



The President's Daily Brief

July 25, 1974

5



~~*Top Secret*~~ 25X1

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

FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

July 25, 1974

PRINCIPAL DEVELOPMENTS

The cease-fire on Cyprus appears to be taking hold. Turkey promised last night that its forces would not attack UN troops guarding Nicosia's airport. New Cypriot President Clerides has said he wants early presidential and parliamentary elections; he said it would be "unwise" for Archbishop Makarios to return now. The new Greek government has recognized Makarios as the island's legal head of government. (Page 1)

There is fresh speculation that General Secretary Brezhnev will take on a government position to supplement his leadership of the party, in particular, Podgorny's chairmanship of the Supreme Soviet. (Page 2)

President Sadat avoided unrealistic promises and tried to impress on the Palestinians the necessity for compromise when he elaborated on his concept of Palestinian-Jordanian coordination on Tuesday. (Page 3)

Bahrain wants to work out a new agreement that will permit the US navy's Middle East Force to continue to use facilities on the Persian Gulf island. (Page 4)

25X1

[Redacted] Iraq [Redacted] (Page 5)

25X1

25X1

[Redacted] Syria [Redacted] (Page 6)

25X1

25X1

In Vietnam, Communist military forces have gained additional territory in Military Region 1 and in the delta, and are pressing attacks in the central highlands. (Page 7)

25X1

The newly appointed Japanese Finance Minister apparently is thinking of relaxing Tokyo's tough anti-inflation program. (Page 8)

FOR THE PRESIDENT ONLY

CYPRUS

The cease-fire on Cyprus appears to be taking hold. Fighting stopped in Kyrenia yesterday; only a few clashes were reported around outlying Turkish Cypriot villages. [redacted]

25X1

[redacted] the Turks landed additional reinforcements and heavy equipment at Kyrenia yesterday.

25X1

Diplomatic pressure on Ankara has averted a major clash between reinforced Turkish units and UN troops for control of Nicosia airport. At the UN Security Council meeting last night, Turkey's ambassador announced his government's agreement not to attack the UN force, now augmented by British troops and planes. [redacted]

25X1

[redacted]

25X1

On the political front, newly-sworn Cypriot President Clerides pledged continuity of constitutional government as he tries to restore political normality to the island. He said he wants to hold presidential and parliamentary elections as soon as possible. Clerides said it is up to the people whether Archbishop Makarios returns, but that it would be "unwise" for him to do so now. [redacted]

25X1

[redacted]

25X1

Clerides' chances in an election against Makarios would improve if, as party chief Papaianou told a US diplomat yesterday, the Cypriot Communists decide to support him. The situation is complicated by the announcement in Athens yesterday that the new Greek government recognizes Makarios as the legal head of the Cyprus government.

Prime Minister Karamanlis' "government of national unity," despite its name, is essentially a two-party, center-right coalition. His new cabinet includes people with more talent for leadership and more technical expertise than any of the governments during the years of military rule. The exclusion of the political left will become a source of friction. Leftist leaders allegedly were to meet yesterday to draft a plea to Karamanlis requesting him to reconsider their status as outsiders. The left is planning to reopen one of its newspapers today.

FOR THE PRESIDENT ONLY

USSR

The Soviet party Central Committee met briefly yesterday to hear the customary report from General Secretary Brezhnev and to prepare for the Supreme Soviet session that begins today. Little is known concerning the proceedings of the Central Committee meeting. Its brevity, however, is one sign that few major surprises are likely to come out of the meeting itself or the Supreme Soviet session.

When the Supreme Soviet opens, Council of Ministers members, including Premier Kosygin, will submit pro forma resignations. A "new" Council to be announced tomorrow will probably include some shifts at the ministerial level.

There is fresh speculation that Brezhnev may at last be ready to try formally to consolidate his personal leadership. Since 1970, when he began playing a more active role in Soviet foreign affairs, the party boss has been somewhat embarrassed by his lack of a high government or state position. His reception of visiting chiefs of state and his own visits abroad have been encumbered by nagging problems of protocol.

