



The President's Daily Brief

February 21, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

February 21, 1974

PRINCIPAL DEVELOPMENTS

Prime Minister Meir will keep the door open for the National Religious Party to join her cabinet as she attempts to form a minority coalition government. (Page 1)

The EC intends to proceed with a try for Community cooperation with the Arab states. (Page 2)

The ring of SA-5 missile sites defending Moscow is now almost complete. (Page 3)

The Soviets are having problems developing liquid hydrogen rocket engines for their space boosters. (Page 4)

On Pages 5 and 6, we analyze the issues that concern the Latin American foreign ministers gathered in Mexico City.

The Islamic Summit, which begins tomorrow, will concentrate on a Middle East settlement and on joint economic projects. (Page 7)

West German spokesmen are downplaying reports that Chancellor Brandt is depressed and thinking of resigning. (Page 8)

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Today, the Note Pages include items on [redacted] Israel-Egypt, Japan, efforts to seat the Viet Cong at an international conference, and a prospective meeting of Latin American Communist parties.

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ISRAEL

Prime Minister Meir will keep the door open for the National Religious Party to join the cabinet as she attempts to form a minority coalition government with the Independent Liberal Party. Her minority government will control 58 of the 120 Knesset seats.

The Prime Minister informed President Katzir of her decision last night after the National Religious Party, citing the refusal of the Chief Rabbinate Council to approve the last-minute compromise worked out with the Alignment on the religious issue, decided not to join the cabinet. She clearly hopes to induce the party to reverse its decision. Mrs. Meir said that she would hold open the cabinet seats originally earmarked for the National Religious Party until the deadlock on the religious issue is broken. The National Religious Party is not bound by the rabbinate's decision and the party's central committee may reconsider when it meets on February 24.

President Katzir has given the Prime Minister one more week to form a cabinet. She must then present it to the Knesset for a vote of confidence. Foreign Minister Eban told Ambassador Keating last week that the Alignment had quietly obtained the agreement of the orthodox Agudah Religious Front to throw its five votes to the government on votes of confidence, which would give her the necessary Knesset majority.

Defense Minister Dayan has apparently also closed ranks with the Prime Minister, who told reporters yesterday that she has requested Dayan to continue to serve in his post. Dayan told the World Zionist Council yesterday that he would give Mrs. Meir and any government she formed his fullest support, and he left the door open about serving in a new cabinet. Earlier, he was reported to have stated his opposition to an Alignment-led minority government.

The new minority government should be able to continue to conduct peace talks with the Arabs. The Prime Minister can probably count on sufficient support for the government from the liberal and leftist parties to ensure a majority in the Knesset on Middle East peace issues. Nevertheless, she is probably extremely uncomfortable with the present unstable state of affairs and can be expected to continue to seek a solution that will give her a workable majority in the Knesset.

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EC - ARAB STATES

Despite their disarray at the Washington energy conference, the EC Nine intend to proceed with their initiative for cooperation between the Community and the Arab states.

The French and British are ready to go ahead, and [redacted] the political directors from the Nine foreign ministries are expected to meet in Bonn tomorrow to review the matter. West Germany's attitude toward EC-Arab cooperation remains the principal uncertainty. US coolness toward the idea would presumably influence the West Germans, but Bonn would probably prefer not to emphasize its differences with France by opposing a move Paris has strongly supported.

