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The President's Daily Brief

November 13, 1974

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FOR THE PRESIDENT ONLY

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JAPAN

Chances are increasing that Prime Minister Tanaka will resign shortly after your visit.

The faction leaders within his ruling Liberal Democratic Party are keeping the truce that they promised would last until your visit is over, but Tanaka has lost ground in recent days by his own actions. The Prime Minister was unable to strengthen his position by reorganizing his cabinet, and his efforts to defend himself publicly against charges of financial corruption have been ineffective.

The Japanese ambassador in Washington recently told Ambassador Habib that, based on his contacts in Japanese political circles, he personally believed that Tanaka would definitely resign soon after your visit.

Tanaka himself, moreover, has again surfaced an idea he privately put around before his recent trip to Southeast Asia. He suggests that a caretaker government headed by party vice president Shiina be installed until a real successor could be elected at the party convention next summer. Tanaka would undergo a "diplomatic" hospitalization to pave the way for his resignation.

Both major contenders for Tanaka's job--Finance Minister Ohira and former finance minister Fukuda--have opposed the caretaker arrangement. The party may decide soon that Tanaka's ouster is more imperative than the outcome of the struggle between Ohira and Fukuda and may agree on Shiina or some other neutral figure to head an interim government.

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CHINA-USSR

Chinese diplomats have been quick to throw a wet blanket on speculation that China's proposal for dealing with the Sino-Soviet border signals an improvement in Sino-Soviet relations.

A Chinese military attaché in Moscow has twice in recent days indicated to US officials that the proposal contains nothing new, and [redacted]

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[redacted] that the proposal merely restated positions China first advanced in 1969. The Chinese embassy in Moscow did, however, take special pains to distribute the full text of the proposal to foreign embassies and news services after Moscow had published it only in censored form.

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The substance and tone of Chinese and Soviet propaganda directed at each other have not changed since the proposal was made. The Soviets are probably reluctant to make any authoritative response until they determine whether the Chinese intended anything more in publicizing their proposal than to gain some propaganda advantage.

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USSR-US

Soviet media are ascribing the recent US election results to American domestic issues--particularly economic problems and Watergate. They have raised the prospect that Democratic congressional gains could have a "significant influence" on the foreign policy of your administration.

Pravda, citing various US sources to buttress its analysis, concluded last Thursday that progress on important questions of foreign as well as domestic policy will depend on confidence and cooperation between the US executive and a Congress firmly controlled by the opposition party. The article specifically cited the Middle East, international trade and finance, and arms control as problems demanding coordination between the White House and Congress. Pravda implied that Moscow's relations with Washington will be complicated by a strengthened opposition party, but makes no explicit mention of US-Soviet affairs.

Other Soviet commentators have taken the line that policy toward the USSR is still being debated in the US. They claim that Democratic gains should not affect bilateral relations, and that most newly elected congressmen favor continued international detente.

The Soviets have previously displayed concern over both the depth of your commitment to detente and your ability to follow through on a supporting program. Although Moscow has been assured on the first, the results of last week's elections will reinforce misgivings about prospects for congressional support of administration policy toward the USSR.

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ORGANIZATION OF AMERICAN STATES

The future of the OAS, already considered by many a weak and unresponsive organization, will be even more uncertain in light of what most OAS members will call the Quito debacle. More important, in the wake of the foreign ministers' meeting, the broader question of the inter-American dialogue will come under critical examination in most OAS capitals.

A barrage of angry and petulant statements can be expected from most of the Organization of American States foreign ministers as they return home from the Quito meeting. The twelve who voted to rescind the Cuba sanctions are embarrassed at their diplomatic failure to attract the two more votes needed for a two-thirds majority. The fact that only three negative votes were cast adds to their frustrations.

Criticism will fall heavily on the US for its abstention. Several of the other five abstentions will be linked to the US position, and the sponsors of the aborted resolution are probably convinced that the responsibility for their failure rests with the US.

