



The President's Daily Brief

January 8, 1975

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FOR THE PRESIDENT ONLY

January 8, 1975

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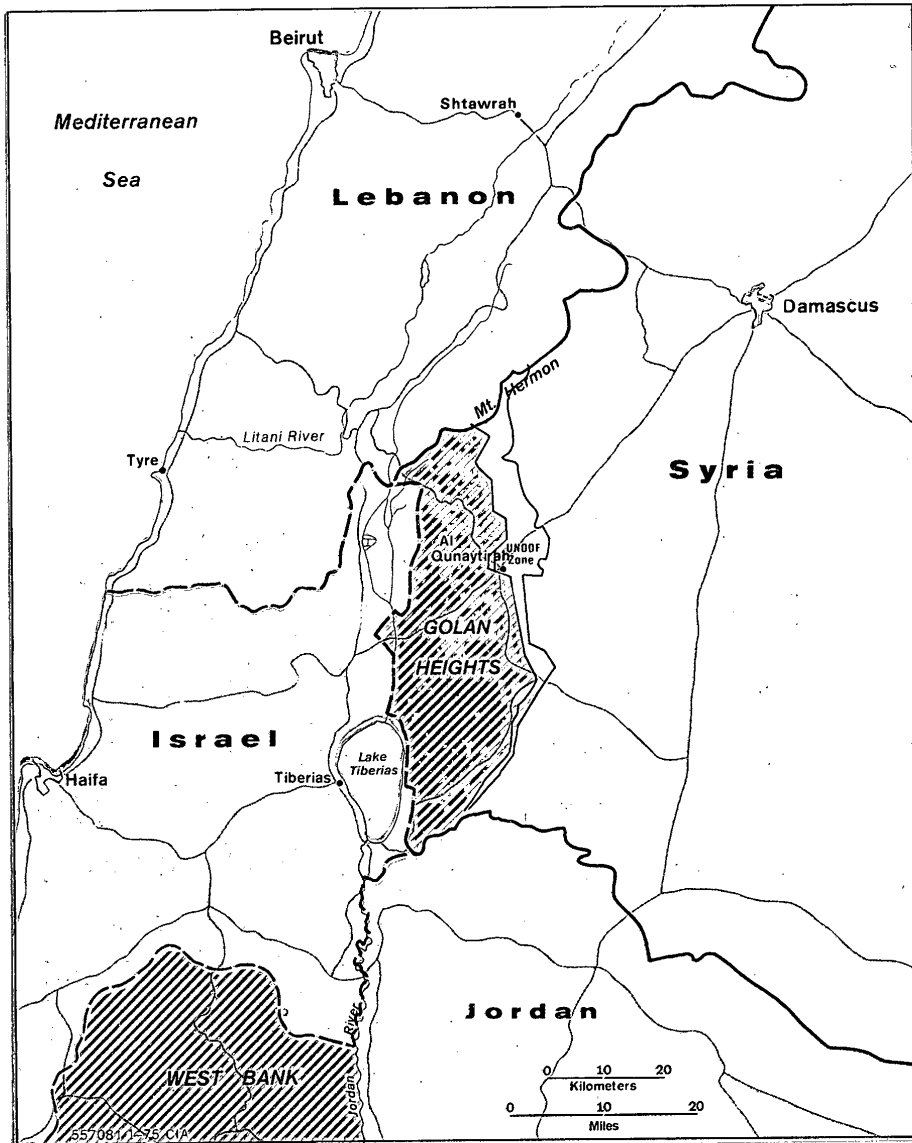
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SYRIA-LEBANON

Syrian President Asad concluded a day of talks with Lebanese President Franjiyah at Shtawrah yesterday by publicly promising full and unconditional support for Lebanon. Asad said that Damascus will "regard any attack on Lebanon as an attack on Syria itself."

