese state, is also fissured; it played an extremely important role during the Cultural Revolution, but it has since been badly tarnished by the putative coup attempt mounted by former defense minister Lin Piao in 1971. It is a major target of the current anti-Confucius campaign. The divisions within these three institutions have clearly been exacerbated by the anti-Confucius campaign, which has tended to revive factionalism in the provinces and at the national level.

At this point, the campaign itself is merely sputtering along. It has been in low gear since early summer; significantly, this waning began in June when Chou became seriously ill. Given the uncertainty regarding Chou's active future, it would be surprising if important forces in Peking were not anxious to compose differences--to the extent possible--rather than to continue to push ahead with a movement that is in many senses divisive. Those who believe they may ultimately become victims of the campaign obviously have personal reasons to argue for such a course of action. But Mao's acute sense of his own mortality tends to cut in the other direction; he almost certainly believes he has little time left to imprint indelibly his own order of priorities on the leadership, the bureaucracy, and the Chinese populace.

In the past two months, both these lines of thought have been evident in the Chinese press. A number of authoritative editorials have strongly stressed the theme of unity in political matters, arguing forcefully against "entanglement" in divisive issues. At the same time, a series of articles--some almost certainly emanating from Mao himself--couched in the Aesopian language of historical analogy have touched directly on the sensitive succession question, arguing that after the death of the supreme leader current "progressive" policies are likely to be reversed unless the struggle is carried through to the end.

FOR THE PRESIDENT ONLY

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In fact, these two lines of argument are not necessarily mutually exclusive. A close reading of the editorials calling for unity suggests that an attempt is being made to damp down the quarrels between "left" and "right" within the Chinese leadership which have helped fuel the anti-Confucius campaign--while pushing ahead with the effort to reduce the military's influence in politics, perhaps an even more important aspect of the campaign. This order of priorities is not surprising. Both Mao and Chou--and presumably other civilian leaders as well--were shocked by Lin Piao's attempt in 1971 to "step outside the system" and settle political quarrels with the help of military muscle. The Chairman would certainly wish to ensure that this episode cannot be repeated once he himself is gone.

Internecine sniping between "left" and "right," however, has by no means died out. The so-called "radicals," who have fallen on evil days since their period in the sun during the Cultural Revolution, have been attempting to shore up their position by making use of their continued access to the press to issue covert and carefully worded appeals to their supporters in the lower echelons of the bureaucracy; they, like their putative opponents, are obviously anticipating the eventual demise of both Chou and Mao. In particular, Chiang Ching, Mao's wife, has successfully warded off attempts to circumscribe her control of cultural affairs by claiming that any criticism of her is, in effect, a criticism of Mao. Some of her manifestos, couched in esoteric, historical analogy, have been picked up by Western newsman and commentators, who have probably attributed to her greater strength than she actually possesses. In fact, while she seems to have hit upon some effective defensive ploys, "leftist" rhetoric has had little impact on policy decisions. Except for some relatively minor adjustments in the educational sphere, Chinese policy has been impervious to "radical" pressures.

The uncertainties inherent in this general situation are clearly intensified by the possibility that Chou will die before Mao. A powerful voice arguing for "moderation" and relatively pragmatic policies will be lost, and Mao will have to take into account a somewhat different balance of forces among his associates and underlings. Even so, his own charismatic authority should still provide considerable drive to Chinese policy. It is his own death--in the event that Chou dies first--which promises to be the real watershed in Chinese politics.

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Factors for Short-Term Immobility After Chou--and Mao

Chou's early incapacitation should not in itself prove crippling to China, but the odds would be less than even that the Chairman will be able to achieve to his own satisfaction a full consensus on the issues now troubling Chinese politics. Among the major questions now under debate are:

- how to provide an acceptable definition of the legacy of the Cultural Revolution which assesses the gains and losses engendered by that upheaval;
- how to remove the military from political administration without alienating influential military commanders and to "rehabilitate" and restore to authority experienced old-line officials purged during the Cultural Revolution without overly upsetting younger officials who were promoted as a result of those purges;
- how to preserve the revolutionary fervor that brought the communists to power, while training and encouraging technical experts who can modernize China and expand its industrial base; and
- above all, how to cope with the wide range of problems deriving from the presence of a hostile Soviet Union on China's northern border.

This last problem is one that seems to be particularly troubling to the Chairman recently. While it is highly unlikely that any influential figure is arguing for a rapprochement with Moscow, propaganda associated with the anti-Confucius campaign suggests that Mao believes that some important individuals--perhaps within the military--think it is in China's interest to reduce the present high level of Sino-Soviet tension. Paradoxically, Mao seems willing to risk the divisiveness caused today by the anti-Confucius campaign in order to weed out or neutralize such suspected opposition and, thereby, ensure that the Chinese leadership will present a united front to the Soviet menace after his death. Since the Lin Piao affair, Chinese officials at all levels have frequently expressed apprehension that Moscow would try to meddle in Chinese domestic affairs, attempting to exploit leadership differences, once Mao was no longer on the scene.

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In fact, arrangements the Chinese are known to have made in the wake of the Lin imbroglio, together with less definite signs that these arrangements are being modified in the wake of Chou's illness, indicate that Peking expects to establish some sort of collegial leadership once the Chairman and the Premier have either died or become permanently incapacitated. In the absence of a leader of Mao's unique stature or of an obvious primus inter pares such as Chou, the Chinese would almost certainly find it expedient to resort to some kind of consensus policy-making. But in these circumstances the chances are good that Chinese policy will in fact be no policy at all. In the initial succession period, there will almost certainly be no single individual--and perhaps no group of individuals--with sufficient authority and firmness of purpose to reverse current policy trends or even to push ahead in directions already charted. Even while Mao and Chou are on the scene, the Chinese have been unable to agree on a formally designated party secretary general or a minister of defense; such impasses are likely to be multiplied in the early succession period. A general immobility on policy issues--at least the major ones--might persist for several years.

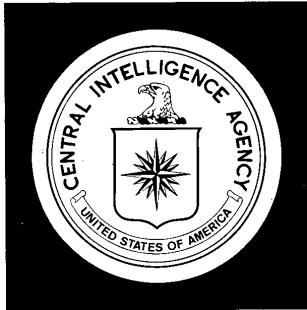
Moreover, persistent difficulties facing the Chinese--population pressure coupled with the limited availability of arable land, industrial modernization, and the security of a Chinese state militarily inferior to the superpowers, to name but a few--are surely not going to vanish in this period. The political history of the past decade indicates there is a wide range of views within the regime on how best to tackle these problems; differences in approach are almost certain to be intensified and exacerbated by personal frictions and even hatreds arising from the Cultural Revolution and its aftermath. In such a situation, a struggle for supremacy is quite likely, and policy questions could easily become entangled in the fight for personal advantage. In short, a period of partial immobility could be followed--although this is of course by no means certain--by a period of rapid and wide swings in policy of the sort that characterized China in the late 1950s and 1960s.

The Long-Term Prospect is Better

In the longer perspective, however, and despite these immense obstacles, the trend is likely to be in the direction of "moderation" and relative pragmatism. And even if pulling and hauling does develop, it is most unlikely that China will come apart at the seams. The regime survived the enormous strains of the Cultural Revolution intact and has absorbed the blow of the Lin "coup" (mounted by Mao's designated successor) with relative ease. The forces that pull China together are much stronger than those that push it apart, and this will continue to be true when neither Chou nor Mao is politically active.

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The President's Daily Brief

October 3, 1974

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Exempt from general
declassification schedule of E.O. 14176
exemption category SR(1)(2), (3)
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the Director of Central Intelligence

FOR THE PRESIDENT ONLY

October 3, 1974

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

ISRAEL-JORDAN-FEDAYEEN

Terrorist activity along Israel's borders has increased over the past two weeks. Last Saturday, an Israeli officer and a fedayeen guerrilla died in a clash on the Lebanese border. On Tuesday, Israeli border patrols killed two infiltrators on the Lebanese border and another near the southern frontier with Jordan.

[redacted] the two fedayeen killed on the northern border [redacted] members of the group responsible for the Qiryat Shemona massacre last April in which 18 Israelis died. The Israelis have intensified patrols, have made shallow penetration raids into Lebanon, and are shelling suspected fedayeen locations inside the Lebanese border.

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Tuesday's incident on the Jordan border was the fourth there in a month, after several years of relative quiet. The Israeli reaction has been moderate so far. Israeli Information Minister Yariv has stressed publicly that there has been no Jordanian complicity in the fedayeen infiltrations, and that Amman is trying to stop them.

The US embassy in Tel Aviv reports, however, that Israeli officials believe the Jordanians could do more to prevent the infiltrations. In an apparent attempt to show their displeasure, the Israelis sent aircraft over Amman yesterday for the first time in several years, creating sonic booms.

FOR THE PRESIDENT ONLY

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GREECE

Greek political parties have become more active in anticipation of the parliamentary election, which was announced yesterday for November 17. The activity has touched off grumbling [redacted]

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[redacted] among some royalists and military officers, who fear their own positions will be endangered if Prime Minister Karamanlis scores a solid victory at the polls.

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Military officers appear concerned primarily over recent disciplinary actions Karamanlis has taken and further moves he might make. They are also critical because the Prime Minister has not prevented frequent attacks on them by the press. We believe that a move against Karamanlis at this time would probably be unsuccessful, largely because the army would not unite behind it. Rightists, including army officers, realize that they stand to gain from elections held before the left has been able to organize well.

The feuding communists have managed to pull together in only a limited way. [redacted]

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Karamanlis is apparently having trouble getting his New Democracy Party established. He is trying to attract liberals and uncommitted youth, in particular, to broaden his base. To do this, he will have to drop 50 to 60 former key party supporters of his old National Radical Union from his list of candidates. Former deputies from his old party are disturbed that his party's preparations for the election are still lagging.

Andreas Papandreou's Pan Hellenic Socialist Movement has been getting off to a slow start. Two new political groups have emerged:

--Some prominent politicians, all relatively young and nearly all associated with resistance to the former junta, have formed a left-of-center movement called "new political forces."

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--Former minister of defense Garoufalias [redacted] has announced that he and nine other former deputies will form their own party.

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PORUGAL

In a conversation with Ambassador Scott on Tuesday, newly installed President Costa Gomes claimed that the leftward bias of the media has created an unwarranted impression of Communist influence in Portugal. The ambassador noted that Costa Gomes may have been less than frank when he said that, except for Communist Party leader Cunhal, there are no Communists in the government.

Costa Gomes emphasized his government's plans to adhere to the program of the Armed Forces Movement and reaffirmed Portugal's fidelity to its international commitments, including NATO.

Foreign Minister Soares told the ambassador that Costa Gomes will address the UN in late October, as former president Spinola had planned to do.

General Neto, a Spinola loyalist who was ousted from the junta and as chief of staff of the air force last weekend, paints a dark future for Portugal under Costa Gomes.

[redacted] that he expects a backlash from the armed forces when they realize that the country is being led toward the far left.

Neto also claims that Costa Gomes wants to do away with the junta but that the Armed Forces Movement is resisting this and wants to fill the four vacancies created over the weekend with its own people.

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FOR THE PRESIDENT ONLY

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CYPRUS

*Acting Cypriot President Clerides
is to decide today whether to resign.*

Clerides' well-orchestrated threat to quit was designed to force the various Greek and Greek Cypriot elements to declare themselves either for or against him. Should he succeed in winning pledges of backing from a substantial number of Greek Cypriots and a stronger public statement of support from Makarios, Clerides will probably consent to remain.

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The US embassy in Nicosia reports that Clerides' threat to resign has already sparked a rise of sentiment for him among Greek Cypriots, and the campaign to bring Makarios back appears to be losing some of its momentum.

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CAMBODIA

The discontent caused by sharp increases in prices has eased temporarily, mostly because Cambodian civil servants and military personnel have just received promised pay increases.

Pay envelopes this week were unusually fat, since they include increases retroactive to September 1. The full impact of the higher prices will not hit until mid-October.

Meanwhile, the antics of Lon Non, the President's younger brother, continue to worry top military and civilian officials. Lon Non plans, for example, to visit military commanders around the capital and in the provinces, and this has given rise to rumors that he is after a top military post. General Sosthene Fernandez, commander of the army, is taking no chances; he has canceled a trip abroad and is actively seeking assurances of support from other senior officers.

The far-fetched political plans Lon Non has outlined to journalists and his agitation for changes in the Socio-Republican Party--the President's primary political base--are contributing to the general uneasiness.

FOR THE PRESIDENT ONLY

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VENEZUELA

President Perez' vigorous defense of Venezuela's oil pricing policies has inspired wide popular and official support. Partly as a result of strong nationalist sentiment on this issue, the President, in the six months since his inauguration, has established a clear advantage over his political rivals and critics.

In an apparent effort to curb excessive reactions on the petroleum issue from members of both his own Democratic Action Party and the government, Perez is reported to have prohibited official comment on recent remarks by US officials, unless he specifically approves such comments.

Some of his advisers are said to be urging him to carry Venezuela's position to the United Nations this month. Perez, however, appears to be awaiting a response to his public letter to you before deciding on his next course of action.

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NOTES

Iraq-France:

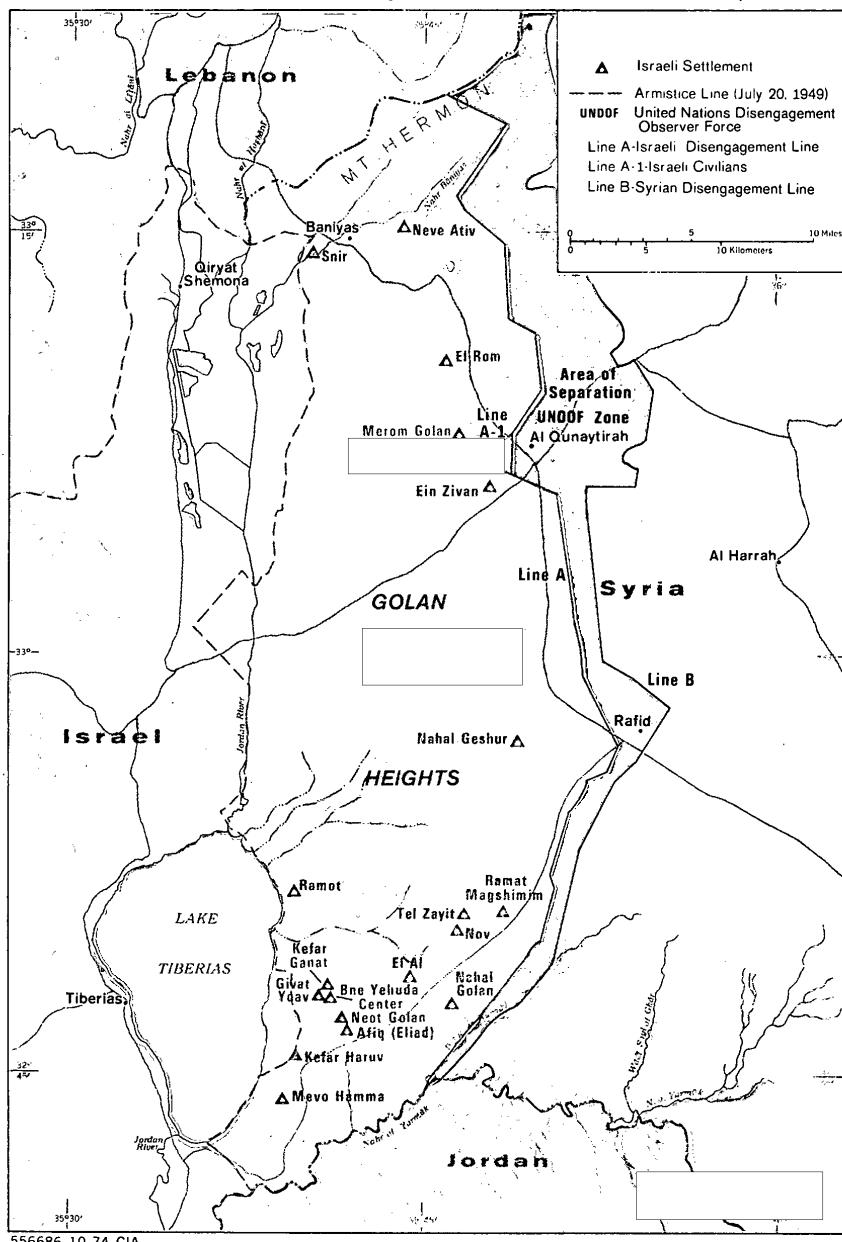
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China: China's imports from the US will probably reach only \$800 million this year, down from earlier US projections of \$1.1 billion. The causes of the drop are recent rescheduling of agricultural deliveries and cancellation of contracts. The Chinese have postponed delivery of about 1 million tons of wheat until 1975, and have canceled a large contract for US soybeans, perhaps because earlier shipments were contaminated. Nevertheless, Chinese imports from the US reached \$709 million through August, up \$20 million over the same period in 1973. Chinese exports to the US are expected to reach \$100 million, up from \$64 million last year.

FOR THE PRESIDENT ONLY

Israeli Settlements on the Golan Heights



FOR THE PRESIDENT ONLY

ISRAELI SETTLEMENTS IN THE OCCUPIED TERRITORIES

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The Israelis have been "creating facts" in the occupied territories by establishing Jewish settlements ever since the 1967 war. Most of these settlements are in areas over which many Israeli leaders believe Israel must maintain control under the terms of any final peace agreement. Although attitudes in Israel have changed somewhat since the October 1973 war and a growing number of Israelis have now come to favor a political solution--which would of necessity involve Israeli territorial concessions--the existence of the settlements makes compromise on territorial questions less easy and, consequently, complicates the search for a negotiated peace.

The Settlements

Following the 1967 war, the Israelis immediately set about establishing settlements in the newly occupied territories. During the first year of occupation at least a dozen nahal (paramilitary) settlements were established, nine of them on the Golan Heights.

By the end of 1970, 27 settlements were in existence, many of which were nahals. Most settlements are involved in agriculture; others are associated with light industry, fishing, and even tourism. By last count in September of this year, some 56 settlements had been established: 22 in the West Bank; 21 on the Golan Heights; 9 in Sinai; and 4 in the Gaza Strip. These figures include some that are actively under construction as well as those already well established.

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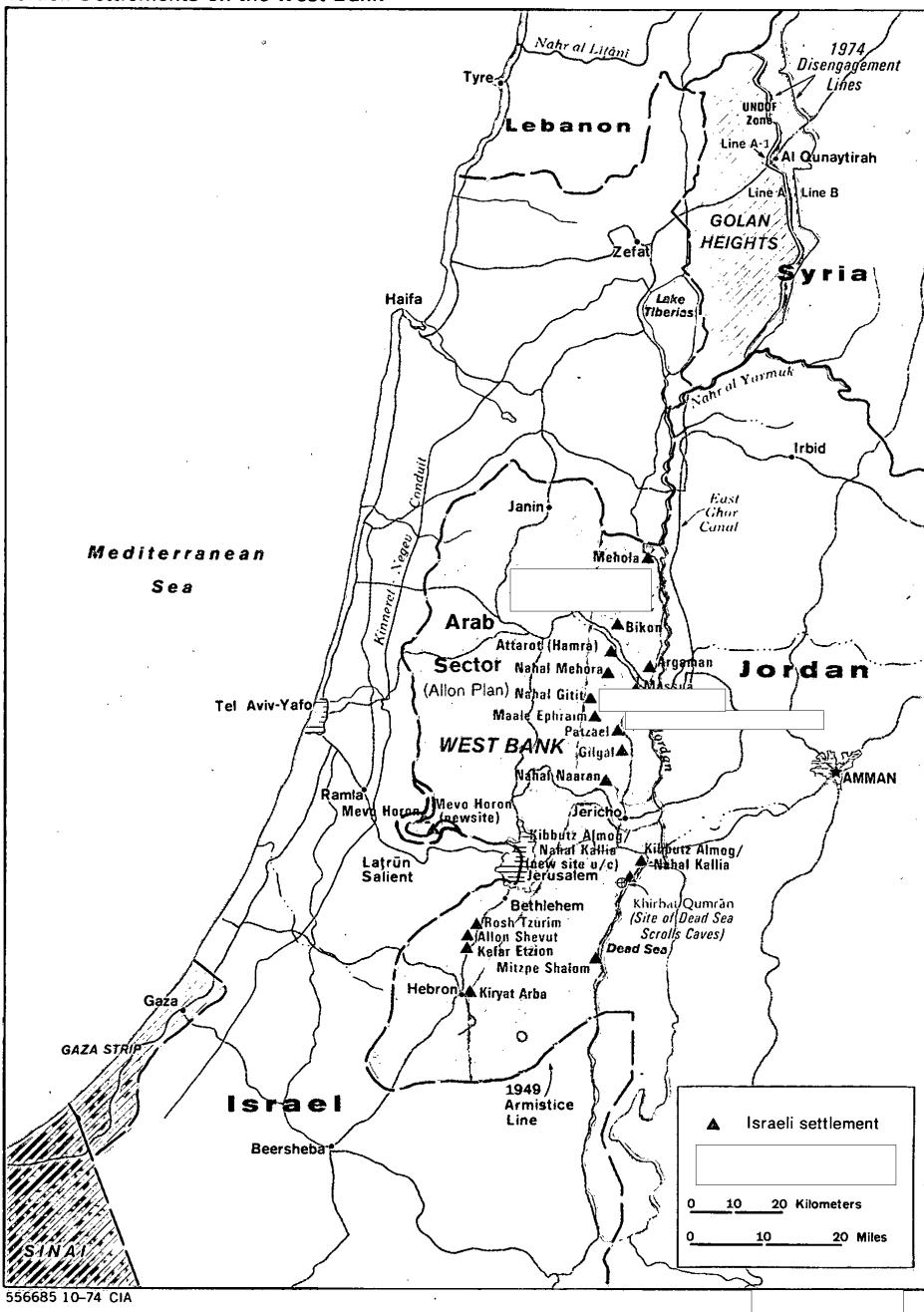
Continued building in most of the settlements indicates that the Israelis are planning to expand their presence in the occupied territories. At least four new settlements are reported to be under construction on the Golan Heights; a new settlement has been announced for the West Bank (near Kefar Etzion), and the Israeli press has announced the establishment of three others in the Gaza Strip.

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FOR THE PRESIDENT ONLY

Israeli Settlements on the West Bank

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*FOR THE PRESIDENT ONLY*Debate in Israel

The establishment of the settlements has been a key element in Israeli policy toward the occupied territories and is seen by most Israelis largely in terms of security. This concern over security was the basic motivation for the "Allon Plan" for the West Bank, conceived shortly after the 1967 war by Deputy Premier Allon. Although initially Allon's personal scheme, the plan gradually gained wide support both inside and outside of government. The plan envisaged a 12- to 18-mile-wide defensive zone along the Jordan River. This strip--covering about a third of the West Bank--was to have some 20 Israeli fortified settlements. (As of last month, some 17 settlements had been established inside the zone.) An Israeli-controlled corridor in the Jericho area would connect the West Bank with Jordan. East Jerusalem would remain under Israeli control. The remainder of the West Bank would revert to Arab control and would be demilitarized.

As settlement proceeded, debate developed both in and out of government over the relationship of the occupied territories to Israel proper as well as over the role of the settlements. Some Israelis favored continued settlement and incorporation of territory on historical and religious grounds while others, fearful of the threat to the Jewish character of the state posed by the absorption of large numbers of Arabs into Israel, were opposed.

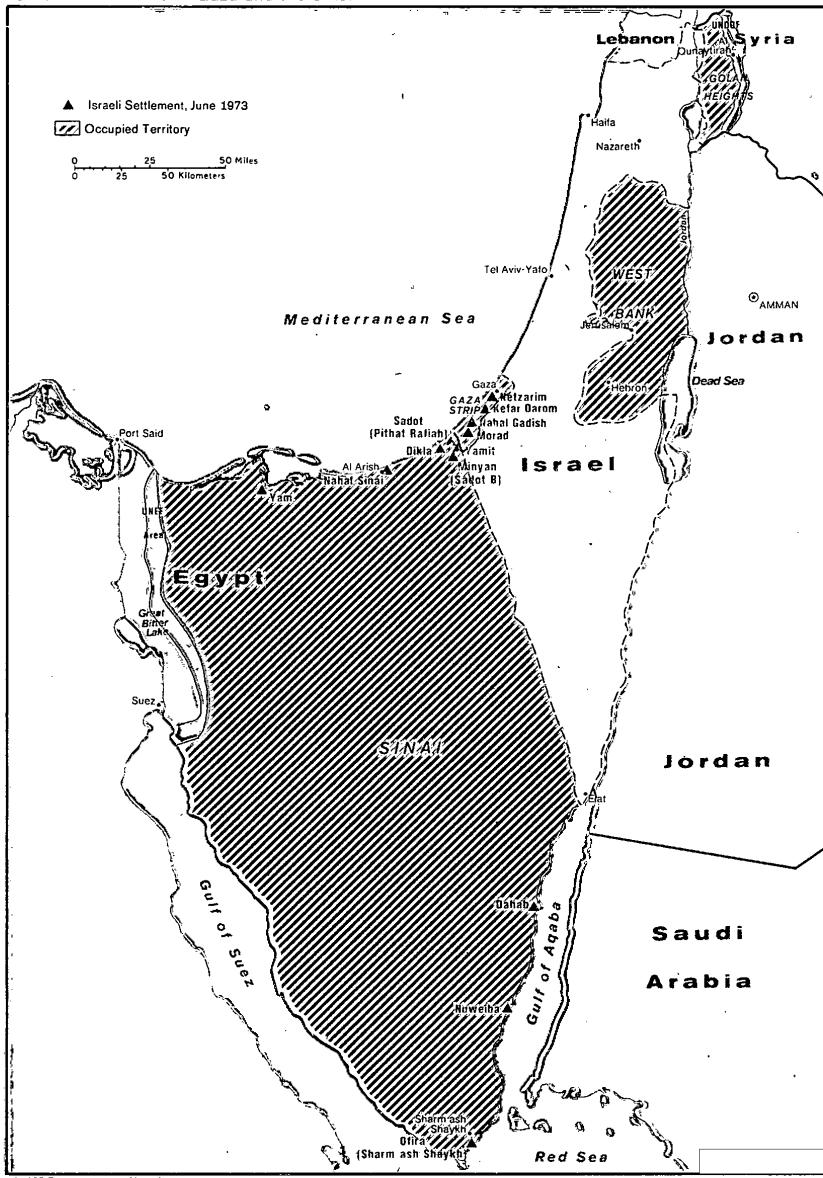
Members of Prime Minister Rabin's cabinet hold opposing views on the establishment of settlements, and the government, hopeful of avoiding domestic controversy over the issue, has deliberately tried to keep its settlement policy vague. Many of the settler groups have been sponsored by Israeli political parties, including the Prime Minister's Labor Party, and Rabin--who has only a one-vote majority in the Knesset--is under considerable pressure from religious groups and conservatives to proceed with the settlement program. The settlement groups' efforts to maintain and consolidate Israel's present West Bank frontier against the wishes of the government are supported by Rabin's principal opposition, Likud, and Labor's former coalition partner, the National Religious Party.

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Israeli Settlements in Gaza and the Sinai



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The government's present effort appears to be directed toward slowing the pace of settlement efforts by approving new settlements only in certain areas. The government has given priority to establishing settlements in the Golan Heights, the Jordan Valley, the Rafah area in northern Sinai, and the environs of Jerusalem; all except the latter are sparsely populated. At the same time, however, it is apparently allowing planning for additional settlements to proceed as usual. The prominent treatment afforded the settlements in the Israeli press has not been toned down.

Attempts by religious groups to establish settlements have continued to cause problems for the Rabin government. In July, troops were used to thwart an attempt by settlers of orthodox persuasion, who claim the West Bank for Israel, to found a settlement in the northern half of the West Bank. Because of the large Arab population there, Israeli governments have steadfastly refused to allow settlements in the area. After the government turned down a request in August by a group wishing to establish a settlement there, the settlers threatened to go ahead without government permission and warned that the next attempt would be on a larger scale.

Arab Concern

For their part, the Arabs, who closely monitor Israeli activities in the occupied territories, regard the Jewish settlements and their continuing establishment as clear and convincing evidence that the Israelis are intent on retaining much of the land captured since 1967. Both the Jordanians and the Saudis have pressed the issue with the US, and King Faysal, in particular, has twice requested explanations of Israeli settlement programs from Ambassador Akins.

FOR THE PRESIDENT ONLY

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The President's Daily Brief

October 4, 1974

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

FOR THE PRESIDENT ONLY

October 4, 1974

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ITALY

Long and difficult negotiations will be required to form a successor to Prime Minister Rumor's center-left government, which resigned yesterday. The Christian Democrat that President Leone picks to form the next government--party chief Amintore Fanfani is a strong possibility--will probably try to put the center-left coalition back together. Failing that, the Christian Democrats may form a one-party, caretaker government to preside until the dust settles.

Evidence had been mounting that there would be a major political blowup in Italy this fall. All that was missing was a catalyst. That came Tuesday, when the smallest party in Rumor's cabinet, the Social Democrats, unleashed a bitter attack on its Socialist coalition partners.

Finance Minister Tanassi, leader of the Social Democrats, accused the Socialists of paralyzing the coalition with their insistence on closer relations with the Communists and changes in the austerity program passed by parliament in mid-August. Tanassi said the only solution was for President Leone to call new elections, since parliamentary arithmetic does not now permit a workable non-Communist majority without the Socialists.

Speculating about Social Democratic motivation, some left-wing and moderate press commentators have pointed to the US as the instigator of Tanassi's move. They charge that Tanassi--who is noted for his strong anti-Communist views--was influenced by reports that the US is alarmed over the prospect of increased Communist influence in Italy.

President Leone may refuse to accept Rumor's resignation, as he did last June when he managed to keep the government in place. This tactic is less likely to work now, because differences among the coalition parties have grown considerably. A fairly broad consensus, moreover, holds that Rumor's mandate has run out.

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Leone will also be reluctant to accept the Social Democrats' call for elections. Sentiment is running strongly against this alternative, not only because it failed to solve anything when last tried in 1972, but also because the Socialists and Communists stand the best chance of scoring gains. Most political leaders would prefer to study the outcome of regional elections this spring before risking a national contest.

Negotiations will be complicated mainly by the increased assertiveness of the Socialists. They will press hard for more important cabinet posts, more spending on social programs, and--probably--for some form of governmental collaboration with the Communists. While this is all going on, the Communists will be hammering away at the theme they have stressed with increased emphasis during the last year--that the country's problems cannot be solved without Communist help. They will be seeking official recognition by the governing parties, such as formalized consultations on legislative matters.

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PORUGAL

The leftists are the apparent beneficiaries of the changes made yesterday in the Portuguese government.

Prime Minister Goncalves took over the Ministry of Defense, where he will be "assisted" by another member of the leftist-oriented Armed Forces Movement, Major Alves. The Defense Ministry had previously been in the hands of Spinola supporters. The Ministry of Information has been reduced to a lesser office and made directly responsible to the prime minister.

President Costa Gomes is still chief of staff of the armed forces, the most important military position, but Goncalves and the Movement are now in position to undermine the President on military matters.

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The Movement may be acting independently of the government in other fields.

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A source close to Foreign Minister Soares told the embassy in Lisbon yesterday that elements in the Portuguese government, possibly including Goncalves, are working to sabotage the Azores negotiations in such a way as to make it appear that the US is unwilling to help Portugal. The source said this would then be used to justify Portuguese withdrawal from NATO.

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MIDDLE EAST

Some [redacted] Syrian, and Israeli
forces have been put on alert.

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[redacted]

[redacted] Travelers from
Damascus have reported that Syrian forces went on
alert Monday, and the Israelis announced yesterday
that their forces in the Golan Heights have also
been placed in a higher state of readiness.

