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The President's Daily Brief

November 12, 1974

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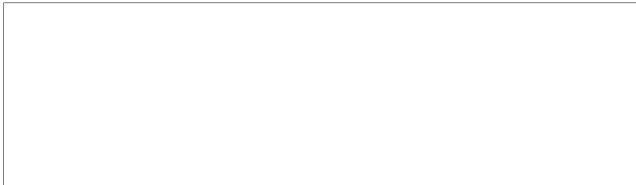
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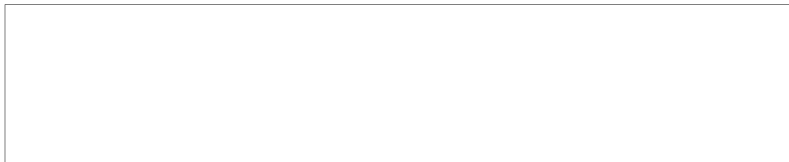
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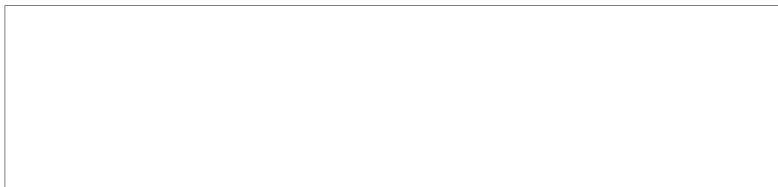
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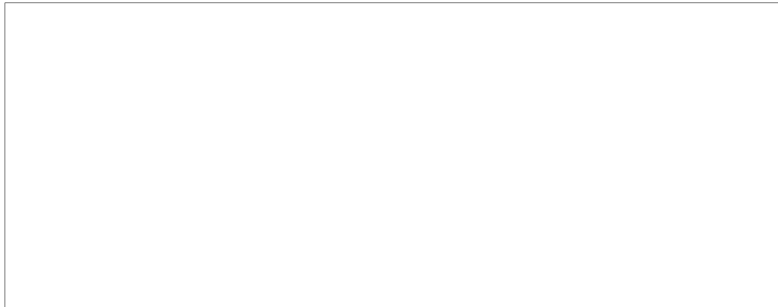
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OAS

Expressions of frustration and bitterness dominated the OAS foreign ministers meeting in Quito last night as participants remained deadlocked over the Cuba sanctions issue.

The foreign ministers canceled efforts to achieve a compromise solution when it appeared the attempt would be futile. Several small countries and Brazil--the swing votes on the Cuba issue--failed to move from their neutral positions.

Blame for the indecisive outcome is falling on the US. The Venezuelan and Costa Rican ministers have publicly criticized the absence of Secretary Kissinger, and others are blaming US neutrality for the divisiveness that has surfaced.

A final vote on the issue is scheduled for today, when the foreign ministers vote on a resolution sponsored by Venezuela, Colombia, and Costa Rica asking for the repeal of sanctions against Cuba. Following its expected defeat, a final session will be held to adjourn the conference formally.

Press reports from Quito indicate that Brazil, fearing the breakup of the OAS, will propose another meeting of foreign ministers for Panama City in three months to give Latin American countries time for new consultations.

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CHINA

Preparations are well under way for convening a National People's Congress-- the first in a decade. This meeting, which will be preceded by a plenum of the party Central Committee, will confirm a number of ministerial appointments, some of which have been hanging fire for years.

The anti-Confucius campaign, in low gear since early summer, now seems likely to be phased out completely. Significantly, the campaign began to lag when Chou En-lai became seriously ill. This is another sign that the Premier played a large role in overseeing the movement.

Stress on Unity and Retrenchment

For some time now, editorials and central directives have warned against factionalism, which became increasingly acute last spring. The central directives have also been putting great emphasis on the need to increase production, a theme that is likely to be reiterated at the National People's Congress.

Government and party administrators have been concerned that political ferment could seriously interfere with economic activity, and in fact factionalism engendered by the anti-Confucius campaign appears to have led to slowdowns and bottlenecks in a number of areas. Emphasis on economic factors suggests that considerable influence is being wielded by Chou's long-time lieutenant, Li Hsien-nien, who oversees economic and financial affairs.

Perhaps the most significant indicator pointing to retrenchment is a statement, attributed to Mao himself in a recent central directive, to the effect that "eight years of Cultural Revolution is enough." This is an unusually strong repudiation of political ferment from the Chairman.

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Rehabilitation

Meanwhile, the "rehabilitation" of officials disgraced during the Cultural Revolution is continuing, despite signs this process does not sit well with "leftist" elements. Indeed, the single figure whose position has improved most during the anti-Confucius campaign is Teng Hsiao-ping, the very personification of the "capitalist-roaders" who were disgraced early in the Cultural Revolution. Additional rehabilitees appeared at the National Day celebrations on October 1, and some of these men, as well as others who reappeared earlier, are likely to be assigned to important provincial and central posts just before or after the National People's Congress.

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GREECE

A recent Supreme Court ruling defining the difference between a political party and a coalition will hurt the Communists in the election on November 17.

Of the major political groups contending, only the United Left (a grouping of two Communist parties and a former Communist front group) is classified as a "coalition" by the Court. This will make it necessary for the Communists to get 30 percent of the national vote in order to be eligible to benefit from the second and third "distribution" of parliamentary seats.

These distributions are an important feature of Greece's proportional representation system for parliamentary elections. Most observers believe that the Communists will not win much more than 15 percent of the vote.

The Panhellenic Socialist Movement, led by Andreas Papandreou, will profit from the Supreme Court decision. The movement, classified as a single party, will need only 17 percent of the vote to be eligible for further distributions. Papandreou has been trying to exploit anti-American and anti-NATO sentiment and has been stressing the theme of betrayal in Cyprus.

