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The President's Daily Brief

October 3, 1974

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FOR THE PRESIDENT ONLY

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ISRAEL-JORDAN-FEDAYEEN

Terrorist activity along Israel's borders has increased over the past two weeks. Last Saturday, an Israeli officer and a fedayeen guerrilla died in a clash on the Lebanese border. On Tuesday, Israeli border patrols killed two infiltrators on the Lebanese border and another near the southern frontier with Jordan.

[redacted] the two fedayeen killed on the northern border [redacted] members of the group responsible for the Qiryat Shemona massacre last April in which 18 Israelis died. The Israelis have intensified patrols, have made shallow penetration raids into Lebanon, and are shelling suspected fedayeen locations inside the Lebanese border.

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Tuesday's incident on the Jordan border was the fourth there in a month, after several years of relative quiet. The Israeli reaction has been moderate so far. Israeli Information Minister Yariv has stressed publicly that there has been no Jordanian complicity in the fedayeen infiltrations, and that Amman is trying to stop them.

The US embassy in Tel Aviv reports, however, that Israeli officials believe the Jordanians could do more to prevent the infiltrations. In an apparent attempt to show their displeasure, the Israelis sent aircraft over Amman yesterday for the first time in several years, creating sonic booms.

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GREECE

Greek political parties have become more active in anticipation of the parliamentary election, which was announced yesterday for November 17. The activity has touched off grumbling

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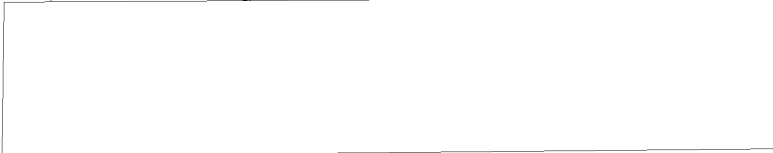
[redacted] among some royalists and military officers, who fear their own positions will be endangered if Prime Minister Karamanlis scores a solid victory at the polls.

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Military officers appear concerned primarily over recent disciplinary actions Karamanlis has taken and further moves he might make. They are also critical because the Prime Minister has not prevented frequent attacks on them by the press. We believe that a move against Karamanlis at this time would probably be unsuccessful, largely because the army would not unite behind it. Rightists, including army officers, realize that they stand to gain from elections held before the left has been able to organize well.

The feuding communists have managed to pull together in only a limited way.

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Karamanlis is apparently having trouble getting his New Democracy Party established. He is trying to attract liberals and uncommitted youth, in particular, to broaden his base. To do this, he will have to drop 50 to 60 former key party supporters of his old National Radical Union from his list of candidates. Former deputies from his old party are disturbed that his party's preparations for the election are still lagging.

Andreas Papandreou's Pan Hellenic Socialist Movement has been getting off to a slow start. Two new political groups have emerged:

--Some prominent politicians, all relatively young and nearly all associated with resistance to the former junta, have formed a left-of-center movement called "new political forces."

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--Former minister of defense Garoufalias [redacted] has announced that he and nine other former deputies will form their own party.

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PORTUGAL

In a conversation with Ambassador Scott on Tuesday, newly installed President Costa Gomes claimed that the leftward bias of the media has created an unwarranted impression of Communist influence in Portugal. The ambassador noted that Costa Gomes may have been less than frank when he said that, except for Communist Party leader Cunhal, there are no Communists in the government.

Costa Gomes emphasized his government's plans to adhere to the program of the Armed Forces Movement and reaffirmed Portugal's fidelity to its international commitments, including NATO.

Foreign Minister Soares told the ambassador that Costa Gomes will address the UN in late October, as former president Spinola had planned to do.

General Neto, a Spinola loyalist who was ousted from the junta and as chief of staff of the air force last weekend, paints a dark future for Portugal under Costa Gomes. [REDACTED]

[REDACTED] that he expects a backlash from the armed forces when they realize that the country is being led toward the far left.

Neto also claims that Costa Gomes wants to do away with the junta but that the Armed Forces Movement is resisting this and wants to fill the four vacancies created over the weekend with its own people.