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[redacted]
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CYPRUS

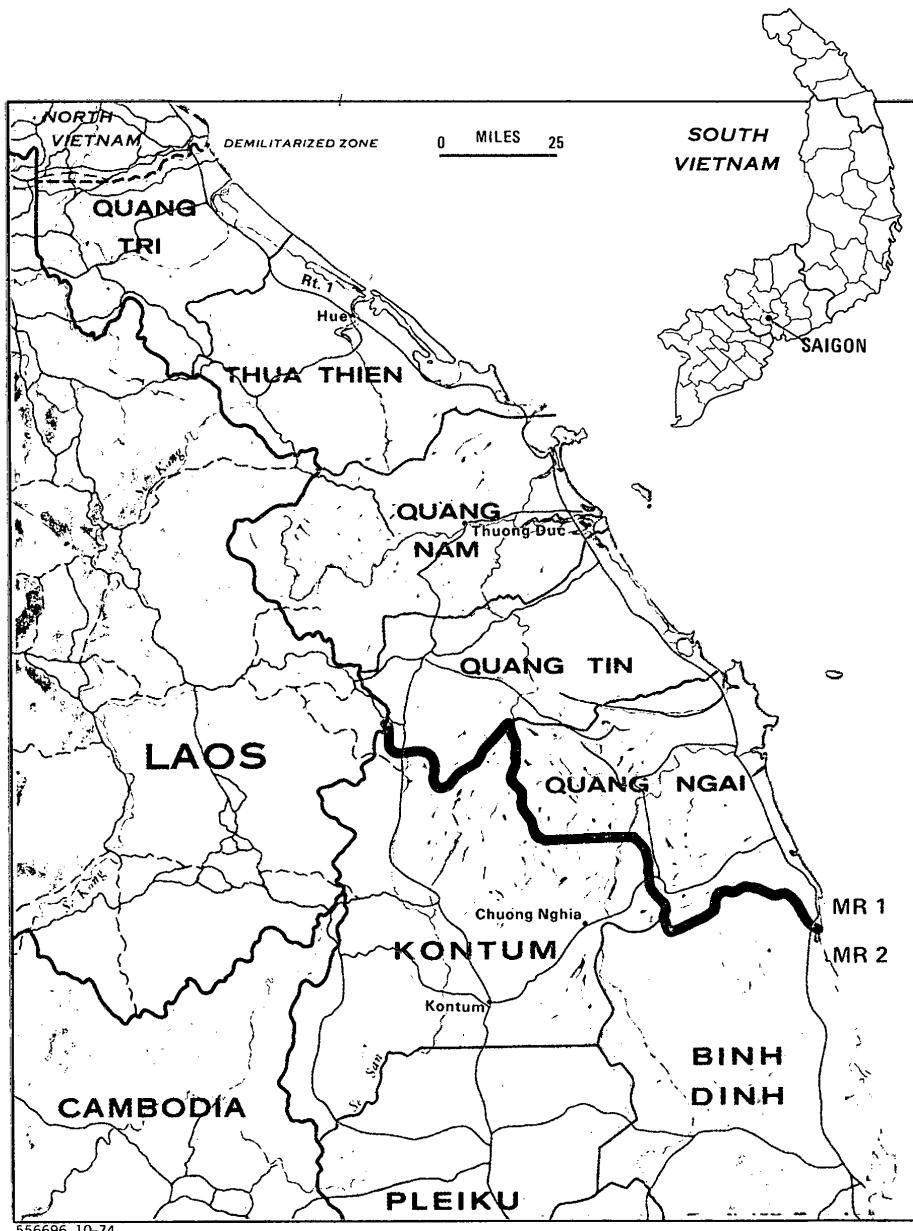
Acting Cypriot President Clerides decided not to go through with his threatened resignation yesterday after receiving a strong statement of support from Archbishop Makarios. An apparent attempt against his life late last night, possibly by pro-Makarios leftists, may well cause him to reconsider.

According to the US embassy in Nicosia, Clerides believes Vassos Lyssarides, a leftist political leader and an ardent Makarios supporter, was directly responsible for the assassination attempt. Clerides reportedly believes Makarios is indirectly responsible for the attempt because of his earlier efforts to undermine Clerides.

Earlier yesterday, Archbishop Makarios had urged Greek Cypriots to help Clerides in his "difficult and complex task." Makarios called for an end to mass rallies and speculation by his own supporters about his return. The Archbishop said he would decide for himself the date of his return after the forthcoming discussion of the Cyprus issue at the UN. Makarios and Greek Prime Minister Karamanlis had previously given Clerides [redacted] assurances of support, but Clerides considered them inadequate. He demanded unequivocal backing, claiming he could not otherwise negotiate with the Turkish Cypriots or govern the Greek Cypriots.

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SOUTH VIETNAM

North Vietnamese forces have mounted a strong attack on the outpost at Chuong Nghia, the last government stronghold in northern Kontum Province. Government troops have already suffered heavy casualties and radio contact with the garrison has been lost. If--as seems likely--the Communists take the camp, they will have full control of some two thirds of Kontum Province. This would make it easier for them to move closer to inland population centers and to Route 1 along the coast.

Just a few weeks ago, commanders in Military Region 2 were saying they would defend Chuong Nghia at all costs. The outpost is manned only by local government security forces, however, who are little match for the North Vietnamese. Reinforcement is unlikely because of heavy Communist ground fire.

Fighting has also intensified in central Military Region 1, especially near Hue where the Communists are trying to take positions dominating Route 1 before the rains get heavier. South Vietnamese commanders say they can contain the attacks in this area, but they have made little progress in regaining territory already lost to the Communists.

In Quang Nam Province, South Vietnamese forces trying to recapture the former district capital of Thuong Duc have been slowed by North Vietnamese artillery and mortar attacks. The Communists are said to have moved a fresh regiment into the area. This, together with the approach of bad weather, could prompt the South Vietnamese to put off their move on Thuong Duc.

FOR THE PRESIDENT ONLY

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THAILAND

Prime Minister Sanya, citing health reasons, has announced that he is temporarily turning over his duties to Deputy Prime Minister Prakop. There is widespread belief that Sanya will not attempt to return to office.

Although the health of the 67-year-old Prime Minister is not good, his decision appears to have been prompted largely by political considerations.

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During the past week Sanya has received strong criticism from all quarters, including the cabinet, for his handling of student protests against the draft constitution. His apparent willingness to scuttle that document, the preparation of which has been under way for nearly a year, has undermined much of the sympathy and respect Sanya had built up during his year in office.

Final deliberations on the constitution began in the National Assembly today. Although student militants have threatened violent demonstrations, it is doubtful that they will attract much support. Two key university groups have announced they will refrain from any protests at this time.

Sanya is likely to stay on the sidelines until the draft constitution is promulgated, most likely on October 8. He may choose that occasion to offer his resignation, citing the completion of the task he assumed when he took office one year ago--the drafting of the new constitution--and formally turn over his responsibilities to his deputy. Since general elections are scheduled for February 1, it is a solution that most Thai presumably could accept.

FOR THE PRESIDENT ONLY

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NOTE

Lebanon: President Franjiyah yesterday charged veteran centrist leader Saib Salam with forming of a new government. Salam's ability to assemble a new cabinet quickly is questionable; he reportedly will be strongly opposed by leftist leader Kamal Jumblatt, who played an important role in bringing down former prime minister Sulh's government last week.

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The President's Daily Brief

October 5, 1974

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

FOR THE PRESIDENT ONLY

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FOR THE PRESIDENT ONLY

PORUGAL

*Dissension may be developing within
the armed forces over the government's
gradual drift to the left.*

25X1

*[redacted] a petition now
being circulated in support of the for-
mer president has been signed by over
800 officers.*

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A similar petition surfaced in late August. It was supposed to back Spinola's position and gather support for disbanding the Armed Forces Movement Coordinating Committee. Spinola received the backing of a majority of the officers, but the Coordinating Committee has continued to operate. In fact, recent events have increased its influence.

Council of State legislation early this week made the Coordinating Committee part of the armed forces General Staff. The Movement will now be in a better position to override President Costa Gomes, who is chief of staff of the armed forces, on military policy. This development, along with Prime Minister Goncalves' take-over of the Defense Ministry, puts the left-leaning Movement in a strong position to control the military.

A further polarization between regular officers and Armed Forces Movement members is likely over the choice of a replacement for the former army chief of staff, who was one of the four junta members ousted last weekend. The regular officers, though they agree with the basic aims of the Movement's program, resent the promotions Movement members have had since the coup, as well as the increased politicization of the military.

The regular officers have not recovered from the shock of Spinola's resignation, and do not appear to have the organization necessary to challenge the Movement seriously. If they do not move soon, the Movement's control may become uncontested.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

ETHIOPIA

Troops supporting different military factions are moving into Ethiopia's capital, adding to tensions as the complex struggle for power within the military continues.

The ruling military committee held meetings Thursday and yesterday in an effort to avert a clash among its various contending factions. While it was meeting, additional troops of the 1st Division moved into Addis Ababa. The action, and other measures of military preparedness taken by the 1st Division, may be a show of force aimed at influencing the committee's decisions.

The 1st Division, until recently, had primary responsibility for protecting the royal family. It only belatedly joined the military committee [redacted] Some members of the 1st Division want to restructure the 120-man committee into a less cumbersome body.

25X1

In a showdown, 1st Division forces would be far superior to those of the other unit assigned to the capital--the 4th Division. The movement of other units into Addis Ababa may represent an effort by those opposed to the 1st Division to get troops into the capital to even the balance.

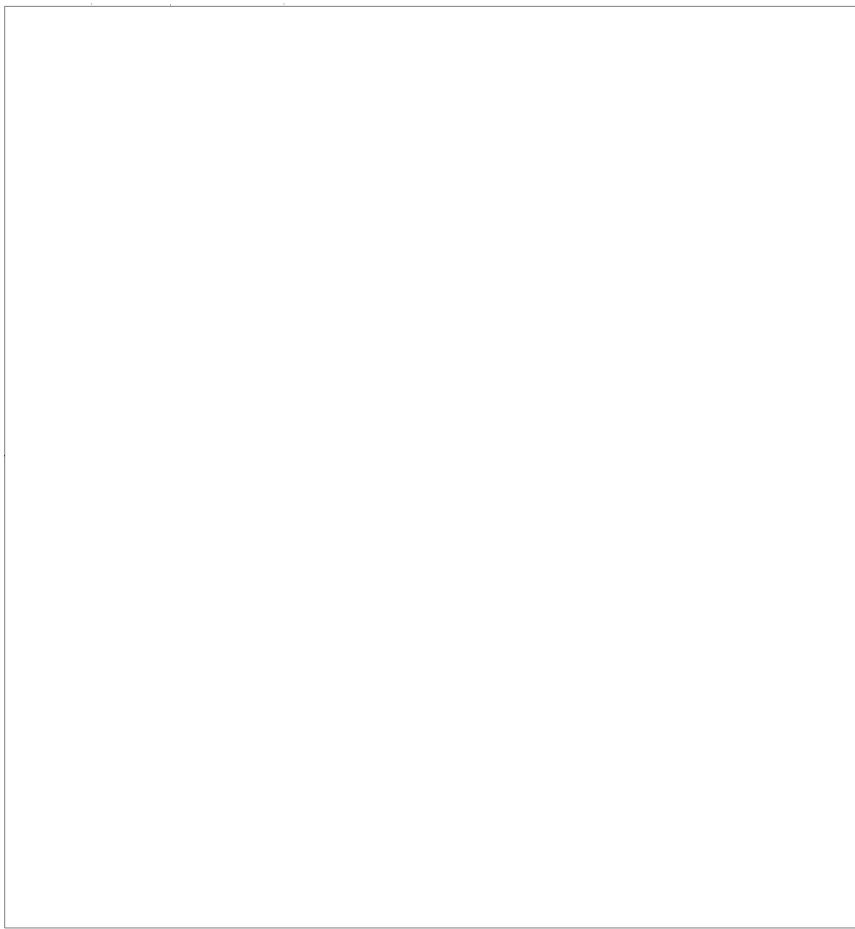
In addition to its serious factional disputes, the military must cope with unruly radical students who are agitating against a proposal that calls for them to perform two years of national service in the countryside.

The military held a meeting with students on Thursday to conciliate differences, but the affair ended in violence. The students are likely to hold demonstrations in the next few days calling for immediate civilian government, contributing further to tensions in the capital.

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USSR

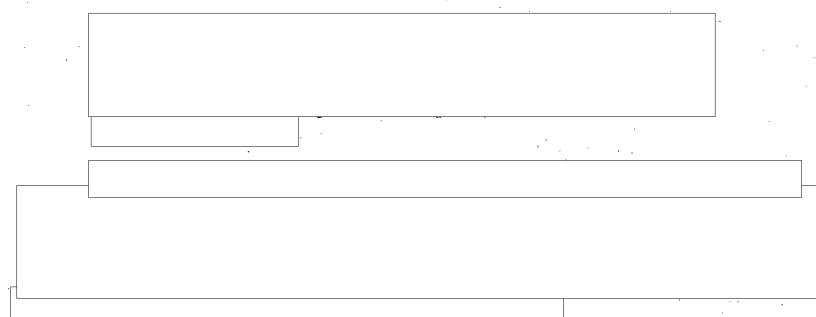


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FRANCE-ISRAEL



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The Israeli visitor was said to be most interested in the supersonic Mirage F-1 fighter, but cautioned that Israeli leaders would have to weigh carefully Washington's probable reaction to any Israeli purchase of F-1s. Egypt and Kuwait reportedly have already bought some of these aircraft.

A major sale of fighters to Israel might cause political problems for France. Over recent years, good relations with the Arabs have come to be a basic aim of French foreign policy, because of the overriding concern to assure an adequate supply of oil.

Even during the embargo, however, the French avoided cutting off the Israelis completely. Tel Aviv managed to obtain a steady stream of spare parts for its French Mirage and Mystere aircraft, despite the embargo. Moreover, as a result of the recent visit by the Israeli chief of staff, Israel has ordered and is now receiving some replacement engines for its 60 Mirages.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

VIETNAM

Hanoi has not yet begun its seasonal infiltration of troops to South Vietnam's southern battlefronts, but the flow of manpower through the pipeline could increase soon.

Hanoi stopped sending troops to the central highlands and the southern half of the country last spring. During the summer months, however, the North Vietnamese maintained a flow of troops to the north-central coast of South Vietnam, where the Communists were conducting widespread attacks against government positions.

In September, Hanoi began moving troops to units along the infiltration network, suggesting that it was getting the system ready for heavier supply and troop movements. Hanoi generally begins infiltration to southern South Vietnam during October or November. Hanoi has significantly improved its capability for moving troops south over the past year or so and can now get them to the provinces around Saigon in as little as three weeks.

In mid-summer, Hanoi had enough men undergoing basic training to sustain at least a modest infiltration effort this fall and winter. The North Vietnamese, moreover, conducted a major countrywide conscription drive during August and September; these new recruits may not be ready to infiltrate until next spring. According to one intercept, they are to receive nine months of training, rather than the four or six months normally given. A longer training period would be consistent with Hanoi's continuing campaign to strengthen its armed forces.

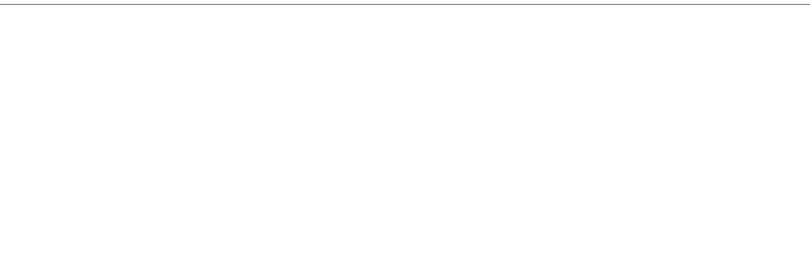
Hanoi could augment its forces in the South by sending some of the combat units in its large strategic reserve. There are no signs, however, that any of the six divisions in the reserve are preparing to move.

FOR THE PRESIDENT ONLY

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NOTES

25X1



Philippines: President Marcos said yesterday that relations with Peking and Moscow would be normalized "as soon as possible." To follow up on Mrs. Marcos' visit to China in September, a Philippine mission will go to Peking this month. It is specifically charged with working out details of trade arrangements, but Marcos says it is empowered to negotiate on "any other matter." Marcos reiterated his intention of opening ties with the Chinese and Soviets simultaneously. He did not indicate that he intends to hold any comparable talks with Moscow, although the Soviets would certainly be receptive. Despite Marcos' implication of speedy action, he will probably continue to move gradually in respect to both Moscow and Peking.

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USSR-India: The Soviet Union continues to refuse India's requests for food grain. Premier Kosygin did promise to look into the possibility of sending other commodities--primarily non-food--to India, even if this should require the diversion of shipments destined for other countries.

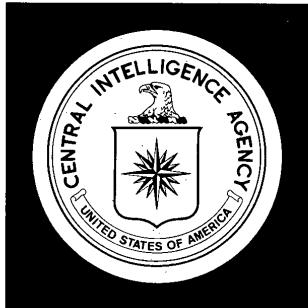
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FOR THE PRESIDENT ONLY

USSR-France: The French have announced that General Secretary Brezhnev will visit France from December 5 to 7. A meeting at that time will fit the pattern of top-level visits (roughly two a year) that the two countries have exchanged since they signed a protocol on consultations in 1970. Past meetings have served mainly to uphold the appearance of an especially close relationship between the USSR and France. Brezhnev met with the late President Pompidou at a Black Sea resort last March. The December trip will be Brezhnev's first personal encounter with President Giscard d'Estaing since Giscard assumed office.

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The President's Daily Brief

October 7, 1974

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declassification schedule of E.O. 11652
exemption category 5B(1),(2),(3)
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FOR THE PRESIDENT ONLY

October 7, 1974

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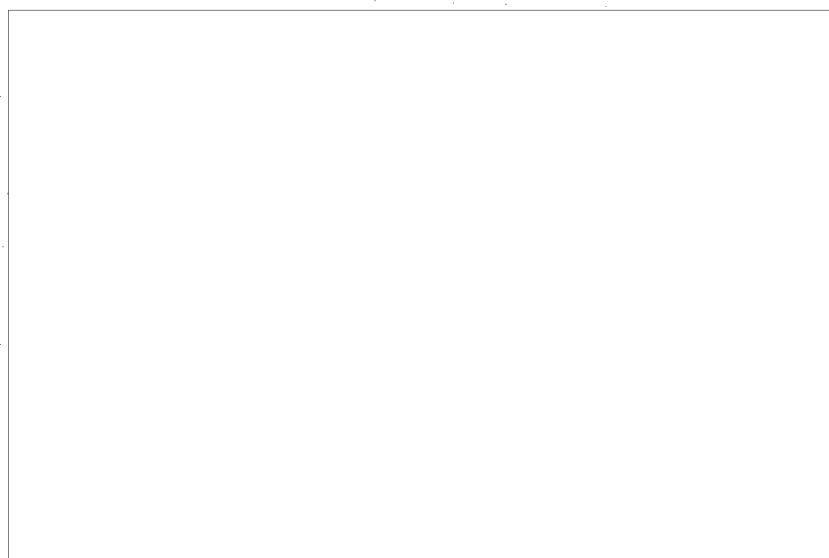
Middle East:		25X1
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	(Page 1)	25X1
<u>Italy:</u>	President Leone begins consultations toward naming a candidate to form a new government. (Page 2)	
<u>USSR:</u>	Brezhnev, speaking in East Berlin yesterday, underscored the importance of both Germanies to Soviet policy and recited a litany of arms control proposals, without a sign of give in the USSR's positions on the latter. (Page 3)	
<u>Notes:</u>	China; Ethiopia (Page 4)	

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MIDDLE EAST



FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY**ITALY**

Italian President Leone today begins consultations toward naming a candidate to form a successor to Prime Minister Rumor's center-left government that resigned last week. Party leaders have been careful not to foreclose the possibility of forming a new center-left coalition.

Actual negotiations to form a government will be long and difficult, complicated chiefly by the increased assertiveness of the Socialists. The Socialists will press hard for more important cabinet posts, more spending on social programs, and--probably--for some form of governmental collaboration with the Communists.

The Communists are hammering at the theme they have stressed with increasing emphasis during the last year--that the country's problems cannot be solved without Communist help. They have urged a "new departure" that will give them more influence in the governing process.

There is little enthusiasm for holding parliamentary elections as proposed last week by Finance Minister Tanassi, leader of the Social Democrats--the smallest party in Rumor's cabinet. It was Tanassi's bitter attack against his Socialist coalition partners and his call for elections that triggered the government's collapse.

The Christian Democrats argue that early elections would not help solve the country's economic problems. The Socialists agree but are sticking to their demands for changes in the economic stabilization program. A breach has opened on the issue even within the ranks of the Social Democrats. The Communists reject new elections as a move that would paralyze the country.

The fall of the government has not yet had a direct impact on efforts to deal with Italy's economic problems, although this would appear to be only a matter of time. Prior to Rumor's resignation, organized labor had requested a meeting with top government and management officials to discuss union demands for higher wages and benefits. Labor's patience will probably begin to wear thin if efforts to organize a new government are protracted--especially if unemployment begins to rise sharply.

FOR THE PRESIDENT ONLY

USSR

General Secretary Brezhnev spoke in East Berlin yesterday in celebration of the 25th anniversary of the German Communist state.

Much of his 70-minute speech was dedicated to the event at hand and underscored the importance of both Germanies to Soviet policy. Brezhnev mentioned West German Chancellor Schmidt's scheduled visit to Moscow late this month and cited approvingly Schmidt's pledge to continue the Ostpolitik of Willy Brandt.

The Soviet leader appeared to be calling for diplomatic stability with regard to Berlin. He emphasized the importance of the Quadripartite Agreement on the city to relations between Moscow and Bonn and warned against West German attempts to obtain "special advantages" in West Berlin or make the city an object of a "political game." The latter references appear to be in reaction to Bonn's recent establishment of a federal environmental office in West Berlin.

In private talks with East German party chief Honecker, Brezhnev is expected to give special attention to each government's relations with West Germany.

Brezhnev recited the gamut of Soviet arms control proposals without showing any signs of give in the USSR's positions. As anticipated, he gave stress to the negotiations on European security and cooperation at Geneva. As he did in a recent speech during the visit to Moscow of Hungarian party chief Kadar, Brezhnev placed no time limit on conclusion of the conference and did not call for a summit-level conclusion to the negotiations. Again, as did Kadar, Brezhnev's ally Honecker called for a meeting at the "highest level" to end the talks.

Regarding China, Brezhnev chastized its Maoist leaders but said that Moscow would continue to try to normalize relations with Peking.

FOR THE PRESIDENT ONLY

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NOTE

China: Premier Chou En-lai, who left his sick bed to host a banquet on September 30, has returned to the hospital. Yesterday, the president of Gabon met with Chou in his hospital room.

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Ethiopia: Tension remained high in Addis Ababa this weekend, as more troops moved into the Ethiopian capital. As of Saturday, according to the US embassy, efforts were still being made to reach a compromise among the various military factions and avoid an armed confrontation. The identity of the opposing groups is still not clear and the allegiances of key military elements are still in doubt. The military authorities in Asmara, the capital of the northern province of Eritrea, announced yesterday that the security situation had "worsened" and imposed a dawn-to-dusk curfew. Late last month, there were indications that the Eritrean Liberation Front, which controls most of the countryside, was planning to renew terrorist operations in Asmara.

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The President's Daily Brief

October 8, 1974

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declassification schedule of E.O. 11652
exemption category SB(1),(2),(3)
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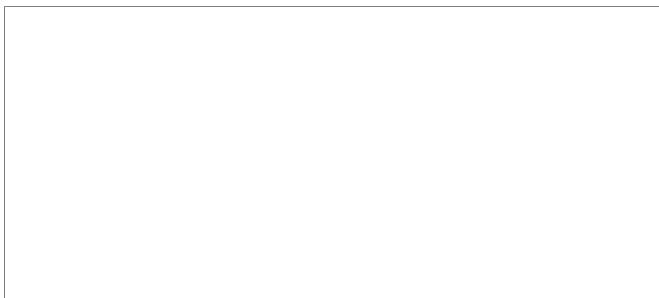
<u>Poland:</u> [redacted]	(Page 1)	25X1
<u>Portugal:</u> [redacted]	(Page 3)	25X1
<u>Japan:</u> [redacted]		25X1
	(Page 4)	25X1
<u>Ethiopia:</u> The Armed Forces Coordinating Committee has used force against military dissidents for the first time; there is now some chance of major fighting in Addis Ababa.	(Page 5)	25X1
<u>Notes:</u> Turkey-Cyprus; USSR	(Page 6)	

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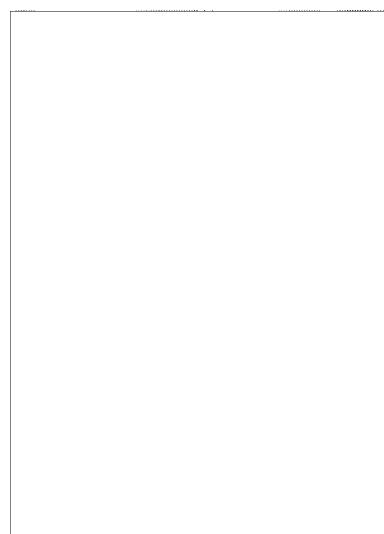
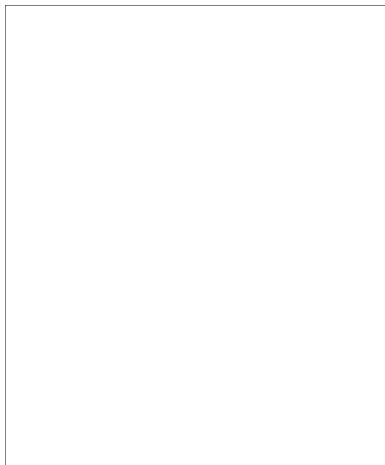
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POLAND

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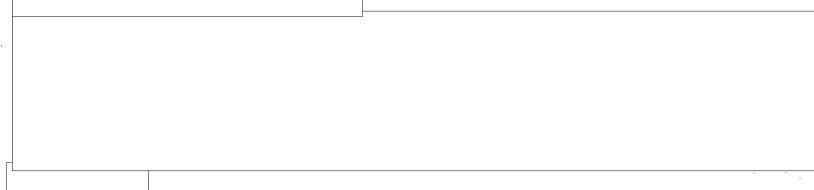


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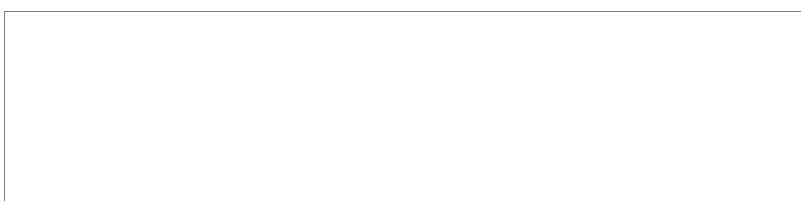
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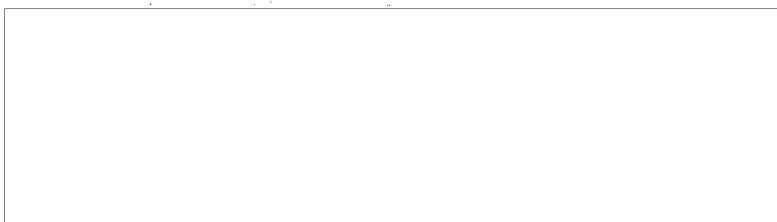
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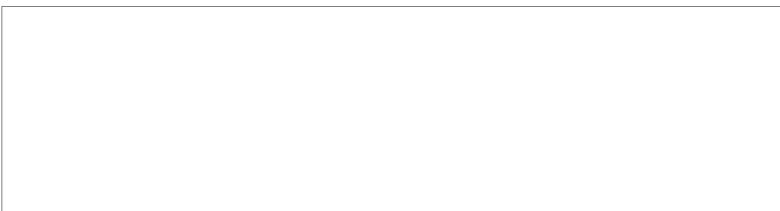
JAPAN



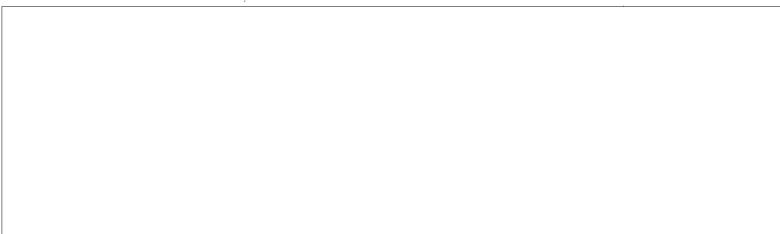
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FOR THE PRESIDENT ONLY

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ETHIOPIA

The moderate majority of Ethiopia's ruling Armed Forces Coordinating Committee has decided to use force to subdue its military opponents.

Yesterday in Addis Ababa, the committee sent troops to arrest officers and men of a dissident army engineer battalion. A skirmish broke out, and four men were reportedly killed and seven wounded. Addis Ababa radio later announced that members of the battalion and the army aviation unit had been arrested for attempting to "disrupt the progress of the revolution."

The committee's abandonment of debate and negotiation to resolve differences stems from increased tensions that in recent weeks have seriously eroded military unity.

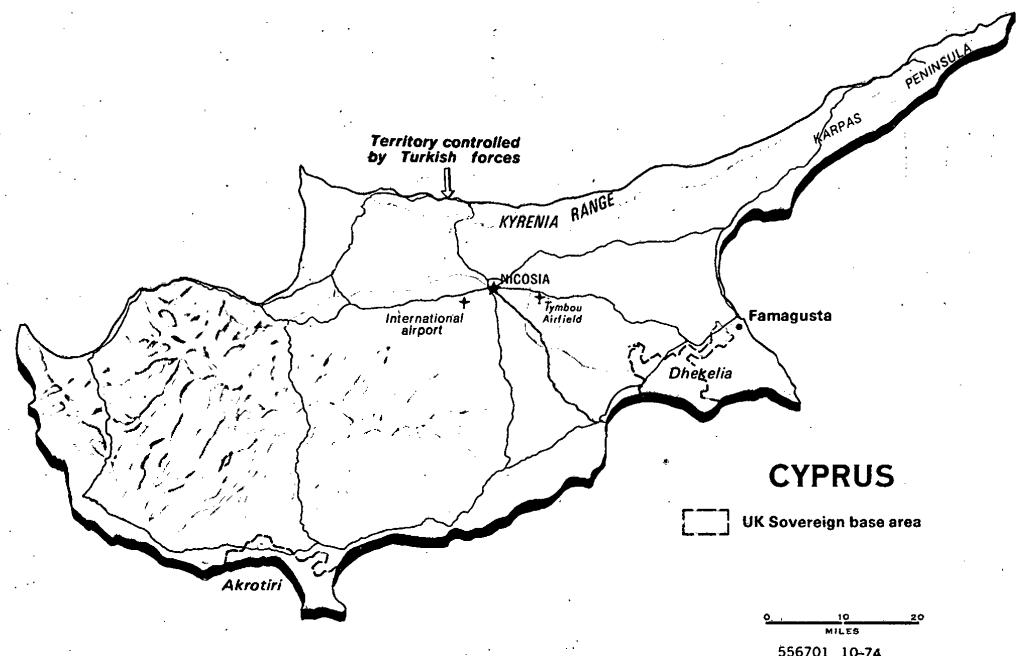
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[redacted] The chance of major fighting hinges on the reaction of the first division, which now is the strongest opponent of the committee moderates. The first division, however, is divided; most of its dissidents are in only one of its four brigades.

The moderates believe they are now strong enough to make a convincing show of strength. The troops in Addis Ababa who support committee moderates are now believed to outnumber dissidents in the first division.

FOR THE PRESIDENT ONLY



ILLEGIB

FOR THE PRESIDENT ONLY

NOTES

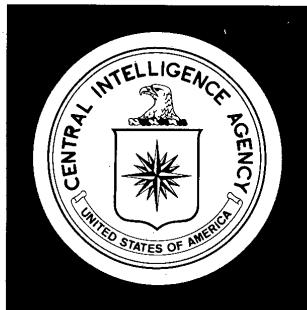
Turkey-Cyprus: Turkey's General Staff has decided to proceed with plans to establish a permanent naval base on Cyprus at the port of Famagusta, according to a Turkish military officer. The Turkish government has not yet decided whether it will permit Greek Cypriots to return to the city--a point that will be covered in future negotiations. The Turkish navy has long desired a permanent base on Cyprus, and the capture of Famagusta reportedly was a priority target in phase two of the Cyprus intervention. In addition to improving the port facilities at Famagusta, Turkish engineers are rebuilding Tymbou airfield, near Nicosia. General Staff plans also include the stationing of troops in the Famagusta area to protect these facilities.

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<u>USSR:</u> [redacted]	25X1

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October 9, 1974

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declassification schedule of E.O. 11652
exemption category 5B(1),(2),(3)
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FOR THE PRESIDENT ONLY

October 9, 1974

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Greece: The cabinet resigned yesterday in favor of a caretaker government that will conduct parliamentary elections on November 17. (Page 1)

Oil Price Increases: Saudi Arabia and Iran plan to boost their take from oil sales in conformity with recent OPEC decisions. (Page 2)

Israel: Prime Minister Rabin has been taking his case for a major shift in policy directly to the people. (Page 3)

Egypt-Israel:

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25X1

Laos: Prime Minister Souvanna Phouma is tentatively scheduled to return home on October 18. (Page 5)

France - West Germany:

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(Page 6)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

GREECE

The Greek cabinet resigned yesterday in favor of a caretaker government that will conduct parliamentary elections on November 17. Prime Minister Karamanlis and Foreign Minister Mavros remain in the interim cabinet.

Principal competitors in the elections are Foreign Minister Mavros' Center Union and the New Democracy party headed by Prime Minister Karamanlis, who is still riding a wave of popular support generated by the recent return to civilian rule. Two left-of-center parties--the New Political Forces and the Democratic Socialist Union--have decided to merge with the Center Union.

On the extreme left, "Democratic Defense," which was active in resistance efforts against the junta, has announced its support for Andreas Papandreou, who has been denouncing elections as an "electoral coup" designed to deprive the left of time to organize an effective campaign.

Greece's highly politicized armed forces, which have also been grumbling about the timing of elections, appear to have adopted a wait-and-see attitude. In assessing the role of the armed forces, the [redacted] notes that:

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--Karamanlis' recent suspension of officers who represented the hard core of Major General Ioannidis' power base in the army has done much to restore the chain of command and make the army more responsive to the government.