Although Asad pledged in a joint communiqué to meet any Lebanese requests for help, there is no indication of what military hardware, if any, Syria would provide. Franjiyah is believed willing to accept conventional anti-aircraft weapons, but reluctant to receive more sophisticated weapons, such as the SA-6 anti-aircraft missile system, that might bring Syrian or other foreign troops to Lebanon, possibly inviting strong Israeli reaction.

The Lebanese did not accept offers of assistance tendered by other Arab states at a meeting of the Arab League Defense Council in Cairo last July. The more radical states, particularly Libya, have renewed their offers since then.

Franjiyah's purpose in pursuing cooperation with the Syrians at this time is chiefly to silence criticism he is receiving from his leftist and Muslim domestic opponents. With Israeli incursions into southern Lebanon continuing, these critics refuse to be satisfied with the government's resort to its usual strategy of complaining to the UN Security Council and promising to strengthen Lebanese forces in southern Lebanon.

The Lebanese have long been concerned that the Israelis are looking for an excuse to occupy southern Lebanon as far north as the Litani River. The Israelis deny any such intent, but only this week issued a warning that any movement of Syrian troops into the area would constitute a "continuance of aggression."

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USSR

Rumors of disagreement among Soviet leaders follow a period in which some programs and initiatives closely associated with General Secretary Brezhnev have struck snags. Furthermore, these are policies that at least some members of Soviet officialdom have viewed skeptically. Brezhnev's authority apparently is still intact, however, and the direction of Soviet policies remains unchanged.

Postponement of Brezhnev's highly touted visit to Egypt is an unwanted embarrassment. Although the General Secretary's health problems played a part in the decision to put off the trip, it is also clear that Moscow was unable to gain Cairo's agreement on political questions, particularly regarding the Soviet role in Middle East peace negotiations.

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Difficulties had surfaced in December over Brezhnev's twin programs of consumer welfare and detente--particularly economic relations with the US. A meeting of the party Central Committee opened

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and closed with seeming abruptness on December 16, and the USSR Supreme Soviet session convened on December 18. Brezhnev spoke to the Central Committee on domestic and foreign policy. The US embassy reports rumors that dissatisfaction was voiced at the party plenum about the US trade legislation and the compromise on emigration, with local officials complaining about the problems posed for maintaining local controls.

The plenum and the Supreme Soviet approved an economic plan for 1975, specifying group A industries (largely producer goods) are to grow at a higher rate than group B industries (largely consumer goods). This reverses goals for growth laid down in the 1971-75 plan, which were linked, at least in propaganda, with Brezhnev's promises to improve living standards.

Two days after the party plenum, Moscow published Foreign Minister Gromyko's letter of October 26 to Secretary Kissinger and a Tass statement; both denied that the Soviet Union had agreed to foreign demands on emigration in connection with the US foreign trade legislation. Soviet media have turned from euphoric treatment of the Vladivostok summit to criticism of US trade restrictions and hints that these restrictions would have negative effects on Soviet-US relations.

It remains uncertain how much of all this can be ascribed to circumstantial events, to Brezhnev's health problems, to his own decision to pull back on some policy initiatives, or to pressures exerted by other leaders on specific elements of policy. If Brezhnev is unable to return soon to work and demonstrate that he retains the initiative in policy matters, his political position would almost certainly be weakened.

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CYPRUS

Greek Cypriot negotiator Clerides and Turkish Cypriot negotiator Denktash will meet today in another attempt to reach agreement on the terms of reference for the substantive negotiations on a Cyprus settlement.

A snag developed in the talks last month over the question of who will guarantee the final settlement. The Turkish side favors the previous arrangement, which designated Greece, the UK, and Turkey as the guarantors. Such an arrangement would give the Turks the right to intervene if the settlement was violated. The Greek side has taken the position that there must be progress on substantive issues before the question of guarantees is tackled.