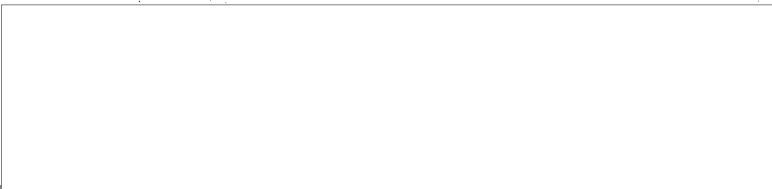
The Cuba sanctions remain juridically in effect, but will become increasingly ineffective. Venezuela, Colombia, Ecuador, and Honduras have announced they will move soon to establish relations with Havana.

Havana has made clear its preference that Latin American governments establish ties with the Castro regime in violation of OAS rules. Castro remains unalterably opposed to the organization and would like to be able to take credit for its demise.

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CYPRUS-GREECE

Greek Prime Minister Karamanlis is reported to be neutral on the question of Archbishop Makarios' return to Cyprus. This makes it almost certain that the archbishop will soon go through with his plan to get back to the island.



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Makarios has agreed to Karamanlis' request that the archbishop stop in Athens en route to Cyprus so that they can review the Cyprus situation. Cypriot Acting President Clerides is also expected to attend the meeting, which will probably take place shortly after the Greek elections on Sunday.

Makarios has reportedly instructed his followers in Cyprus to prepare for his return and to do nothing to upset internal order within the Greek Cypriot community.

Turkish Cypriot Vice President Denktash told the US ambassador that serious negotiations toward a political settlement would have to await the clarification of Clerides' role as negotiator for the Greek Cypriot side. Denktash said negotiations cannot be conducted with Clerides if it turns out that Makarios is calling the tune from behind the scenes once he returns to the island.

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TURKEY

President Koruturk named Sadi Irmak, an independent, as Turkey's prime minister, breaking an eight-week political stalemate. The 70-year-old former university professor will form a coalition government and prepare for elections, probably next spring or summer. Irmak's cabinet reportedly will include Ecevit's Republican People's Party, the Democratic Party, and the Republican Reliance Party.

Such a government will be virtually a caretaker regime. Although it will have a working majority-- at least 240 seats and possibly some additional independent votes in the 450-member National Assembly-- party differences, especially on economic matters, preclude any substantial new programs.

With elections only a few months away, all parties will be reluctant to make any concessions on Cyprus. Irmak's political independence, however, may leave him in a position to concede, whereas the leader of a single party might feel he could not afford to do so. This could be particularly true now that concern is growing in military and government circles that Turkey will lose US military aid unless substantial progress is made toward the Cyprus dispute.

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NOTES

Portugal: The Portuguese Communist Party appears to be increasingly expanding its influence and its base. The recent conversion of the Communist-dominated Portuguese Democratic Movement into a political party will allow it to attract votes the Communist Party would have lost to the Socialists and other center-left parties in the elections next March. The provisional government, which assumed control of the Portuguese news agency last week, has appointed a self-proclaimed Communist as its director.

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Iran: Oil receipts this year will jump by an additional \$900 million as a result of last week's agreement with the consortium of Western oil companies. This is the third agreement this year granting Iran higher revenues; essentially it gives Iran the benefit of earlier payments increases reached with other Gulf producers. Iran's oil receipts in 1974 now are likely to be about \$18.2 billion and should boost the balance-of-payments surplus to some \$9 billion. Consumers of Iranian oil should not pay higher prices because the oil companies had been paying lower revenues per barrel to Iran while selling oil at prevailing Gulf prices in anticipation of the Shah's demands. At least some of these funds were set aside in interest-bearing accounts.

Angola: Portuguese military forces in Luanda have been unable to stem the wave of violence that has spread through the capital since last week. As of Sunday, at least 50 persons had been killed. The new trouble involves racial clashes, looting, and skirmishes between supporters of rival insurgent organizations. At least one rebel group--the National Front for the Liberation of Angola--reportedly has put a number of its troops into the streets to help the military restore order. Further serious disorders are likely if the semi-autonomous military junta there cannot soon reimpose its authority.

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