--In the longer term, a stable and effective right-of-center government under Karamanlis could lead to neutralization of the army as a threat to democratic parliamentary government.

--The army has been involved in politics too long to be counted out. Many officers remain convinced that politicians are unable to give Greece the stability they feel is necessary to avoid the threat of communism and anarchy. Should they decide that Karamanlis is letting the left get out of hand, the army could be expected to intervene again.

FOR THE PRESIDENT ONLY

OIL PRICE INCREASES

Saudi Arabia and Iran plan to boost their take from oil sales in conformity with recent OPEC decisions reached at Quito and Vienna.

Saudi Arabian Petroleum Minister Ahmad Zaki Yamani has notified Aramco that his government will apply the Quito formula to all oil lifted since July 1 and the Vienna formula to all liftings since October 1. This move would increase the average cost of Saudi crude oil from an estimated \$9.47 per barrel to between \$9.85 and \$10.00 per barrel. At present production levels, Saudi Arabia's annual oil revenue would increase by \$1.2 to \$1.7 billion.

It is not clear whether King Faysal has approved the price hike. Minister of State for Foreign Affairs Omar Saqqaf, no friend of Yamani's, told a US official that the petroleum minister's action was unwarranted and illegal, having been taken without the knowledge of the Supreme Petroleum Council. Saqqaf said he would advise the King to rescind this increase.

Saudi Arabia had been expected eventually to adjust prices in line with other oil-exporting countries of the region. Nevertheless, such an adjustment flies in the face of Yamani's assertions that Saudi Arabia would like to see prices lowered.

Meanwhile, the National Iranian Oil Company has sent a letter to the consortium operating in Iran with its preliminary views on the implementation of the Vienna OPEC decision.

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ISRAEL

Prime Minister Rabin has been taking his case for a major shift in policy directly to the people ever since he returned from the US last month. He apparently expects that his persuasiveness and his enhanced prestige will attract sufficient support to overcome the objections of political leaders.

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Public attention has been focused primarily on Rabin's assertion, first made in a US television interview broadcast on October 1, that Israel is prepared to make territorial concessions to the Arabs--specifically parts of the West Bank to Jordan--in return for a declaration of "nonbelligerency."

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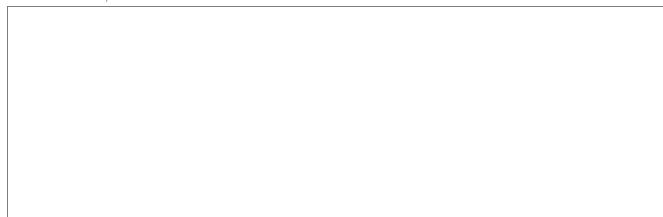
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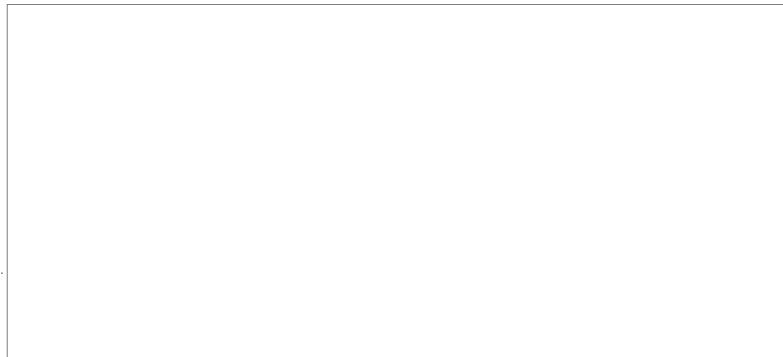
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EGYPT-ISRAEL



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[redacted] the Egyptians have been conducting a bridging exercise in the canal since Saturday.

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[redacted] the exercise might be related to Cairo's raising the state of readiness of its military forces because of the first anniversary of the October war. In the past, the Egyptians have set up additional bridges across the canal during periods of heightened tensions in the area. Such bridging activity is not prohibited by the disengagement agreement.

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LAOS

Prime Minister Souvanna Phouma is tentatively scheduled to return to Laos on October 18, but some influential non-communist officials are not enthusiastic about the prospect.

The non-communists have taken advantage of Souvanna's absence to delay action on a number of key Pathet Lao policy initiatives, including dissolution of the National Assembly, Souphanouvong's 18-point political program, and recognition of communist shadow regimes in South Vietnam and Cambodia. Most recently, they have blocked cabinet approval of an economic assistance agreement with North Vietnam negotiated by Communist minister Soth Phetrasy.

The non-communists are apprehensive that a physically weakened Souvanna will be more inclined than ever to accommodate Pathet Lao political pressures.

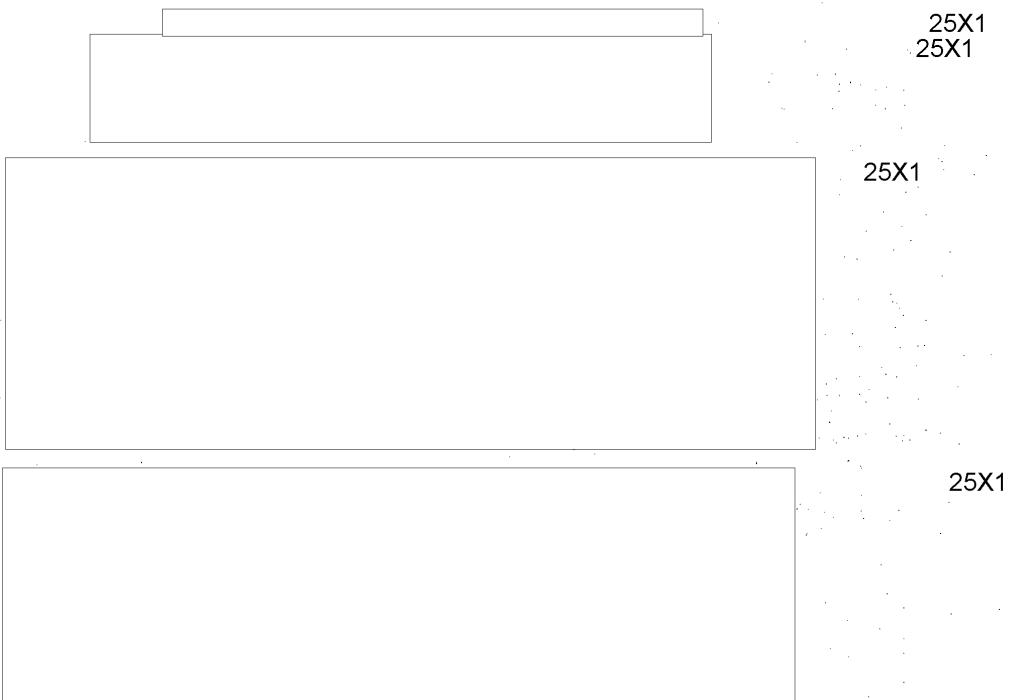
Powerful right-wing Finance Minister Ngon Sananikone, who was in Washington last week for the annual meetings of the International Monetary Fund and the World Bank, stated privately to US officials that the coalition government--meaning the non-communist side--was doing better without Souvanna, "who gave in too much" to Lao Communist demands.

Tianethone Chantharasy, the coalition's highly regarded non-communist deputy minister of foreign affairs, recently echoed Sananikone's fears, warning that if the Prime Minister's propensity for capitulation continues, the Pathet Lao will outmaneuver the non-communists on every major political issue.

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FRANCE - WEST GERMANY



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October 10, 1974

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declassification schedule of E.O. 11652
exemption category SBr(1)(2)(3)
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Cyprus: The Turkish administration has decreed that all businesses operating in Turkish areas must register or face confiscation. (Page 1)

Syria: The Syrian side of the Golan Heights disengagement zone is being repopulated. (Page 2)

Iran: The Shah has successfully concluded a two-week trip to five Indian Ocean littoral states. (Page 3)

Pakistan:

(Page 4)

25X1

Portugal: The Socialist Party is under pressure from both its left wing and the Communists to take more radical positions. (Page 5)

Notes: Saudi Arabia - US; Israel (Page 6)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CYPRUS

The "Autonomous Cyprus Turkish Administration" has decreed that all businesses operating in Turkish-controlled areas must register with the government, under penalty of confiscation. On the other side, Greek Cypriot authorities have said that those companies that also operate in their sector will invite closure and seizure if they follow the Turks' orders.

US firms caught in the middle include Cyprus Mines Corporation, which operates copper and iron pyrite mines in Greek-held territory, while its processing operations are located in Turkish areas, and Mobil Oil, 60 percent of whose annual Cyprus sales are generated by outlets in Greek-held areas and 40 percent by those in the Turkish zone.

Numerous British firms also are affected. [redacted]

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

SYRIA

[redacted]
the northern section
of the Syrian side of the Golan Heights
disengagement zone is being repopulated.
Many of the villagers who evacuated the
area during the fighting a year ago have
returned to their homes and have begun
patchwork repairs.

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FOR THE PRESIDENT ONLY

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IRAN

The Shah Friday successfully concluded a two-week trip to five far-flung Indian Ocean littoral states: Singapore, Indonesia, Australia, New Zealand, and India. He made clear his intention to have an important voice in Indian Ocean affairs and in general conveyed an impression of a strong leader.

The Shah repeatedly broached three subjects-- big power competition in the Indian Ocean, area security, and economic cooperation. He strongly supported a longstanding Sri Lanka proposal that the Indian Ocean be declared a "zone of peace." In turn, the Shah received some pledges of support for his own proposal that the UN declare the "Middle East" a nuclear-weapons-free zone.

For the most part, host governments responded as the Shah hoped. Receptions were warm, trade and cultural agreements were signed, and there were general statements of support for closer economic and security cooperation. Apparently no credit agreements were signed, but follow-up discussions on trade and aid projects could lead to some Iranian loans.

The Shah tried not to become embroiled in the controversy over the presence of US and Soviet naval forces in the Indian Ocean. He made clear, however, that he differs with those littoral states that see the expansion of US facilities on Diego Garcia as provocative and likely to lead to Soviet countermeasures. He held to his view that US activities balance the Soviet presence and are a stabilizing influence.

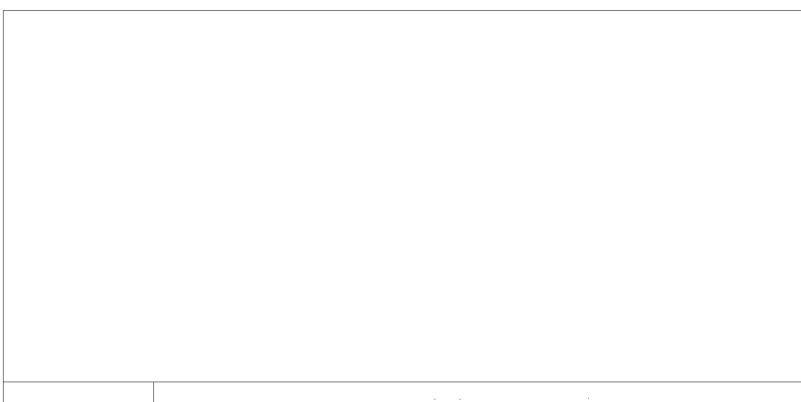
Both the Shah and the Indians had good reasons for not allowing their divergent views on Diego Garcia to mar the Iranian ruler's visit. New Delhi's cooperation is essential to the Shah's scheme for closer cooperation among Indian Ocean states. For its part, Mrs. Gandhi's government is anxious to preserve the favorable terms on which it obtains oil from Iran, the primary source of India's oil imports.

FOR THE PRESIDENT ONLY

PAKISTAN



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FOR THE PRESIDENT ONLY

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PORUGAL

The Portuguese Socialist Party is under pressure both from its left wing and from the Communist Party to adopt more radical positions and to cooperate more closely with the Communists.

The moderates have managed to retain control of the party until now, but they may be losing ground to more radical elements.

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[redacted] left-wing radicals are seeking to take over the leadership from Foreign Minister Mario Soares and to turn the party into a Communist-dominated front organization.

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After withdrawing from the Communist-dominated Portuguese Democratic Movement last August, the Socialists shunned joint action with the Communists. The pullout had been engineered by Socialist moderates who feared that the Communists would overshadow the Socialists and eventually dominate any alliance between the two parties. There has been considerable sentiment within the Socialist Party in favor of a broad coalition that would include Communists, however, and on September 28 many Socialists joined the Communists in manning road-blocks set up to prevent a pro-Spinola rally.

FOR THE PRESIDENT ONLY

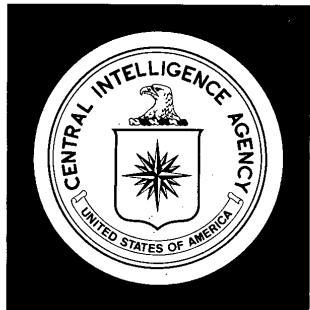
FOR THE PRESIDENT ONLY

NOTES

Saudi Arabia - US: In recent weeks several Saudi leaders have been voicing dissatisfaction with what they consider a lack of US responsiveness to Saudi defense needs. Prince Fahd raised the issue again last Friday when he met US Ambassador Atkins while both were visiting London. Fahd, who is minister of interior and probable successor to King Faysal, claimed that his officers are pressing for a switch from the US to France as a source for military equipment. According to Fahd it was a "crowning blow" to learn that US heavy tanks were being made available to Israel but not to the Saudis. Ambassador Atkins believes that part of the military pressure on Fahd results from the lavish treatment recently accorded a group of Saudi officers visiting Paris. Another probable factor is the large sums paid by the French to Saudi middlemen--some fronting for members of the royal family--with connections in the Saudi defense establishment.

Israel: Activist proponents of permanent Israeli retention of the Jordan River West Bank yesterday made their strongest effort to force the issue when hundreds of settlers and their supporters camped in at least three sites near Nablus, Jericho, and Ram Allah. Most were promptly evicted and the remainder are expected to leave today. Prime Minister Rabin issued a statement deplored the illegal settlement attempts and reiterating the government's position that no new Jewish settlements would be permitted on the West Bank without government authorization. A well-informed source of the US embassy reported earlier this week that the government had frozen all settlement plans indefinitely.

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The President's Daily Brief

October 11, 1974

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exemption category 5B(1), 5B(2), 5B(3)
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China-Laos: Chinese roadbuilding efforts in northern Laos are progressing well. (Page 4)

Angola: A Portuguese delegation was expected in Kinshasa yesterday to discuss decolonization with Zairian President Mobutu. (Page 5)

South Korea: The government expects to contain street demonstrations in Seoul, but there is a danger that the confrontations could become increasingly violent. (Page 6)

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Annex: In the Annex we discuss Somalia under President Siad.

FOR THE PRESIDENT ONLY

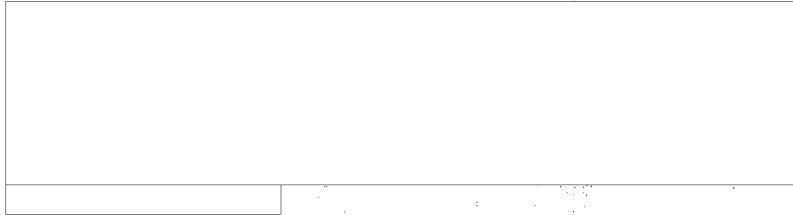
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SAUDI ARABIA - US

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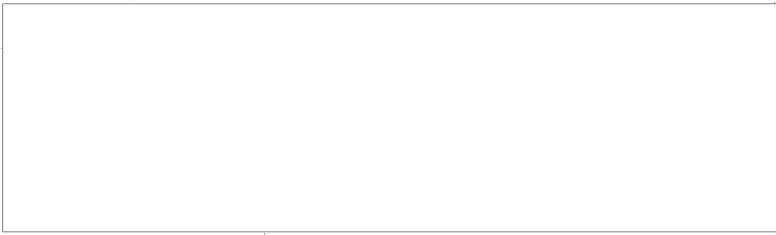


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CYPRUS

Archbishop Makarios has told supporters in Cyprus that he probably will return to the island sometime shortly after the UN debate. Makarios reportedly acknowledged a strong anti-Makarios element on the island, but he said his presence would have a stabilizing effect within the Greek Cypriot community.

Should the archbishop return, he may find that some of his traditional supporters will demand a greater role in policy-making. A leading member of the Communist Party of Cyprus recently stated that while his party continues to support Makarios' return, the situation is different now and the Communists must be accorded their "proper role" in politics.

Another of Makarios' supporters, leftist political leader Vassos Lyssarides, has also stated that all political leaders--except for extreme rightists--must be consulted, particularly before an agreement is signed with the Turkish Cypriots. He called for the formation of an "ecumenical government" made up of all political groups except the extreme right.

Makarios' return before a political settlement is reached with the Turks would likely harden the positions of both sides in the negotiations. Acting President Clerides might stay on to continue negotiations with Turkish Cypriot leader Denktash, but his flexibility and authority to commit the Greek side would be greatly reduced. The Denktash-Clerides talks would likely be redefined as strictly exploratory, with any decisions being left to Athens and Ankara but also requiring Makarios' approval.

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PORUGAL

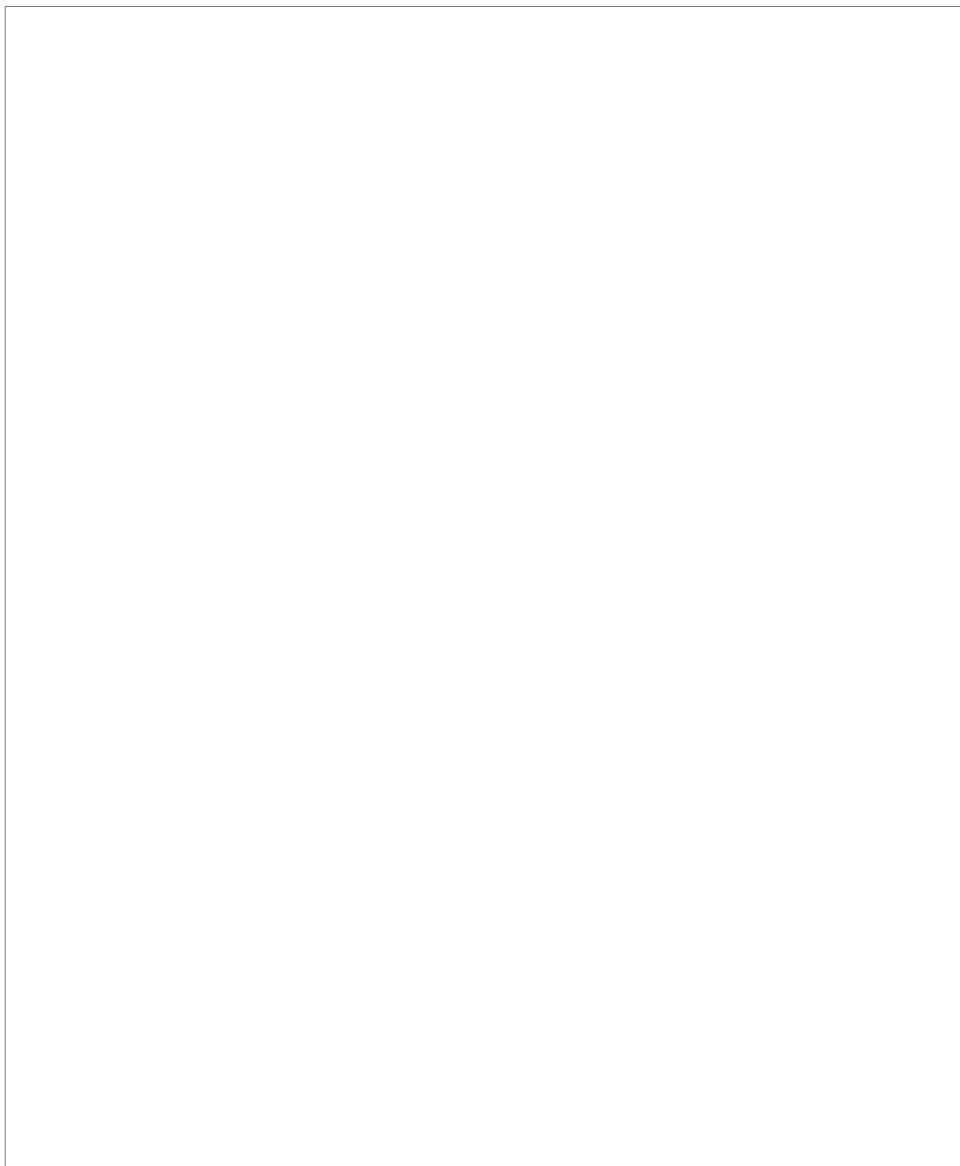
The rightists, thwarted in their attempts to hold a pro-Spinola rally on September 28, are now rumored to be planning to turn the Catholic celebration in Fatima this Sunday into a "spontaneous" anti-Communist demonstration. Some 300,000 Catholics are expected to attend the celebration in that northern town.

If such a demonstration were to succeed, it might provide the impetus for rightist military elements to attempt a coup. The right wing, however, is in shambles as a result of the events of the past two weeks, and it is doubtful that rightists could successfully organize a sizable protest demonstration. It seems equally doubtful that conservatives in the military have been able to regroup sufficiently to carry out a successful power grab. A desperate attempt to halt what many conservative Portuguese see as a rapid swing to the left cannot be ruled out, however.

The regime has placed military units charged with internal security on alert.

FOR THE PRESIDENT ONLY

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CHINA-LAOS

<i>Chinese roadbuilding efforts in north- ern Laos are progressing well and [redacted]</i>	25X1
<i>[redacted] the roads will be turned over to the Laotians upon completion. [redacted]</i>	25X1
<i>[redacted] the section in Phong Saly Province had already shifted to Lao- tian control.</i>	25X1
<i>Last month Prime Minister Souvanna reportedly requested that the Chinese extend the road as far as Luang Prabang. [redacted]</i>	25X1
<i>[redacted]</i>	25X1
<i>[redacted] the Chinese-built system in the north would be connected to the existing Lao road network in the south.</i>	25X1
<i>Even if the leg to Luang Prabang is the last job for the Chinese roadbuilders, some of their 23,000-man force will have to stay because the Lao- tians will be unable to maintain the 300-mile road network.</i>	

FOR THE PRESIDENT ONLY

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ANGOLA

A Portuguese delegation arrived in Kinshasa yesterday to discuss with Zairian President Mobutu the decolonization of Angola.

The Portuguese probably will attempt to reassure Mobutu that Lisbon's efforts to decolonize Angola have not been set back by the resignation of president Spinola, who met with Mobutu last month in the Cape Verde Islands. If anything, President Costa Gomes probably hopes to speed up the decolonization process.

Both the Portuguese and Mobutu are in a quandary over Angola. Mobutu has been unable to bring together the three insurgent groups, partly because of their rivalries and internal factionalism. Mobutu's preference for certain insurgent leaders has complicated his efforts.

Angola's 500,000 whites fear that Lisbon will negotiate a direct transfer of power to an insurgent coalition, as was done in Mozambique. They are pressuring Lisbon to protect their interests, but they are not sufficiently organized to prevent such a transfer of power.

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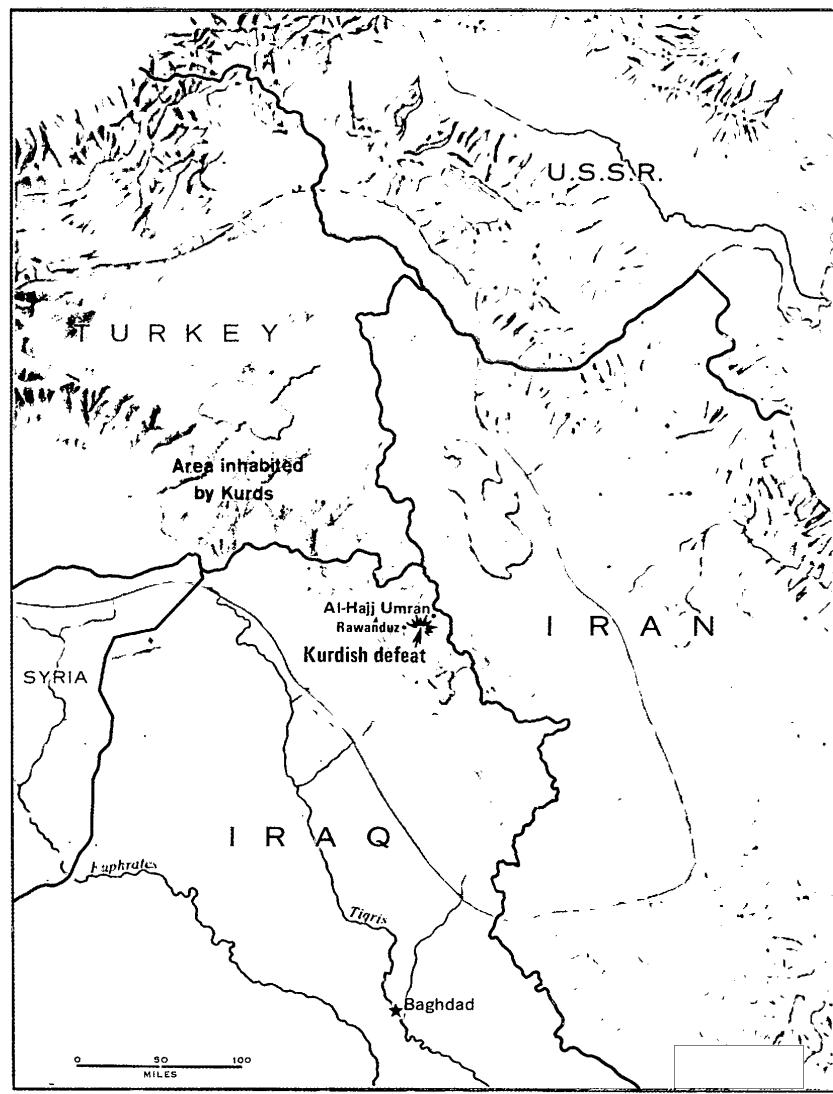
SOUTH KOREA

The government expects the street demonstrations mounted in Seoul by students and Christians during the past two days to peak soon. Based on past performance, government security forces should contain the protests, but there is a danger that the confrontations could become increasingly violent.

The demonstrators are emphasizing two long-standing demands, the release of comrades imprisoned under the emergency decrees earlier this year, and an end to President Pak's unlimited power.

The basic issue is Pak's authoritarian rule, which he argues is necessary, as long as the confrontation with North Korea continues. A new element in the situation is your planned visit in November. The impending visit, together with recent criticisms of Pak in the US, have encouraged Pak's foes to make protests that would have carried grave risks earlier this year. Pak has tried to disabuse the opposition of the notion that it can get away with more now, stressing that the US has made no demands that he moderate his policies, and that he will take firm measures to maintain order.

FOR THE PRESIDENT ONLY



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NOTES

Iraq: The Kurds have been dealt their worst defeat since the fighting began last March. After several days of combat, the Iraqi army has taken a strategic mountain overlooking the road to Kurdish headquarters at Al-Hajj Umran. The Kurds reportedly suffered more than 200 casualties. The Iraqi victory could be costly, since Baghdad's troops reportedly are demoralized by high casualties in the protracted and inconclusive fighting.

Vietnam: The Viet Cong's Provisional Revolutionary Government has issued a statement calling for the overthrow of President Thieu before the Paris agreement can be implemented. Although this line first appeared in North Vietnamese propaganda last August, the new statement represents the first official endorsement of the tougher Viet Cong position on Thieu. It contrasts with an earlier position, which stressed that Thieu eventually would be replaced by the political process set forth in the Paris agreement. It is another sign of Hanoi's gradual disenchantment with the prospects for major political gains through negotiations as long as President Thieu is in power.

United Kingdom: Harold Wilson's Labor Party seems headed for a clear but narrow parliamentary majority. Vote counting has been completed in just over three-quarters of the 635 districts, and Labor has captured 294 seats, 24 short of a majority. The Conservatives have won 184 seats so far, and the Liberals 5. Edward Heath refused to concede last night, saying he might wait until all the votes are counted this afternoon.

FOR THE PRESIDENT ONLY

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SOMALIA UNDER PRESIDENT SIAD

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President Mohamed Siad [redacted]

[redacted] is approaching his fifth anniversary as head of Somalia's leftist-controlled Supreme Revolutionary Council.

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Despite occasional strains within the 21-member Supreme Revolutionary Council, Siad, who has survived several plots and assassination attempts, seems to feel he has things under control. He was away from Mogadiscio on trips to outlying areas for long periods earlier this year. In September Siad, who is currently President of the Organization of African Unity, left the country for ten days to attend an African summit meeting and to visit parts of central Africa.

In fact, his travels have been largely in Africa, although he visited the USSR in November 1971 and the People's Republic of China and North Korea in May 1972. Italy is one of the few Western nations with which he is on good terms.

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Perhaps the most pressing problems now facing Siad are economic. With one of the lowest levels of living in Africa, Somalia has been especially hard hit by the rising cost of food; some prices have doubled since last November. Staples are strictly rationed or simply unavailable; many non-essential items are no longer imported.

Relations With US

Somalia's relations with the US can best be described as cool. The small American mission in Mogadiscio is restricted from traveling outside the capital as well as to certain parts of the city itself.

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[redacted] Private US citizens have been harassed while passing through the country, and a number have been arrested or expelled on trivial charges. The government has lodged an official protest with the US embassy over statements that a Soviet base has been established at Berbera.

Nonetheless, Siad wants to keep ties open with the US. Aside from Somalia's other economic woes, its harvests of foodgrains have been poor this year, and the Somalis will soon be seeking economic assistance. Mogadiscio is concerned by US shipments of tanks and other arms to Ethiopia during the past few months because of the impact these arms will have on the Somali-Ethiopian military balance. Somalia would like to convince the US that there is no real need for the arms in Addis Ababa.

Soviet Relations

The Somalis have had military ties with the USSR since 1963, before a revolution put Siad in power. In return for Soviet arms and the improvement of Somali airfields and ports, Mogadiscio granted the Soviets bunkering, repair, and communication facilities at Berbera. Moscow's interest in the relationship quickened after its expulsion from Egypt in 1972, and these facilities are now being expanded. The Soviets may hope to use an airfield they are constructing near Mogadiscio as a base for long-range reconnaissance aircraft.

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[redacted] 60 percent of the country's officer corps is Soviet-trained.

The large Soviet presence--estimated at over 1,400 military and economic advisers--has generated popular resentment in Somalia. The regime, which was split on the issue, has done its best to play down a friendship treaty signed with Moscow in July 1974.

One of the most irritating aspects of the Soviet tie has been Moscow's insistence on doling out oil supplies to Somalia bit by bit, in order to keep the country on a tight rein.

The Arab States

In an attempt to circumvent this restriction and to conciliate members of the Revolutionary Council who felt the Moscow connection had gone too far,

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Siad moved successfully last February to get Somalia admitted to the Arab League. He likes the Arabs and is antagonistic toward Israel. His hope that the Arab connection would result in money and oil has been partially realized. Libya promised to cooperate in a joint development bank, shipping line, and agricultural scheme, in addition to paying for the construction of a commercial airport under a 1972 loan. More significant was Iraq's agreement to help construct an oil refinery in Mogadiscio and lend Somalia the money to pay for its share.

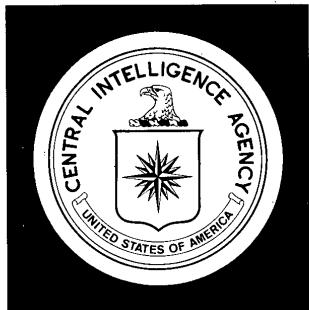
A Somali official announced on October 1 that Saudi Arabia and Kuwait have offered Somalia \$37-million worth of financial assistance. The Saudis have held out the bait of an additional \$20 million if Somalia can produce evidence that it has reduced Soviet influence--a condition the Somalis may find easier to promise than to fulfill.

Ethiopia

Although President Siad has publicly stated a policy of Somali noninterference in the events unfolding in Ethiopia, relations with Addis Ababa as well as with neighboring Kenya have long been uneasy. Almost from the time it became an independent state, Somalia has had irredentist claims on the Ogaden region of Ethiopia, the northeast province of Kenya, and the French Territory of the Afars and Issas--with its strategic port of Djibouti--on the grounds that all these areas are inhabited by ethnic Somalis. In the past, governments in Mogadiscio have backed guerrilla activity across the Ethiopian and Kenyan borders.

