

# The President's Daily Brief

*18 December 1973*

45

~~Top Secret~~ 25X1



Exempt from general  
declassification schedule of E.O. 11652  
exemption category 58(1)(2)(3)  
declassified only on approval of  
the Director of Central Intelligence

*FOR THE PRESIDENT ONLY*

THE PRESIDENT'S DAILY BRIEF

December 18, 1973

PRINCIPAL DEVELOPMENTS

There was a new flurry of consultation among the Arabs yesterday; the main topics appear to have been how Damascus should respond to Israel's demand for a list of POWs, and Syria's general attitude toward the upcoming talks in Geneva. Amid the various comings and goings were signs that the Egyptians and the Soviets were offering their own views and suggestions to the Syrians. (Page 1)

Cambodian troops have regained control of several miles of Route 4 southwest of Kompong Speu, but part of the highway remains in Communist hands. (Page 3)

With the economic crisis growing more acute, Britain has announced new measures designed to deflate the economy. Public spending in the next fiscal year will be reduced by close to \$3 billion. There will be new taxes and controls on credit sales. (Page 4)

USSR

(Page 5)

25X1

In Denmark, Liberal leader Poul Hartling stands a fair chance of forming a minority centrist government soon. (Page 5)

*FOR THE PRESIDENT ONLY*

FOR THE PRESIDENT ONLY

ARAB STATES - ISRAEL

A new flurry of inter-Arab consultation is under way. Syria was directly involved in most of yesterday's diplomatic activity, which presumably focused on Israel's demand that Damascus provide a list of Israeli POWs, as well as on Syria's general attitude toward the upcoming peace conference in Geneva.

25X1

Egyptian Foreign Minister Fahmi reportedly flew to Damascus yesterday where he conferred for three hours with President Asad before returning to Cairo.

25X1



25X1

Palestine Liberation Organization Chairman Arafat also held talks with Asad yesterday.

25X1

Meanwhile, Libyan Prime Minister Jalud returned to Cairo from Tripoli less than 24 hours after leaving the Egyptian capital. Jalud spent five days in Egypt late last week, during which time he reportedly met twice with President Sadat.

The Middle East News Agency yesterday carried the text of remarks made by Foreign Minister Fahmi in an interview for French television. Fahmi said that Egypt expects more Israeli "maneuvering" once peace talks begin in Geneva. He said Cairo would participate in order to "prove to the world" that Israel is obstructing peace.

Israeli Deputy Premier Allon spelled out his expectations for the Geneva negotiations in an interview broadcast by Jerusalem radio on December 17. Allon stressed:

--"considerable time" would be spent negotiating a separation of forces;

--the only joint session would be the opening ceremony, and then only if Syria provides a list of POWs;

--Israel intends to hold separate talks with each of its neighbors, "because there are different problems with each state";

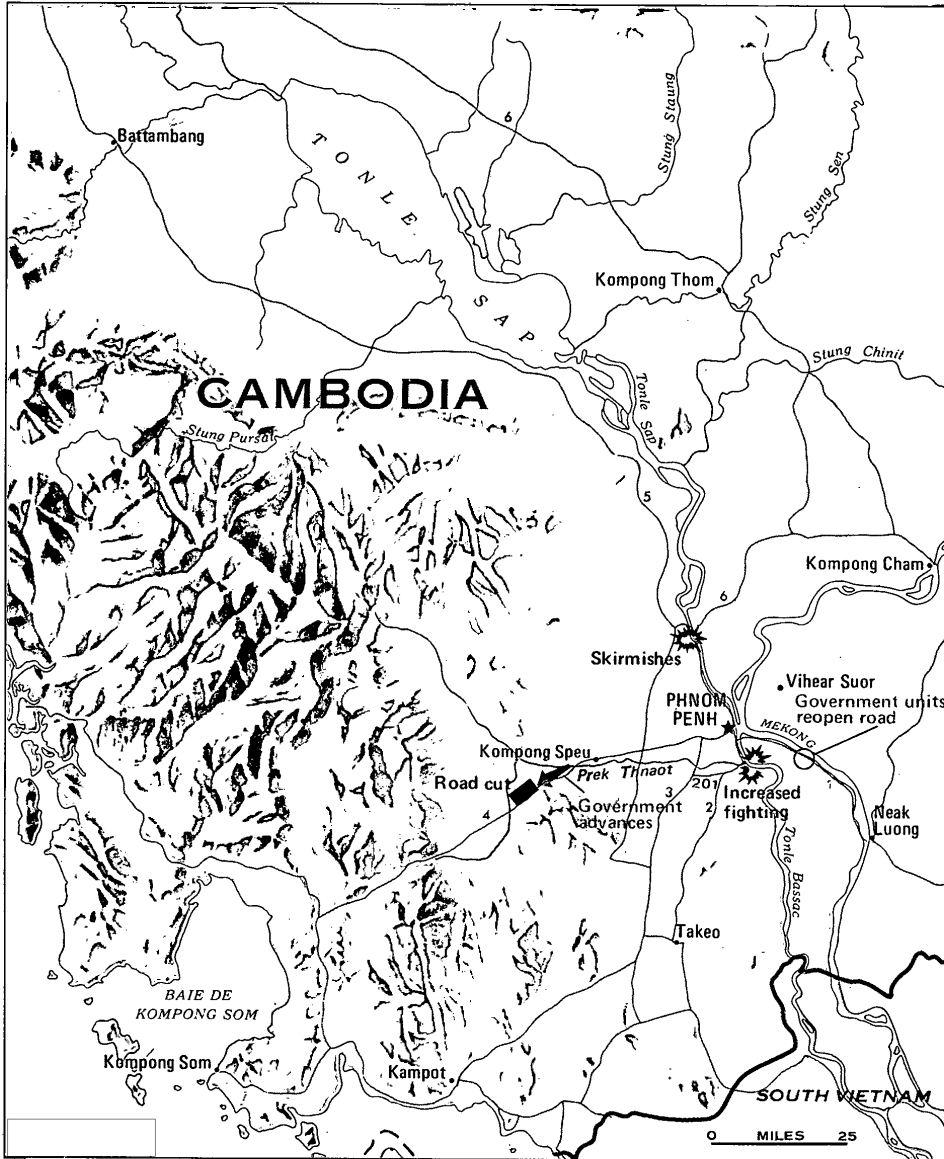
(continued)