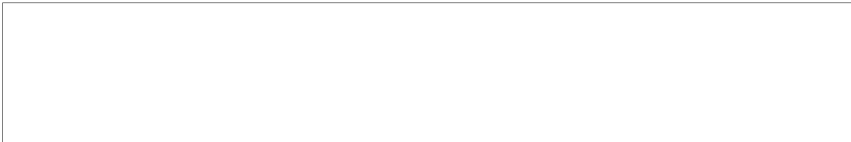
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CYPRUS

*Acting Cypriot President Clerides
is to decide today whether to resign.*

Clerides' well-orchestrated threat to quit was designed to force the various Greek and Greek Cypriot elements to declare themselves either for or against him. Should he succeed in winning pledges of backing from a substantial number of Greek Cypriots and a stronger public statement of support from Makarios, Clerides will probably consent to remain.



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The US embassy in Nicosia reports that Clerides' threat to resign has already sparked a rise of sentiment for him among Greek Cypriots, and the campaign to bring Makarios back appears to be losing some of its momentum.

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CAMBODIA

The discontent caused by sharp increases in prices has eased temporarily, mostly because Cambodian civil servants and military personnel have just received promised pay increases.

Pay envelopes this week were unusually fat, since they include increases retroactive to September 1. The full impact of the higher prices will not hit until mid-October.

Meanwhile, the antics of Lon Non, the President's younger brother, continue to worry top military and civilian officials. Lon Non plans, for example, to visit military commanders around the capital and in the provinces, and this has given rise to rumors that he is after a top military post. General Sosthene Fernandez, commander of the army, is taking no chances; he has canceled a trip abroad and is actively seeking assurances of support from other senior officers.

The far-fetched political plans Lon Non has outlined to journalists and his agitation for changes in the Socio-Republican Party--the President's primary political base--are contributing to the general uneasiness.

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VENEZUELA

President Perez' vigorous defense of Venezuela's oil pricing policies has inspired wide popular and official support. Partly as a result of strong nationalist sentiment on this issue, the President, in the six months since his inauguration, has established a clear advantage over his political rivals and critics.

In an apparent effort to curb excessive reactions on the petroleum issue from members of both his own Democratic Action Party and the government, Perez is reported to have prohibited official comment on recent remarks by US officials, unless he specifically approves such comments.

Some of his advisers are said to be urging him to carry Venezuela's position to the United Nations this month. Perez, however, appears to be awaiting a response to his public letter to you before deciding on his next course of action.

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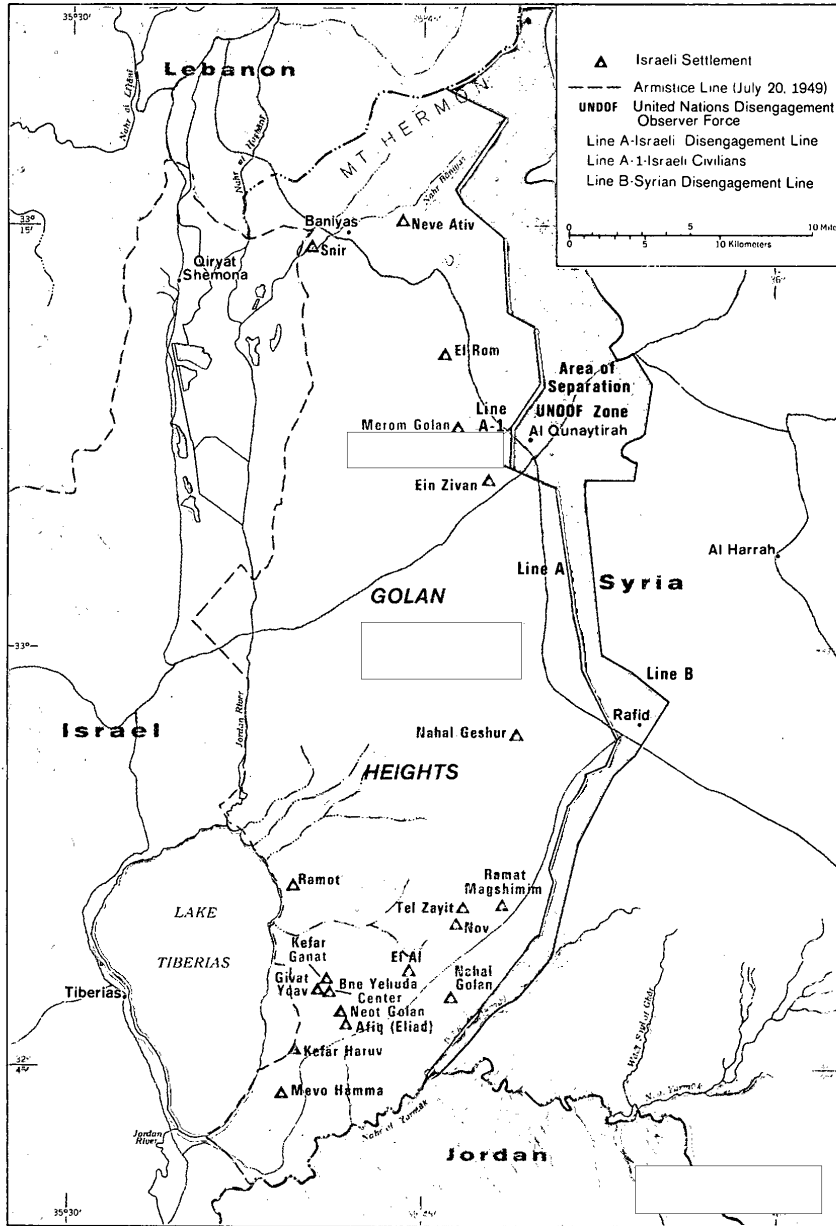
NOTES