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The President's Daily Brief

October 12, 1974

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declassification under E.O. 14176
exemption category 5B(d)(7)(C)
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FOR THE PRESIDENT ONLY

October 12, 1974

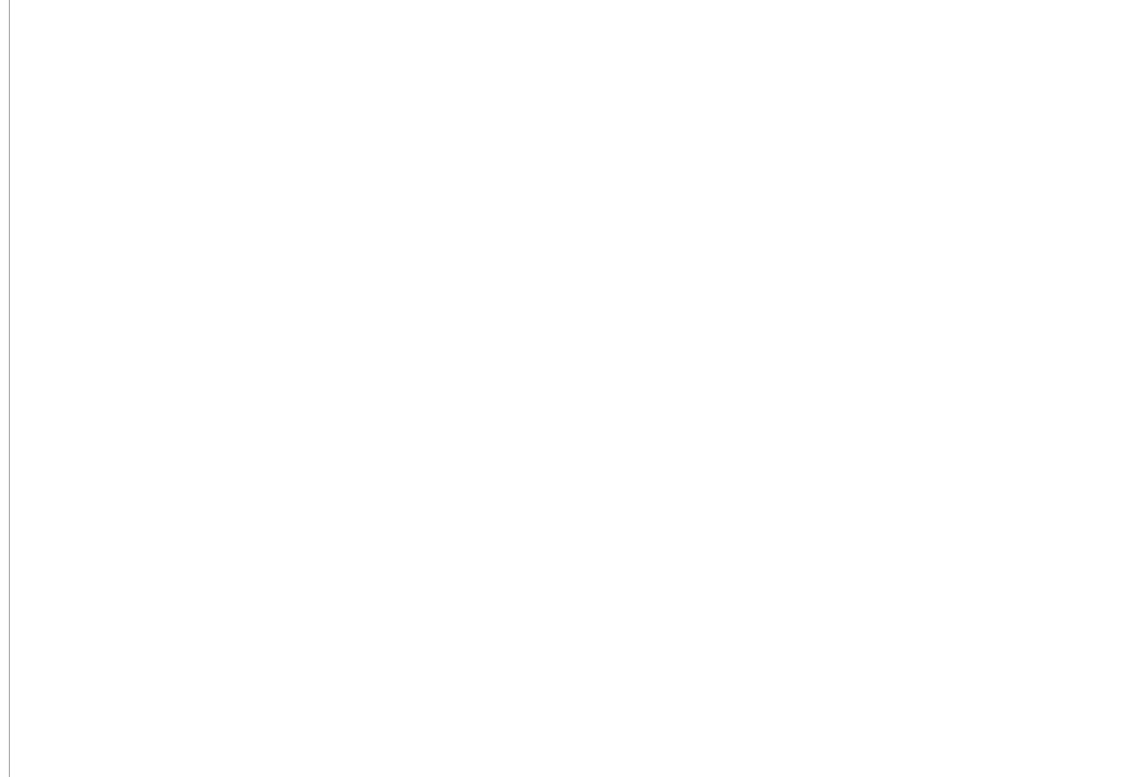
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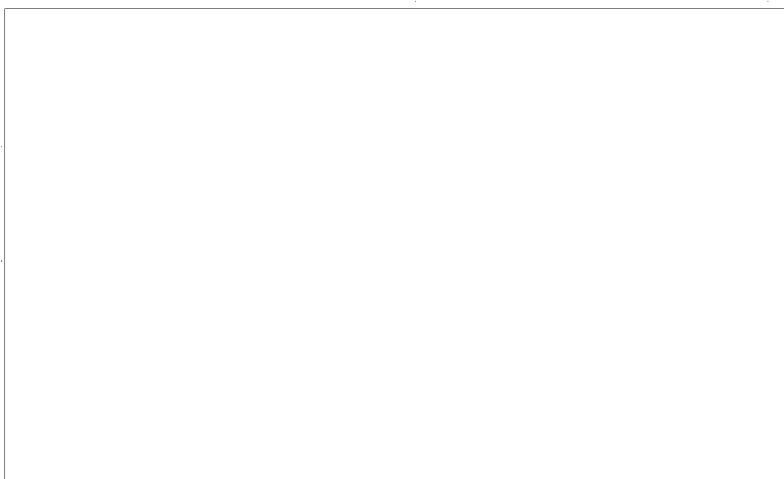
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USSR



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USSR-EGYPT

Egyptian Foreign Minister Fahmi, who visits Moscow beginning Monday, will probably be unable to relieve the strains in Soviet-Egyptian relations.

Fahmi will be accompanied by chief of staff Gamasi; a resumption of full Soviet military deliveries is sure to be the prime subject of his discussions. The Egyptian planning minister will also accompany Fahmi to review differences with Moscow over economic issues.

Recent Soviet comment has suggested that, despite Moscow's desire to avoid an open rupture with Sadat, it sees little need to improve its ties with Cairo in any significant way. The Soviets are probably calculating that a stalemate in the Middle East peace talks, economic problems, and the arms embargo will eventually bring Sadat around. Yesterday, in Moldavia, party boss Brezhnev took note of the lack of further progress toward a Middle East settlement, and Pravda recently said that disillusionment in Cairo with Western investment had led to the beginning of the "first sobering-up period."

Egyptian Prime Minister Hijazi told US Ambassador Eilts last week that Moscow's attitude led him to suspect that the Soviets intend to make Fahmi's trip a failure. A Soviet involved in Egyptian affairs reportedly has said that Moscow plans to make the visit unproductive, in the hope that it will lead to the removal of Fahmi--who the Soviets view as too close to the US. He said the Soviets would save specific agreements for an eventual Sadat-Brezhnev summit.

FOR THE PRESIDENT ONLY

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UK

*The Labor Party's narrow victory
in the general election on Thursday was
by a considerably smaller margin than
most opinion polls had predicted.*

Prime Minister Wilson is expected to form the new government on Monday, at which time he may announce its program. No major changes are likely in his cabinet.

Tory leader Heath's political career will probably not survive this latest defeat.

The Conservatives netted only 276 seats to Labor's 319, which was one more than necessary for a majority. The Liberals lost a seat, finishing with a total of only 13. The Scottish and Welsh nationalist parties picked up some seats, but not as many as had been anticipated.

Economic problems will command the immediate attention of the new Wilson government. The Prime Minister is certain to move toward increased government participation in industry. In view of the small size of Labor's majority, however, Wilson may be able to plead caution and soften the more radical demands of the party's left wing.

Wilson is expected to make every effort to persuade labor to abide by the program of voluntary wage controls known as the "social contract." The success of Labor's anti-inflation program will depend largely on the cooperation of trade union leaders and their ability to control rank-and-file workers.

The broad question of Britain's membership in the EC and a proposed referendum--expected within the year--could cause dissension within the Labor government. During the campaign, Wilson faced opposition from influential cabinet members Shirley Williams and Roy Jenkins, who declared that they would leave the government if Britain opted out of the Community. According to recent public opinion polls, the odds are about even that Britons will vote to pull out.

FOR THE PRESIDENT ONLY

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The election outcome is unlikely to change the status of the UK defense review. Official decisions on the size of the cuts in the defense budget are expected to be announced sometime this fall. Some cuts in Britain's NATO-committed forces appear inevitable.

The new government will need to pay greater attention to the demands of the regional parties, notably the Scottish Nationalists. With their small but respectable total of 11 seats and the prospect of considerable wealth flowing into Scotland from the North Sea oil fields, the Scottish Nationalists will have a stronger voice in Parliament.

GREECE

the Greek Communist Party

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The party will compete in the November 17 election in a newly formed "Unified Left" alliance that includes a dissident communist party and the former communist front known as the United Democratic Left.

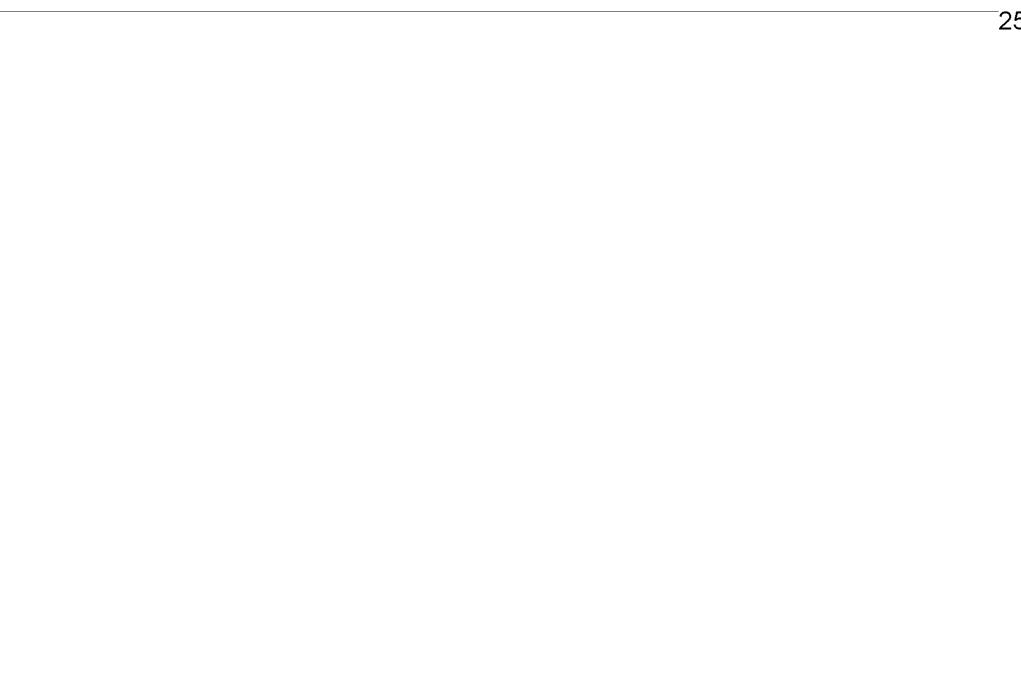
The alliance, which is not likely to last beyond the election, probably was joined by the Moscow-backed party as a result of Soviet pressure and financial inducement. The Moscow-backed group previously had refused to cooperate with the United Democratic Left, and was feuding with the dissident communist party over who had the right to call itself the Communist Party.

A unified campaign by these parties will enable them to exploit the government's policy of giving equal time on national TV to all major political groups.

the Unified Left may pull 10 to 15 percent of the vote. The Moscow-backed party's main problem is finding candidates with sufficient prestige; most of its leaders lost their citizenship because of their support for communist guerrillas at the time of World War II. In contrast, Andreas Papandreou, who has not joined the new left grouping, may be able to attract as much as 25 percent of the vote.

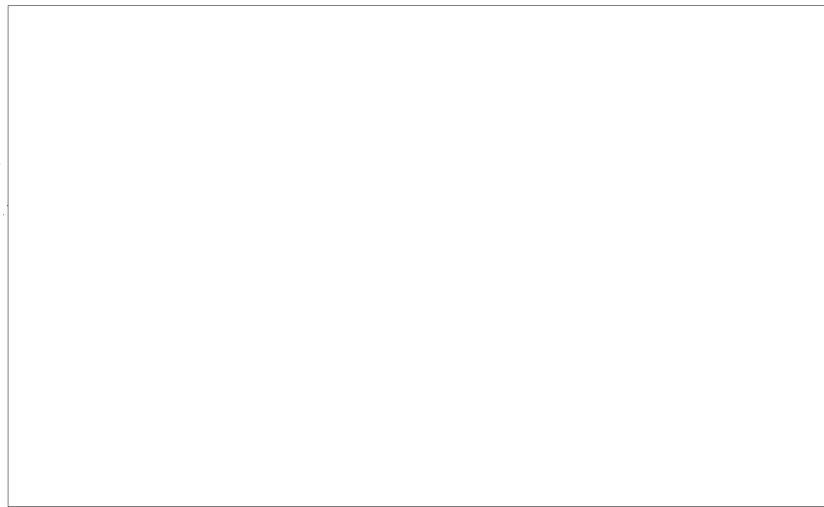
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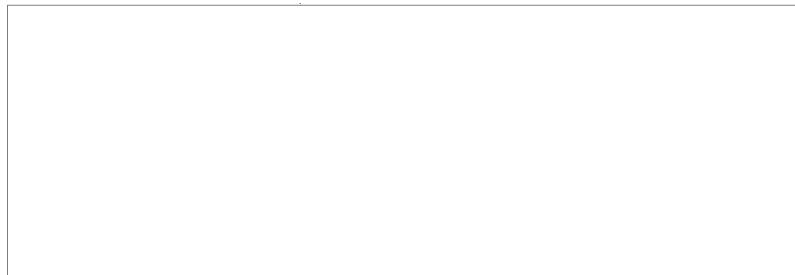


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TURKEY-CYPRUS



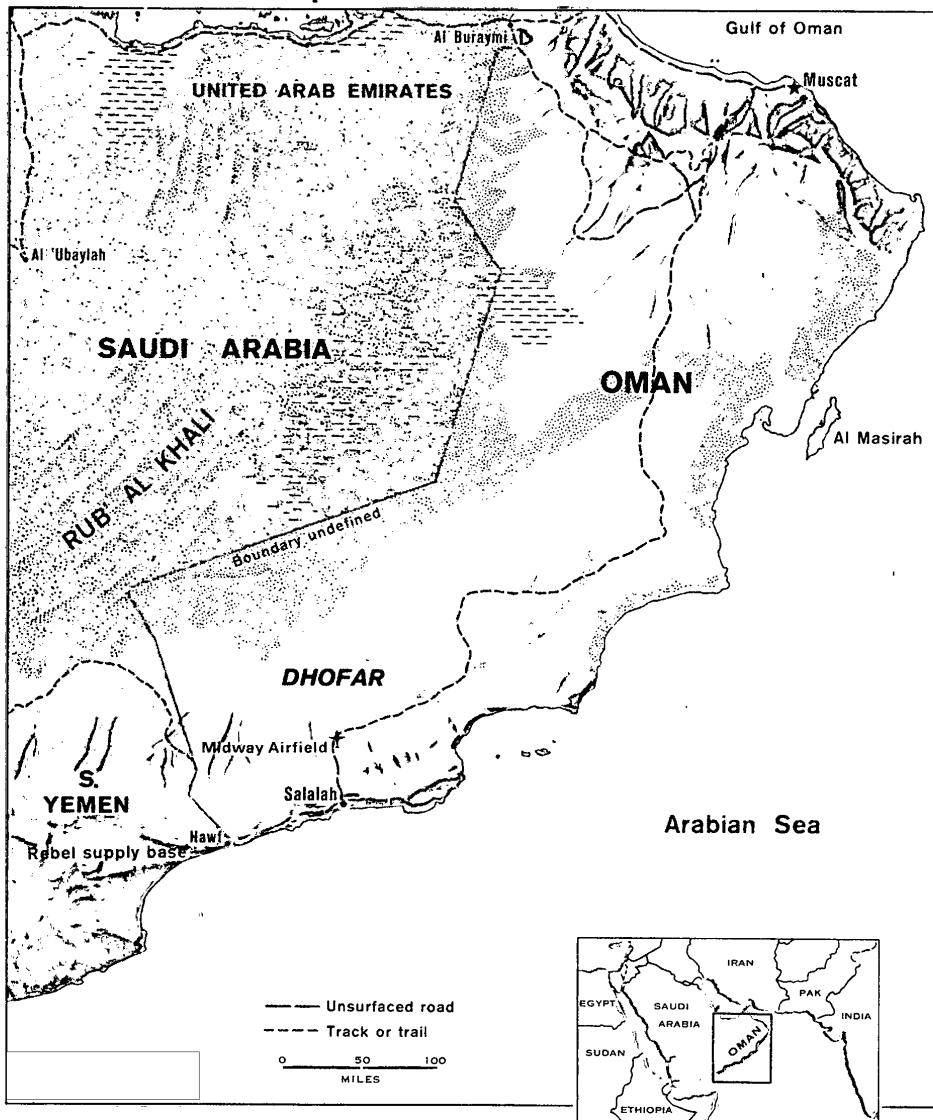
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FOR THE PRESIDENT ONLY

Oman Government Prepares for Offensive



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FOR THE PRESIDENT ONLY

OMAN

A major government offensive aimed at regaining control over western Dhofar Province from insurgent forces of the leftist Popular Front for the Liberation of Oman is set for early November.

The Omani foreign minister announced on Thursday that Omani forces were taking over positions previously occupied by Iranian forces, "who are now returning home"--presumably a reference to a 1,400-man Iranian contingent that has been in Oman for some time. The announcement apparently was an attempt to counter sharp criticism by some radical Arab states of the involvement of non-Arab Iran in Oman.

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Rebel forces now in western Dhofar are believed to number fewer than 500, including militia. Supplies reportedly are inadequate and morale is low. South Yemen has given the rebels strong support in the past, but the leftist regime in Aden is not expected to become further involved in the coming fighting.

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BRAZIL

A seemingly minor incident involving the arrest of US citizen Frederick Morris has grown into a highly publicized affair that may have an adverse impact on US relations with Brazil.

Foreign Minister Silveira has reacted strongly and publicly to the embassy's efforts to protect Morris, who was arrested two weeks ago on charges of subversion. During a recent press conference, the foreign minister charged in effect that Brazil's sovereignty was being challenged by the embassy's actions. A media campaign protesting the ambassador's personal efforts in the case has apparently been fed by the Foreign Ministry.

It is unclear just why the Brazilians have chosen to dramatize the incident. It seems likely, however, that the foreign minister welcomed the opportunity to demonstrate Brazil's--and his--willingness to stand up to the US. Silveira may be under some pressure from the military, which appears to have mishandled the case from the start.

Brasilia's handling of the matter indicates that, despite normally close relations with the US, nationalist sentiment can occasionally lead to friction. This is likely to become more evident as the government seeks to assert its "independence" in world affairs.

FOR THE PRESIDENT ONLY

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PAKISTAN

Pakistani Prime Minister Bhutto has inquired about the possibility of a visit to Washington soon. He told US Ambassador Byroade that he had known former president Nixon quite well and felt uncomfortable about not being personally acquainted with you.

Following up on Bhutto's request, Foreign Secretary Shahi told Byroade that Bhutto would like to come to Washington some time in November. The Washington trip would follow Bhutto's expected visit to Moscow around October 20 and Secretary Kissinger's end-of-the-month trip to Pakistan and several neighboring countries. Shahi claimed the following as the reasons for Bhutto's interest in coming here:

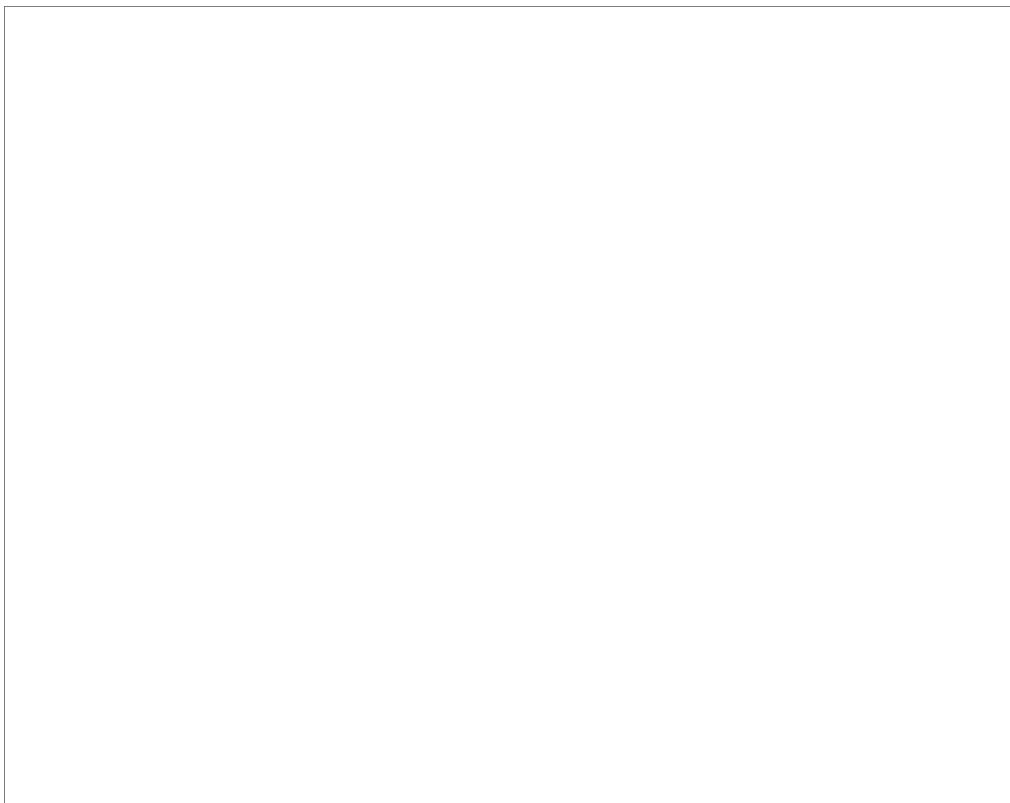
--Domestic support for Pakistan's present pro-US orientation is eroding, and to arrest this trend, Bhutto wants more tangible evidence of US support.

--During Bhutto's Moscow visit, he will be pressed to go along with the USSR's long-standing desire for a Soviet-sponsored Asian collective security system. Bhutto will adopt a "stalling position" in Moscow but might eventually have to go along with the Soviets, given their strong position in India and Afghanistan and the lack of US arms aid to Pakistan.

--While Pakistan recognizes its limited importance to the US, it could help US interests in the nearby Persian Gulf area.

For these reasons, according to the Foreign Secretary, Pakistan feels that it could convince the new US administration that the time has come for the US to back up its declarations of political support for Pakistan by easing restrictions on military assistance.

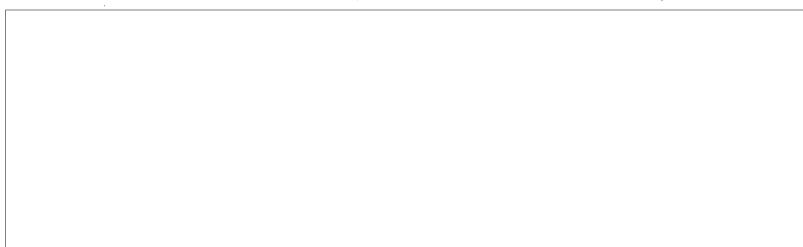
While the Pakistanis genuinely--and increasingly--feel the concerns voiced by Shahi, their strong desire for a change in US arms supply policy is not new. We believe Bhutto would think carefully before jeopardizing his friendly ties with the US and China by trying to move closer to Moscow.



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NOTE

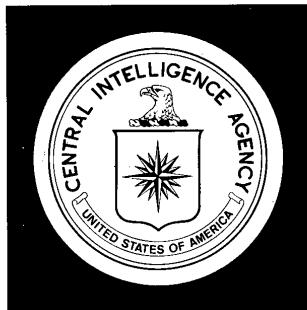


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The President's Daily Brief

October 14, 1974

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Exempt from general
declassification schedule under 1.1(6)(2)
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FOR THE PRESIDENT ONLY

October 14, 1974

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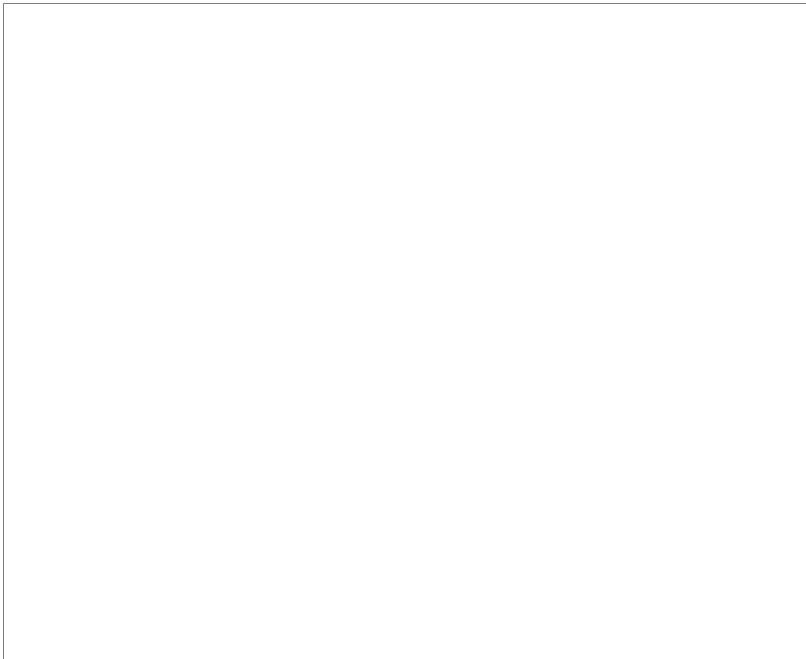
India: The recent cabinet reshuffle was designed to put the more competent ministers in charge of critical economic portfolios. (Page 3)

Notes: USSR; West Germany - Portugal (Page 4)

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FOR THE PRESIDENT ONLY

ISRAEL-SYRIA



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FOR THE PRESIDENT ONLY

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UN-PLO

The draft resolution inviting the Palestine Liberation Organization to participate in UN General Assembly plenary discussions of the Palestine issue has been scheduled for consideration by the assembly today.

The Arab group managing the resolution's presentation is reported to be confident of gaining at least 80 or 85 votes. The group has therefore agreed to move the resolution to a vote as soon as possible by limiting the number of supporting speeches to eight and waving the right to respond to Israel's reply.

Both the Arab and Israeli delegations are lobbying heavily for support, particularly among West European states. The Israelis, estimating that some 40 states will abstain or vote against the resolution, are trying to increase this tally and shift some of the abstentions to the opposed column. Israel's delegate has been optimistic that most of the West Europeans would abstain

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INDIA

Prime Minister Gandhi's cabinet reshuffle on October 10, according to the US embassy in New Delhi, was designed to put her more competent ministers in charge of the critical economic portfolios. Foreign policy considerations did not appear to play a role.

The basic ideological, regional, and religious composition of the cabinet remains the same, as does the apparent political influence of the senior cabinet members. Whether Mrs. Gandhi will give her new economic ministers the leeway and political support they will need to introduce effective economic policies remains a crucial unanswered question.

The cabinet reshuffle is modest enough to permit Mrs. Gandhi to call a snap election early next year. The embassy concludes that it is still possible--but not likely--that economic and political factors will move the Prime Minister to decide that the Congress Party's chances will be better in 1975 than in 1976.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTES

USSR: Soviet Communist Party slogans for the 57th anniversary of the October Revolution published on Saturday contain strong plugs for detente, including "People of the world! Struggle to make international detente irreversible." An editorial in Pravda on Saturday reviewing developments during the ten years since the October plenum that ousted Khrushchev, singled out the "positive turn in relations" with Washington as "a significant world event which has considerably improved the international climate as a whole."

West Germany - Portugal: Former West German chancellor and Social Democratic Party chairman Willy Brandt will make a "semi-state visit" to Portugal beginning October 19. Brandt will meet with top Portuguese government leaders during his three-day visit, which is in response to an invitation from Portuguese Foreign Minister and Socialist party leader Mario Soares. Brandt will probably deliver a message from Chancellor Schmidt, but no promise of material aid is expected to be included.

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Exempt from general
declassification schedule of E.O. 14176
exemption category SB(1),(2),(3)
declassified only on approval of
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FOR THE PRESIDENT ONLY

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JAPAN

Opposition parties are using the issue of visits by US warships allegedly carrying nuclear weapons to attack the US-Japan security treaty and stir up large-scale opposition to your visit next month.

Token demonstrations and sit-ins are under way outside the US embassy and military bases; the Socialist and Communist parties have planned major demonstrations for next Monday in Tokyo and Yokosuka. They, along with other opposition parties, have called for an emergency session of the Diet and are using committee meetings to harass the government on the issue of nuclear weapons.

The success of these efforts will determine whether opposition leaders will go all out in opposing your visit.

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The Japanese have asked that the US carrier Midway leave Yokosuka before Monday so as to divert some of the opposition's efforts from that locale.

A US statement on the nuclear weapons issue was offset by news reports of a secret agreement between Tokyo and Washington allegedly governing US nuclear weapons in Japan--quickly denied by Tokyo--and by statements of sailors from the visiting US carrier Midway alleging that nuclear weapons are indeed on board. Such reports will keep the issue on the front pages for the time being.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

UK

Prime Minister Harold Wilson told Britons last evening that they face at least two years of belt-tightening to survive the country's gravest economic crisis since World War II.

In his first speech since his narrow election victory last Thursday, Wilson made no major new proposals but said his Labor government will proceed with plans to nationalize large sections of industry still in private hands. At the same time he promised a "vigorous, alert, responsible and profitable private sector." The Prime Minister indicated that proposals to ease the plight of businesses caught in the squeeze between rising costs and severe price controls may come by early next month in a special tax budget.

Wilson said his main weapon against inflation will be the "social contract," a compact he had made earlier with the trade union federation. The "social contract" provides for wage restraint by the unions in exchange for social legislation.

At the same time, Wilson seemed to be warning the unions when he said the country could not afford "power groups, whoever they are, trying to seize more than their share of what is available."

Conservative Party leader Heath is scheduled to reply to Wilson in a television broadcast today.

Heath is already under fire as a result of the Conservatives' poor showing in last week's election. The Monday Club, an influential group of Conservative businessmen and legislators, called yesterday for his resignation as party leader.

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FOR THE PRESIDENT ONLY

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ITALY

Italian prime minister - designate Amintore Fanfani will try at first to bring together again the center-left coalition--Christian Democrats, Socialists, Social Democrats, and Republicans--that collapsed on October 3. To do so, he must resolve differences on economic policy and relations with the Communist Party.

In accepting the assignment from President Leone yesterday, Fanfani maintained the air of reluctance he has cultivated since he was first mentioned for the job.

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[redacted] his exploratory mission achieved Fanfani's objective of spreading responsibility, should he fail to reconstruct the coalition. Nevertheless, Fanfani probably would not have accepted the mandate as formateur if he did not see some room for compromise among the former coalition partners.

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There are few signs of flexibility among the parties so far. The Socialists have toned down their earlier insistence on closer relations with the Communists, but they are still calling for a consultative procedure that would make the Communists "share responsibility" for economic decisions. In addition to enhancing leftist influence on government policy, the Socialists see such a procedure as a way of depriving the Communists of their opposition status in competing for the support of organized labor.

(continued)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

The other coalition parties are opposed to such a move, and the Social Democrats are even insisting that the Socialists avoid alliances with the Communists in certain local governments--a demand the Socialists would find hard to accept.

The Socialists might back down further on the Communist question if by doing so they can enhance their position in the coalition. They argue that recent successes at the ballot box entitle them to some of the more important ministries--such as interior, foreign affairs, treasury, or education--heretofore dominated by Christian Democrats.

The most contentious bargaining will be over Socialist demands for changes in the austerity program. The other parties agree that adoption of many of the Socialists' proposals for looser credit, increased public spending and measures to boost employment would sabotage the austerity program.

Negotiations on economic issues will be complicated by the increasing militancy of organized labor. The unions want roughly the same changes as the Socialists; and they may call a general strike this week to back up their demands.

For their part, the Communists are keeping a low profile and opposing early elections. They are probably distressed by Fanfani's selection and particularly by his retention of the Christian Democratic leadership.

Communist chief Berlinguer had hoped that any government crisis would lead to a shake-up within the Christian Democratic Party, followed by Fanfani's ouster.

FOR THE PRESIDENT ONLY

POLAND-US

Polish media coverage of the Gierek visit is giving the public a comprehensive and favorable view of the US that may be unprecedented for this or any period in US-Polish relations.

The US embassy reports that the visit has dominated the central press and the provincial papers-- in which coverage of the US usually has been sparse. Even the military daily, which is noted for its strident ideological content, has devoted considerable space to the visit.

The embassy says Poles at all levels are expressing excitement, pride, and pleasure at the "drama" of the Gierek visit. Editorials and commentary are playing up the bilateral aspects of it. They particularly emphasize that Poland is emerging as a valued economic "partner" and that Warsaw has an important contribution to make to detente.

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Indonesia:

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declassification schedule of E.O. 11652
exemption category 5B(1), (2), (3)
declassified only on approval of
the Director of Central Intelligence

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FOR THE PRESIDENT ONLY

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USSR-EGYPT

Yesterday's announcement that General Secretary Brezhnev will visit Cairo in January is a substantial Soviet step toward improving relations with Egypt. It has not been accompanied, however, by any sign that a breakthrough has been achieved in resolving the problems that have weakened Soviet-Egyptian ties over the past two years.

The agreement to hold a summit meeting was announced after Foreign Minister Fahmi's first full day of talks in Moscow. Fahmi brought with him a personal letter from Sadat to Brezhnev that may have contained some commitment intended to ease the way for a visit by the Soviet leader. Until now, Brezhnev has resisted going to Cairo; he has been chary of directly involving his prestige in Moscow's troubled dealings with the Egyptians.

Brezhnev may now believe that a personal meeting can smooth over some of the disagreements between the two countries. Last Friday he said publicly that contacts with Arab leaders are "especially necessary and useful."

The wording of the announcement of the visit, however, implies that neither side has made any basic concession on divisive issues. It said that Brezhnev and Fahmi had "defined" issues that "could underlie future accords." This suggests that Moscow still expects tough bargaining with Fahmi over the next few days.

FOR THE PRESIDENT ONLY

EUROPEAN SECURITY CONFERENCE

After blocking all movement for more than a month at the European security conference in Geneva, the Soviets have begun to appear more flexible.

Ambassador Mendelevich, the chief Soviet delegate, returned from Moscow to Geneva on Monday. He told a member of the US delegation that he had been instructed to wind up the conference "even sooner than possible."

Last week saw the first substantive progress of this negotiating round and other signs of Soviet willingness to cooperate. A text concerning measures to broaden the dissemination of foreign newspapers and magazines in both Eastern and Western Europe won subcommittee approval. This is one of the most controversial issues connected with efforts to promote freer movement of people and ideas. Soviet representatives have been participating in bilateral discussions designed to narrow the many remaining differences on freer movement.