*FOR THE PRESIDENT ONLY*

--there must be agreement on a "long list of conditions" for a settlement before final boundaries can be discussed; these conditions include the nature of demilitarized zones, the status of peace-keeping forces, Israel's navigation rights, and the nature of relations following a settlement.

There are continuing signs that the Arabs intend to keep military pressure on Israel in an attempt to strengthen their hand at the peace talks. An article in Al-Ahram yesterday advocated increasing such pressure so as to force Israel to endure the high cost of maximum preparedness for as long as possible. The Syrians may have something more serious in mind. According to a new source with access to middle-level Syrian military officers, the latter believe Damascus will launch renewed attacks before and during the talks in Geneva in order to force a rapid settlement.

*FOR THE PRESIDENT ONLY*



25X1

*FOR THE PRESIDENT ONLY*

**CAMBODIA**

Elements of a 4,000-man Cambodian Army task force broke through Communist defenses on Route 4 over the weekend and have now regained control of several miles of highway southwest of Kompong Speu City. Government units are regrouping before trying to reopen the four miles of road still in Communist hands. Although three Communist regiments are reportedly operating in the general area of Kompong Speu, intercepted messages indicate that Communist strength has been worn thin during the month-long campaign on Route 4.

Government troops yesterday regained control over a short stretch of Route 1, some seven miles southeast of Phnom Penh, that was cut by the Communists over the weekend. Along the Bassac River directly south of Phnom Penh, Communist units have isolated several government outposts and have begun forcibly relocating villagers. The Communists have for some time been planning a series of coordinated small-scale attacks along the city's southern defenses, and a modest increase in fighting can be expected elsewhere in the area.

Scattered fighting continues along Route 5 between ten and fifteen miles north of Phnom Penh as government reinforcements attempt to dislodge several hundred Communist troops that moved into the area late last week.

Recent messages from Communist units near the provincial capital of Takeo have mentioned ammunition shortages, but the town remains the target of daily Communist shellings and ground probes.

*FOR THE PRESIDENT ONLY*

UNITED KINGDOM

Chancellor of the Exchequer Anthony Barber yesterday announced new measures to deflate the British economy. Public spending in the next fiscal year will be reduced by close to \$3 billion. Cuts will be widespread, but there will be none in energy industries or in state housing. Barber also announced a tax surcharge affecting those in higher income brackets, new controls on credit sales, and a tax on real estate transactions.

These measures are intended primarily to bring demand into line with the sharply reduced production expected to result from Britain's energy crisis. The domestic coal shortage and railway slowdown have compounded the effects of shortfalls in oil deliveries. Consumer prices rose at an annual rate of ten percent last month, and the trade deficit for the year will top \$5 billion.



FOR THE PRESIDENT ONLY

25X1

NOTES

USSR:

[Redacted]

25X1

[Redacted]

25X1

Denmark: Liberal leader Poul Hartling, named formateur by the Queen last week, stands a fair chance of forming a minority centrist government soon. Hartling, a moderate who was foreign minister from 1968 to 1971, reportedly has the support of the Center Democrats and the Christian People's parties-- both of which benefited from the anti-establishment mood of the Danish electorate in the voting on December 4. Two other parties also have favored his candidacy for formateur. In view of the political fragmentation resulting from the recent elections, however, extensive interparty negotiations probably will be needed to put together even a weak, minority government.

*Top Secret*