Iraq-France:

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China: China's imports from the US will probably reach only \$800 million this year, down from earlier US projections of \$1.1 billion. The causes of the drop are recent rescheduling of agricultural deliveries and cancellation of contracts. The Chinese have postponed delivery of about 1 million tons of wheat until 1975, and have canceled a large contract for US soybeans, perhaps because earlier shipments were contaminated. Nevertheless, Chinese imports from the US reached \$709 million through August, up \$20 million over the same period in 1973. Chinese exports to the US are expected to reach \$100 million, up from \$64 million last year.

Israeli Settlements on the Golan Heights



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ISRAELI SETTLEMENTS IN THE OCCUPIED TERRITORIES

The Israelis have been "creating facts" in the occupied territories by establishing Jewish settlements ever since the 1967 war. Most of these settlements are in areas over which many Israeli leaders believe Israel must maintain control under the terms of any final peace agreement. Although attitudes in Israel have changed somewhat since the October 1973 war and a growing number of Israelis have now come to favor a political solution--which would of necessity involve Israeli territorial concessions--the existence of the settlements makes compromise on territorial questions less easy and, consequently, complicates the search for a negotiated peace.

The Settlements

Following the 1967 war, the Israelis immediately set about establishing settlements in the newly occupied territories. During the first year of occupation at least a dozen nahal (paramilitary) settlements were established, nine of them on the Golan Heights.

By the end of 1970, 27 settlements were in existence, many of which were nahals. Most settlements are involved in agriculture; others are associated with light industry, fishing, and even tourism. By last count in September of this year, some 56 settlements had been established: 22 in the West Bank; 21 on the Golan Heights; 9 in Sinai; and 4 in the Gaza Strip. These figures include some that are actively under construction as well as those already well established.

