



The President's Daily Brief

May 8, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

May 8, 1974

PRINCIPAL DEVELOPMENTS

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Brandt's resignation is bound to cause considerable distress in Moscow. The Soviets, and Brezhnev personally, had set great store by their relationship with Brandt. (Page 2)

The proliferation of new political groups in Portugal--most of them leftist--is making it difficult for the junta to decide who will participate in the provisional government it has promised to form by mid-May. (Page 3)

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The joint statement issued at the end of Gromyko's visit to Damascus suggests that the Soviets have moved somewhat closer to Syria's position on disengagement.

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Soviet

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The level of fighting on the Syrian front yesterday was down substantially from that of Monday. (Page 6)

Lao (Page 7)

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Soviet conduct over the past six months has shown that Moscow sees important advantages in negotiations on force reductions, and will approach them seriously. (Page 9)

Dissension within Prime Minister Endalkatchew's cabinet in Ethiopia could set off a new round of political shifts. (Page 10)

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FOR THE PRESIDENT ONLY

WEST GERMANY

The Social Democratic Party Presidium yesterday unanimously endorsed former Chancellor Brandt's proposal that Finance Minister Helmut Schmidt be his successor. The proposal will now be submitted to the party's executive board and to its parliamentary group. Approval is virtually assured.

The Free Democrats have announced that they will support Schmidt for the chancellorship and maintain the coalition government. Brandt will exercise considerable authority in his role as party chairman and elder statesman.

If, as seems probable, Schmidt is elected chancellor in the special Bundestag vote late next week, his government will offer changes in nuance rather than basic shifts of policy. The new government can be expected to emphasize continuity and pursuit of the programs on which the coalition partners campaigned in 1969 and 1972.

Schmidt will be committed to ensuring a prominent role for West Germany in international affairs, while strongly supporting close ties to the US and Western Europe. He is not likely to disavow the Ostpolitik of his predecessor, but he may give it less emphasis and concentrate instead on pressing domestic problems, particularly in the economic field.

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USSR - WEST GERMANY

The Soviets have limited themselves thus far to brief factual reporting of Brandt's resignation, but this development is bound to be a source of considerable distress in Moscow. The Soviets may take some time to develop a clear line on the West German situation and Brandt's successor.

The Soviets, and Brezhnev personally, had set great store by their relationship with Brandt. While there were inevitable differences, the Soviets felt Brandt was someone they could work with and trust. Moscow will view Brandt's prospective successor, Helmut Schmidt, or any other Social Democrat leader as a relatively untested quantity.

The Bonn-Moscow reconciliation, which Brandt had facilitated, is regarded by the Soviets as a cornerstone of their detente policy. Because the immediate reason for Brandt's resignation was a Communist spy case, the Soviets probably fear that opponents of Ostpolitik will be strengthened in West Germany. Even before Brandt's resignation, the Soviets were saying that the attention afforded the Guillaume affair was the work of West German "ultras."

After the dust has settled, Moscow may take some steps to strengthen the position of the Social Democrats against their opponents. They may force some gesture out of the East Germans, who are clearly defensive about their role in bringing Brandt down.

Brandt's resignation comes at a time when the Soviets already face the problem of adjusting to new personalities and politics in France and when they are showing growing concern about events in the US. These developments come at a time of more than normal political sensitivity in the Kremlin--a Central Committee meeting appears in the works for later this month.

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PORTUGAL

The appearance of numbers of new political parties and groups has created a fluid political situation in Lisbon. A majority of the emerging organizations are leftist and include in their ranks returning political exiles, freed political prisoners, and others who are coming out of hiding after years of clandestine operations. The proliferation of these groups is making it difficult for the junta to decide who will participate in the provisional government it has promised to form by mid-May.

The new climate of political tolerance has also sparked many political demonstrations. A large one, for better pay and shorter hours, was held in front of junta headquarters. Last week, well-organized employee groups took over the telephone company, Lisbon's central market, and some local government bodies.

The junta reacted to such activity on May 5, issuing a toughly worded statement that such acts will be considered "insubordination and crimes against the Armed Forces Movement." The Portuguese Communist Party issued a similar warning, but even if it was sincere, the Communists do not control the extreme left. Concern is spreading in the business community that the country is headed for economic disorder.

Pessimism is not confined to the business community, but is also found in some West European union circles. Georges Debunne, the vice president of the International Confederation of Free Trade Unions, recently told a group of Western labor attaches that he is seriously concerned about the ability of Portuguese Socialist trade unions to compete with the better financed Communist unions. He said that he and other European labor leaders would soon visit Portugal to demonstrate their support for Socialist Party leader Mario Soares.

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USSR-SYRIA

The statement issued at the end of Foreign Minister Gromyko's visit to Damascus suggests that the Soviets have moved somewhat closer to Syria's position on disengagement. The joint statement affirmed that disengagement "must be a step" toward total Israeli withdrawal from Arab lands occupied since 1967. This wording is weaker than earlier Soviet-Syrian pronouncements which made a tighter linkage between disengagement and complete withdrawal.

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Gromyko probably urged Damascus, nonetheless, to drive a hard bargain with the Israelis.

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USSR-EGYPT

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ISRAEL-SYRIA

The level of fighting on the Syrian front yesterday was down substantially from that on Monday. Sporadic artillery and mortar exchanges occurred in several sectors, including Mount Hermon, but no air strikes or aerial engagements were detected. Israeli aircraft flew reconnaissance missions and defensive patrols, and Syrian aircraft were also detected flying defensive patrols.