Moscow has long wanted a speedy conclusion to the security conference but--at least until now--has been unwilling to make significant concessions. It is still too early to expect rapid progress in Geneva, but increased flexibility on the part of the Soviets could permit the conference to make substantial progress.

FOR THE PRESIDENT ONLY

PORUGAL

President Costa Gomes' fortunes seem on the rise as he leaves Lisbon today for the US.

Last week the government followed through on Costa Gomes' pledge that he would deal with the leftist bias of the Portuguese news media. Centrists and Socialists met in Lisbon to protest Communist Party control over a television station. They were successful in persuading Prime Minister Goncalves to prevent the telecast of Communist chief Cunhal's press conference from receiving special treatment.

Costa Gomes can also take some satisfaction from the fact that the conservatives had to abandon any plans they may have had to convert the religious celebration at Fatima on Sunday into a rightist rally. The rightists apparently concluded that they could not mobilize the necessary support and, in these circumstances, were reluctant to give the left a chance to move against them.

FOR THE PRESIDENT ONLY**MEXICO**

President Echeverria is said to be very upset by US press reports of large oil discoveries near the Gulf of Mexico, and the subsequent public debate over national oil policy. The size of the discovery was being closely held for domestic political reasons, probably because no decisions have yet been reached on the level of production and exports.

Two Mexican officials indicated in a press conference last night that Mexico would sell its oil at prices set by the Organization of Petroleum Exporting Countries and would seek to join OPEC as an observer. These remarks could signal a change in the government's oil export policy, but President Echeverria may also have instructed the officials to hint at aligning Mexico with OPEC in order to deflect criticism of alleged US attempts to influence Mexico's oil policy.

One of the officials who spoke, Horacio Flores de la Pena, is a leftist and an extreme economic nationalist, who has been the chief advocate of "anti-colonialism" in Mexico's economic and foreign policies.

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Officials of the government petroleum monopoly have indicated their belief that Mexico should go slowly on exports. Powerful leaders of Mexico's ruling party are pressing to limit oil sales to the minimum required to earn essential foreign exchange and cover domestic petroleum needs.

With a maximum development effort, total exports could reach 1.2 million barrels a day in about three years; under a "Mexico-first" policy, exports might not exceed 500,000 barrels a day.

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If Mexican leaders become convinced that a rapid increase in output would contribute to a solution of the country's pressing problems without seriously jeopardizing future domestic supplies, they can be expected to push ahead rapidly with development. The Mexicans have clearly and repeatedly expressed a desire to export refined rather than crude products.

FOR THE PRESIDENT ONLY

SOUTH KOREA

Clashes between students and riot-police have spread to a number of provincial universities; disturbances continue in Seoul at a reduced level.

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[redacted] The stu-
dents--like other opponents of President Pak-[redacted]
consider
the present a good time to try to wrest concessions
from the government. They apparently believe that
Pak will be reluctant to move forcefully to suppress
them [redacted]

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So far, Pak is exercising restraint in dealing with the disorder, and only a few arrests have been reported. At least six universities have been closed down temporarily, however, and the administrators of other schools have been warned that they must keep order or lose their jobs.

Yesterday, the major opposition party endorsed student demands for the release of jailed comrades and a return to democratic rule. The government remains unwilling to accommodate basic opposition demands; it is taking additional measures to prevent the disturbances from getting out of hand.

FOR THE PRESIDENT ONLY

CYPRUS

Turkish Cypriot Vice President Denktash told UN special representatives Weckmann on October 11 that unless the Turkish government stopped undercutting his position, he could not continue negotiations with Acting President Clerides.

Denktash is embittered by Ankara's appointment of individuals to his administration who are his political enemies and are completely subservient to Ankara. The US embassy believes Denktash's complaint reflects a realization that he is close to losing to Ankara what little authority he still has within the Turkish Cypriot community.

Denktash stated that Ankara is pressuring him to back down on some agreements already reached with Clerides, and said that "as a Cypriot," he was appalled at the "inhuman treatment" accorded Greek Cypriots by the Turkish army. Denktash said he could not accept such a situation and still face Clerides.

The two community leaders met on Monday, however, and it was later announced that the exchange of prisoners would resume on October 18. Denktash and Clerides will meet again on the same day.

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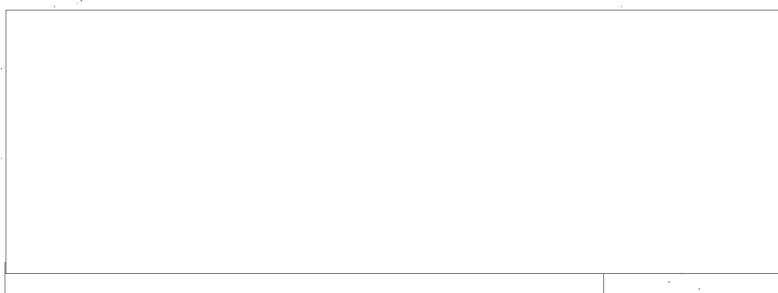
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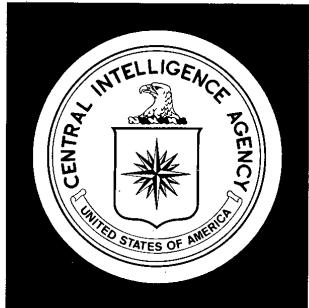
Argentina: Security forces are bracing for a new wave of violence on Thursday, when thousands of the late president Juan Peron's followers converge on downtown Buenos Aires to mark the anniversary of Peron's first bid for power in 1945. The extremist Montonero guerrillas, who recently broke with the government and began a campaign of terrorism, are said to be planning attacks to disrupt the observance. Likely targets are foreign and local businesses and Argentine military officers.

European Communism: Delegates convene in Warsaw today for a three-day meeting to make plans for a European conference of Communist parties to be held late this year or early next. The Yugoslavs are attending, thus ending their boycott of such gatherings, where they often have come under fire. They will join the Romanians and some West Europeans in opposing any attacks against the Chinese. The preliminary meeting will try to draw up an agenda for the formal conference, which probably will focus on European security, economic integration, and cooperation.

USSR: General Secretary Brezhnev, speaking at a dinner last night for Treasury Secretary Simon, termed as "utterly irrelevant and unacceptable" any attempt to tie the most-favored-nation issue to any matter "lying fully within the domestic competence" of the USSR. It is high time, he added, that there be a "clear understanding" of Moscow's views on such an attempted linkage. This language represents the party chief's most explicit public comments on the relationship between Soviet Jewish emigration and the trade bill. Brezhnev emphasized that the USSR could "do without" further economic ties with the US if "negative factors" are not eliminated.

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Exempt from general
declassification schedule of E.O. 11652
exemption category SR(1), SR(2), SR(3)
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FOR THE PRESIDENT ONLY

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ISRAEL

Prime Minister Rabin is running into trouble on the issue of territorial concessions to Jordan. Former defense minister Dayan and three of his Knesset colleagues from Labor's Rafi faction have signed a petition calling on the Knesset to oppose a reversion of West Bank territory to Arab rule. The petition was precipitated by Rabin's suggestion earlier this month that Israel should be ready to give up parts of the West Bank in return for a Jordanian guarantee of nonbelligerency.

Dayan's challenge to Rabin's position, and his defense of the challenge before a television audience on Monday, dramatically surfaced the simmering divisions within the Labor Alignment over the future of the West Bank. Dayan's move underlines the difficulty Rabin will face in securing unanimity from his own party in support of an Israeli negotiating position flexible enough to hold out the possibility of progress in peace talks.

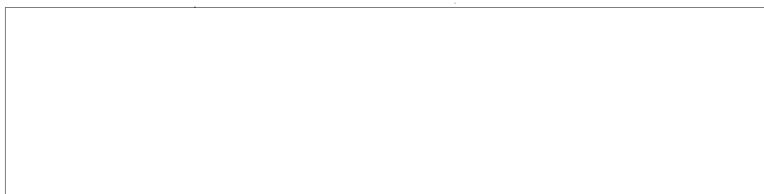
Adopting one of his more uncompromising stands on the subject, Dayan said he would vote for any Knesset resolution opposing the return of the West Bank to a "foreign regime," including "Jordan, the Palestinians, or even the British." He said he opposes:

- any territorial partition of the West Bank;
- any agreement preventing Jews from settling anywhere on the West Bank;
- any agreement obliging the Israeli Defense Force to withdraw from West Bank areas it believes ought to remain under Israeli military control.

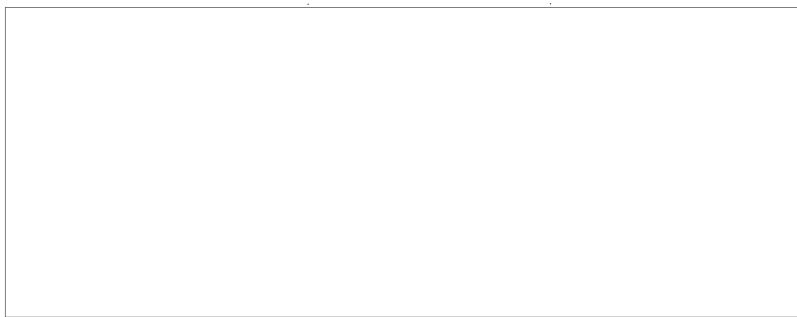
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GREECE

Foreign Minister Mavros resigned on Tuesday so that he can devote full time to the campaign for the parliamentary election on November 17. In stepping down, Mavros noted that "no developments were foreseen" on the Cyprus issue until after the election.

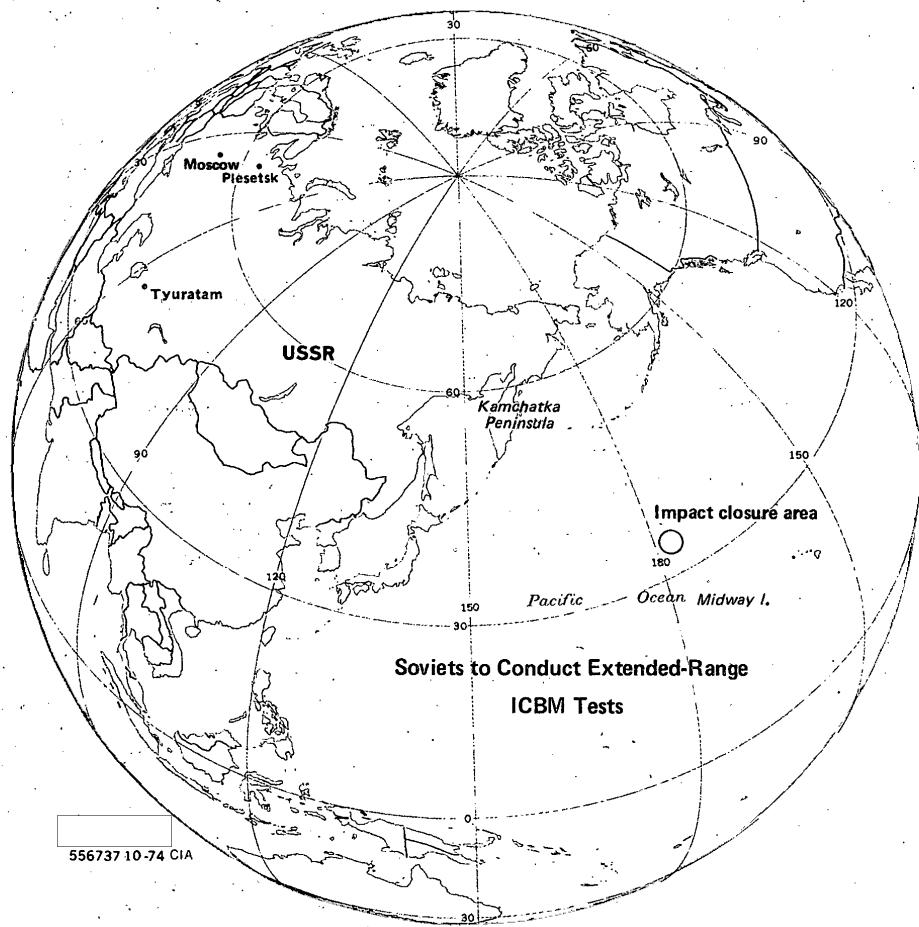
Mavros recently told Ambassador Kubisch that Cyprus would be a major issue in the campaign. He said another key issue is whether to "purge" those who collaborated with the military regimes over the past seven years; he did not divulge his own view on this question. Mavros doubts that the campaign will create more anti-US sentiment than already exists.

The foreign minister claimed that his party and the New Democracy Party, led by Prime Minister Karamanlis, have already agreed to form a coalition after the elections. He said that the two parties could obtain from 70 to 75 percent of the vote.

Meanwhile, a Soviet embassy official in Athens has told a US diplomat that Moscow hopes Mavros' party will win enough seats to deny an outright majority to Karamanlis. The Soviets presumably reason that the weaker Karamanlis, the more room there will be for leftist pressures to operate.

The Soviet forecast is that Karamanlis' party will obtain 140 of the 300 seats in parliament, that Mavros' party will get 100, and the United Left and Papandreou a maximum of 40. Smaller parties would get the remaining 20 seats.

Our initial assessment is that Karamanlis' party may win a majority. If his party falls short of a majority, he and Mavros will almost certainly be able to form a coalition government. We believe that the United Left and Papandreou will probably fall short of the 40 seats predicted by the Soviets.



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FOR THE PRESIDENT ONLY

USSR

The Soviets are preparing for a second round of extended-range missile tests to the Pacific this month. Moscow announced yesterday that an impact area some 400 miles north of Midway will be used for this purpose from October 20th to the 30th.

The impact area is about 5,000 nautical miles from the launch center at Tyuratam and about 4,700 nautical miles from Plesetsk. Its size--260 nautical miles in diameter--suggests some of the missiles will carry MIRVs.

The three missile range instrumentation ships remained in the vicinity after these tests and were recently joined by a fourth.

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NOTES

Turkey: Caretaker Prime Minister Ecevit met with Justice Party leader Demirel on Tuesday to propose solutions to the month-old government crisis. Demirel said he needed at least ten days to respond to the proposals, almost all of which are linked to holding an election in either the spring or fall of 1975. Ecevit's offer to Demirel reportedly calls for an agreement between the two parties to revise the national election law to eliminate the small splinter parties. This would be followed by formation of either a minority government by Ecevit's left-of-center Republican People's Party or a coalition with the conservative Justice Party that would govern until a new election could be held in July 1975. Revision of the election law would be attractive to Demirel because it would enable the Justice Party to increase its seats substantially.

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USSR: [redacted]

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Exempt from general
declassification schedule of E.O. 14176
exemption category 5B(1)(2)(3)
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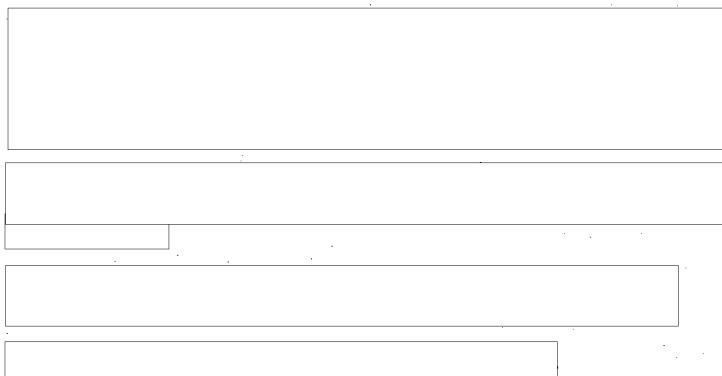
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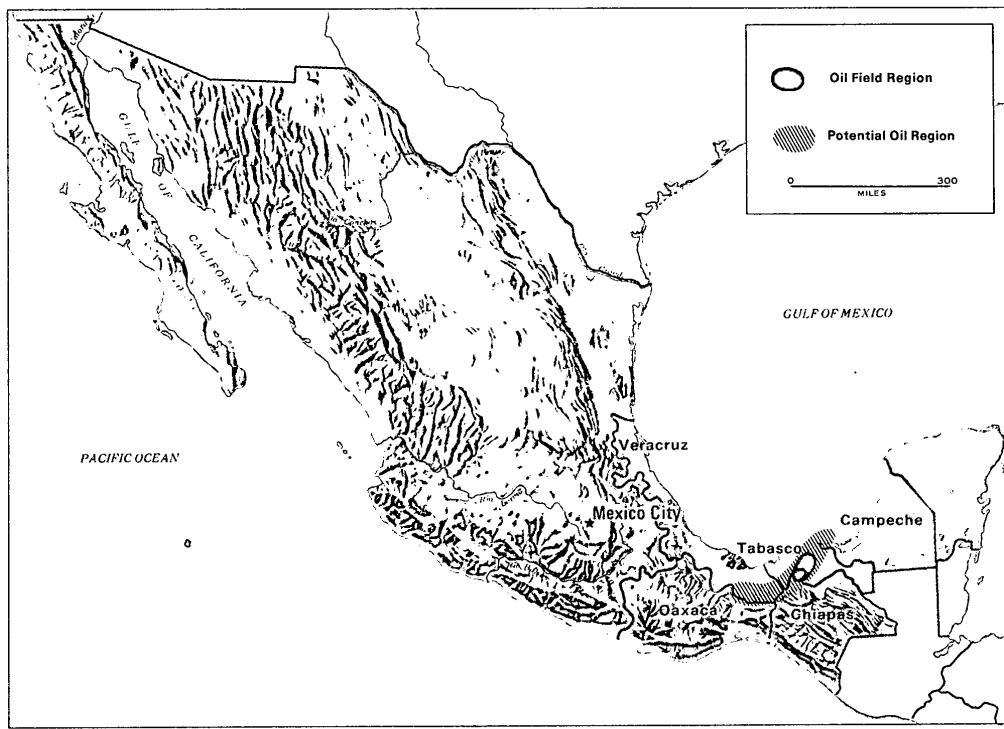
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FOR THE PRESIDENT ONLY

Mexico New Oil Regions



FOR THE PRESIDENT ONLY

MEXICO

Mexico has unquestionably discovered large new petroleum resources near the Gulf of Mexico that give it reserves at least as large as those of Venezuela, and possibly much larger.

Revelation of the size of the deposits in the US press has precipitated a public debate over Mexico's oil-export policy.

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[redacted] the leak has been particularly damaging to those in Mexico who favor rapid boosts in exports.

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Earlier this month, Mexico made arrangements with the USSR to ship from 450,000 to 500,000 barrels of crude oil to Cuba. The shipments to Cuba followed the initiation in September of exports of about 35,000 barrels per day to three US companies.

In September, Mexico also approached several other US firms and several Latin American countries about selling oil. Mexican officials stressed, however, that the sales to the US are only a short-term deal based on financial considerations and do not imply that Mexico intends to become a large exporter of crude oil.

Nationalist and conservationist views receive strong support from Mexicans generally. In the past, such views have had strong influence on resource development policies. Mexico has long restricted output of many minerals to the levels required to meet domestic demand. In 1965, it refused to take advantage of exceptionally high world sulfur prices and limited exports and future output.

Petroleum policy has been the subject of strong debate among President Echeverria's closest advisers, two of whom are also leading contenders to succeed him as president in late 1976. Secretary of Government Moya Palencia is considered friendly to the US, but he takes a nationalistic position on oil exports. Moya feels Mexico should move very cautiously, perhaps exporting a modest quantity of refined products, while taking care to avoid rapidly depleting the new deposits for short-term financial advantage.

FOR THE PRESIDENT ONLY

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Taking the opposite view is Secretary of Finance Lopez Portillo, who advocates that Mexico become a major oil exporter. Lopez Portillo is convinced that large oil revenues would have a beneficial impact on Mexican economic development. He has also repeatedly expressed concern about the impact of high oil prices on developing countries.

Echeverria himself would not boost oil exports to an extent that would endanger future domestic energy supplies. He has expressed concern about future supplies and may want to tie oil exports to the acquisition of advanced energy technologies. However this debate is resolved, pressing economic problems will almost certainly result in some export of oil.

Mexico's foreign trade deficit is increasing and it is faced with one of the world's fastest growing populations. The economy requires large new capital inflows in order to maintain the 8-percent real annual growth rate necessary to provide the 600,000 new jobs required annually.

Inflation, on the other hand, has become a major political issue in Mexico, and the President is concerned that petroleum development may aggravate inflationary pressures.

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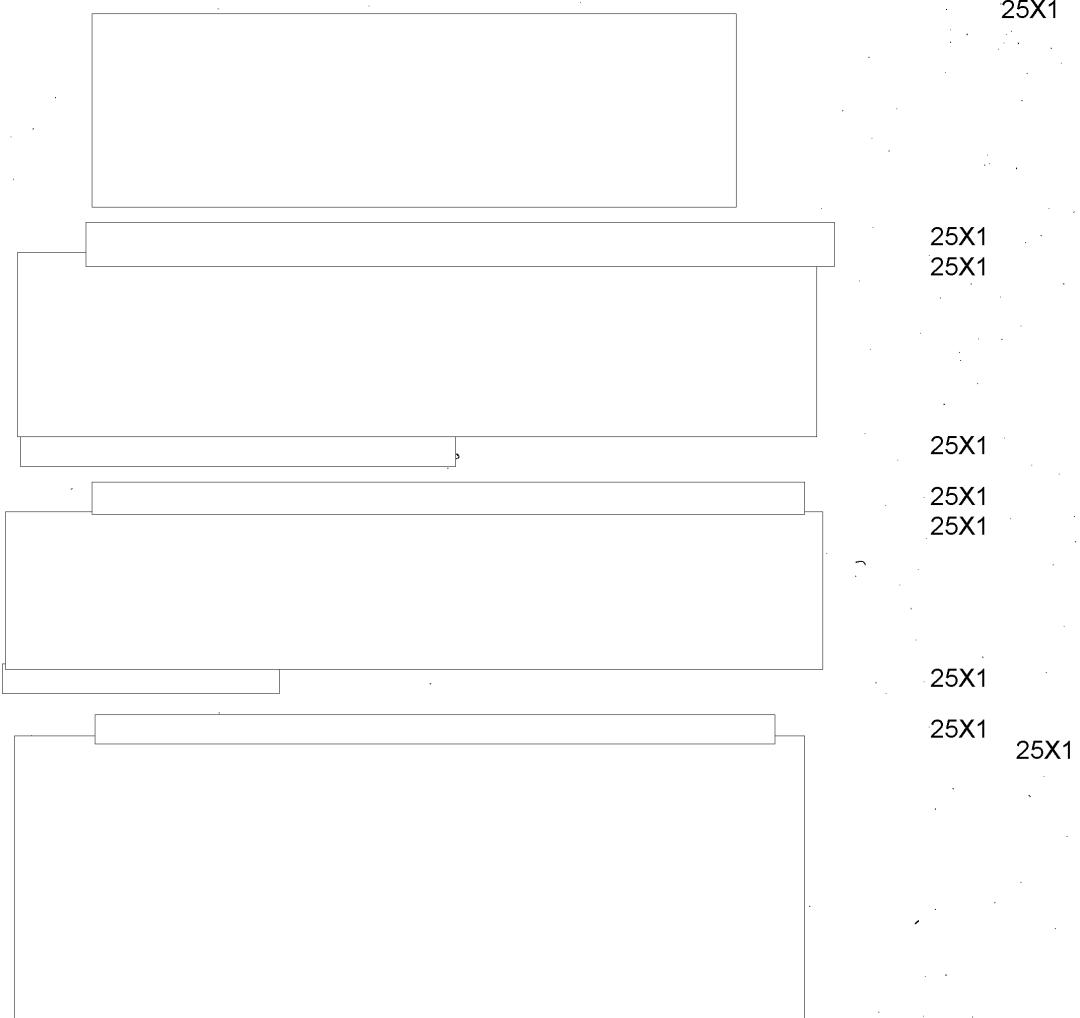
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TURKEY-USSR

Turkey is moving to give some substance to recent hints that it intends to strengthen economic ties with the USSR. The Turks will begin negotiations in Moscow shortly, in an attempt to obtain financial help.

Soviet offers of aid to Turkey are nothing new; preliminary talks have been going on for 18 months. What is new is Turkey's increased need for assistance. The Cyprus operation has already cost Ankara about \$1.2 billion at a time when the Turks have been planning to embark on a \$4.5-billion investment program.



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The Soviets, undoubtedly with an eye on the controversy over US aid to Turkey, are pushing for early conclusion of new agreements with Ankara. Even so, they have already moved to curb Turkish expectations.



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Since 1967, Moscow has given Ankara long-term aid amounting to a half billion dollars--all for industrial projects in Turkey. The new economic agreements likely to be concluded will probably not bring a major increase in Soviet influence in Turkey, where the Soviets continue to be regarded with deep-seated suspicion.

FOR THE PRESIDENT ONLY

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China: Politburo member

Teng Hsiao-ping reportedly has been designated to succeed Chou En-lai as premier. Teng now has charge of day-to-day administrative matters, including foreign policy, but Chou remains the country's number two leader. A National People's Congress, which may be held by the end of the year, is to confirm Teng's status. Teng and Li Hsien-nien, both vice premiers, have been sharing Chou's protocol and administrative duties for several months. The two "moderates" will probably continue working well together to carry on current policies.

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UK: Prime Minister Wilson's new Labor government is expected to begin consultations with the US on the UK's defense review within four to six weeks. No decisions are likely on any projected defense cutbacks before December or early 1975, when the British cabinet plans to inform NATO of the review outcome. According to a British defense spokesman, the agenda for the consultations will include a listing of possible defense cuts, prefaced by a detailed exposition of British reasoning and analysis. London has promised to weigh the US reaction before any final decisions are reached. Nonetheless, some reductions in Britain's NATO-committed forces are inevitable.

Australia: Prime Minister Whitlam has threatened new elections because the Liberal-Country opposition coalition has blocked ten major pieces of government legislation since the general elections last May and threatens to delay an upcoming appropriations bill. Similar opposition tactics last April moved Whitlam to dissolve parliament and call elections. The opposition, while heartened that Labor has declined in popularity since the elections in May, is not anxious to be saddled with trying to find a solution to Australia's economic ills and may stop short of prodding the Prime Minister into new elections.

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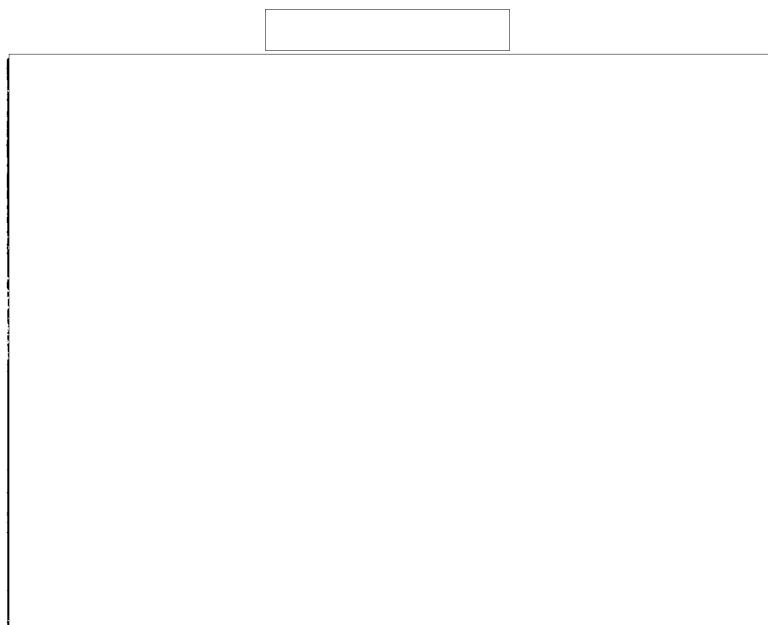
FOR THE PRESIDENT ONLY

Iraq: Military action in northeastern Iraq this past week has been limited to bombing and shelling of Kurdish positions, but Baghdad is gathering troops for an assault. The Iraqis probably are heeding their Soviet advisers and making thorough preparations before following up last week's seizure of a mountain overlooking a Kurdish supply route. In spite of Iraqi losses running as high as 30 percent in recent fighting, Baghdad apparently plans to continue attacks on the Kurds until winter halts effective military operations a few weeks from now.

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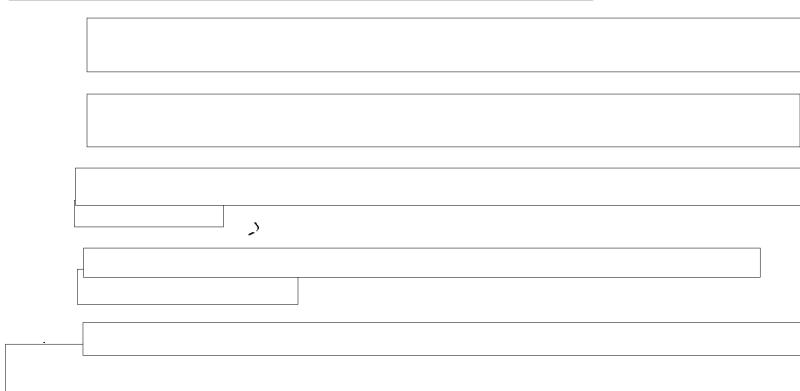
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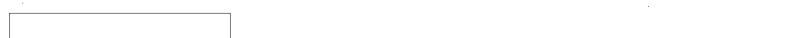
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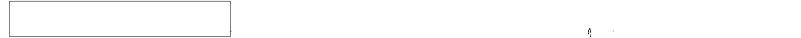
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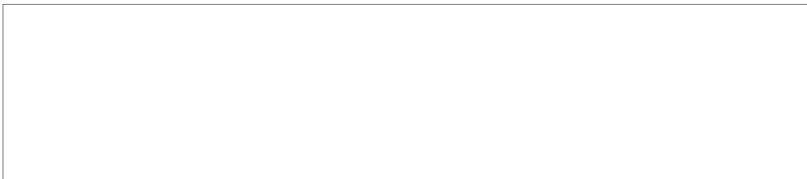
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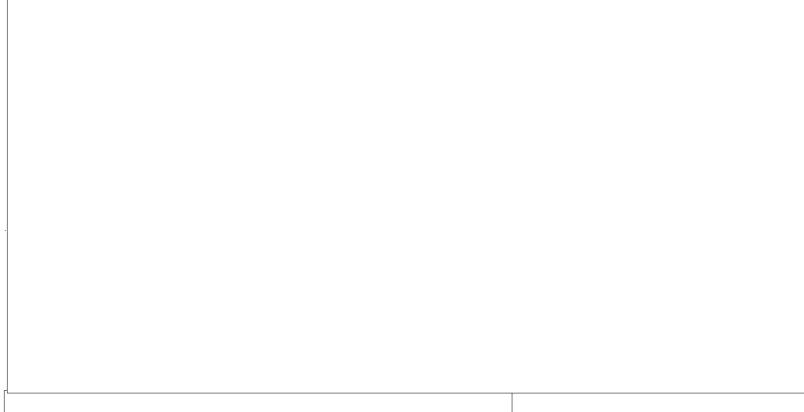
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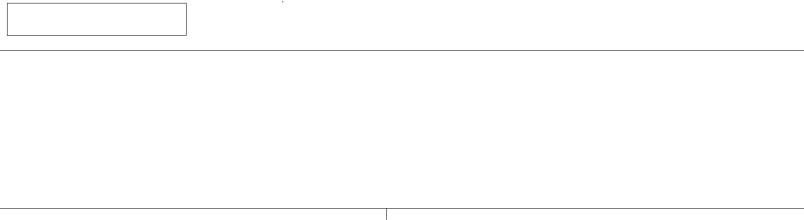
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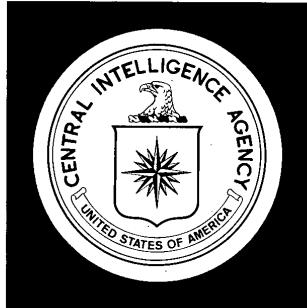
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The President's Daily Brief

October 19, 1974

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exemption category 5B(1),(2),(3)
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FOR THE PRESIDENT ONLY

October 19, 1974

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Cyprus: Greek fears of new Turkish attack on Cyprus appear exaggerated. (Page 2)

South Korea: President Pak upset over American criticism of his government. (Page 3)

Portugal: West European Socialists trying to help counterparts in Portugal. (Page 4)

Note: USSR-Morocco (Page 5)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

EGYPT-USSR

Egyptian news media have treated Foreign Minister Fahmi's visit to Moscow as a triumph for Egypt's independent foreign policy.

Fahmi's visit and the announcement that Soviet party chief Brezhnev intends to come to Cairo in January have brought an outpouring of praise for Moscow from the Cairo media and expressions of "deep" friendship. The press has heaped gratitude on the Soviets for helping Egypt in some of the "gravest moments of its history." At the same time, the Egyptians have lost no opportunity to reaffirm their intention to maintain foreign and domestic policies independent of the Soviets.

The Egyptians see Soviet acquiescence in a Cairo summit as a vindication of Sadat's refusal to bow to Soviet pressures. The Egyptian line is that Moscow restored amicable relations because they are in its strategic interests. Cairo now appears almost cocky in its belief that all superpower roads in the Middle East lead through Egypt.