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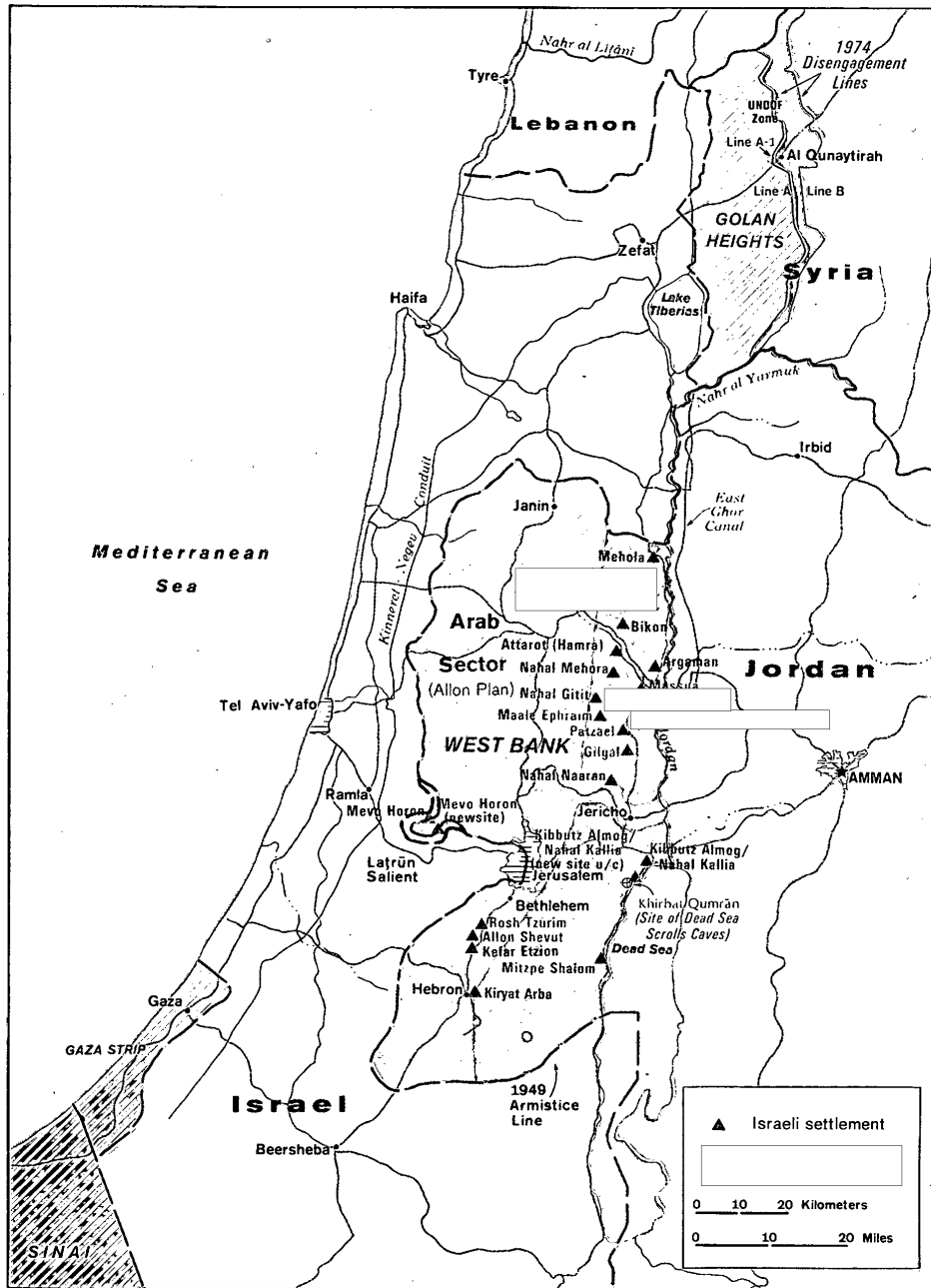
Continued building in most of the settlements indicates that the Israelis are planning to expand their presence in the occupied territories. At least four new settlements are reported to be under construction on the Golan Heights; a new settlement has been announced for the West Bank (near Kefar Etzion), and the Israeli press has announced the establishment of three others in the Gaza Strip.

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Israeli Settlements on the West Bank



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*FOR THE PRESIDENT ONLY*Debate in Israel

The establishment of the settlements has been a key element in Israeli policy toward the occupied territories and is seen by most Israelis largely in terms of security. This concern over security was the basic motivation for the "Allon Plan" for the West Bank, conceived shortly after the 1967 war by Deputy Premier Allon. Although initially Allon's personal scheme, the plan gradually gained wide support both inside and outside of government. The plan envisaged a 12- to 18-mile-wide defensive zone along the Jordan River. This strip--covering about a third of the West Bank--was to have some 20 Israeli fortified settlements. (As of last month, some 17 settlements had been established inside the zone.) An Israeli-controlled corridor in the Jericho area would connect the West Bank with Jordan. East Jerusalem would remain under Israeli control. The remainder of the West Bank would revert to Arab control and would be demilitarized.

As settlement proceeded, debate developed both in and out of government over the relationship of the occupied territories to Israel proper as well as over the role of the settlements. Some Israelis favored continued settlement and incorporation of territory on historical and religious grounds while others, fearful of the threat to the Jewish character of the state posed by the absorption of large numbers of Arabs into Israel, were opposed.