Khrushchev solved such problems by combining the premiership with his position as party chief. The Central Committee prohibited his successors from combining these two positions, in an effort to avoid the concentration of power achieved by Stalin and, to a lesser degree, by Khrushchev. There is no such ban, however, on combining the general secretaryship with Podgorny's prestigious but relatively powerless chairmanship of the Presidium of the Supreme Soviet, and there is rumor that this is what Brezhnev may try to do.

However tidily such a move might deal with protocol problems, it might also alarm Brezhnev's colleagues in the Politburo without achieving any significant political gains for him personally. This is one important factor arguing against such a move.

FOR THE PRESIDENT ONLY

EGYPT

President Sadat elaborated on his concept of Palestinian-Jordanian coordination in a speech on Tuesday. He clearly avoided making unrealistic promises and attempted to impress on those involved, particularly the Palestinians, the necessity for compromise.

Sadat took credit for gaining "international" recognition of the Palestine Liberation Organization as the "legitimate" representative of the Palestinians, and even contended that King Husayn had agreed to drop Jordan's reservations about the legitimacy of the PLO's representative status. At no point, however, did he use the now standard Arab characterization of the PLO as the "sole legitimate" representative. He thus notified the Palestinians that he intends to adhere to his accommodation with Husayn according to Jordan the right to represent Palestinians within the Kingdom of Jordan.

On the particularly delicate issue of who has the right to negotiate for an Israeli withdrawal from the West Bank, Sadat

25X1

[redacted]

25X1

[redacted] asserted that Jordan has agreed to hold the West Bank in trust-- as he says Egypt would do with Gaza--"until their people determine their wishes." Sadat thereby notified the Palestinians that they cannot expect to negotiate for territory while their position is not unified, but, at the same time, he committed Husayn to follow through on his promise to allow the Palestinians self-determination after an Israeli withdrawal.

25X1

The Egyptian Foreign Ministry yesterday said invitations have been sent to Syria, Jordan, and a representative of the PLO to meet in Cairo on Sunday to coordinate policy for the Geneva talks.

FOR THE PRESIDENT ONLY

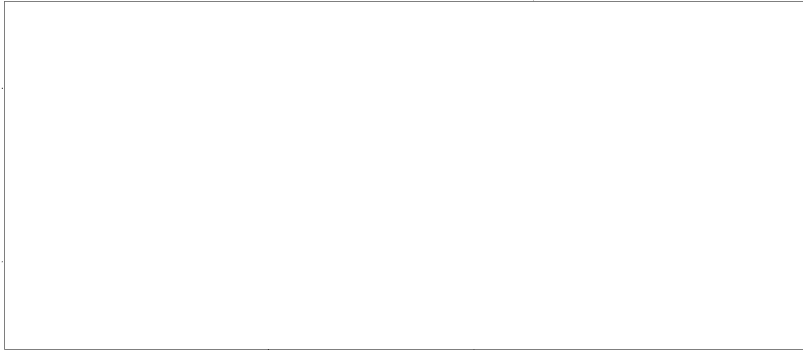
BAHRAIN-US

The Bahraini foreign minister told Ambassador Twinam on Tuesday that his government has reversed its decision to terminate the Bahrain-US stationing agreement. Bahrain wants to work out a new agreement that will permit the US navy's Middle East Force to continue to use facilities on the Persian Gulf island.