The Egyptians undoubtedly intend this as a message to the US as well. They have little fear at this point of US interference in Egyptian affairs, but they probably see the rapprochement with Moscow as helpful in pressing the US toward further movement both in peace negotiations and in economic assistance for Egypt.

FOR THE PRESIDENT ONLY

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CYPRUS

An alert of Turkish paramilitary Jandarma units and Turkish reconnaissance flights over Cyprus during the last few days have led to Greek fears that the Turks are planning another offensive on Cyprus. We do not think the evidence points to a Turkish attack.

The Jandarma Command in Ankara brought its units throughout Turkey to an "alert posture" on Wednesday. The units apparently remain in an advanced state of readiness. There is no sign, however, that regular Turkish forces have been alerted.

Also beginning on Wednesday, Turkish reconnaissance flights over Greek Cypriot sectors of Cyprus have increased daily. Acting Cypriot President Clerides has complained about these to Ambassador Crawford and expressed anxiety about Turkish intentions.

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An unprovoked Turkish offensive to rescue Turkish Cypriots in Greek Cypriot zones or to push Turkish lines forward does not appear likely any time soon. Most Turkish Cypriots have already found their way into the Turkish-held portion of the island, with the tacit acceptance of Greek Cypriot authorities.

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In addition, [redacted] the location of permanent fortifications that the Turks are building across the island suggests they do not intend to expand the territory under their control.

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SOUTH KOREA

President Pak is upset over continuing American criticism of his government, but is unlikely to allow his dissatisfaction to become a public matter [redacted]

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[redacted] 25X1

Pak's ill temper results in part from:

--heavy US Congressional and media criticism earlier this year of his harsh repression of student and Christian critics;

--the sharp cut in military aid imposed by Congress in September;

--reports that his opponents are taking advantage of [redacted] his regime's concurrent effort to soften its repressive image to press their attack.

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The South Korean leader, however, does not want any open quarrel with the US. Seoul has few allies, and South Korea's attempts to open up contacts with the Soviet Union and China have produced little as yet. Moreover, the South Koreans are relying heavily on the US for support during the current session of the UN General Assembly.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

PORUGAL

West European Socialist leaders are rallying round to help the Portuguese Socialists keep from being outdistanced by the Communist Party.

West Germany's Willy Brandt arrives in Lisbon today for a three-day visit. Swedish Prime Minister Palme and Norwegian Foreign Minister Frydenlund, accompanied by trade union representatives, will visit Portugal from October 25 to 27 and are expected to offer aid.

The Portuguese Socialists have appealed to their French counterparts to persuade the French Communist Party to intercede with the Portuguese Communists and suggest a softer, less aggressive line; the French Socialists are willing to oblige and believe their Communist counterparts will be equally anxious to prevent "Stalinist" behavior by the Portuguese Communists. Whether the French Communists have any real influence over the Portuguese Communist Party, however, is open to question.

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NOTE

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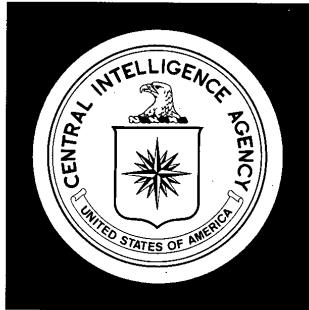
USSR-Morocco:

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The President's Daily Brief

October 21, 1974

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exemption category SB(1)(2),(3)
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FOR THE PRESIDENT ONLY

October 21, 1974

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[redacted] (Page 2)

Canada: Defense cuts likely. (Page 3)

Notes: Fedayeen; China (Page 5)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

MEETING OF EUROPEAN COMMUNISTS

Moscow tolerated considerable diversity of view at the meeting last week in Warsaw in order to promote movement toward a more formal conference of European communist parties next year.

In the communiqué, the Warsaw participants expressed the desire that such a conference be held in East Germany before mid-1975. There will be at least one additional preparatory meeting in December or January.

As expected, several key parties--the Italian, Romanian, and Yugoslav, in particular--used the Warsaw meeting to demonstrate that the days of unquestioning subservience and cominformist unity are over. They hammered home the necessity for equality among parties, no matter how small--or big; they also heaped scorn upon the old notion that there is one established center of communist authority. Several of the delegates stressed that each party has a right to voice its position and to have its views taken into account at any multilateral gathering.

The Soviet delegate held his peace, with hardly a grimace. He also avoided criticizing the Chinese, in deference to the several parties that had insisted that absent parties not be attacked.

The Soviets seem to consider the Warsaw meeting a success, if only because it produced some semblance of unity among European communist parties. All but three were represented. Moscow will probably be satisfied if efforts to convene a more formal conference next year go as smoothly. Even if such a conference merely endorses Soviet detente policy toward the West, it will, in Soviet eyes, have been worth the effort.

The Kremlin leaders, to be sure, still nurture the hope that regional meetings will culminate in another international communist conference, but formidable hurdles remain in the way. In any case, the Warsaw meeting makes it clear that if Moscow wants progress toward a world gathering, it will have to put up with the disruptive behavior of maverick parties and softpedal differences with China.

FOR THE PRESIDENT ONLY

JAPAN



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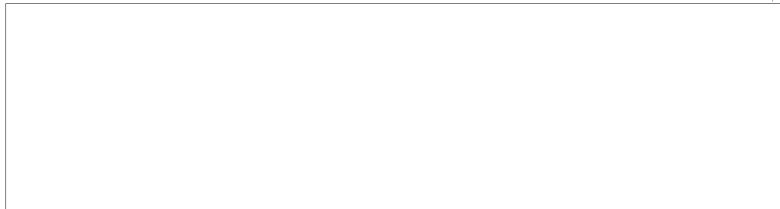
CANADA

Canada's plans to reduce further its already minimal defense program have surfaced during the past week in parliament and the press. Ottawa's commitments to NATO, however, appear fairly safe for the short run.

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Canada's double-digit inflation has pushed defense costs well beyond the 7 percent increase called for in the five-year defense plan adopted last October. Declining economic growth has added to the problem by reducing tax revenues.

The planned capital improvements program for the armed forces has been maintained only by cutting personnel from an authorized strength of about 84,000 to just under 80,000. Further reductions are now seen as inevitable.



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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

Prime Minister Trudeau has never assigned defense a high priority. He is seeking closer ties with Western Europe, however, and will be reluctant to irritate Europeans and lose an effective voice at the North Atlantic Council through a substantial reduction in Canada's NATO commitment.

If economic pressures on Canada's budget continue over the longer term, it is doubtless only a matter of time before an erosion of Canada's commitments to North American defense and NATO also take place.

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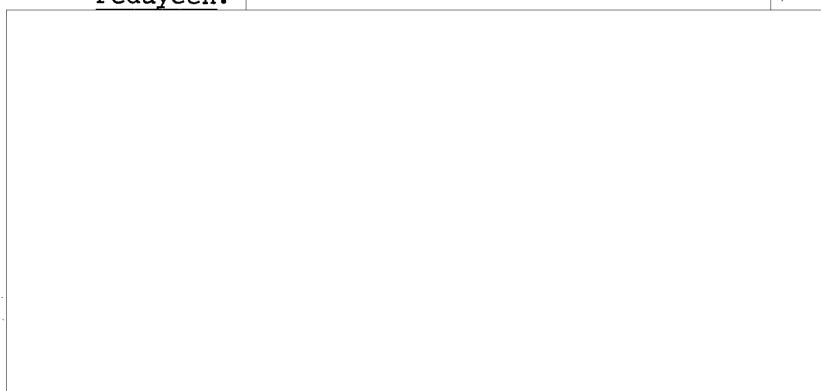
FOR THE PRESIDENT ONLY

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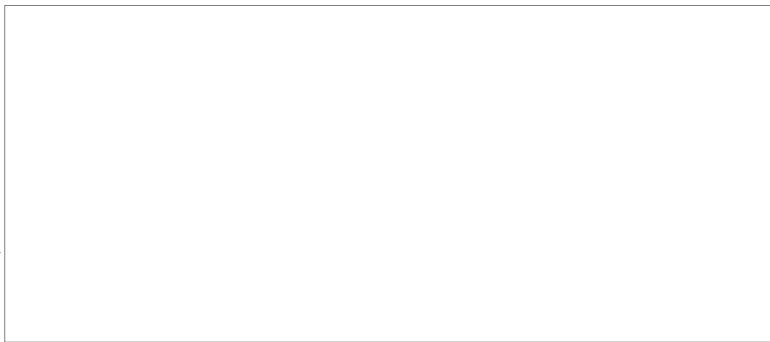
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Fedayeen: [redacted]

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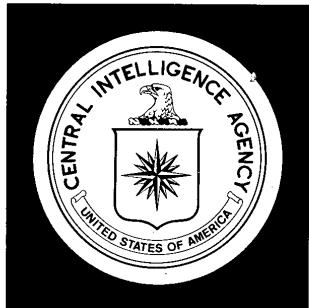
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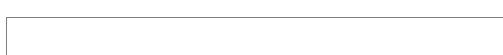
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October 22, 1974

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declassification schedule of E.O. 14176
exemption category SR(1)(2)(3)
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FOR THE PRESIDENT ONLY

October 22, 1974

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Arab States: Foreign ministers meet today in Rabat to prepare summit beginning Saturday; deliberations likely to be contentious. (Page 1)

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USSR: Brezhnev's private comments on key foreign [redacted] 25X1
(Page 3)

France - Indian Ocean: French to build new naval base. (Page 4)

China: New submarine construction. (Page 5)

Turkey: Ecevit fears loss of influence with military. (Page 6)

Notes: Japan; Lebanon; [redacted] 25X1
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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

ARAB STATES

Arab foreign ministers meet today in Rabat to prepare an agenda for the Arab League heads of state conference beginning Saturday. For key Arab states, particularly Egypt, the deliberations are likely to be difficult and crucial.

Bitter inter-Arab differences have flared over where to go next in peace talks and, specifically, how to handle the Palestinian question. The chief topic for debate at the summit will consist of ramifications of this issue--the roles in negotiations of the Palestine Liberation Organization and Jordan, the related but broader question of the future of the Israeli-occupied West Bank, and the precedence to be given the various stages of the peace talks as they involve individual Arab parties.

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Discussion of the Palestinian problem is bound to be complicated further by the reaction of those chiefs of state who were the targets of the Black September Organization assassination plot uncovered last week. [redacted]

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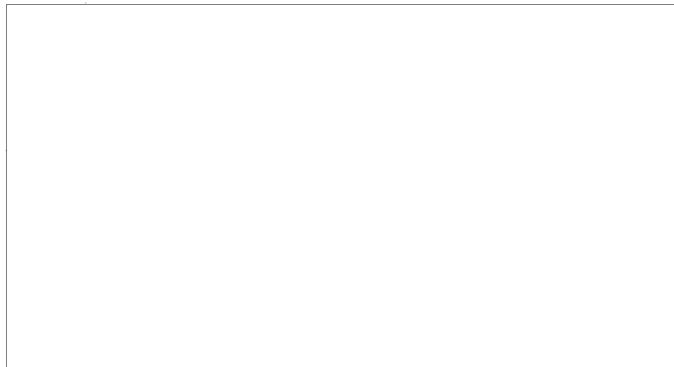
Several issues arising out of last year's war will be considered at Rabat. These center primarily on the Arabs' international economic role and include:

- Political aspects of the oil price issue.
- The use of oil and money as political weapons.
- Arab economic cooperation with Africa and the European Economic Community.

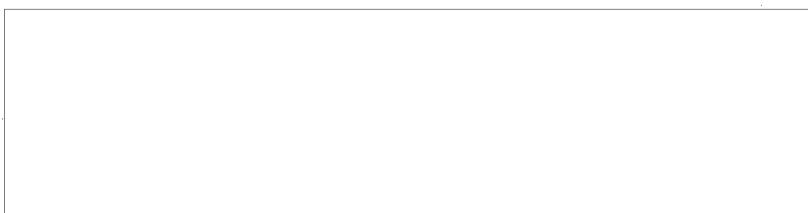
In the corridors, the delegates at Rabat will probably also talk about the role of Iran in Oman, as well as the pan-Arab force Egypt is proposing to station there, and the dispute over Spanish Sahara. If the Sahara question is raised in front of the full summit and a resolution passed, it will probably be vaguely worded to avoid taking sides between the rival claims of Morocco and Mauritania.

FOR THE PRESIDENT ONLY

SYRIA



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Kadar and Brezhnev drive to Kremlin after the Hungarian leader's arrival in Moscow

FOR THE PRESIDENT ONLY

USSR

General Secretary Brezhnev conducted a generally optimistic tour d'horizon of international political and economic problems during his talks in Moscow last month with Hungarian party boss Kadar. Brezhnev singled out China as the USSR's only serious problem.

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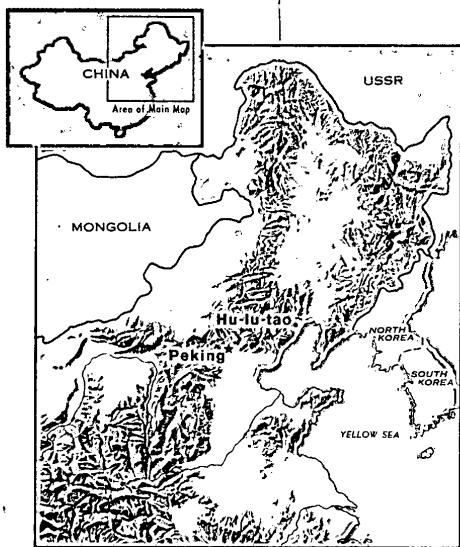
FOR THE PRESIDENT ONLY

FRANCE - INDIAN OCEAN

Paris disclosed on Friday that it plans to build a naval base in the Comoro Islands. This will place the French astride the shipping routes from the Persian Gulf to Western Europe and will expand Paris' role in the growing naval competition in the Indian Ocean.

The French flotilla in the Indian Ocean has been substantially augmented in the last few months; the most recent arrivals include the aircraft carrier Clemenceau. The French have had to use floating support facilities since Paris relinquished its naval base and communications facility at Diego Suarez on Madagascar last year. The only significant French base remaining in the Indian Ocean area is at Djibouti, in the French Territory of the Afars and the Issas, where the French have a small permanent naval contingent.

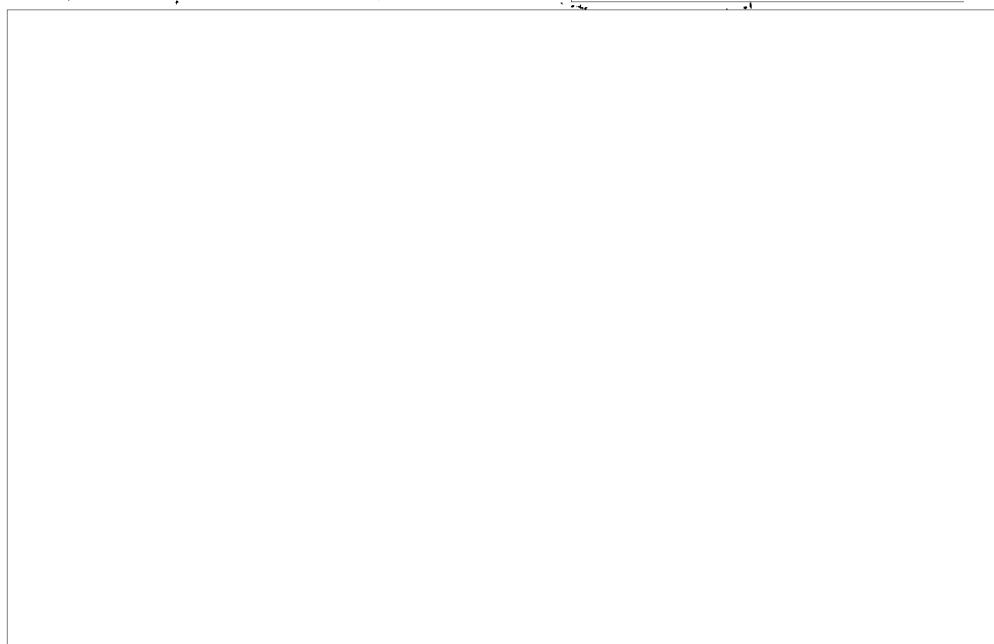
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FOR THE PRESIDENT ONLY

CHINA

The Chinese continue to make progress in building large, modern submarines.

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[redacted] the Hu-lu-tao shipyard in northern China turned up more components of the type used in China's only Han-class attack submarine. The Han-class was built at Hu-lu-tao and is probably nuclear-powered. The components are probably for another Han-class, but they could also be for a ballistic missile submarine based on the Han's hull design. [redacted]

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TURKEY

Prime Minister Ecevit fears that his influence with the military is waning the longer he remains head merely of a caretaker government.

Ecevit's concern about his weakened position may be one reason he wants to work out a compromise with Justice Party leader Demirel to end the political stalemate and form a new government. The Justice Party congress that began yesterday should confirm Demirel as party leader and free his hand to negotiate an agreement with Ecevit.

[redacted] Ecevit is worried that hard-line military leaders might react precipitately to a Greek "provocation" on Cyprus. [redacted]

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The Turkish military blocked the prisoner exchange on Cyprus for three weeks; this suggests there is some validity to Ecevit's concern. To counter this tendency, Ecevit is taking steps to make the military fully aware of the mounting pressure of international opinion on the Turkish government. During the conflict on Cyprus there were several indications that the Prime Minister was able to limit military actions, particularly by emphasizing international pressures.

FOR THE PRESIDENT ONLY

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NOTES

Japan: The rally in Tokyo yesterday to protest the alleged presence of US nuclear weapons in Japan, as well as your visit scheduled for next month, fell well short of the organizers' goals. Communist and Socialist sponsors claimed an attendance of 70,000, after forecasting a total of 100,000; police put the figure at only 25,000. The demonstrators agreed to forward a demand that you call off your visit. Because of the relatively modest turnout, however, opposition leaders face the hard choice of pressing an all-out campaign against the visit in the face of uncertain public support, or limiting their efforts to token protests.

Lebanon: The conservative Saib Salam has given up trying to form a new government. Salam was thwarted by President Franjiyah in his efforts to strengthen the cabinet and the position of prime minister, and faced opposition from parliamentary factions supported by Syria and the fedayeen. Franjiyah must now find another Sunni Muslim willing to try to form a government. Salam's difficulties make it unlikely that a more forceful or effective government than the "do-nothing" Sulh government that resigned a month ago will be formed.

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Syria: [redacted]

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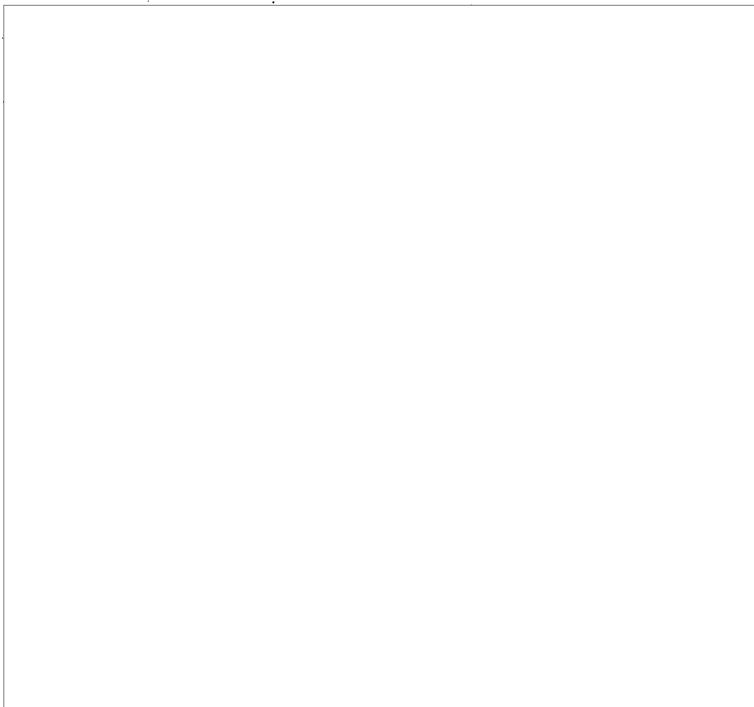
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October 23, 1974

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exemption category SR(1)(2), (3)
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ILLEGIB

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South Vietnam: Opposition demonstrations. (Page 5)

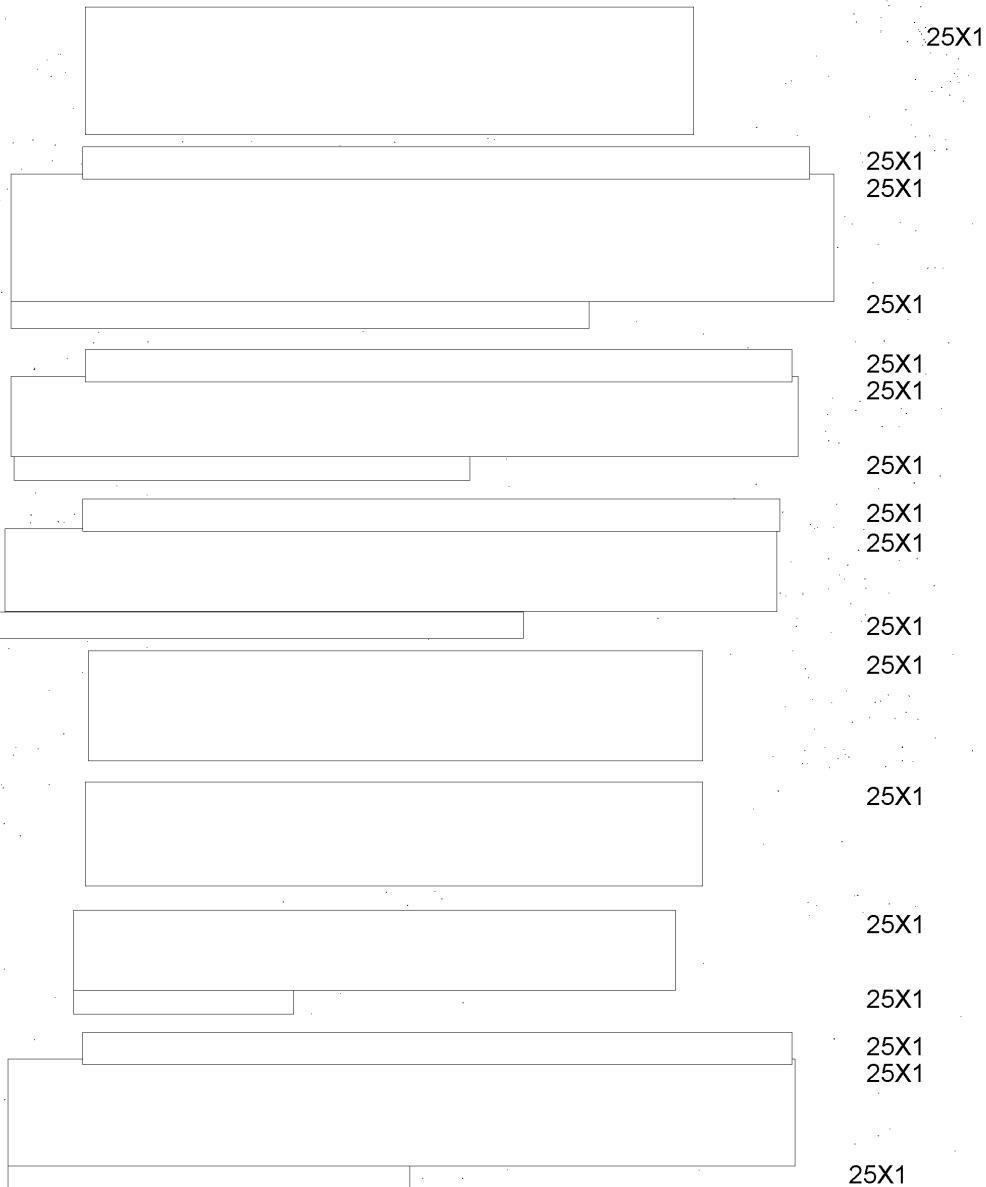
Mozambique: Security forces clash. (Page 6)

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and 8)

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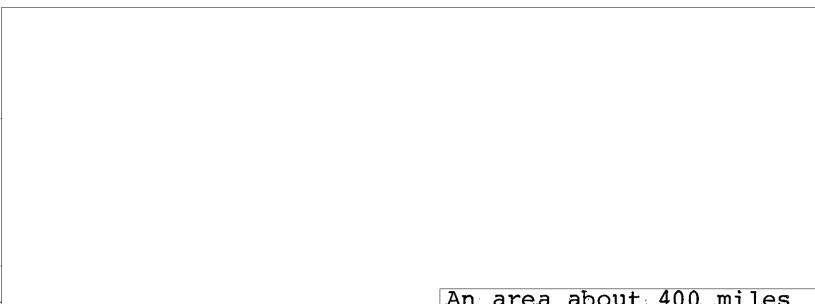
YUGOSLAVIA



FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR



An area about 400 miles
north of Midway Island has been declared closed by
the Soviets from October 20th to 30th, and more mis-
sile tests to this area are likely.

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PAKISTAN-USSR

Prime Minister Bhutto arrives in Moscow Thursday for a three-day official visit. Bhutto, who last traveled to the USSR in March 1972, is increasingly unhappy with the US embargo on arms shipments to Pakistan.

He may hope that his Moscow visit will persuade the US that his government, if it so chose, could significantly improve its somewhat uneasy relationship with the Soviet Union. The USSR briefly furnished arms to Pakistan in the late 1960s, when Moscow was attempting to take a more balanced position between the Indians and the Pakistanis. Bhutto, nevertheless, will avoid moves that would damage his good relations with the US and, especially, his close ties with China.

The Soviets would like to loosen Islamabad's lines to Peking if this could be done cheaply, and they will probably ask Bhutto to endorse their long-standing proposal for a Soviet-sponsored Asian collective security system. Bhutto is unlikely to go this far, but he may make some accommodating noises.

Moscow, however, sees India and Afghanistan as the keys to Soviet influence on the subcontinent, and this compels the Soviets to be less forthcoming with Pakistan. The Soviets have shown some coolness toward Bhutto's visit by twice postponing it this year. Now, Bhutto may find his access to the top Soviet leadership limited since he will be in Moscow at the same time as Secretary Kissinger.

FOR THE PRESIDENT ONLY

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SAUDI ARABIA



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SOUTH VIETNAM

Catholic and Buddhist opposition groups are organizing chapters in the provinces to demonstrate against the Thieu government.

So far, the turnouts by these new chapters have been fairly small--with the exception of one last weekend in the delta which was attended by about 4,000 people.

A small rock-throwing demonstration in Saigon over the weekend got foreign press coverage when the National Assembly building was attacked. The demonstrators, mostly teenage thugs bent on destroying public property and testing police reaction, were handled carefully by the Saigon police.

There are no indications that the government plans to modify its present lenient attitude toward the protesters.

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FOR THE PRESIDENT ONLY

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MOZAMBIQUE

Portuguese troops and forces of the Front for the Liberation of Mozambique, which share security responsibility under Mozambique's transitional government, quickly restored order to Lourenco Marques early this week, following an outbreak of violence in which 48 persons were killed and 80 injured.

Portuguese army commandos, the most conservative element of the Portuguese military and the most resistant to political change in the territory, sparked the violence by attacking Front troops. These clashes led to widespread rioting by the city's African population.

The transitional government is evacuating to Lisbon all commandos in Lourenco Marques. A substantial number of Lisbon's troops were scheduled to be withdrawn from Mozambique by the end of the year, but Portuguese authorities may be prompted by these latest incidents to hasten the process.

The prospect that Front forces will eventually provide all security frightens many whites, who may now want to leave. Sporadic civil disturbances are likely to be frequent in Mozambique until a strong government is established.

FOR THE PRESIDENT ONLY

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NOTES

Cyprus: Greek Cypriots are planning to hold a number of protest demonstrations this week in Nicosia, including one today and another on Friday at the US embassy. The demonstrators are expected to focus on the refugee problem, US foreign policy, the presence of Turkish military forces in Cyprus, and continued Turkish overflights. Vassos Lyssarides, a leftist political leader and Makarios supporter, is reported to be among those organizing the demonstrations, all of which carry the underlying theme of support for the return of Archbishop Makarios. Embassy officials report that demonstrations held yesterday at the Greek embassy and outside Acting President Clerides' office were very orderly.

Canada: The Canadian wheat harvest is expected to reach only 13.3 million tons, down nearly 20 percent from last year. We believe that exports for the present crop year ending next July will probably not exceed 10.5 million tons--the smallest quantity in five years and down 1 million tons from that shipped during the 1973-1974 crop year. Even to export this amount, stocks would have to be drawn down by roughly 2 million tons. Canada's 10.3-million-ton stockpile on July 31 constituted over one third of the total stocks held by non-communist countries. Ottawa opposes a sharp cutback in inventories because of concern over self-sufficiency, and export sales have now been suspended pending assessment of recent frost damage.

Ethiopia: The Armed Forces Coordinating Committee yesterday increased security measures in Addis Ababa; the committee is preparing to begin the trials of aristocrats and former officials charged with corruption and abuse of power. Former emperor Haile Selassie apparently is not among the group to be tried. The trials may increase tensions within the committee, whose members differ over how to deal with the prisoners. Moderates, who presently control the committee, are concerned that leftists who favor harsh treatment for the aristocrats--including in some cases killing the prisoners without trial--will make trouble. The moderates are also worried that supporters of the aristocrats, perhaps joined by military sympathizers, will instigate disorders and even try to free the prisoners.

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Greece: [redacted]

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exemption category SB(1)(2)(J)
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LATE ITEM

South Vietnamese President Thieu has ousted four cabinet members in response to rising political dissent. Those fired include the President's cousin, Information Minister Hoang Duc Nha, who has been one of his closest advisers.

The removal of Nha is a ploy to mollify critics of Saigon's enforcement of press restrictions. Nha, as information minister, has been the government's chief censor.

The other three cabinet members headed the ministries of finance, trade and industry, and agriculture. Their resignations were obtained by Thieu to help dampen criticism of the government's handling of the economy.

There was no announcement of a new assignment for Nha, but he is unlikely to lose his influence and access to Thieu.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

October 24, 1974

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Turkey-Greece: The dispute over oil rights in the Aegean may be rekindled by Turkish oil exploration in the area. (Page 1)

Greece: The arrest of former junta leaders is designed to satisfy public demands that they be punished. (Page 2)

China: The Chinese have sharply reduced their scheduled grain imports, with most of the impact falling on US shipments. (Page 3)

Venezuela: Caracas is seeking to develop new petroleum markets. (Page 4) 25X1

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25X1

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

TURKEY-GREECE

The Greek-Turkish dispute over oil rights in the Aegean could be rekindled as a result of Ankara's decision to move ahead with oil exploration in the area.

The Turks have announced that contracts have been signed with Norwegian and Danish companies to conduct seismic surveys in the Aegean. The exploration is expected to begin by late November. Ankara also has concluded an agreement with a US consortium for seismic research and exploratory drilling, but the Turks reportedly want to keep this latter agreement quiet for now, according to the US embassy.

The Turkish announcement of the contracts with the Scandinavian companies comes at an awkward time for Greek Prime Minister Karamanlis; problems with Turkey over Cyprus are already a hot issue in the Greek election campaign.

Although the Turkish action seems likely to spark renewed Greek protests, a direct confrontation over the issue does not seem to be in the cards at this time.

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FOR THE PRESIDENT ONLY

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GREECE

The arrest of former president Papadopoulos and four of his close associates is designed to satisfy public demands that leaders of the military junta be punished. This has become a major election issue, and Prime Minister Karamanlis has been criticized for not breaking decisively with the past. The move should increase his standing among all groups except the extreme right.

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The arrest of Papadopoulos is not likely to bring a strong reaction from the army, where he does not retain significant support. [redacted]

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FOR THE PRESIDENT ONLY

CHINA

The Chinese have sharply reduced their scheduled grain imports for 1974, with most of the impact falling on US shipments. Growing conditions for the important fall crop, beginning to be harvested, have been good, and the Chinese now claim their grain production this year will surpass the 1973 level of 250 million tons. Erratic weather early in the year probably led the Chinese to overbuy grain at midyear, when wheat prices appeared to be softening.

A contract for 600,000 tons of US soybeans has been canceled. Three contracts for US wheat and shipment of 500,000 tons of Canadian wheat will be deferred until 1975. We have reduced our earlier estimates of Chinese grain imports in 1974 by about 1.8 million tons and now estimate that China will import some 7.6 million tons of grain in 1974 and 7.1 million tons in 1975.

Contaminated cargoes and dock strikes in Canada also contributed to the reductions.

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VENEZUELA

Reports of large oil discoveries in Mexico are spurring Venezuela to develop new petroleum markets, despite official statements from Caracas stressing the noncompetitiveness of the Mexican oil find.

