



The President's Daily Brief

July 9, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

July 9, 1974

PRINCIPAL DEVELOPMENTS

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Chinese [Redacted]

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[Redacted] (Page 2)

Israel [Redacted]

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(Page 3)

Following the loss by Japanese Prime Minister Tanaka's Liberal Democratic Party of its clear majority in the upper house of the Diet in the election on July 7, Liberal Democratic maneuvering will focus on the party's leadership contest, particularly the effort by Tanaka's major opponents to unseat him this summer. (Page 4)

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A shake-up in the Portuguese cabinet is expected soon. [Redacted]

[Redacted] President Spinoza apparently is determined to give the regime a more conservative cast and may, in the process, upset the balance of political forces he has been trying to maintain. (Page 5)

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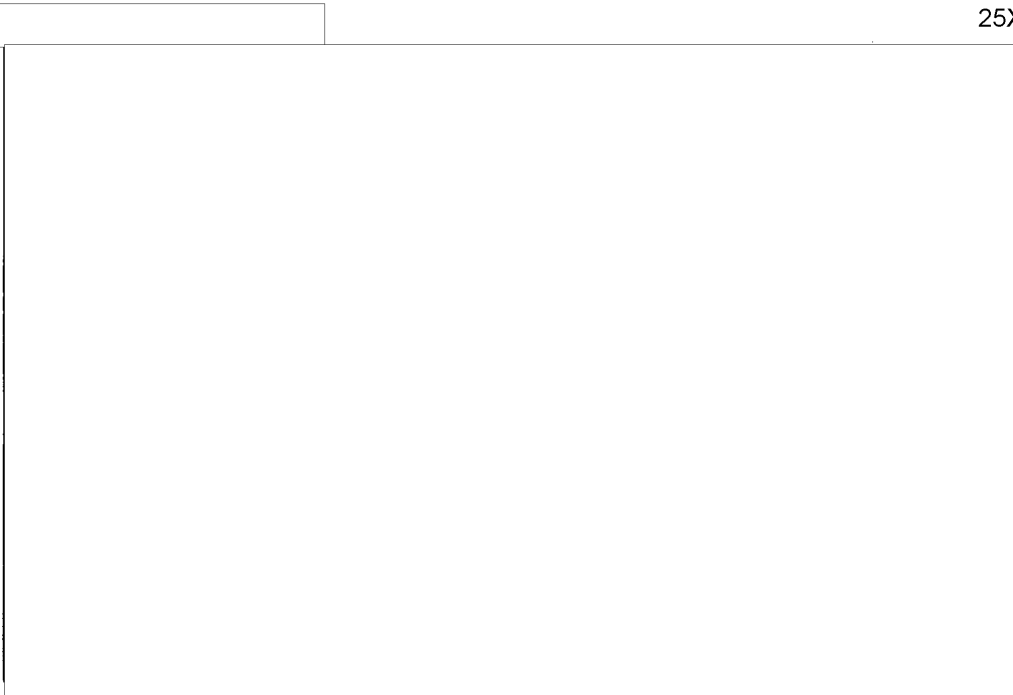
In Cambodia, the Lon Nol government issued a formal declaration today inviting the Khmer Communists to enter immediately into talks without prior conditions. (Page 6)

The recent shake-up in the high command of the Peruvian navy may open the way for the purchase of Soviet cruise missile patrol boats. (Page 7)

Notes on the USSR, South Korea, Morocco-Syria, and Canada appear on Pages 8 and 9.

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USSR

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USSR-CHINA

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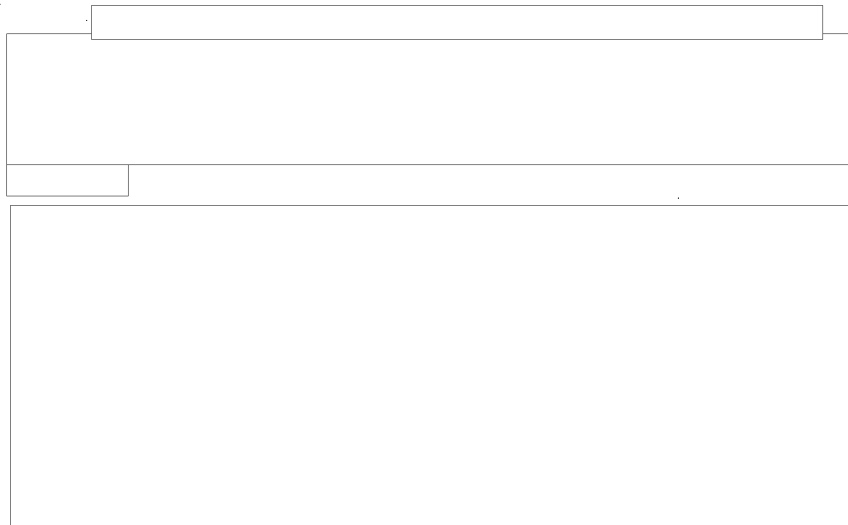
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ISRAEL



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JAPAN

Nearly complete returns from the election on July 7 indicate that Prime Minister Tanaka's Liberal Democratic Party lost its clear majority in the upper house of the Diet. With 126 of the 252 seats, the party could regain a majority if some of the independent winners affiliate with it. The upper house is the less important of the two houses of the Diet, but the increased strength of the opposition may allow it to hamper some of the ruling party's legislative efforts.

