



The President's Daily Brief

August 2, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

August 2, 1974

PRINCIPAL DEVELOPMENTS

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[redacted] Egyptian-Israeli disengagement lines shows that both sides are continuing to comply with the disengagement agreement. (Page 1)

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Egypt [redacted]
[redacted]
[redacted] Israel [redacted]
(Page 2)

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The Soviets have sent a number of military transport aircraft to Syria and Iraq over the past few days. (Page 3)

Greek Prime Minister Karamanlis is moving rapidly to consolidate his control. Rumors of impending transfers of top army leaders produced some unrest among the military yesterday. (Page 4)

On Cyprus, fighting continued yesterday around Lapithos, near the northern coast. Life in the capital is gradually returning to normal. (Page 5)

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Japan [redacted] China [redacted]
(Page 6)

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Amintore Fanfani, leader of the Italian Christian Democratic Party, has given Ambassador Volpe an appraisal of likely developments in Italy over the next few months. (Page 7)

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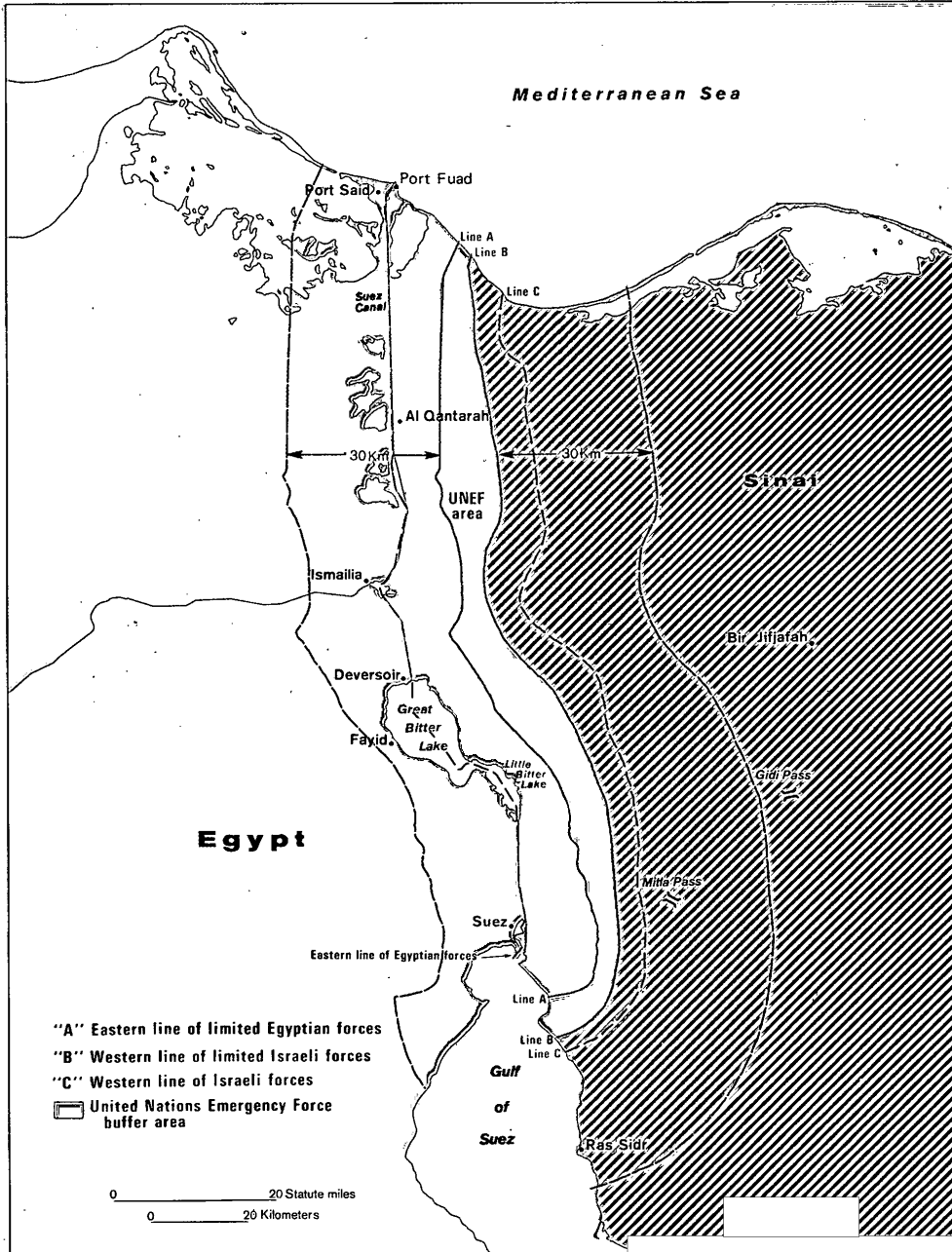
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France [redacted]
(Page 8)

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A note on [redacted] the USSR appears on Page 9.