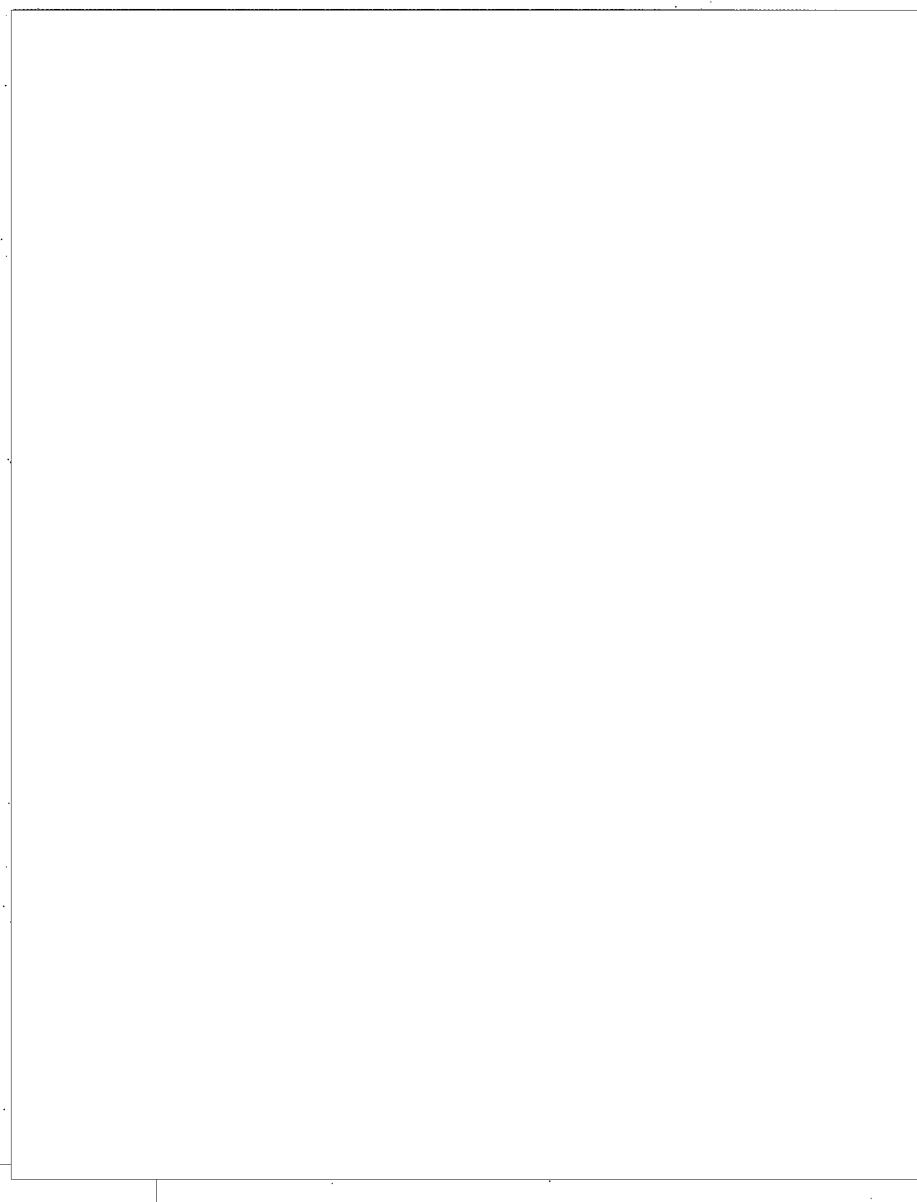
Venezuela is offering to supply the Japanese with 400,000 to 500,000 barrels of oil per day [redacted]

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[redacted] Official trade missions leaving soon for Europe, Africa, and the Far East also will be looking for new oil markets.

Such markets would enable Caracas to lessen its dependence on oil sales to the US. In a recent speech, President Perez emphasized the high priority he gives to diversifying Venezuela's markets. In an allusion to the US, he noted that his administration was going to "affirm its economic independence by eliminating all dependence on a single country--no matter how powerful."

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FOR THE PRESIDENT ONLY**NOTES**

Egypt-Israel: [redacted]

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Saudi Arabia: We now expect Saudi Arabia to run up oil revenues of more than \$17 billion in the second half of 1974, more than double the revenues of the first half and ten times the value of expected imports. The Saudis will accumulate a current account surplus of more than \$15 billion in the second half, compared with nearly \$6 billion in the first. Saudi investment in the US--mainly in the form of US government securities, bank deposits, and equity shares--was six times as great at the end of the third quarter as at the end of the second quarter. Growing concern over the ability of the Eurodollar market to absorb additional petrodollars will stimulate an even greater flow into the US during the fourth quarter.

Arab Aid: Arab oil-producing countries have started to disburse low-cost aid under an "Arab Fund for Africa" that was set up in January to assist African countries in meeting higher oil costs. The fund has \$200 million worth of capital. Uganda, the first recipient, recently was given a \$5.65-million credit, about half of its proposed allocation. Tanzania and Liberia have signed agreements to begin drawing on their shares of the fund. African leaders complain that the fund has been too slow in getting under way and is too small. An "Arab Bank for Agricultural and Industrial Development in Africa," a companion institution with about the same capital as the fund, is still being formed.

Norway: Norway will not seek full membership in the emergency oil-sharing program developed by the 12-nation Energy Coordinating Group. Instead, it will seek associate status in hopes of avoiding a national debate on the issue while maintaining solidarity with the West. Norway's position as a potential energy exporter had threatened to turn the issue of energy sharing into a divisive dispute similar to that over EC membership in 1972. Foreign Minister Frydenlund is expected to announce Norway's final decision on the question in a speech before parliament on November 1.

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USSR:

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USSR - South Yemen: The Soviets may have increased their military commitment to South Yemen as a way of shoring up Moscow's position there.

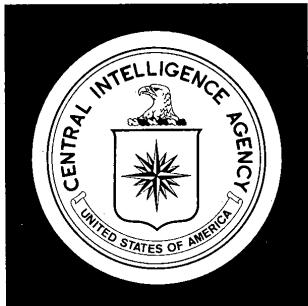
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Israel: Civilian construction has fallen sharply in Israel since summer, when the government introduced new austerity measures to slow inflation and redress the country's trade imbalance. Military and essential civilian construction, such as immigrant housing and development of new areas, however, is proceeding apace. Work at almost all other public construction projects has stopped, and a government committee will determine which projects will be allowed to continue.

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Palestinians: Arab foreign ministers stymied over
Jordan-PLO issue. (Page 5)

Notes: USSR-Egypt; West Germany; Venezuela (Page 6)

Annex: Arab Summit Meeting

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

FRANCE

French President Giscard d'Estaing called during a press conference yesterday for representatives of the principal oil exporters and importers among industrialized and developing nations to meet early next year to discuss energy matters. He suggested that the conference be limited to 10 or 12 nations.

Giscard reiterated his hope that the EC will speak with a single voice on energy matters and said France will not join the US-sponsored Energy Coordinating Group. He added, however, that France would not obstruct efforts to create a new international energy agency within the OECD. Despite Giscard's denial, his call for a "restricted" energy conference is intended to steal a march on the more deliberate strategy behind the Energy Coordinating Group's activity.

Giscard proposed that his conference consider guarantees of the income of oil exporters, "which might consist of pegging the level of oil prices to the level of economic development and set up the threshold at which the guarantees would be applied." It is not clear how the French intend such a system to function. Paris clearly hopes that it will appeal to both the oil importers--looking for lower prices--and the producers--who have spoken of linking their prices to inflation.

An inducement for EC support of the conference is contained in Giscard's suggestion that the Nine could have a single representative speak for the Community. France's boycott of the energy group within the OECD assures that the EC as such cannot be represented in that body.

Giscard also called on his EC partners to join him at a summit meeting in late November or early December to discuss "medium-range" planning for the EC's future. He has been known to want such a meeting before France's term as EC president expires at the end of the year.

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The French President also discussed the situation in the Middle East. He said the world community should recognize the Palestinians' right to a homeland and added that international negotiations should work toward that goal, as well as "recognized and secure frontiers" for Israel.

France supported the UN resolution to allow the PLO to speak during the General Assembly debate on the Palestinian issue, but it has not recognized any group as sole spokesman for the Palestinians. Foreign Minister Sauvagnargues has just returned from Jordan and Lebanon--where he met with PLO leader Arafat--and will soon visit Israel.

Turning to domestic matters, Giscard said he plans to meet soon with leaders from all hues of the French political spectrum to discuss his coming summit meetings with his EC partners, President Ford, and Soviet party chief Brezhnev.

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USSR-AUSTRALIA

Moscow has made a cash purchase of 1 million tons of Australian wheat, worth \$150 million, for delivery through August of next year. Australia's wheat harvest will not begin until December, but an excellent crop is expected; Australian wheat exports should total about 8 million tons in 1975.

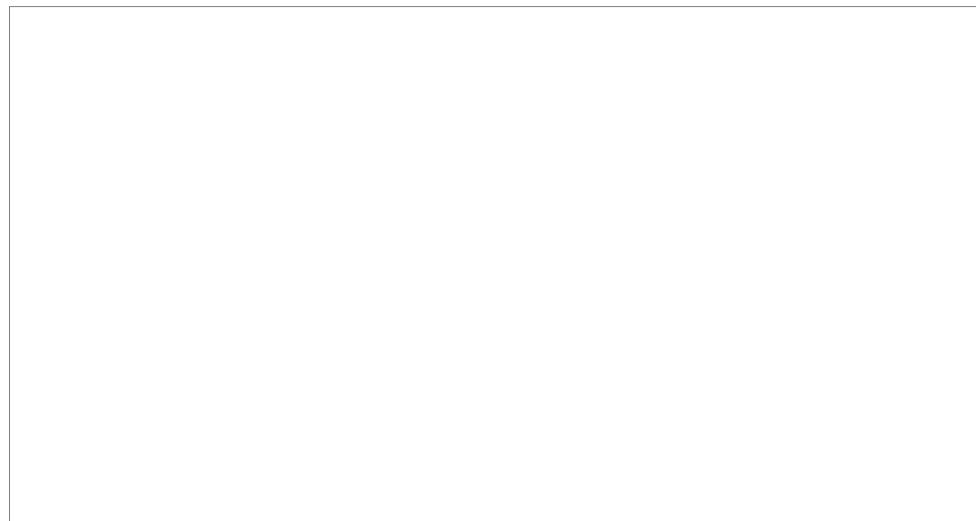
The purchase from Australia brings the total of confirmed new Soviet grain contracts for fiscal 1975 to about 2.5 million tons of wheat and 1.5 million tons of corn. The Soviets began this new round of buying in Argentina in mid-September with the purchase of about 500,000 tons of corn and 250,000 tons of wheat. This was followed in early October with their effort to buy 3.2 million tons of US grain, now reduced to 2.2 million tons following Secretary Simon's visit to Moscow. [redacted]

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The buying began just as the USSR's harvest was concluding. The Soviet target was 205 million tons, but the Soviet press reported that harvesting was slowed by poor weather and that the corn crop was less than expected. Moscow has not yet published an official estimate of the grain harvest, but unofficial estimates range from 190 to 210 million tons. Our last estimate, as of two weeks ago, was 195 million tons.

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USSR-SYRIA



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ARAB SUMMIT MEETING

Arab foreign ministers meeting in preparation for the summit conference that begins Saturday reached a stalemate last night trying to reconcile the negotiating positions of Jordan and the Palestine Liberation Organization.

A PLO spokesman charged at a news conference that the foreign ministers had greeted all PLO demands with opposition or "total silence." In response to a leading question, he said that a PLO walkout is a possibility. The PLO has been demanding that its status as "sole legitimate" representative of the Palestinian people be reaffirmed.

Jordan and some of the other Arab states are objecting to this as posing an impediment to Jordan's right to negotiate for the West Bank. According to an Egyptian news service, the foreign ministers, having failed to resolve the impasse, are now inclined to leave it for their leaders to work out at the summit.

A PLO walkout is, in fact, unlikely. The threat, and the fact that the organization publicly aired the deadlock, may simply be tactical moves designed to dramatize the Palestinian position and wring as many concessions as possible from the other Arab states.

Although the publicity could limit PLO Chairman Yasir Arafat's options, he may prove to be a more tractable negotiator than his deputies. Moreover, the leaders of the states most directly involved--Jordan, Egypt, and Syria--are somewhat more flexible than their foreign ministers and may at least be more willing to attempt an accommodation.

At Annex, we discuss the issues at stake during the Arab summit meeting.

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NOTES

USSR-Egypt: A senior Egyptian official has told US representatives in Cairo that, except for the announcement that Brezhnev will visit Cairo next January, no agreements were reached during Foreign Minister Fahmi's visit to Moscow last week. The Soviets said that negotiations for further Soviet aid could proceed, but that no final agreements will be concluded until Brezhnev's visit.

West Germany: [redacted]

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Venezuela: US iron ore concessions are scheduled to be nationalized by December 9, but the government plans a one-year period of transition before the take-over is completed. The amount of compensation has yet to be agreed. [redacted]

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY**ARAB SUMMIT MEETING****A
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The Arab summit meeting scheduled to convene in Rabat on Saturday will deal chiefly with the question of how to accommodate both Jordan and the Palestine Liberation Organization in peace negotiations. Principal Arab leaders may also discuss the pace of negotiations, particularly whether to proceed by stages or shortly to resume plenary sessions of the Geneva conference.

The Palestinians and Jordan

President Sadat essentially wants to obtain from the summit Arab recognition of Jordan's role as negotiator for the West Bank. At the same time, he seeks to give the PLO a kind of standing that will put it on an almost equal footing with the front-line Arab states and that will offer at least a long-range hope that the Palestinians will obtain satisfaction from a negotiating process.

Sadat's tactic so far has been to play with words, first withholding and then conceding the label of "sole legitimate representative" accorded the PLO at last year's Arab summit. He has held to his basic strategy on the central issue--that no matter what label is given to either party, Jordan must initially be accorded the right to negotiate for the West Bank if there are to be any negotiations at all.

Sadat will continue this line at the summit, hoping that appeals to "realism" and some semantic maneuvers will induce all parties to be more flexible. The recent vote by the UN General Assembly to permit the PLO to participate in assembly debate on the Palestinian question should assist Sadat's effort. Also of some help is the joint Egyptian-Soviet statement issued last week. This statement called for an independent PLO delegation at Geneva and affirmed the Palestinians' right to establish a "national entity."

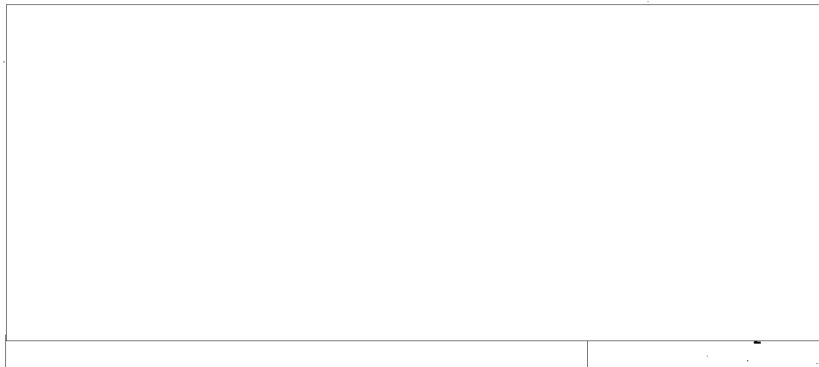
Sadat can point out that the international recognition for the PLO implied in the UN vote and in the Egyptian-Soviet statement is a kind of guarantee that turning actual negotiations over to Jordan will not mean either abandoning the Palestinians or denigrating the PLO. Egypt's lobbying for the UN vote and its support for the Soviet statement, moreover, enable Sadat to argue with the PLO that Egypt

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is really backing the Palestinians for the longer haul and is currently supporting Jordan only as a tactical move.



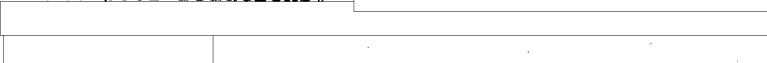
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The main obstacle to Sadat's strategy is less the PLO itself than the attitudes of the PLO's supporters--Algeria, Kuwait, Iraq, and Syria. Algerian President Boumediene, in particular, could lead a stampede in favor of the PLO and against Jordan, drag the Saudis and Syrians along, and encourage the PLO to press for its maximum position. This would wreck Sadat's balancing act and with it his hopes of fielding a united Arab negotiating team in the next round with the Israelis and eventually at Geneva.

The Politics of Economics

The Arabs' key position in international economic affairs and the political ramifications of this role presumably will be a major topic of discussion, but the conference is not likely to make any decisions on the substance of oil policies. The oil producers comprise only a quarter of the membership of the Arab League, and they will not readily submit the essentials of their oil policies to discussion by their poor relations.



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Egypt's recent propaganda on the oil price question probably typifies the sort of noises the Arabs will make at the summit. Egyptian media claim that predictions of economic chaos are exaggerated, and that criticism has been unjustly centered on Arabs, rather than on all oil producers, as part of a "Zionist-inspired" propaganda campaign. Although the Egyptians righteously portray the Arabs as eager to avoid economic chaos, Cairo emphasizes at the same time the Arabs' capability for causing disruption and their "right" to do so if political necessity dictates.

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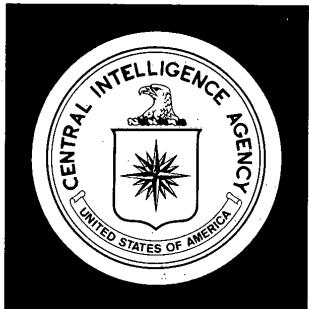
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One specific area of economic cooperation that will be discussed at the summit is assistance to Africa. Many of the Africans severed relations with Israel last year, and the Arabs have been under considerable pressure from African states to relieve the effects of high oil prices as a quid pro quo. Last year's summit established a relatively small assistance fund, under which disbursements are now being made. Although this year's meeting doubtless will continue the fund, no substantial increase is likely.

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Bangladesh: Dissatisfaction within the army's offi-
cer corps continues. (Page 4)

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TURKEY-GREECE

Foreign Minister Gunes said in Ankara yesterday that a cutoff in US military aid would not change Turkey's policy on Cyprus. It would have an effect, however, on joint defense relations with the US.

Gunes said, "When and if the aid actually stops, Turkey will be forced to review its entire mutual defense cooperation with the US." Gunes made no direct reference to the US military presence in Turkey, but noted "that if one participant in an agreement reduces its obligations, the other side feels the need to reconsider its own obligations."

Gunes emphasized that whatever happened in terms of bilateral relations with the US, Turkey would remain a member of NATO. The foreign minister told reporters that if US equipment is not available Turkey would seek alternative sources, but he declined to elaborate.

* * *

Turkey's dispute with Greece over oil exploration rights in the Aegean has widened. In the face of Ankara's determination to assert what it insists are its rights to the contested continental shelf, Athens has told [redacted] foreign governments that Greece is opposed to foreign companies' becoming involved with Turkey in exploring for oil in the Aegean.

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The Greeks are reacting to recent press reports alleging that Norwegian and Danish companies will begin such exploration in late November for the government-owned Turkish petroleum company. Norwegian and Danish officials in Ankara have disclaimed any knowledge of such cooperation between the Turks and Norwegian or Danish companies.

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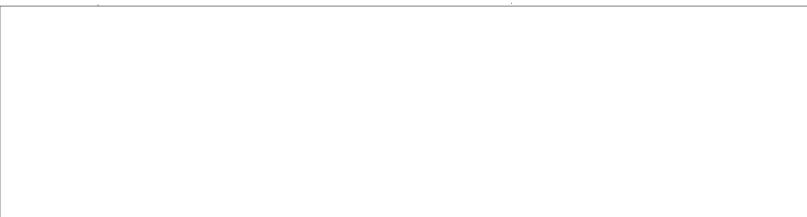
ITALY

Amintore Fanfani's failure to resuscitate the center-left coalition is almost certain to usher in a period of weak government by a caretaker administration.

Beginning Monday, President Leone will consider the remaining options in a new round of consultations with political leaders. The President could ask another Christian Democrat to try to revive the coalition, but he is likely to view Fanfani's failure as evidence that the positions of the former coalition partners for the time being are irreconcilable.

Given the composition of the Italian parliament, there is no workable non-Communist alternative to the center-left alignment. Until another attempt can be made to re-form the center-left coalition or, failing that, parliament is dissolved and new elections called, a caretaker government--perhaps a Christian Democratic cabinet--probably will carry out routine business. The absence of the Socialists, however, would make it difficult to take any action requiring a broader consensus.

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INDIA

The chairman of the Indian Atomic Energy Commission told Ambassador Moynihan earlier this week that India would conduct no further nuclear testing "until April or thereabouts," because the prevailing winds blow toward Pakistan until then.

The Indians did show considerable concern over wind direction in connection with their first test on May 18, and from April on chances will be much better for favorable winds. This factor may be one consideration prompting the Indians to put off their next test until then.

It may not, however, be the key factor. It is possible to find isolated days almost anytime of year when the wind direction would keep any debris well away from Pakistan.

The Indian record for candor in discussing this general subject with US officials is poor. India probably already has the materials for a second test and we know that preparations have begun. [redacted]

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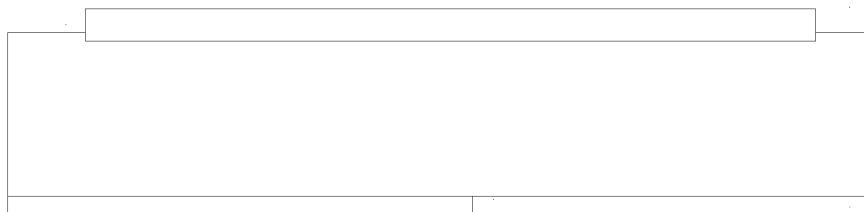
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BANGLADESH

The government's inability to deal with famine, inflation, smuggling, and corruption apparently continues to cause dissatisfaction within the army's officer corps.



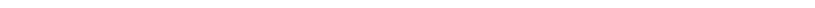
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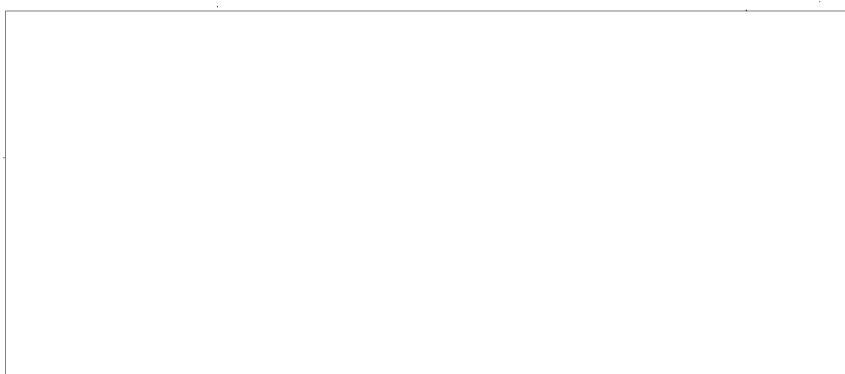
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In any event, pressures will build as Bangladesh enters the critical pre-harvest period which will last from now through November.

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Peru:

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Portugal: Portuguese leaders are concerned that an anti-CIA press campaign will impair US-Portuguese relations and impede the Azores base negotiations. Foreign Minister Soares has told Ambassador Scott that the articles were Communist-inspired. He said the Communists hope to counter the favorable image of US-Portuguese relations that was created by the visit of Soares and President Costa Gomes to the US. Soares said the orchestrated campaign of defamation was aimed at him and Costa Gomes, not just the US. The articles allege that the CIA and the US embassy in Lisbon are subverting Portugal and are responsible for such events as the pro-Spinola "silent majority" demonstration on September 28.

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exemption category SB(1)(2)(3)
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USSR-China: The Soviet Red Cross has appealed to its Chinese counterpart for assistance in arranging a meeting with the crew of the Soviet helicopter that went down inside China last March. (Page 4)

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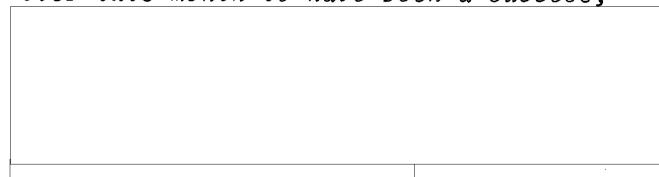
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USSR-EGYPT

The USSR considers the visit of Egyptian Foreign Minister Fahmi to Moscow earlier this month to have been a success,

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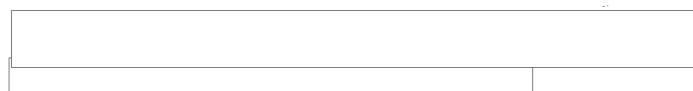
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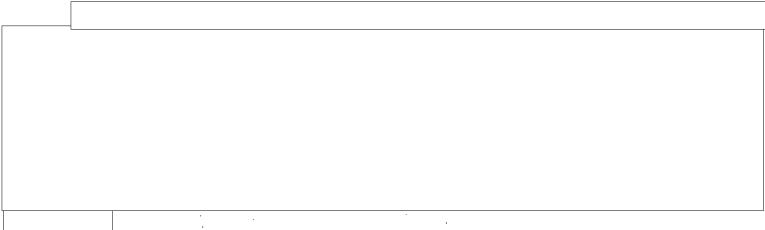


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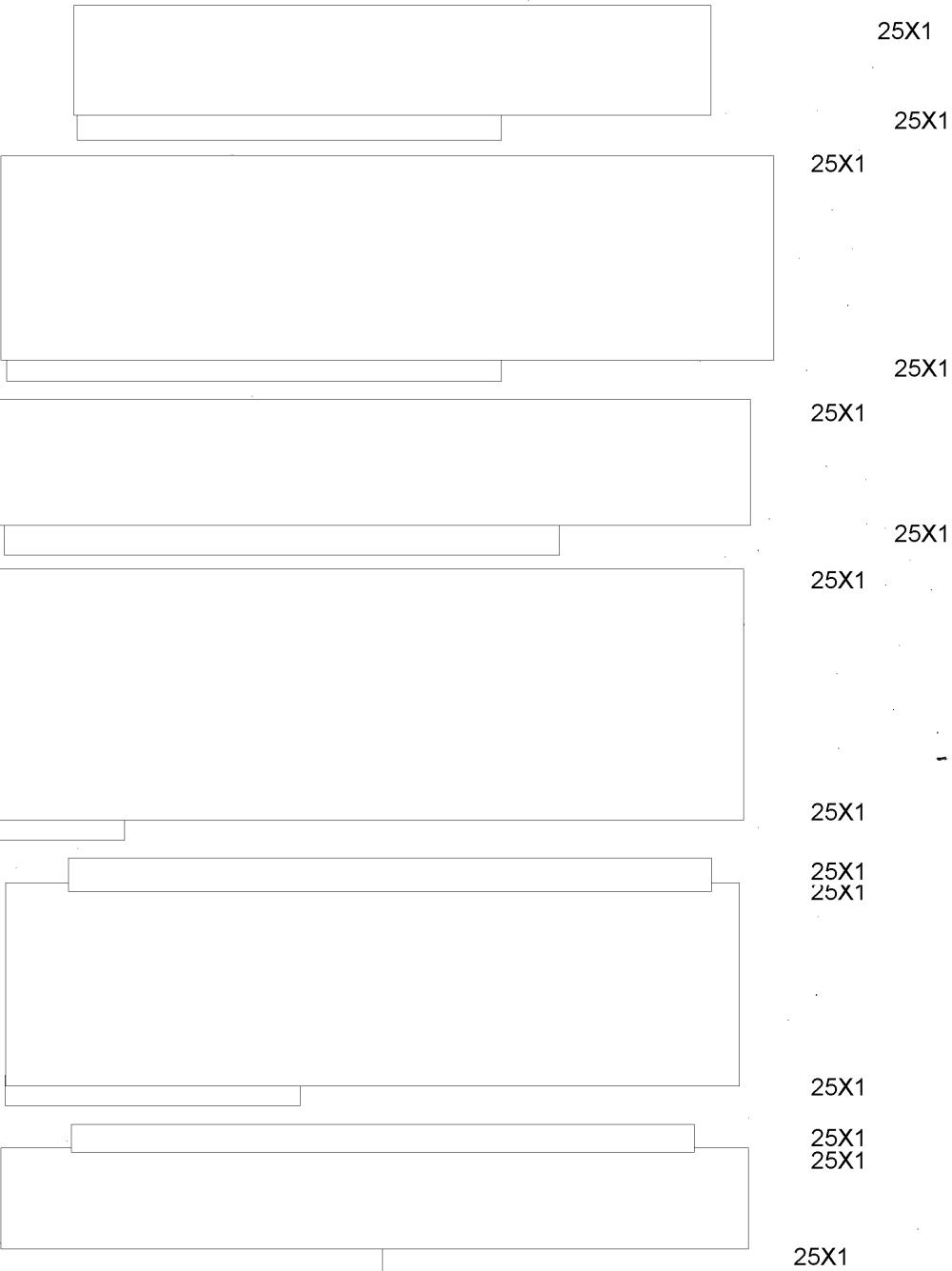
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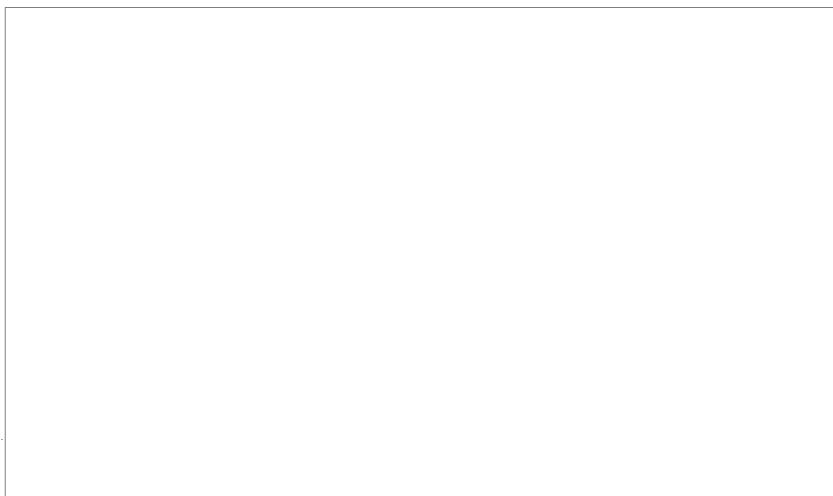
ARAB SUMMIT



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USSR-IRAQ



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USSR-CHINA

The Soviet Red Cross appealed to the Chinese Red Cross on October 23 for assistance in arranging a meeting with the three-man crew of the Soviet helicopter that went down inside China last March. The appeal cited humanitarian considerations.

Moscow is not known to have made any diplomatic or other approaches to the Chinese about the helicopter crew since last June. The Soviet appeal may be related to renewed speculation that the Chinese will try the crew. Moscow would want to head off such a trial.

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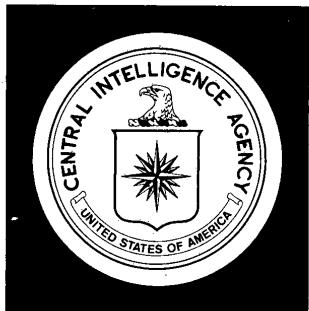
Bangladesh: Prime Minister Mujibur Rahman requested and received on Saturday the resignation of Finance Minister Tajuddin Ahmed. Tajuddin, an inflexible leftist, is displeased with the program for foreign assistance that the recently established consortium of Western governments is developing for Bangladesh. Mujib may have dropped Tajuddin from the cabinet in the belief that his presence would have made aid negotiations unnecessarily difficult. The former finance minister may also be opposed to Mujib's reported plan to amend the constitution and institute a more centralized government.

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West Germany: Conservatives score gains in elections in Hesse and Bavaria. (Page 4)

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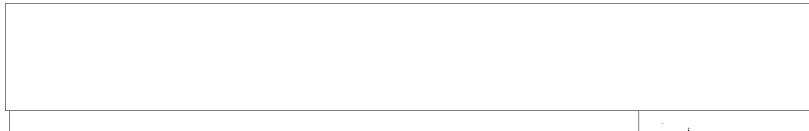
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ARAB STATES

The Arab heads of state have endorsed the Palestine Liberation Organization as the sole authority over the Palestinians in the Israeli-occupied West Bank and granted the PLO a greater role in negotiating for the return of the area. This action eliminates prospects for early negotiations over the West Bank with the Israelis, who will have nothing to do with the PLO.

By granting the PLO its maximum demands, the Arabs will be forced to rethink how they will proceed with the next phase of negotiations. A mini-summit reportedly will be held in Algiers soon, presumably to decide whether to pursue further military disengagement in the Sinai and the Golan Heights or to press for a reconvening of the Geneva forum.

Jordan's acceptance of the endorsement of the PLO is being hailed as a victory for Arab unity, but the action is a flat repudiation of King Husayn's arguments that only Jordan can negotiate with Israel and that the ultimate fate of the West Bank should be determined by plebiscite.



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The official announcement of the summit decision called on Egypt, Syria, Jordan, and the PLO to coordinate a formula for Arab negotiating strategy.