Tel Aviv reported yesterday that the Syrians are still working on a road toward the ridgeline on Mount Hermon. Further Israeli air strikes and artillery bombardment can be expected if the Syrians persist in this effort.

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LAOS

The 60-day period for withdrawing foreign military personnel and exchanging prisoners, one of the most important provisions of the Lao Accords of 1973, is now half gone. Only the US and Thailand have withdrawn substantial numbers since April 5, when the period began with the formation of the coalition government.

The Joint Central Commission to Implement the Accords has done nothing about discharging its responsibility to monitor troop withdrawals and prisoner exchanges. It met for the first time on April 30; it did not outline any procedures on troop withdrawals or even take up prisoner exchange.

Thailand: Almost 70 percent of the small number of Thai volunteers have been withdrawn. The rest will be gone well before the June 4 deadline.

North Vietnam: Some 30,000 troops have been withdrawn since the Lao Accords were signed, but there is no good evidence that any of the remaining 53,000 have left since the 60-day withdrawal period began. About two thirds of these forces operate along the logistic network in central and southern Laos.

Hanoi eventually will probably remove most of its seven remaining combat infantry regiments from their highly visible positions in the Lao interior to North Vietnam, South Vietnam, or--more likely-- Communist-controlled border areas from which they could be quickly reintroduced.

There is little chance that significant numbers of the North Vietnamese logistic and engineer forces will be withdrawn from the Lao infiltration corridor. Hanoi will almost certainly retain in Laos as many political and military advisers as it can to assist the Pathet Lao.

China: Since last fall, the Chinese have withdrawn all the infantry and air defense forces that were providing security for their road-building operations in northwest Laos. Some 23,000 engineering troops are currently in the country, a fairly large number for the limited amount of new road construction under way.

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Peking's military presence was conspicuously ignored by both sides during the protracted Lao coalition negotiations. Prime Minister Souvanna wishes strongly to maintain good relations with Peking and is unlikely to exert any pressure to have the Chinese troops removed.

Peking may well try to characterize its remaining force as part of a civilian-oriented aid program. China clearly intends to continue to exert an influence in Laos, and it may consider its road construction and maintenance forces a useful counterweight to North Vietnamese forces.

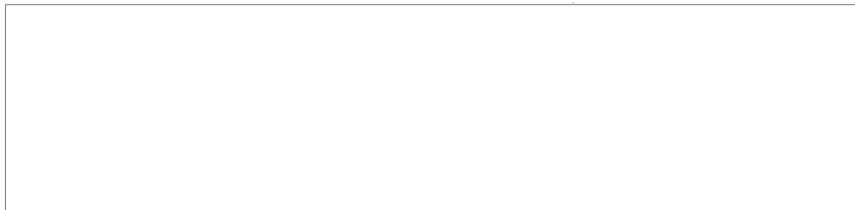
Prisoners: The Pathet Lao admit to holding only one American--civilian contract pilot Emmet Kay, who was captured on May 7, 1973. Five US military personnel are believed also held, and 305 Americans are listed as missing. The US Embassy in Vientiane believes between 500 and 700 Thai volunteers, and perhaps a small number of Thai civilians employed by US contractors, are in Pathet Lao hands.

Vientiane holds an estimated 135 North Vietnamese; neither side has admitted it holds Lao prisoners. The Communists have suggested that they will provide information on prisoners and those missing, but thus far they have refused to say when.

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The Soviet proposal put forward on November 8 and subsequent remarks by Warsaw Pact negotiators reflect strong opposition to Western concepts that would require asymmetric reductions in Pact and NATO forces. Moscow has, however, shown some flexibility on its own proposal.

--A limitation on West European--particularly West German--forces is a key Soviet concern. Moscow probably would accept only token reductions of these forces in the first stage if it were satisfied with other elements of the negotiated package.

--The Soviets might even accept a first-stage freeze on West European forces if they were assured that movement to the second stage of reductions--where meaningful cuts in those forces would be made--would be swift and certain.

Soviet conduct over the past six months has borne out the earlier judgment that the Soviets see some important advantages for themselves in the force reduction negotiations and will approach them seriously. Even after a European Security Conference is held, the Soviets will seek to sustain the momentum of the force reduction talks. They are not, however, negotiating under any sense of urgency.

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ETHIOPIA

Moderate military leaders appear content not to take a more active hand at this time, but internal dissensions within Prime Minister Endalkatchew's cabinet could set off a new round of political shifts.

Foreign Minister Minassie Haile has tendered his resignation. He has long been at odds with Endalkatchew and his other cabinet colleagues; he is particularly angry at the forced resignation of his brother-in-law, the minister of telecommunications, last week on unproven charges. Minassie is one of the few holdovers from the previous government.

At the other end of the cabinet's political spectrum, two reform-minded ministers have also threatened to resign. They not only consider the cabinet too conservative, but apparently think that if the present government goes while they still hold office, their careers may also be damaged.

The cabinet has not been functioning well for weeks. The need to cope with problems generated by civil unrest has kept its members locked in unproductive, day-long sessions and away from their ministries. It is now clear that differences among the ministers have also curtailed the cabinet's ability to reach decisions.

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NOTES

Uruguay: The military, which has been primarily responsible for governing the country for over a year, seems increasingly likely to depose President Bordaberry.

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France:

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