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Denktash's tough bargaining position has been endorsed by Republican Party leader Bulent Ecevit, the former Turkish prime minister who visited Cyprus last week. In Nicosia, Ecevit publicly rejected the legal basis of Makarios' presidency, and reiterated that Turkey would not abandon its guarantor role or accept an "artificial increase" in the number of guarantor powers. He also stated flatly that important issues could not be addressed in the intercommunal talks until Turkish Cypriots still in the south or in the British bases are allowed to move north. Ecevit's remarks drew immediate fire from Greek and Greek Cypriot officials.

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Ecevit's visit to Cyprus, however, was primarily staged to remind his countrymen on the Turkish mainland that it was he who had engineered the Cyprus victory. In this way, he probably hoped to consolidate his support within the armed forces and head off Justice Party leader Demirel who is close to obtaining the absolute majority that would enable him to form a center-right government. Ecevit is still seeking a formula to end the Turkish government crisis--now in its fourth month--that would include a call for early elections, which he believes would return him to power with a parliamentary majority.

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The problem of establishing satisfactory negotiating procedures, meanwhile, has been complicated by uncertainty about President Makarios' role in the process. Makarios is not trusted by the Turkish side, and Denktash is uneasy about the prospect that any agreement he negotiates with Clerides must be approved by Makarios.

Makarios has been devoting much of his time to the formation of his cabinet, which is expected to be announced this week. Once that hurdle has been surmounted, he probably will direct his attention to the negotiations.

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EGYPT

Egyptian security authorities have arrested several hundred members of the outlawed, but recently resurgent, Communist Party, as well as some radical leftist youths as a result of the violent labor demonstration in Cairo last week.

Leftist agitators for some time have been attempting to stir up trouble among labor and student groups. Officials say that these activists had begun to operate with relative impunity in the expectation that the government would not interfere while the visit of Soviet party chief Brezhnev was pending.



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Although there is no solid evidence of Soviet involvement with Egyptian communist or leftist elements, Moscow may well have discreetly encouraged the communists to exploit legitimate popular grievances in the hope of increasing pressure on President Sadat. Despite the openly pro-Soviet line espoused by some of the agitators, the Egyptian government has made no charges, either publicly or privately, that Moscow is involved. In any case, the Soviets will obviously not be pleased by the arrests.

While the Egyptian government is moving forcefully against agitators, it is also attempting to respond to popular grievances. Even before the demonstrations, the cabinet had decided to allocate additional funds for the immediate import of consumer goods that are in short supply. The government has also promised to review the draft of an unpopular labor reform bill. Neither of these measures are likely to satisfy the public. Discontent, therefore, is likely to continue for some time and could lead to further disturbances.

Nui Ba Den, Tay Ninh Province



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NOTES

South Vietnamese *lose Nui Ba Den.*

The South Vietnamese were forced from their position atop Nui Ba Den--Black Virgin Mountain--just outside Tay Ninh City yesterday, following several weeks of determined communist attacks. Nui Ba Den is a geographical oddity rising abruptly to over 3,000 feet from the flat surrounding countryside; it has been used since 1964 by the South Vietnamese as an observation post and communications site. The government was unable to resupply the beleaguered outpost because of intense communist anti-aircraft fire.

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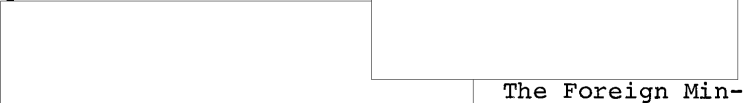
Ireland's *Foreign Minister Fitzgerald is in Washington for a brief round of talks.*

Since Ireland joined the EC, it has replaced the US and the UK as the focus of Irish foreign policy. Now that Ireland has taken over the presidency of the EC, the Irish hope to use the position as the principal channel for US-EC consultations. They are aware that this practice is only now evolving, and they wonder whether Washington will pursue consultations in this manner when a small country, such as theirs, holds the post.