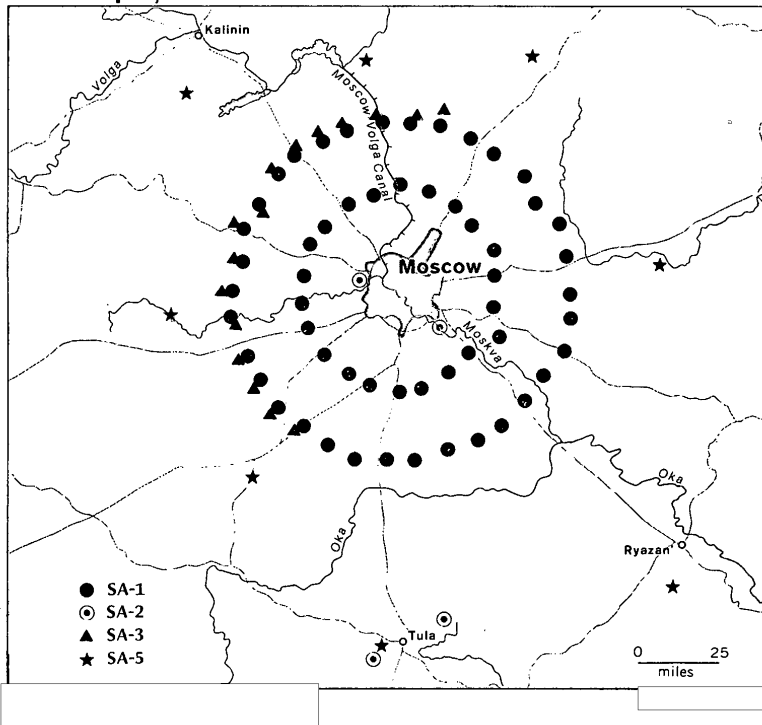
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Meanwhile, Bonn is trying to arrange a Community meeting for today--to which the French would be invited--to develop an EC position on the work of the coordinating committee which was approved by the Washington conference over French objections. Most of the Europeans are eager to get on with setting up the committee, but several have mentioned the desirability of moving its meetings to a European site as soon as possible. The French may make it difficult for the EC Commission to participate.

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SAM Deployment in the Moscow Area



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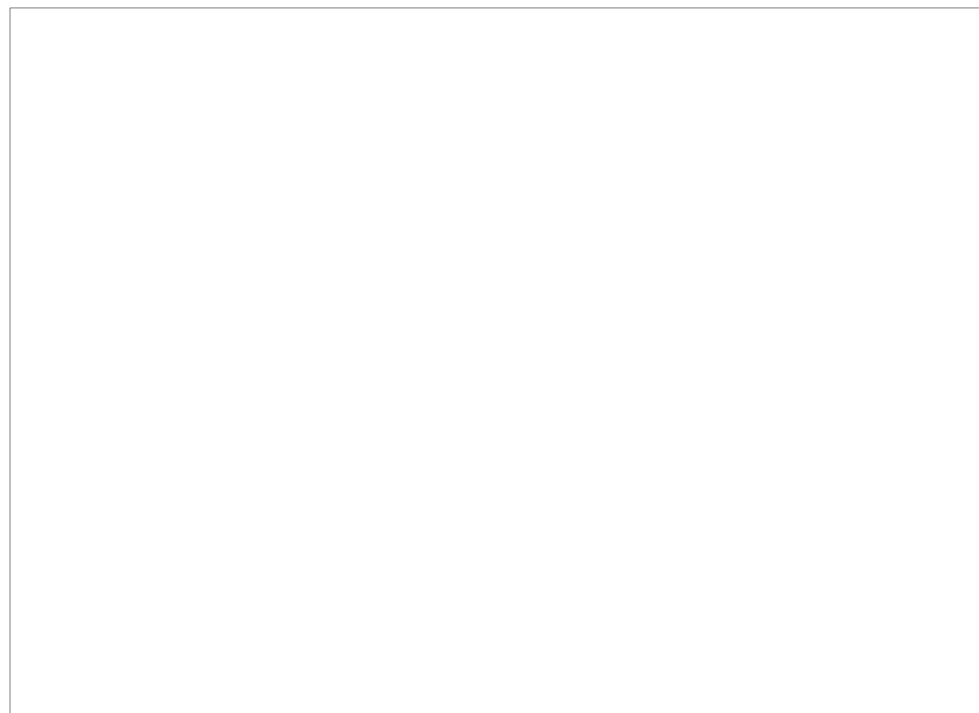
USSR

[redacted] the Soviets are constructing an eighth SA-5 surface-to-air missile complex near Moscow. This complex, when operational, will complete the SA-5 air defense ring around the Soviet capital. This missile has an effective range of at least 100 nautical miles and can engage targets between 1,000 and 100,000 feet.

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The Soviets also have an SA-3 system in the Moscow area which employs a short-range missile effective against medium and low-flying aircraft down to 150 feet and perhaps lower. Deployment of this system around Moscow is complete except for the southeast quadrant which is less vulnerable to a low-altitude attack.

Over the next few years the older SA-1 and SA-2 systems probably will be phased out, leaving the two newer ones to provide air defense for the entire Moscow area.