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EGYPT-ISRAEL-DISENGAGEMENT

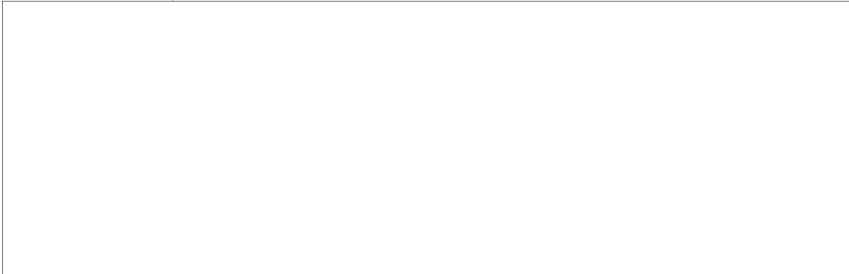
[redacted] Egyptian-Israeli disengagement lines [redacted] both sides are continuing to comply with the disengagement agreement.

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EGYPT-ISRAEL



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Both Egypt and Israel have recently cited the possibility of new fighting in the future. [redacted] that the steps the Israelis have taken are intended to reassure the public that the Israeli military will not be caught napping. Tel Aviv must also wish to bolster the mission of Foreign Minister Allon in Washington.

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USSR - MIDDLE EAST

Over the past few days, the Soviets have sent a number of military transport aircraft to Syria and Iraq. Ten AN-12s, each of which can carry ten to twelve tons of cargo, have arrived in Damascus since July 27. Five military IL-28 passenger aircraft and two AN-10 transports have flown to Baghdad over the same period. These flights to Baghdad could have carried some 600 passengers; they may have returned Iraqi personnel home from training with the MIG-23 and other weapons systems in the USSR. We do not yet have evidence on the cargoes to Syria.

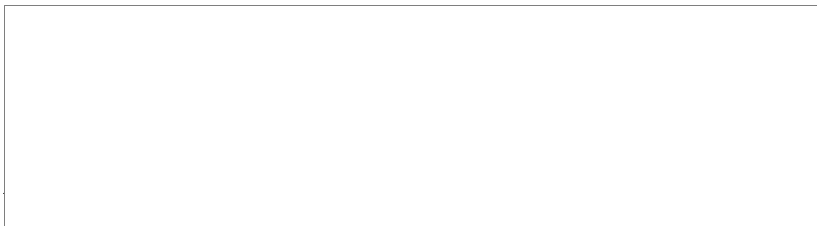
There were also four Soviet military transport flights to Egypt from July 16 to 26 after a hiatus of three months. These may have carried spare parts sorely needed for the Egyptian military.

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GREECE

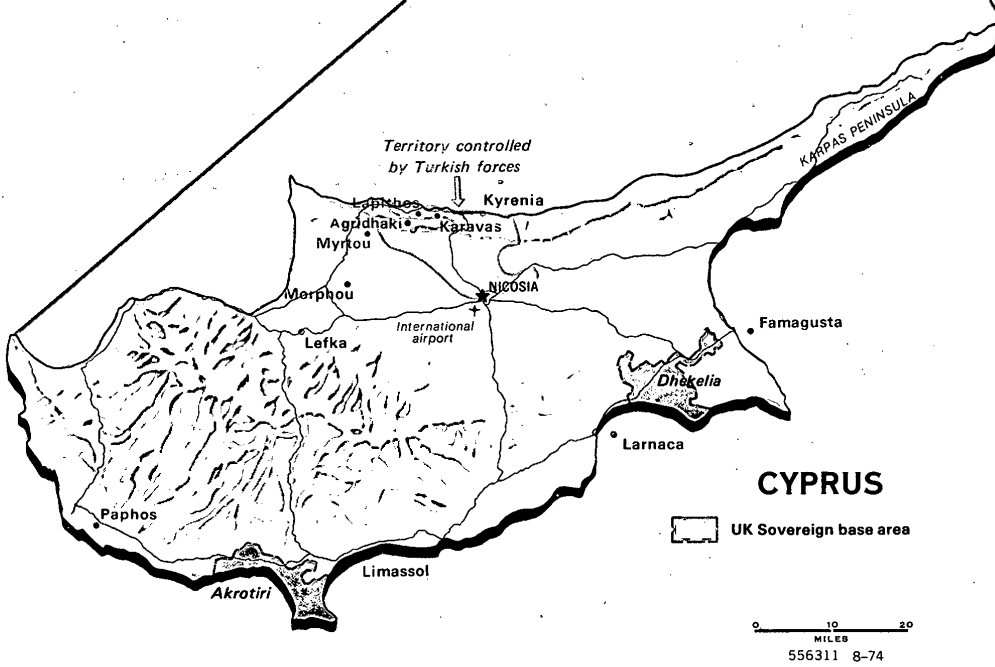
Prime Minister Karamanlis is moving rapidly to consolidate his control. Yesterday the government restored the 1952 constitution, except for portions involving the monarchy. Reverting to the constitution enhances the authority of the new government over matters the army has controlled since 1967, including the power to appoint, promote, and transfer military personnel.