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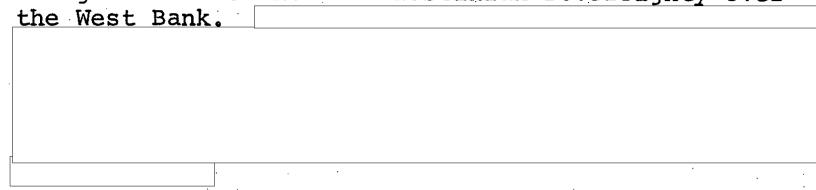


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The one-sided summit decision is also clearly a failure for Sadat's assiduous efforts to reconcile the rival claims of Jordan and the PLO. The Syrians in particular appeared determined to secure a full-fledged endorsement of Palestinian sovereignty over the West Bank. [redacted]



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EUROPEAN COMMUNITIES

The EC Commission has endorsed the plans of eight EC members to join several other nations in an emergency oil-sharing program. The Commission warned, however, that participation in that program must not prevent the sharing of oil with the French, who refuse to participate.

The Commission ruling could enable France to be involved indirectly in the international plan. Commission Vice President Simonet has publicly warned of the possibility of conflict between the oil-sharing program and EC treaty provisions for free circulation of goods. He suggested that there would be no conflict if the eight would make a formal commitment to share oil with France. The international oil-sharing plan would not restrict its members from sharing oil with nonparticipants.

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WEST GERMANY

Sunday's state elections went badly for the Social Democratic and Free Democratic parties.

In Hesse, where the Social Democrats have been dominant since the war, the Christian Democrats won more votes than the other parties but fell short of a majority. The Social Democrat and Free Democrat coalition partners, with just over 50 percent of the votes between them, will be able to retain control of the state government.

The conservative Christian Social Union of Franz-Josef Strauss won a record 62 percent of the vote in Bavaria, and made unusually strong gains in urban areas at the expense of the Social Democrats. The Free Democrats took only 5.2 percent of the vote in Bavaria, barely surpassing the 5-percent minimum required for representation in the state legislature.

It is too early to tell what repercussions the election results will have on the governing Social Democrat - Free Democrat coalition in Bonn. The state contests were fought mainly over local issues, and the outcome is probably not an accurate gauge of Chancellor Schmidt's popularity. Barring the unforeseen, national elections are two years away. Nonetheless, the coalition partners' losses were worse than expected, and this will certainly encourage dissidents within both parties to press for a greater voice in party policy.

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NOTES

Japan: A recent flurry of press allegations about financial corruption is adding to Prime Minister Tanaka's political problems and is feeding rumors that he will be forced to resign by the end of the year. Over the weekend, the US embassy forwarded a brief assessment that concludes there is very little chance of a cabinet crisis before your visit. The embassy notes, however, that a serious political challenge to Tanaka could come when the Diet convenes shortly after you leave.

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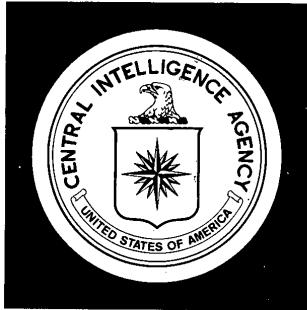
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China - North Vietnam: Peking and Hanoi on October 26 signed agreements on Chinese military and economic aid and bilateral trade for 1975. As usual, no details were announced. An editorial in the North Vietnamese party newspaper said the aid would be used for reconstruction in North Vietnam and for the war in the South. Chinese statements put more stress on the need to shore up Hanoi's economy, with little mention of the military situation. The North Vietnamese delegation that signed the agreement got the usual warm treatment. Its members talked with senior Chinese military and economic leaders and were received by Premier Chou En-lai in a Peking hospital.

USSR: The Soviets launched an unmanned lunar probe yesterday, and it will probably arrive in the vicinity of the moon on Saturday. We cannot tell yet whether the probe will land on the moon or orbit it. The last Soviet lunar probe was launched on May 29, 1974.

South Africa - Mozambique: Pretoria is taking the initiative to establish working relations with the new, black-dominated, transitional government in Mozambique. One of Prime Minister Vorster's senior aides is scheduled to visit Lourenco Marques this week for talks with top officials. The South Africans have been encouraged by the transitional regime's moderate attitude toward Pretoria. The Vorster government has insisted publicly that it will deal with any black government that wants to maintain constructive relations, and the South Africans have good reason to believe that Mozambique wishes to retain the substantial economic benefits of cooperation with Pretoria.

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FOR THE PRESIDENT ONLY

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[redacted] in the North, a sign of widespread discontent with current policies.

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FOR THE PRESIDENT ONLY

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ARAB STATES

By reducing prospects for early talks with the Israelis on the future of the West Bank, and by making it more difficult for Sadat to negotiate a separate agreement for the return of more Sinai territory to Egypt, the summit conference in Rabat has cast the Arab negotiating position in a harder mold. There are signs that this more militant posture, largely the result of a shift in Syrian policy, may be paralleled by increased Arab attention to military preparations.

Syrian Foreign Minister Khaddam pushed for adoption of a resolution that would have precluded Egypt from negotiating a further disengagement in the Sinai and would also have set up a \$13-billion war fund.

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At the conclusion of the summit, it was announced the Arabs would, in fact, contribute \$2.35 billion annually to help build up the armed forces of Syria, Egypt, the PLO, and Jordan.

Encouraged by his victory at Rabat, Arafat seems on the verge at long last of setting up a Palestinian government in exile. Sadat urged him to do so in his speech at Rabat, and a spokesman for the PLO in Beirut said the decision of the summit cleared the way for the establishment of such a government.

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In an apparent effort to help Husayn save face, the other Arabs, in turn, decided that Jordan should be included in discussions with Egypt, Syria, and the PLO on Arab negotiating strategy at Geneva. A PLO spokesman declared yesterday, however, that his organization would not participate in any peace talks as part of a Jordanian delegation.

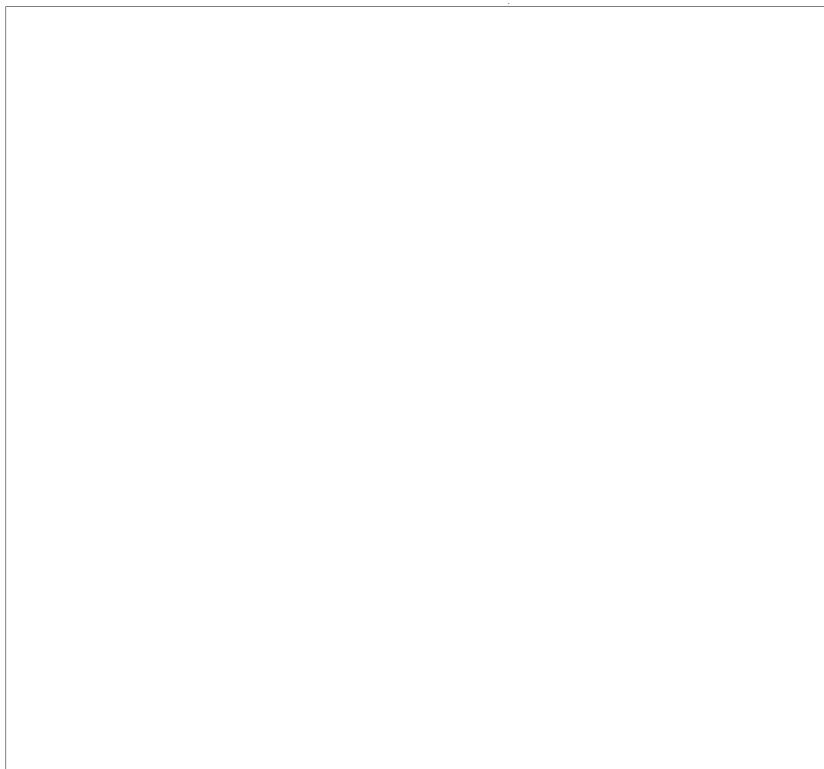
Presidents Sadat, Asad, and Boumediene, King Faysal, and Arafat will meet in Algiers later this week, presumably to hold post-summit discussions on Arab political and military strategy.

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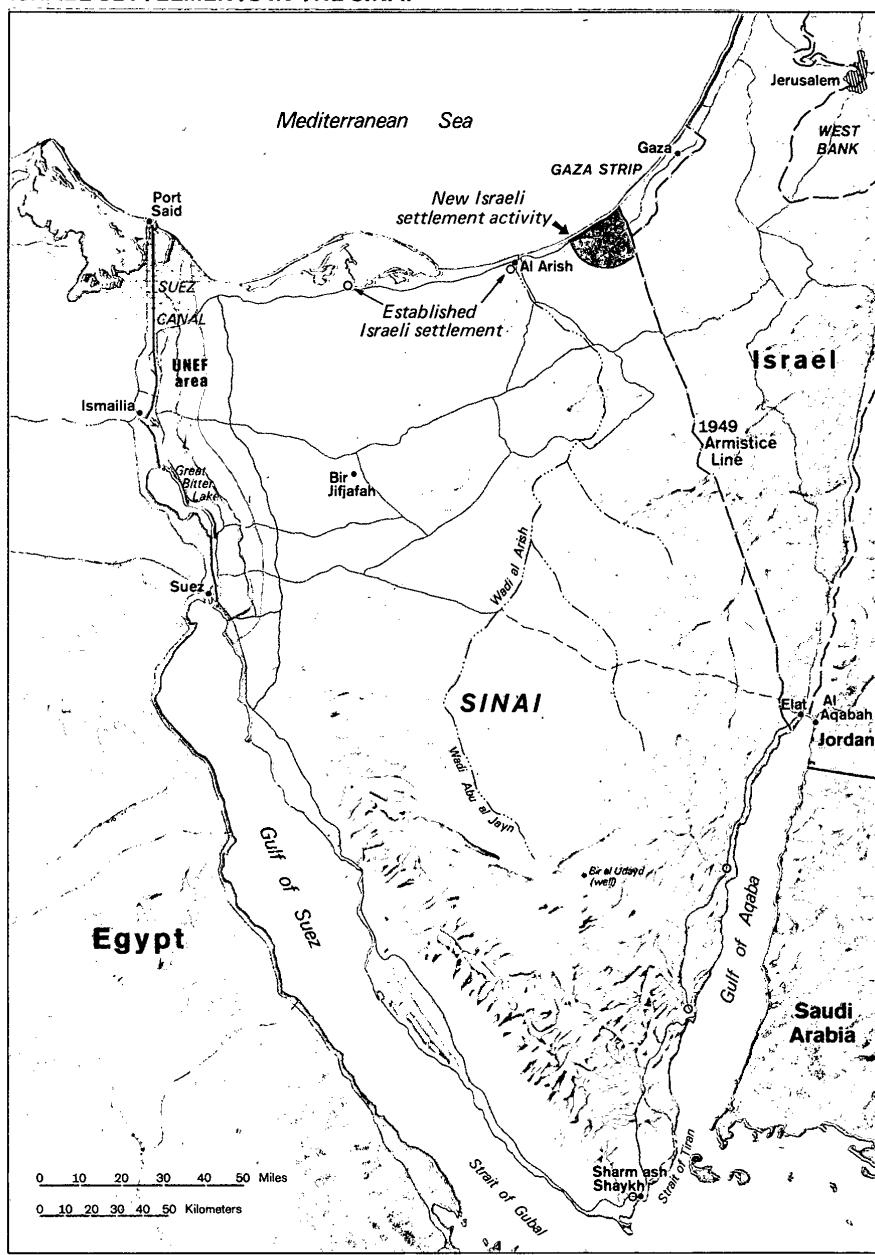
EGYPT

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FOR THE PRESIDENT ONLY

ISRAEL SETTLEMENTS IN THE SINAI



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ISRAEL-EGYPT

A senior Egyptian official, acting on instructions from President Sadat, approached Ambassador Eilts on Friday with a formal complaint against alleged Israeli plans to remove Bedouin tribesmen from northeastern Sinai and build Israeli settlements there. The Egyptian official said that Sadat may take the issue to the UN Security Council, unless the Israelis cancel their plans.

The Egyptians charge that early last week Israeli military authorities told tribesmen in northeastern Sinai that unless they choose one of four compensation schemes, they will be evicted without compensation. The Israelis are said to want the land to establish four new settlements.

We have no specific information to confirm the Egyptian charges, but Israel has been gradually setting up new settlements in that part of the Sinai, and resettling Bedouin tribesmen. Over recent months, the Israelis themselves have publicized some of this activity.

* * *

The National Religious Party's return to the cabinet yesterday will strengthen conservative influence in the Israeli government and act as a further drag on any efforts to adopt a flexible negotiating position in talks with the Arabs. The Religious Party is particularly strongly opposed to returning the Israeli-held West Bank, with its numerous Jewish religious sites, to Arab control.

The new coalition--essentially the same as the one headed by Mrs. Meir--gives the government a majority of eight votes in the 120-member Knesset. No significant cabinet changes occurred as a result of the Religious Party's return.

FOR THE PRESIDENT ONLY

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KUWAIT

Kuwaiti oil receipts will exceed \$6 billion in the second half of 1974, or five times first-half revenues. The current account surplus will jump to an estimated \$5.8 billion, compared with less than \$1 billion in the first half. Whereas Kuwait has traditionally invested in the UK, the new surplus funds are moving in increasing volume to the US.

Kuwaiti investment in the US is soaring. The investments are diverse; they range from resort and other real estate to stocks. By the end of the third quarter, they topped \$2 billion, more than three times the value at the end of the second quarter. Continuing concern over the ability of the Eurodollar market to absorb additional petrodollars will probably stimulate a substantial flow of Kuwaiti funds into the US during the present quarter.

Kuwait should have little problem managing its growing wealth. Its investment institutions and financial managers are the most sophisticated in the Middle East. The bulk of the funds will be handled by the Ministry of Finance, with three public-private investment companies also playing an active role.

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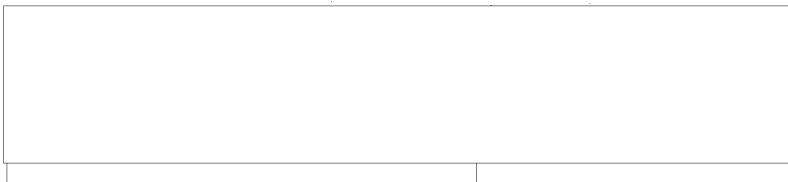
VIETNAM

Communist cadre in the South are being briefed on the party's strategy for 1975. The evidence available so far suggests that the communists are planning a mixture of political and military action at a level similar to that of this year.

This is the sense of an enemy document captured recently in the delta. Setting forth next year's strategy, the document reaffirms the guidelines of a key resolution adopted earlier this year. That resolution directed communist forces in the South to try to undermine the government's authority by both political and military action, but not to bring the fighting up to a level that would jeopardize the cease-fire agreement.

The new document was issued in late August after a conference of communist leaders in the South to review the "anti-pacification" campaign. Although the paper praises communist military forces for succeeding in expanding control over the countryside, it concedes that the government retains the upper hand and that the communists must rely increasingly on military force and terrorist tactics to influence the populace.

The captured document outlines a detailed recruitment program to reinforce communist units in the countryside. It stresses that local forces should get their own house in order and not expect a surge of help from the North.



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It is clear, nonetheless, from what we see the communists doing as well as from their documents, that they mean to maintain fairly intense military pressure in the coming months. Infiltration into southern South Vietnam is about to resume. A recent intercepted message shows that seven battalion-size groups (totaling about 3,500 men) headed there are scheduled to pass through southern North Vietnam during late November and early December.

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FOR THE PRESIDENT ONLY

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In North Vietnam, meanwhile, there is some recent evidence of widespread dissatisfaction with the government's policies. A highly unusual editorial in the September issue of the party's theoretical journal warns that "nonrevolutionary, nonsocialist" ideology has gained widespread acceptance. The article goes on to denounce those who "would deny the necessity to resort to revolutionary warfare to liberate the nation."

There is no sign, however, of any purge of party ranks, nor of a tough crackdown on dissent. The editorial may be meant primarily as a warning, especially to party members, to keep a tight rein on those who may have begun to question Hanoi's long-standing policies.

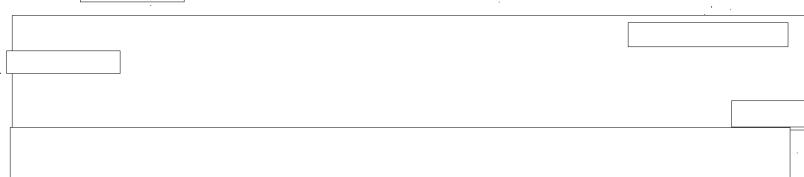
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FOR THE PRESIDENT ONLY

USSR



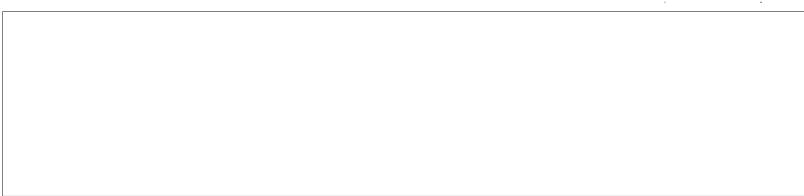
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FOR THE PRESIDENT ONLY

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ARGENTINA

Leftist terrorists have threatened to kill wives and children of army officers as part of their effort to goad the military into repressive measures that would undermine public support for Mrs. Peron's government.

Although the leftists in the past have not carried out such threats, they have continued to assassinate army officers in reprisal for guerrillas killed last month in northwestern Argentina.

Military leaders understand the terrorists' political strategy and have tried to avoid participation in antiguerilla activity. Nevertheless, military officers are frustrated and angry over the terrorists' campaign, and an increase in attacks against officers, but especially attacks on their families, would probably bring retaliation.

The violence over the past few weeks has stimulated renewed activity by quasi-official right-wing groups. The Argentine Anti-Communist Alliance, the most prominent group, has issued a new series of threats to assassinate several prominent Argentines known for their leftist sympathies.

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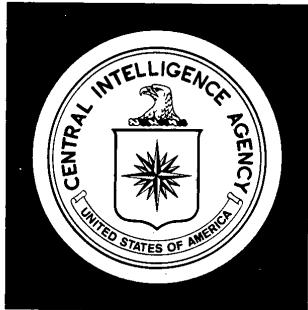
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Oil Prices: Saudi Arabia has told other Arab oil states at the Arab Summit in Rabat it wants a "symbolic cut" in world oil prices. According to the most recent press report, the Saudis assured the other producers they would accept the decision of the Organization of Petroleum Exporting Countries, and would take no unilateral action. This account differs sharply from an earlier press report. The proposed oil price reductions closely resemble a plan recently put forward by Saudi Minister of Petroleum Yamani, who suggested reducing posted prices by about 40 cents, then raising the tax on equity oil to the consuming countries and the independent oil companies by about 35 cents per barrel. A symbolic cut in prices will do little to alleviate financial problems associated with the high price of oil, and OPEC probably in any event will soon eliminate posted prices as it moves toward a single pricing system.

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exemption category SRG (2)(3)
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FOR THE PRESIDENT ONLY

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MIDDLE EAST

The following is our preliminary assessment of the situation in the wake of the Rabat summit.

The agreement at the Arab summit to endorse establishment of an independent Palestinian authority on the West Bank under the leadership of the Palestine Liberation Organization has raised additional obstacles to progress in Middle East negotiations and has increased tensions in the area. If the current diplomatic impasse is not resolved within the next few weeks, the risk of renewed warfare will increase sharply. Arab and Israeli forces are maintaining a state of readiness which would permit the initiation of major offensive action. We continue to believe that the most dangerous threat to the cease-fire is on the Golan Heights, where a hasty decision by either side could result in hostilities with no further warning.

We are looking carefully for any indications of hostile intent on the part of either side.

* * *

At least 20 Israeli aircraft struck what appear to have been fedayeen targets in southeastern Lebanon yesterday, the first such attacks in over a month. The fedayeen have been active in this area in recent days, and the air strikes probably were aimed at curbing this activity.

Early this morning, a squadron of Israeli gun-boats bombarded a Palestinian refugee camp in southern Lebanon. The Israeli Military Command stated that the raid was in reprisal for an infiltration attempt 24 hours earlier.

The Lebanese army reported that it had driven off an Israeli ground patrol in the area just hours before the naval raid.

* * *

In a press conference on his return from Rabat yesterday, President Sadat seemed to deny that Egypt had ever considered further disengagement in the Sinai as the next step in negotiations with Israel and said "withdrawal must be on all fronts." Sadat insisted, however, that the decisions of the Arab summit had not impaired Egypt's freedom of action.

FOR THE PRESIDENT ONLY

SOUTH VIETNAM

The immediate aim of the replacement of three of President Thieu's four regional commanders yesterday is to deflate the antigovernment demonstrations that are being organized for South Vietnam's National Day on November 1. The longer range intent is to dampen rising political opposition to his administration. Thieu's strong action suggests concern that the corruption issue could serve as the catalyst for growing political ferment.

The three new commanders have no records of illegal activity against them. Two of them have reputations as excellent field commanders. The new commander of the area around Saigon, however, apparently was selected for political reliability rather than for combat expertise. He has held sensitive government positions in the Defense Ministry and headed South Vietnam's delegation to the Four Power Joint Military Commission established in Saigon under the 1973 cease-fire agreement.

Three new division commanders have also been announced and other changes probably can be expected. Press reports that several more cabinet ministers have resigned cannot be confirmed, according to the US embassy in Saigon.

* * *

Catholic anticorruption groups last night staged a torchlight parade in Saigon. Press reports indicate that a number of persons were injured as police attempted to prevent further demonstrations. Police are said to have sealed off the downtown area and imposed a 24-hour curfew. Earlier yesterday, police raided the Saigon press club and arrested some 50 persons preparing a demonstration against censorship.

FOR THE PRESIDENT ONLY

USSR - WEST GERMANY

Moscow and Bonn appear satisfied with results of the meeting between General Secretary Brezhnev and Chancellor Schmidt. West German officials say that both leaders expressed determination to continue the relationship established in the Brandt era.

The focus of the talks was on economic matters. Brezhnev suggested cooperation on long-term projects, some to run 20 years or more. Schmidt expressed interest in expanding trade and economic cooperation, but refused government credits to the USSR.

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The question of West Berlin came up several times. Initially the Soviets insisted they would tolerate no infringement of the Quadripartite Agreement. Toward the end of the visit, however, they agreed to procedures that will allow residents of West Berlin to participate in bilateral exchanges between the USSR and West Germany.

FOR THE PRESIDENT ONLY

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FRANCE

French diplomats are following up on President Giscard's proposal for a conference early next year of selected oil-producing, oil-importing, and developing countries.

The French have formally invited the UK to participate in a preparatory meeting before a full conference. Although London has not yet responded, and seeks an early exchange of views with Washington on the French proposal, a top-level Foreign Office official has said that Paris' bid is "not something the UK can oppose."

The West German government has publicly announced that it welcomes the French initiative for a conference. Bonn presumably would attend a preliminary meeting as it has stressed that a conference such as France proposes must be carefully prepared. The Germans also welcomed the French decision not to block establishment of the international energy program in the OECD, and Bonn presumably will continue its efforts to persuade Paris to associate with this program.

West Germany's attitude, the US embassy notes, should be seen as part of Chancellor Schmidt's attempt to bolster Giscard's position vis-a-vis his coalition partners. Schmidt believes that the EC and the world economy will benefit from Giscard's cautious efforts gradually to shift French policies away from traditional Gaullist positions.

Tokyo has not yet responded to the French invitation.

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COPPER

Copper-exporting countries are debating ways to boost world copper prices, which have plunged 60 percent in the past six months to a current low of about 60 cents a pound on the London Metal Exchange.

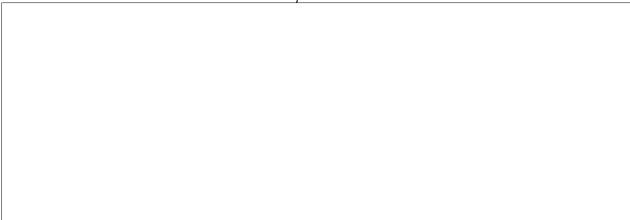
The steering committee of the Copper Producers Group comprises the governments of Chile, Zambia, Zaire, and Peru, as well as private copper companies in Canada, Australia, the Philippines, and Papua New Guinea. The committee agreed at meetings this month to reduce the amount of copper available for export by 150,000 tons, or 9 percent, over a six-month period beginning November 1, subject to approval by the four member governments. These four countries account for 60 percent of world net exports of copper, and the producers group represents nearly all world net exports.

Final decision on the new proposal reportedly is to be made next month, when the four governments will hold a ministerial-level meeting in Paris.

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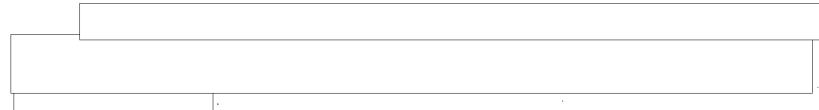
USSR-CHINA



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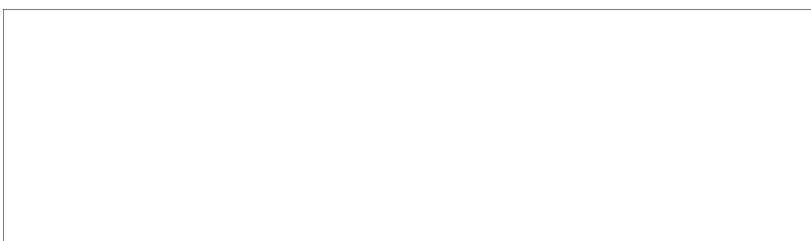
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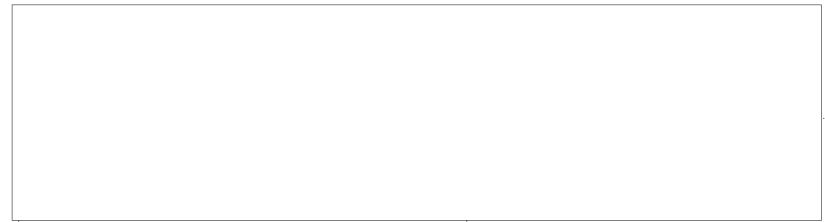


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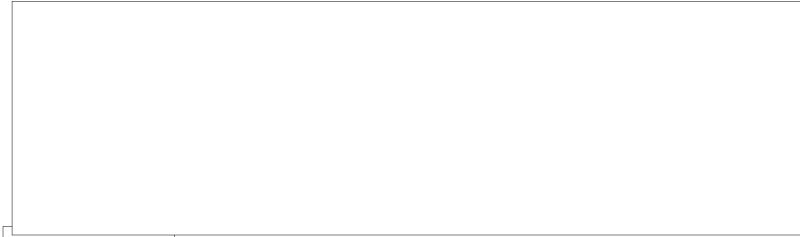
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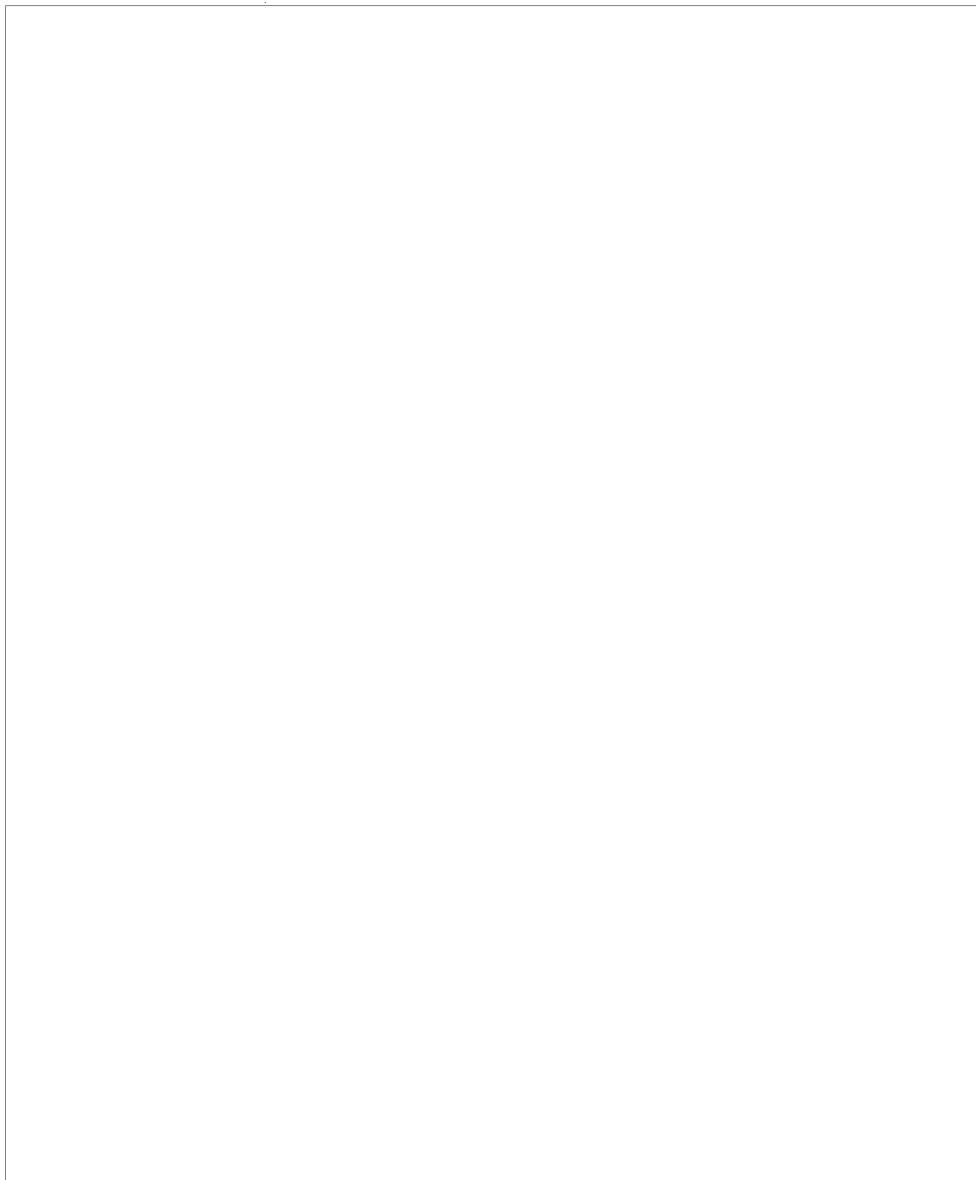
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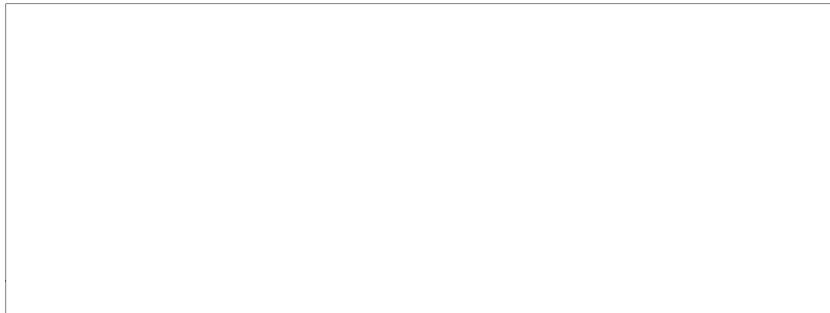
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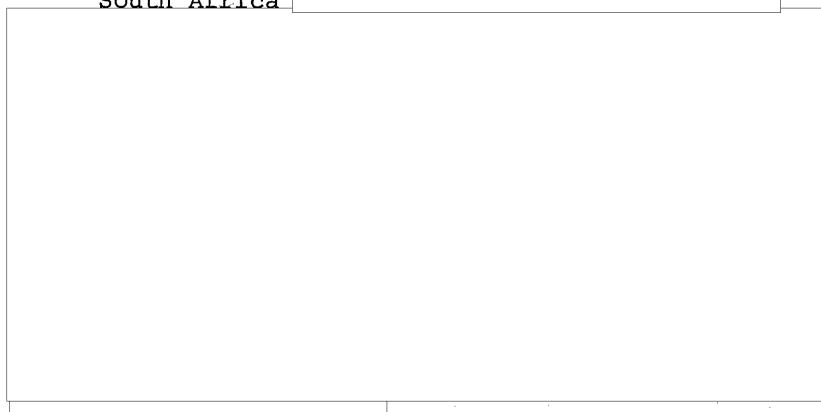
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China: Peking appears to have accepted quietly the announcement of your coming meeting with General Secretary Brezhnev in Vladivostok, despite the fact that this summit will be held not far from the Sino-Soviet border. As yet, Peking has issued no public comment on the meeting. If past patterns are followed, the Chinese will give the summit only minimal coverage.

South Africa [redacted]



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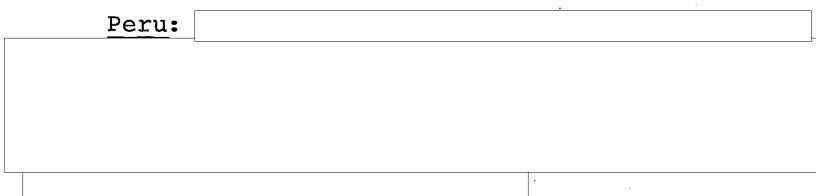
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Peru: [redacted]



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