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USSR

The Soviets are having problems developing liquid hydrogen rocket engines for use on space boosters. The use of such a high-energy propellant could eventually enable the Soviets to place twice as much payload in lunar or planetary trajectories with no appreciable increase in the weight of the launch vehicle.

At a recent international meeting of experts, the Soviets said their problems centered on controlling ignition of liquid hydrogen engines. US delegates believe that some of the problems might be overcome by using computer controls. The Soviets, however, probably will stay with their methods of control, which do not require an on-board computer. The US has been using liquid hydrogen engines since 1962 in the upper stages of several boosters, including the Saturn launch vehicles.

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Use of high-energy propellants in the Soviets' "J-vehicle," their counterpart of the US Saturn V booster, would require new and larger upper stages. Such a development is not now expected before the late 1970s.

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LATIN AMERICA

A strong sense of nationalism underlies each of the eight topics that the Latin Americans have raised for discussion with the US at the inter-American meeting of foreign ministers which begins today in Mexico City. Five items basically concern pressing economic issues that the Latin Americans believe the US can and should do something about. They want:

- greater access to US development resources and markets;
- no coercive economic measures against governments that act against foreign-based companies;
- higher prices for raw materials and better terms of trade;
- "codes of conduct" for multinational companies; and
- greater access to US technology.

The other Latin American items call for a review and revision of the existing inter-American system, Panamanian sovereignty over the canal, and a general review of the current state of US - Latin American relations. The two items added by the US are a review of the international situation and a discussion of the energy crisis.

Cuba is not participating directly and the Cuban question is not on the agenda but is bound to come in for a good deal of attention and informal discussion. Havana has dispatched a number of journalists and at least one diplomat to cover the conference and has indicated that it will be paying closer attention to this meeting than to any similar conference in the last decade.

Although the participants have displayed an unprecedented degree of unity--especially on the sovereignty-related agenda items--their many differences of opinion will still be evident. Both the Cuban issue and the energy crisis are likely to produce dissenting viewpoints. The regional and subregional antagonisms and bilateral problems that abound within the area will also intrude indirectly, even though the participants have agreed to bar new items from the already ambitious agenda.

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Judging from past inter-American conferences, tangible accomplishments at the Mexico City meeting probably will prove difficult to identify. Indirect gains, however, may result not so much from the formal proceedings as from the corridor conversations and other private contacts. At this point, the optimists and pessimists appear fairly evenly divided among the Latin American participants. Even the skeptics, however, are eager to hear what Secretary Kissinger has to say. It is also recognized that the meeting offers the best opportunity yet to raise troublesome issues frankly and openly with a senior US official.

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ISLAMIC SUMMIT

The main points of the agenda at the Islamic conference opening Friday in Lahore will be the status of Jerusalem, a Middle East settlement, and several proposed joint projects, such as a development bank. King Faysal--who is footing much of the bill for the meeting--is particularly concerned with Jerusalem and feels he has a special responsibility to see that the Dome of the Rock area, the third holiest shrine in Islam, is returned to Arab control.

Saudi Minister of State Saqqaf plans to fly directly from the US to Lahore, where he will presumably report to Faysal and other Arab leaders on his talks in Washington. Leaders of Saudi Arabia, Egypt, Syria, and Algeria, who met at the mini-summit in Algiers last week, may use the occasion for informal consultations on results of the mission undertaken by Saqqaf and Egyptian Foreign Minister Fahmi.

Delegates to the conference will probably make an effort to avoid public disagreement, and the final communiqué is likely to be little more than a pro-forma statement. In private, however, a number of issues could prove divisive.

Continuation of the oil embargo against the US and other countries will probably come up. The emphasis, however, is more likely to be on the damage done to non-oil producing Muslims by the sharp price rise. They will probably seek an arrangement that will reduce the cost of oil to them.

President Qadhafi of Libya had been expected to lead opposition to negotiations with Israel. His recent meeting with Sadat and his reported fence-mending with Faysal, however, suggest that he has become worried about his isolation from the Arab mainstream and may adopt a less radical stance. Moreover, Sadat is probably right in expecting that a moderate position on negotiations will receive the backing of most non-Arab Muslims.