Rumors of impending transfers of top army leaders produced some unrest within the military yesterday. The press reported "difficulties" among officers at the armed forces headquarters just outside Athens, and increased security measures were taken at Karamanlis' headquarters in the city.



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Karamanlis, for his part, reportedly is under growing pressure from his ministers to move swiftly against the military leaders. He may be persuaded that the time is ripe in the wake of Ioannidis' Cyprus caper. Discredited though it may be, however, the military remains the most powerful force in the country. Karamanlis will have to proceed cautiously in order to prevent countermoves by key army leaders.



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CYPRUS

Fighting continued yesterday around Lapithos, near the northern coast. UN sources reported heavy artillery and mortar fire west of the town, and added that the Turks were advancing south toward Agridhaki.

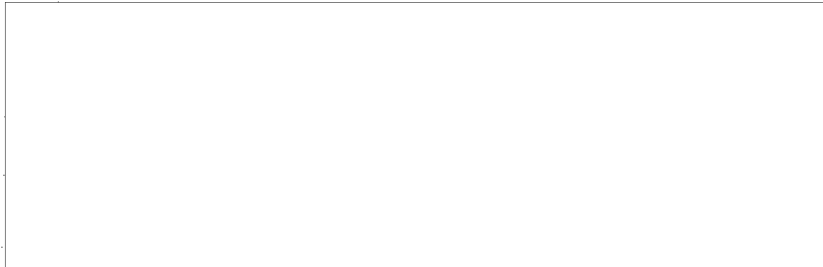
Life in the capital is gradually returning to normal. [redacted] troops from both sides were moving freely about their positions yesterday without serious incident. Businesses and government offices were open, and the Greek press resumed publication.

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The Turks, meanwhile, continue to bolster their forces on the island. According to a UN observer, 15 Turkish ships, eight of them landing craft, were off Kyrenia early yesterday.

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CHINA-JAPAN



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ITALY

During a recent talk with Ambassador Volpe, Christian Democrat leader Amintore Fanfani said he expects the government's austerity program to be passed by parliament within the next two weeks. He added, however, that a new government crisis is likely after the August holidays.

In Fanfani's view, the crisis will be triggered by the increase in unemployment that will result from implementation of the austerity program. He said the program might cause the loss of as many as 750,000 jobs. This would prompt labor to press strongly for the Socialists to quit the coalition.

One of the other coalition parties has already warned it will take fresh stock of the political situation in September. At that time, the unions also plan to examine the effects of the austerity measures. If events bear out Fanfani's prediction on unemployment, opposition from labor will stiffen.

Fanfani assured Volpe that his party is not about to enter into governmental collaboration with the Communists. The Christian Democrats, at their recent National Council meeting, formally opposed such collaboration, and the Communists themselves are not yet ready to make the jump into a government coalition. For the present, at least, the Communists prefer to apply more gradual pressure for a stronger role in national decision-making, an approach that has already done much to increase acceptance of the Communist Party as a legitimate organization.

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FRANCE

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[REDACTED]

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[REDACTED] that
President Giscard's defense study will include a
review of the nuclear force. Officials in the
French Ministry of Defense and the French Atomic
Energy Commission remain concerned that, for eco-
nomic reasons, Giscard may decide to delay the nu-
clear program.

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NOTE

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