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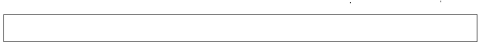


The President's Daily Brief

December 2, 1974

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~~*Top Secret*~~ 25X1



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LATE ITEM

USSR

The Soviets launched a manned spacecraft this morning. Its flight is probably related to preparations for the joint Soviet-US manned space flight planned for next year.

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JAPAN

Leaders of Japan's ruling Liberal Democratic Party reportedly have selected Takeo Miki, a 67-year-old former deputy prime minister, to succeed Kakuei Tanaka as party president and prime minister.

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Miki's selection must now be ratified by the party's executive council and the Liberal Democrats in the Diet, but at this point these steps are mere formalities.

Takeo Miki was a powerful political figure ten years ago,

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Miki has been friendly to the US and has supported the security treaty. He earned a degree from the University of Southern California in 1935.

One of Miki's favorite themes is closer cooperation among the developed nations of the Pacific-- Japan, the US, Canada, Australia, and New Zealand-- with Japan serving as the economic link to less developed Asian states. He has also been a consistent advocate of close relations with Peking, and this has earned him a "leftist" tag from the party's right wing.

As in foreign affairs, the domestic policies of a Miki administration are not likely to change much from those of Tanaka.

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CYPRUS

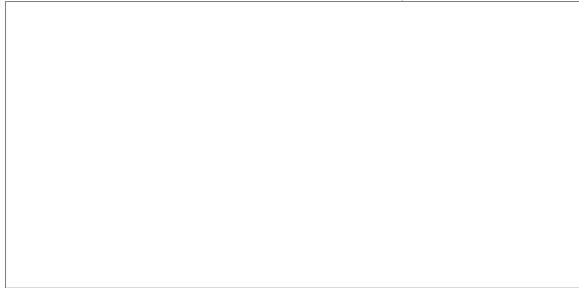
Acting President Clerides returns to Nicosia today satisfied with the mandate given him by Greek Prime Minister Karamanlis and Archbishop Makarios to continue negotiations with the Turkish Cypriots. Makarios has announced that he will travel to Cyprus on Friday.

Clerides' brother told the US embassy in Nicosia yesterday that Clerides confirmed by telephone that he has been authorized to resume substantive talks with Turkish Cypriot leader Denktash immediately. Clerides added that he now had written instructions for the negotiations.

In a communiqué released in Athens yesterday after two days of talks among Karamanlis, Makarios, and Clerides, the Greek Prime Minister was quoted as saying that a full understanding and common line had been reached. Makarios said that all aspects of the situation were discussed and that he too was satisfied with the result.

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USSR



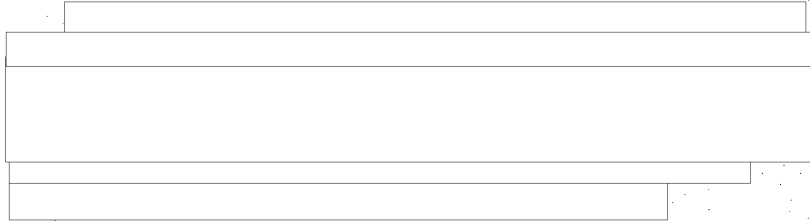
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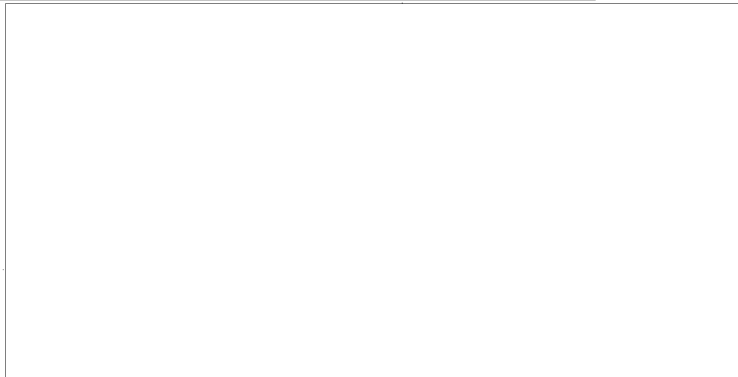
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JORDAN

King Husayn's recent changes in the Jordanian government have made the Palestinians increasingly fearful for their future.

The measures were taken in reaction to the decision at Rabat to endorse the Palestine Liberation Organization's claim to represent all Palestinians at the Geneva talks. Husayn has altered the constitution to enable him to postpone lower house elections for up to a year when parliament is dissolved; he has also appointed a new cabinet with much reduced Palestinian representation.

Before the King dissolved parliament, residents of the East and West Bank had roughly the same number of representatives in both houses. On Saturday, Husayn announced the appointment of a new upper house, in which Palestinian representation has shrunk to only 20 percent. As for the lower house, it is expected that all West Bank constituencies will have been eliminated by the time a new election is held.

In the cabinet appointed on November 23, the Palestinians received only four of twenty posts; they had ten in the former one.

Husayn has thus amply demonstrated his determination to reduce Palestinian influence in Jordan. He apparently intends, however, to stop short of forcing the Palestinians either to pledge loyalty to him (and be labeled traitors to the Palestinian cause) or declare themselves citizens of a notional Palestinian state and thereby risk losing jobs, pensions, and other rights gained over the years. The Palestinians in recent weeks had become particularly apprehensive over reports that the King was about to force this unwelcome choice on them.

Husayn apparently wants to avoid the serious unrest that such a choice would bring. Prime Minister Rifai has told Ambassador Pickering that he believes the King has now decided to postpone action on the nationality question.

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NOTES

USSR: A remark made two years ago by General Secretary Brezhnev, but reported only recently, provides further evidence that the Soviet Union's actual defense budget has been closer to 30 billion rubles than to the 18 billion that has been announced annually since 1969. Thirty billion rubles is about \$90 billion at 1973 US prices. While discussing military expenditures [redacted]

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[redacted] in mid-1972, Brezhnev is said to have confided that "every third ruble in the government budget goes for defense." The all-union budget was 90 billion rubles that year. In 1973, a Soviet official at the UN let slip that Soviet military expenditures were "about 30 billion rubles." Our economists' estimate of Soviet defense spending in 1972 was 26 billion rubles, but this figure did not include expenditures for civil defense, military aid, or stockpiling.

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Panama-US: [redacted]

[redacted] government specialists are drawing up a position paper dealing with the basic points to be contained in a status-of-forces agreement. Such an agreement would regulate the US military presence in Panama after a new canal treaty goes into effect. There are signs that the Panamanians are prepared to be flexible on this issue, apparently in hopes of getting favorable terms on other matters, like jurisdiction. Recently, government spokesmen began holding a series of seminars with businessmen, students, and other groups to explain why Panama should settle for less than the immediate US pullout that ultranationalists want.

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India-Pakistan: The agreement to end the nearly ten-year-old ban on bilateral trade could pave the way for talks on renewing diplomatic relations, which were broken in 1971. Pakistan has pressed for early restoration of diplomatic ties, but India has insisted that there be further progress on other issues first.

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