Although a Karamanlis victory seems assured, the size of his victory and the showing made by the left will in large measure determine how flexible the new government will be on Cyprus, NATO, and relations with the US.

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WESTERN EUROPE

The recent increase in strike activity and the promise of more to come have added to political uncertainties in Italy, Spain, and France.

Two half-day, nationwide general strikes have been held in Italy since the government fell on October 3, and a series of staggered walkouts have been scheduled this week to back up labor's demands for a costly benefits package and steep wage increases linked to the cost-of-living index. Efforts by Prime Minister Rumor's caretaker government to mediate labor-management differences not only have failed but have complicated the attempts to form a new center-left coalition.

Rapidly rising unemployment, meanwhile, has severely strained government funds earmarked for unemployment compensation. The number of employees on reduced workweeks, for example, has doubled since April, and the Italian government may soon have to tap emergency funds to keep up payments.

In Spain, strike activity is at a four-year high, even though strikes are illegal. Last month the government cracked down by arresting workers in Madrid and Barcelona who were meeting in churches. Last week workers were forcibly evicted by police from a factory which is a principal overhaul facility for US Phantom aircraft based in Europe. Non-communist labor groups are participating in the strikes in competition with the Communist-dominated Workers Commissions, which usually control strike activity.

In France, the government appears to be relying on the pressure of public opinion to end the wave of labor unrest. Prime Minister Chirac, charging the unions with attempting to block President Giscard's anti-inflation program, has warned that the strikes could even undermine French "national independence."

Although some moderate French labor unions have shown a willingness to accept government concessions, leftist organizations called yesterday for tougher action in support of the month-old postal strike. Plans were also laid over the weekend for a nationwide work stoppage by government employees on Wednesday. Staggered strikes by other workers are set for throughout the week. The disruptions--with the exception of the postal strike--remain primarily token, but may create doubts in the public's mind about Giscard's ability to cope with the situation.

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EC - ARAB STATES

During their recent meetings in Cairo, representatives of the EC and the Arab League discussed procedural matters relating to the "Euro-Arab dialogue" and agreed to hold the first meeting of a general commission in Paris, probably late this month. Although Arab oil--and the Nine's dependence upon it--has apparently not entered into the preliminary discussions, it is the driving force behind the West Europeans' desire for closer ties to the Arab states.

The EC-Arab dialogue developed from a French initiative early this year and is intended to provide a broad framework for relations. Thus far, progress in organizing working groups and in completing other administrative preparations has been slow.

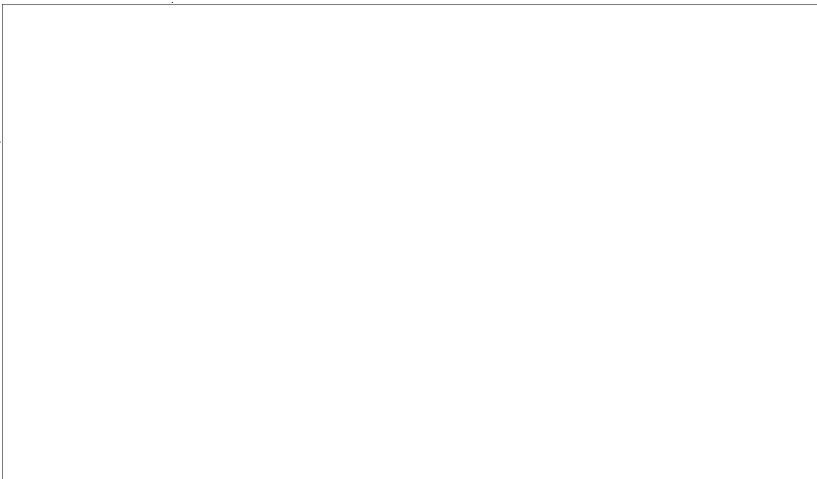
The EC has proposed establishing working groups on agriculture, industry, financial matters (to include recycling of oil dollars), culture, and technology. Despite reservations on the part of some Arab leaders, the Arabs approved these and related proposals at the Rabat summit. According to an EC Commission official, the coming Paris meetings will be restricted to procedural questions. Working groups could be set up, however, and draw up specific recommendations by spring.

An EC official has said privately that it is clearly understood among the Nine that political questions should be avoided during these talks with the Arabs. The Arabs, however, have made it clear they want to discuss matters related to a Middle East peace settlement.

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Japan: Prime Minister Tanaka's principal critics within his own party, former finance minister Fukuda and former deputy prime minister Miki, did not try to weaken Tanaka's position yesterday when the Prime Minister reshuffled his cabinet. Both Miki's and Fukuda's factions have remained in the cabinet. Tanaka reappointed his two chief allies, Finance Minister Ohira and International Trade and Industry Minister Nakasone, as well as Foreign Minister Kimura. Tanaka named a man from his own faction as head of the Science and Technology Agency and Atomic Energy Commission, replacing the former director who had opposed ratification of the Nuclear Non-Proliferation Treaty.

UN: African states at the UN are discussing further moves in the wake of the Security Council veto by the US, UK, and France last week that prevented the expulsion of South Africa from the UN. The Africans, with some support from other geographic areas, intend to discuss the South African issue in the General Assembly today; a resolution condemning the US, UK, and France may be introduced. The Africans also plan to ask for Security Council discussion of South-West Africa in December, when Australia, which voted in favor of South Africa's expulsion, will hold the Council presidency. There is little else the Africans by themselves can do. Nevertheless, the General Assembly president, basing his ruling on statements condemning the vetoers and his "appreciation" of the situation, might suspend South Africa for a limited period of time--perhaps several months--from participation in the General Assembly.

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