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Panama's *Foreign Minister Tack may be ousted in a dispute over the handling of canal treaty negotiations.*

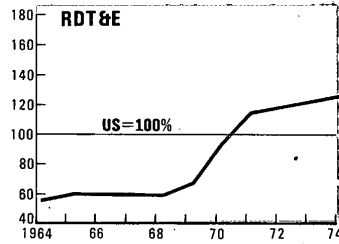
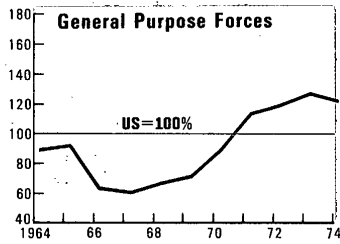
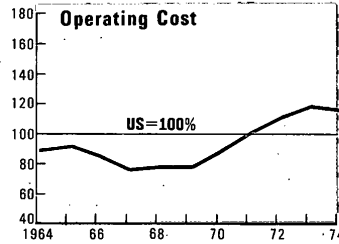
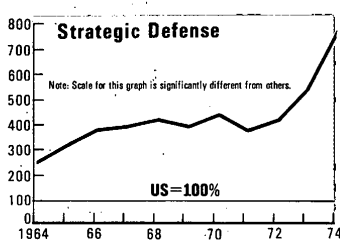
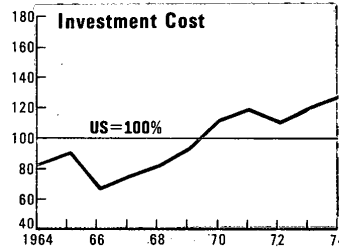
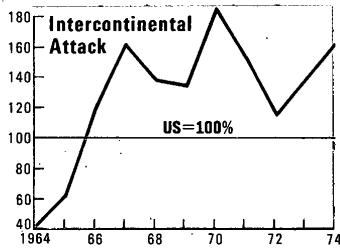
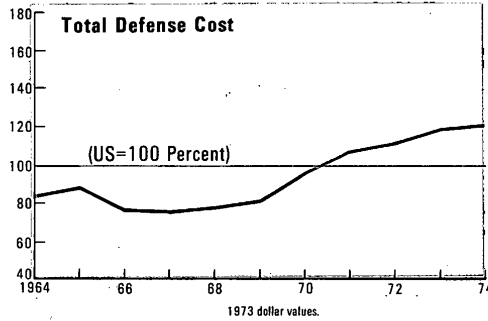
Foreign Minister Juan Tack's dissatisfaction with the way the Torrijos government is handling the canal treaty negotiations may lead to his departure from the cabinet



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The Foreign Minister's complaints have become so vehement that Torrijos reportedly is ready to fire him after the next round of talks with Ambassador Bunker, which will begin in Panama on Friday. Although Tack has had a central role in the negotiations since they began over a year ago, Torrijos himself is the final authority on all aspects of the negotiations. The Foreign Minister's departure would, if anything, make the deliberations easier.

Dollar Cost of Soviet Programs as a Percent of US Defense Expenditures*



Note: Percentages calculated from 1973 dollar values.
 *Department of Defense data has been adjusted for comparable coverage.

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USSR DEFENSE SPENDING

A soon to be released CIA report on Soviet spending for defense presents estimates of the dollar costs of Soviet defense forces and programs for the years 1964 through 1974 as rough approximations of what observed Soviet defense activity would have cost to reproduce in the US in 1973. These estimates are compared with US outlays for the same years.

The main points of the report are subject to some caveats because of differences in mission, composition, and characteristics between the Soviet and US military establishments.

--The comparisons of US defense spending with the estimated dollar costs of Soviet defense programs should not be used in isolation to draw conclusions about the relative military effectiveness or capabilities of US and Soviet forces.

--The US Department of Defense budget data have been adjusted to achieve comparable accounting coverage with the dollar estimates made for the USSR.