Japanese politicians are attributing the outcome of the election to economic discontent. Tanaka's conduct of the campaign, particularly his heavy use of corporate contributions, may also have cost the Liberal Democrats a few seats. The weak Liberal Democratic performance will almost certainly damage Tanaka's recently reviving prestige within the party.

With the upper house elections over, political maneuvering in the Liberal Democratic Party will now focus on the party leadership race next summer, and particularly on the efforts of Tanaka's major factional opponents to unseat him as party president, and hence as prime minister.

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PORTUGAL

A shake-up is expected in the Portuguese cabinet soon, apparently the result of a rift in the forces that have supported President Spinola in power since last April. Spinola may be determined to give his regime a more conservative cast. Following an eight-hour meeting of the Council of State during the night, a Council member told reporters that the body had considered adjustments to the constitutional law that would give the government greater powers.

[Redacted]

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--According to one source of the US embassy in Lisbon, leftist members of the cabinet split with Prime Minister Palma Carlos over pending legislation, particularly on labor matters. The Prime Minister offered to resign, but Spinola refused and instead plans to dismiss five leftist ministers. The junta and Armed Forces Movement are said to have agreed to authorize the Prime Minister to legislate by decree.

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Spinola reportedly believes he has the support of the junta and enough of the military rank and file to remove leftists in the Armed Forces Movement who oppose him. He reportedly also has a new commando regiment outside Lisbon to support him in such an endeavor. If Spinola moves abruptly against the left, whether in the cabinet or Armed Forces Movement, he will upset the equilibrium of political forces that he has thus far been trying so hard to maintain.

*FOR THE PRESIDENT ONLY***CAMBODIA**

The Lon Nol government issued a formal declaration on negotiations today inviting the Khmer Communists to enter immediately into talks without prior conditions at a mutually agreeable time and place. The declaration expresses the hope that such a dialogue will lead to a cease-fire, to the withdrawal of all foreign forces, and to unity and national reconciliation. It appeals to all countries to help the two Cambodian sides establish a dialogue.

This is the government's first major peace initiative since July 6 of last year, when it issued a six-point proposal aimed at resolving the Cambodian problem. That proposal, unlike the new declaration, stressed the need for the withdrawal of foreign troops and a cease-fire before negotiations could start. Although Phnom Penh probably is not optimistic that its new, more flexible formula will draw a favorable reaction from the Communists, it apparently believes the statement will put them on the diplomatic defensive.

The Communists have consistently rejected any negotiations with the present regime in Phnom Penh. In the past few months they have insisted that the only way to peace is a withdrawal of all US support to the Lon Nol government. The insurgents' nominal leader, Prince Sihanouk, has also underlined the need for the withdrawal of American backing for Lon Nol. He reportedly stated in early June that if this condition were met he would be ready to begin negotiations with Washington "at any time." There have been no signs, however, that the Communists share Sihanouk's interest in dealing directly with the US.

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PERU-USSR

The recent shakeup in the high command of the Peruvian navy may open the way for the purchase of Soviet cruise-missile patrol boats. The Peruvians have discussed buying Osa and Komar boats during intermittent talks with the Soviets over the past several years. The Osa carries four cruise missiles that have a range of 20 to 25 nautical miles; the smaller Komars are armed with two such missiles.

In the past, high Peruvian naval officials have been reluctant to conclude such a deal with the USSR, mainly because of Soviet insistence on retaining sole responsibility for servicing the missile system.



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NOTES

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South Korea: Leaders of South Korea's 800,000 Roman Catholics are moving into open opposition to the Pak government. On July 5, the Catholic Bishops' Conference on Korea issued a pastoral letter affirming the right and responsibility of the Church to speak and to act in support of human rights. In effect, the letter is a relatively moderate and generalized statement of support for the many Protestants and other dissidents now on trial in Seoul for alleged antigovernment activities. On July 6, Bishop Chi Hak-sun, one of the most vigorous anti-Pak Church leaders, returned to Seoul from Rome, and was promptly arrested. Chi's arrest is further evidence of President Pak's willingness to call even the best known public figures to account for opposing him.

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Morocco-Syria: The Moroccan expeditionary force that was sent to Syria over a year ago arrived home late last week. The force had more than 2,000 men and about 60 tanks; it took part in the fighting around Mount Hermon during the October war.

Canada: The Liberal Party pulled an upset in the election yesterday when it won a majority in the House of Commons. The victory was a personal triumph for Prime Minister Trudeau, whose aggressive campaign style and engaging wife helped restore his popularity. A majority Liberal government, without pressure from the nationalistic New Democratic Party that held the balance of power in the last Parliament, will be less prone to a Canada-first approach. The current policy of trying to lessen Canadian dependence on the US, however, will still have strong bipartisan support. Tory leader Stanfield, who lost his chance to lead his party to victory, will probably resign or be replaced.

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