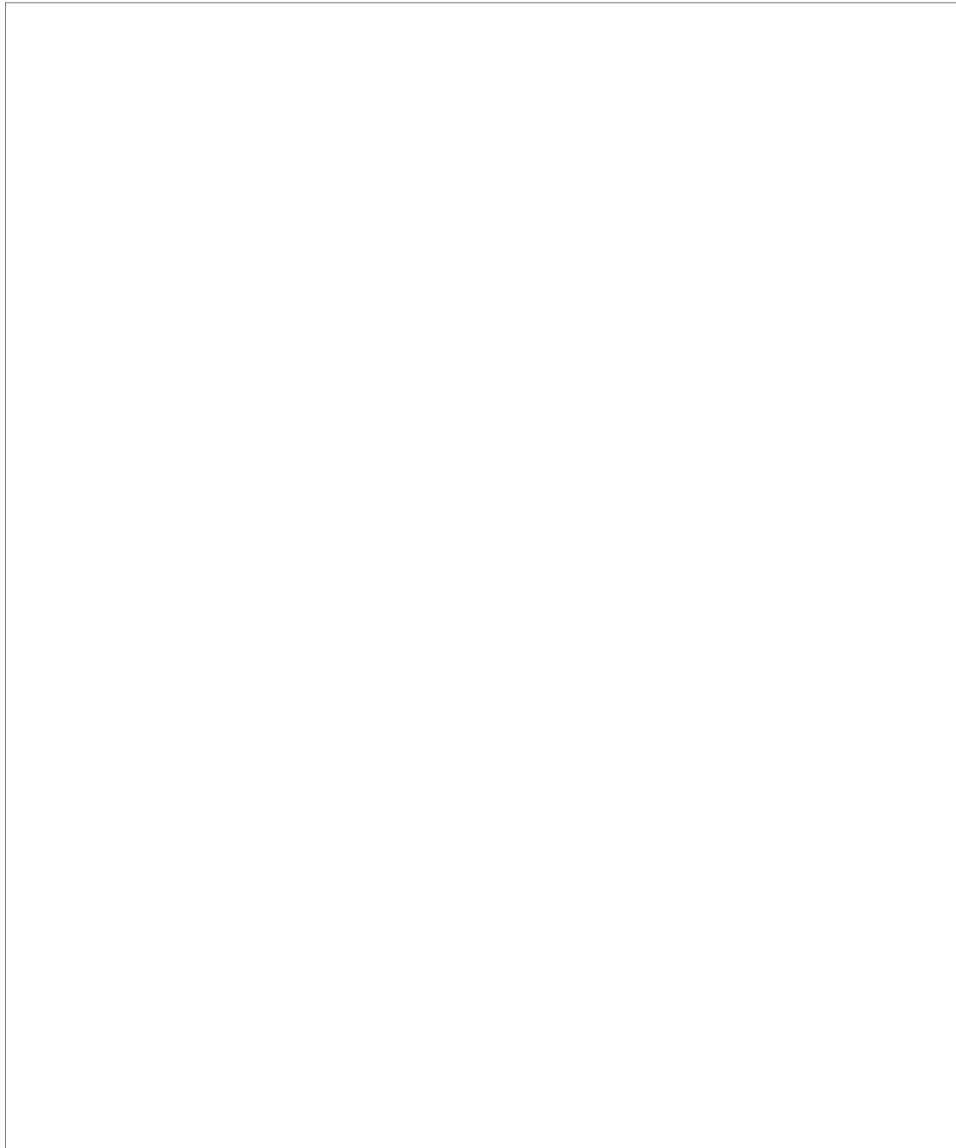
Bahrain would like to complete talks with the US by the end of August, perhaps in order to give the government a chance to promote the new arrangements with the public before the sometimes obstreperous National Assembly reconvenes in October. The Bahraini government is anxious to refute charges that the stationing agreement has undermined national sovereignty and has been of no significant economic value. The Bahrainis reportedly want, among other things, to raise the yearly rent to \$3 million--five times what the US is now paying.