Other problems could arise at the summit. Fedayeen terrorists have reportedly been considering an attempt on some of the participants. King Husayn's dispute with the Palestine Liberation Organization may not arise in formal sessions, but Yasir Arafat's decision to attend led to Husayn's refusal.

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WEST GERMANY

Government spokesmen and Social Democratic Party officials have denied a flurry of reports in the West German press suggesting that Chancellor Brandt is deeply discouraged about recent political and economic developments in West Germany and is thinking of resigning.

As the country's first postwar Social Democratic Chancellor, Brandt is aware that he has been unable to deal effectively with the party's main source of support, the trade unions. With state elections--the first since the national elections of November 1972--less than a month away, Brandt is understandably concerned about his government's economic record. The government's failure to enforce its ten-percent ceiling for wage increases in settling the public service employees' strike is expected to set a precedent for other wage negotiations. Efforts to keep the 1974 rate of inflation below ten percent will be more difficult.

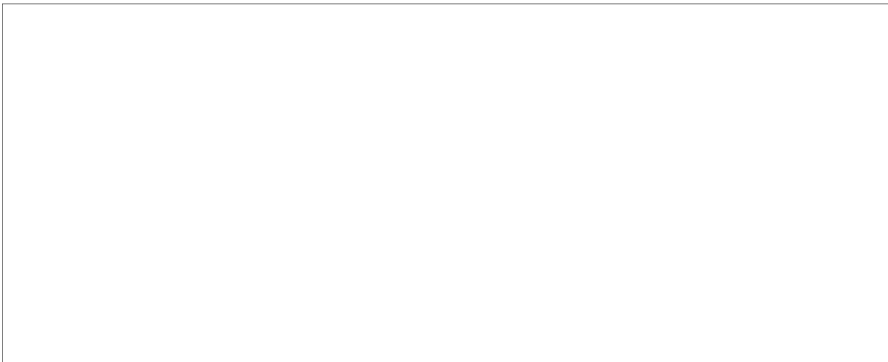
The embassy in Bonn notes, on the other hand, that many of Brandt's difficulties are not of his making. The energy crisis, inflation, unemployment, disaffection within the Social Democratic Party's youth wing, strains within the coalition, and disappointment over the development of the European Community and Ostpolitik all must appear either unsolvable to Brandt or at least to require energetic leadership that he for the time being seems unable to provide.

Despite these problems, the embassy believes he will continue as Chancellor until 1976. Brandt not only takes pride in his own and his party's achievements, but he is also aware that the problems he faces are no greater than those confronting other West European leaders.

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NOTES

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Israel-Egypt: Israeli forces are expected to complete their withdrawal from the west bank of the Suez Canal today as scheduled under the disengagement agreement. The separation of forces, which so far has proceeded smoothly, is to be completed on March 5, when the Israelis are to withdraw to the designated disengagement line in the Sinai Peninsula.

Japan-US: A scandal resulting from the falsification--apparently for non-political reasons--of radiation monitoring reports prepared for the Japanese Government by a private contractor has led the Foreign Ministry to ask the US to suspend visits of nuclear-powered submarines. The Japanese have in mind a suspension of such visits for the rest of February, but the duration could be longer because no contractor capable of providing an effective radiation monitoring service is willing to take the job. The Communists are making use of the scandal to push their opposition to US military bases in Japan. The press is giving broad and uncritical coverage to Communist charges that the Japanese public has been systematically misled since at least 1968.

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Vietnam-Cambodia: Hanoi's efforts to seat the Viet Cong's Provisional Revolutionary Government have dominated back stage maneuvering at the Conference on the Law of War now under way in Geneva. The US delegation believes that the final vote on the seating issue, perhaps as early as today, will be extremely close. Saigon has received only lukewarm support from neighboring countries such as Indonesia, Thailand, and the Philippines in trying to block the PRG. A vote on seating Prince Sihanouk's representatives, which was unexpectedly called for on February 19 by China, Algeria, and a number of other countries, may also be held today.

International Communism: The Soviets are asking the Latin American Communist parties to meet in Havana in late 1974. Moscow, which is also promoting an all-European party meeting for late 1974, evidently hopes that the Latin American conclave will be yet another stepping stone toward an international Communist conference, perhaps in 1975. Cuban Premier Fidel Castro is said to have reluctantly agreed to play host.

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