--While the dollar costs of Soviet programs reflect the magnitude of the Soviet defense effort in terms that are comparable to the US effort, they do not reflect the way the Soviets measure their own defense effort.

Key Findings

In every year since 1971 the dollar costs of Soviet defense programs have exceeded comparable US defense outlays. In 1974, these costs--over 93 billion dollars in 1973 prices--were about 20 percent higher than US outlays. If the costs of pensions and reserves are removed from both sides, 1974 Soviet costs exceeded the US total by about 25 percent. Cumulatively over the preceding decade--1964-1973--the Soviet defense effort represented about 90 percent of US costs. US outlays were greater through the Vietnam war period. With the reduction in US spending as that war wound down, Soviet expenditures began to exceed those of the US.

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Intercontinental Attack Forces

Estimated dollar costs of Soviet intercontinental attack programs have exceeded US outlays every year since 1966--most US systems were operational by then--and were some 60 percent higher than those of the US for the year 1974.

If the Soviet peripheral attack forces--primarily intended for use on the Eurasian continent--are included (the US has no counterpart for these forces) the gap is widened to twice that percentage.

--Soviet ICBM programs would cost about three times as much as US ICBM programs over the period as a whole.

--In 1974, the Soviet costs reached almost four and one half times the US level, reflecting the four new Soviet ICBM systems coming into operational status.

--The costs of Soviet submarine launched ballistic missile programs have exceeded US SLBM costs since 1969 and were almost 30 percent greater than US costs in 1974.

--US intercontinental bomber programs have amounted to about five times the estimated costs of Soviet intercontinental bomber programs over the period as a whole.

Strategic Defense Forces

The USSR has traditionally maintained much larger strategic defense forces than the US. The cumulative dollar costs of Soviet programs over the 1964-1974 period were more than four times US spending, the biggest difference being in surface-to-air missiles and fighter-interceptor programs.

In 1974, the dollar costs of Soviet strategic defense programs accounted for almost eight times US expenditures for strategic defense programs. Spending by both countries on anti-ballistic missile programs was negligible.

General Purpose Forces

During 1964-1974, the USSR spent steadily increasing amounts on general purpose forces. By 1971, Soviet dollar costs had surpassed those of the US, and in 1974 exceeded them by 20 percent. The costs of Soviet ground forces are now more than twice US costs, reflecting the much higher levels

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of Soviet manpower. The costs of naval forces are about the same for both countries. The costs of Soviet tactical air forces have been growing rapidly since 1969 but are still only about half the US level.

A Different Look at Defense Costs

Overall expenditures for military forces can also be divided into research, investment, and operating costs for comparison purposes. Investment in each category is made up of hardware and facilities acquisition. Operating costs include fuel, ammunition, and salaries.

In 1974, the estimated dollar costs of Soviet military research, development, testing, and evaluation exceeded US outlays by about 25 percent. US expenditures measured this way exceeded estimated Soviet dollar costs by a little over 50 percent from 1964 to 1970. Since 1971, however, Soviet dollar costs have been higher.

The estimated dollar costs of Soviet weapons acquisition programs have exceeded US outlays for comparable programs since 1970, and in 1974 were about 25 percent larger than US programs.

Because of initial procurement costs for the new generation of Soviet ICBMs and the costs of deploying modern tactical aircraft, missiles and aircraft have been the fastest growing elements of Soviet procurement in recent years.

The costs of ships and boats have exceeded US outlays by 50 percent over the 1964-1974 period, and were about one-third greater in 1974.

Soviet land armaments procurement amounted to over three times US expenditures for the 1964-1974 period.

For both the USSR and the US, the cost of military personnel account for the largest part of the operating budget. Costs for Soviet military personnel--at US 1973 pay scales--rose steadily over the 1964-1974 period, whereas US military force reductions since 1968 have lowered comparable US expenditures. In 1974, total dollar costs for Soviet military personnel were almost 50 percent higher than corresponding US costs.

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