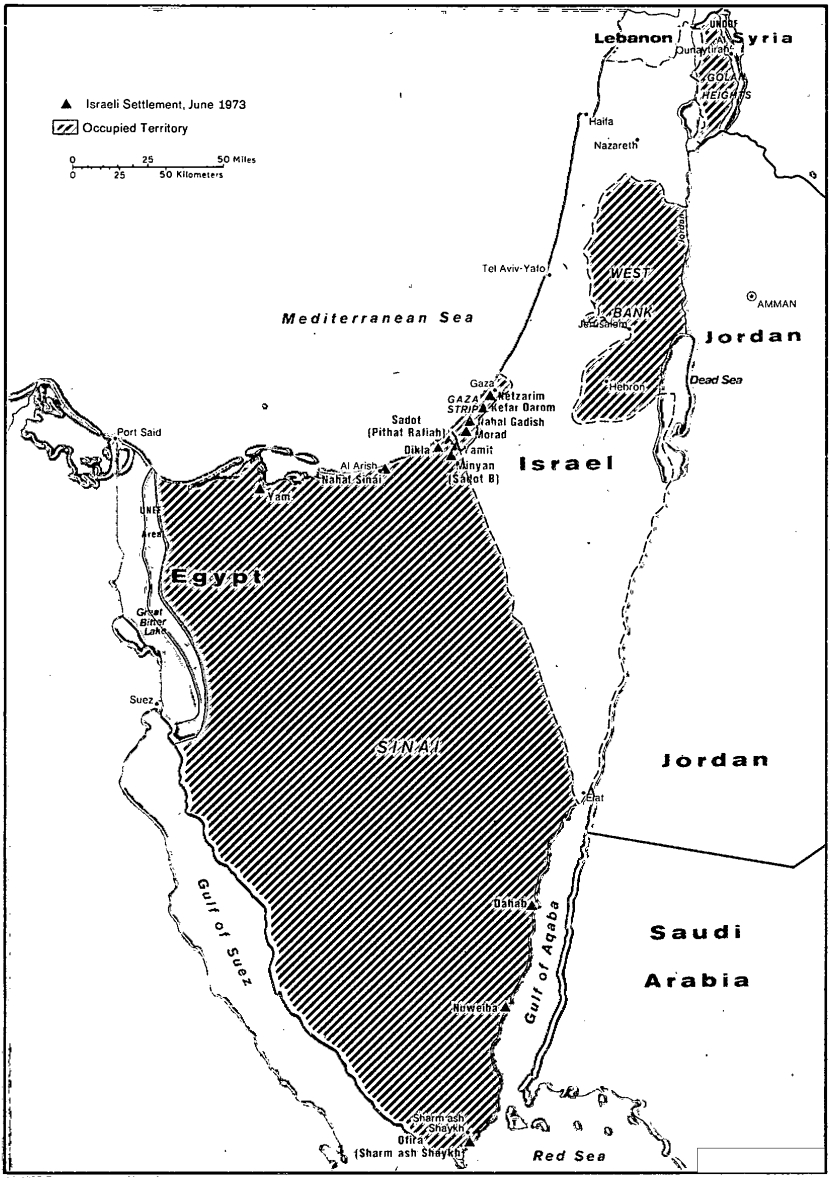
Members of Prime Minister Rabin's cabinet hold opposing views on the establishment of settlements, and the government, hopeful of avoiding domestic controversy over the issue, has deliberately tried to keep its settlement policy vague. Many of the settler groups have been sponsored by Israeli political parties, including the Prime Minister's Labor Party, and Rabin--who has only a one-vote majority in the Knesset--is under considerable pressure from religious groups and conservatives to proceed with the settlement program. The settlement groups' efforts to maintain and consolidate Israel's present West Bank frontier against the wishes of the government are supported by Rabin's principal opposition, Likud, and Labor's former coalition partner, the National Religious Party.

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Israeli Settlements in Gaza and the Sinai



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The government's present effort appears to be directed toward slowing the pace of settlement efforts by approving new settlements only in certain areas. The government has given priority to establishing settlements in the Golan Heights, the Jordan Valley, the Rafah area in northern Sinai, and the environs of Jerusalem; all except the latter are sparsely populated. At the same time, however, it is apparently allowing planning for additional settlements to proceed as usual. The prominent treatment afforded the settlements in the Israeli press has not been toned down.

Attempts by religious groups to establish settlements have continued to cause problems for the Rabin government. In July, troops were used to thwart an attempt by settlers of orthodox persuasion, who claim the West Bank for Israel, to found a settlement in the northern half of the West Bank. Because of the large Arab population there, Israeli governments have steadfastly refused to allow settlements in the area. After the government turned down a request in August by a group wishing to establish a settlement there, the settlers threatened to go ahead without government permission and warned that the next attempt would be on a larger scale.

Arab Concern

For their part, the Arabs, who closely monitor Israeli activities in the occupied territories, regard the Jewish settlements and their continuing establishment as clear and convincing evidence that the Israelis are intent on retaining much of the land captured since 1967. Both the Jordanians and the Saudis have pressed the issue with the US, and King Faysal, in particular, has twice requested explanations of Israeli settlement programs from Ambassador Akins.

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