FOR THE PRESIDENT ONLY

IRAQ-USSR



25X1



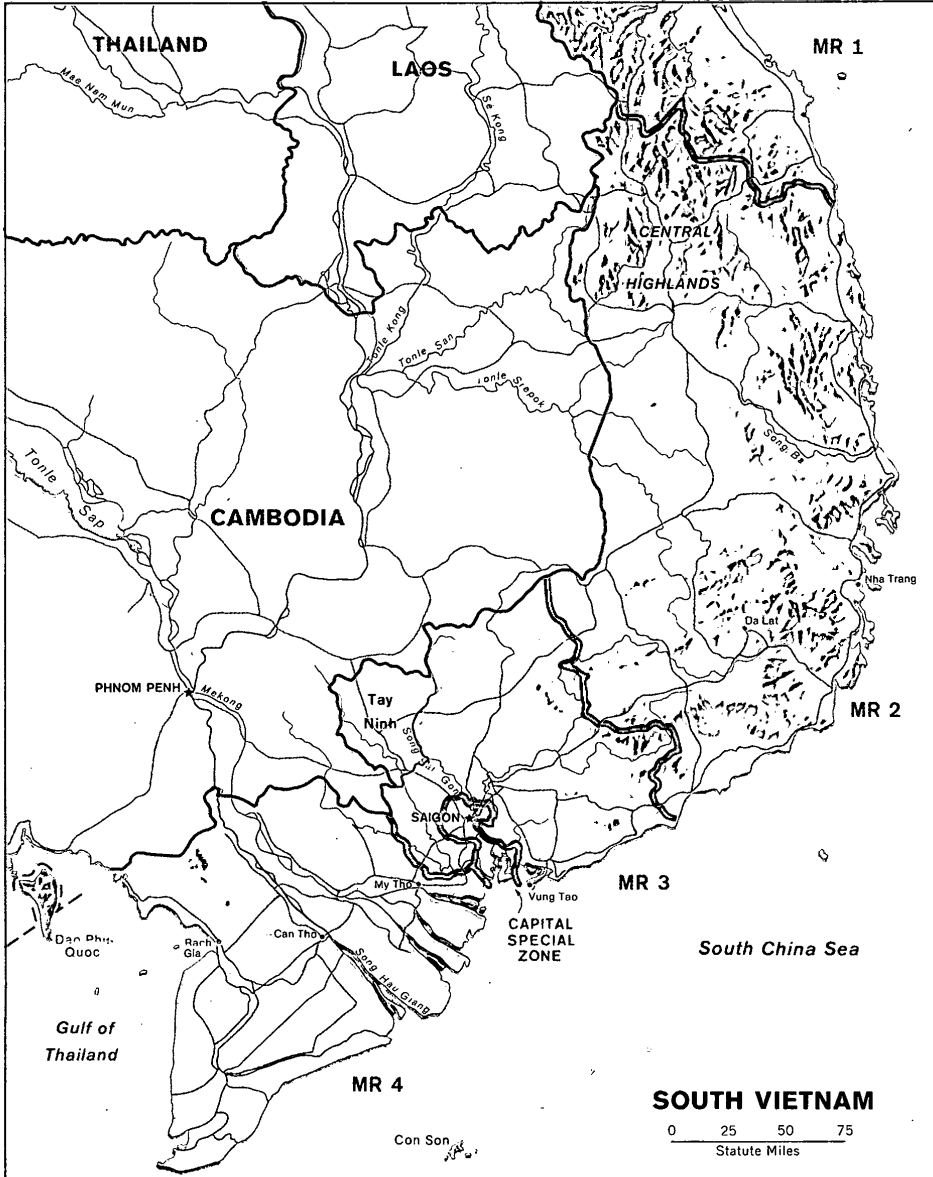
25X1

FOR THE PRESIDENT ONLY

SYRIA



25X1



556256 7-74 CIA

FOR THE PRESIDENT ONLY

VIETNAM

The recent upsurge in fighting continues in some parts of the country. Communist military forces have gained control of additional territory and population in southern Military Region 1 and in the southern delta, and are pressing attacks in the central highlands. The Communist intent in each area is the same--to expand land holdings, eliminate the government's military presence, and secure infiltration corridors.

The Communists have used small units to hit South Vietnamese military installations, interdict key highways, and attack remote outposts. In many cases, especially in the delta, these outposts have been manned by local security forces who have proved a poor match for the Communists. Presumably Saigon will attempt to retake many of the positions that have been abandoned.

In the central highlands, and to some extent in the southern provinces of Military Region 1, North Vietnamese main forces have done the fighting, but infantry troops have been used sparingly. Heavy artillery and mortar attacks have preceded ground assaults, causing some South Vietnamese commanders to speculate that the Communists have more ammunition to expend than government troops have. Much of the government's poor showing has been the result of a lack of coordination between ground, air and artillery forces, and the unwillingness of South Vietnamese commanders to defend remote positions that are difficult to resupply and reinforce.

FOR THE PRESIDENT ONLY

NOTE

Japan: Newly appointed Finance Minister Ohira apparently wants to relax his predecessor's tough anti-inflation program. His most likely course of action will be to ease the credit restraints that resulted in a sharp decline in private investment during the first half of this year. Ohira is more concerned about the prolongation of Japan's economic downturn than was his predecessor. He also wants to secure the political support of the business community, and will tend to be more responsive to its pressures than Fukuda. Inflation remains a serious problem, however, and Ohira will be cautious about instituting a pronounced policy change in the near future.

Top Secret