



The President's Daily Brief

December 27, 1975

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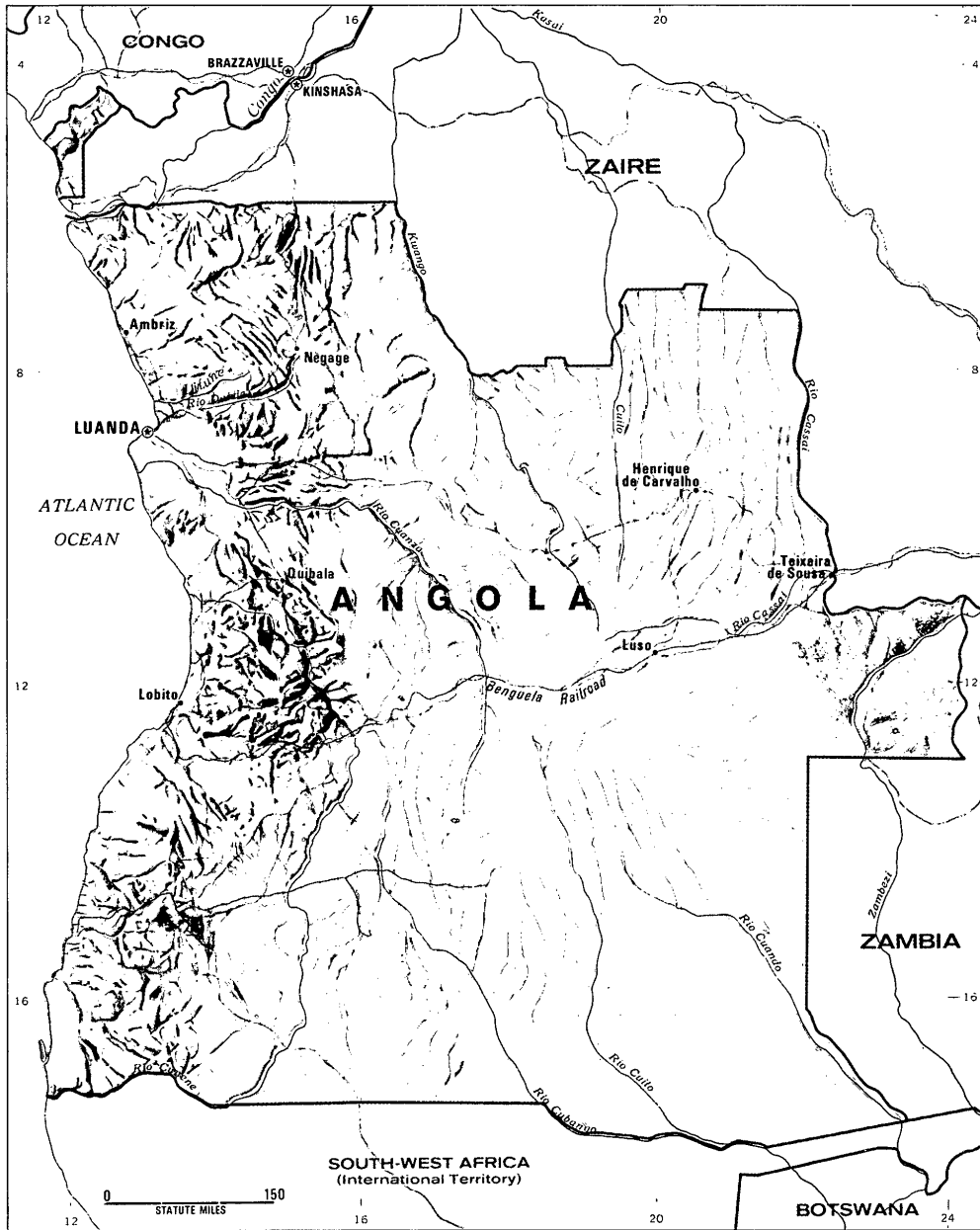
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ANGOLA

Forces of the National Union have driven the Popular Movement from the eastern terminus of the Benguela railroad at Teixeira de Sousa

[Redacted]

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Although capture of the town again gives the National Union and National Front at least temporary control of the railway from Lobito to the Zairian border, several sections of the line are inoperative and the railroad is unlikely to be reopened in the foreseeable future. Popular Movement forces have retreated some 60 miles from Teixeira de Sousa toward their main base in eastern Angola at Henrique de Carvalho.

A separate National Union column advancing on Henrique de Carvalho from Luso remains stalled at the Cassai River because a number of bridges have been destroyed by the Popular Movement. One recent report described Movement forces at Henrique de Carvalho as demoralized and said they have asked for armor and Cuban reinforcements from Luanda.

In west central Angola, a combined National Union - National Front drive on Quibala has made no appreciable progress in the past few days. [Redacted]

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[Redacted] in the recent fighting around Quibala the Popular Movement used three T-34 tanks and that one was destroyed. [Redacted]

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In northern Angola, the Popular Movement's drive along the coast toward the National Front's headquarters at Ambriz, stalled until now by bridge destruction and conditions brought about by the rainy season, may soon pick up. [Redacted]

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[Redacted] the Popular Movement has bridged the Lifune River and established a token force on the other side.

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[Redacted]

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LEBANON

Beirut continues to be free of major fighting, but the reappearance since Wednesday of large numbers of armed militiamen on many of the city's streets could precipitate another round of heavy battles.

Government efforts to solidify the shaky truce arranged on Wednesday after the heavy fighting at Zahlah have made some headway. Leaders of the warring Christian and Muslim factions reportedly agreed to disengage their forces, set up joint observation posts in the vacated areas, and permit Lebanese army units to supervise the cease-fire.

Syrian chief of staff Shihabi, who was in Beirut last week to help mediate, told Ambassador Murphy in Damascus on Wednesday that he saw no early prospect for improvement in the Lebanese situation. The Syrian was particularly discouraged as a result of his conversations with President Franjiah and Minister of Interior Shamun. Shihabi added, however, that Damascus is keeping a line open to Franjiah in hopes of altering his position.

PORTUGAL

The extension of the wage freeze announced by the Portuguese cabinet on Wednesday is only an economic holding action, but it will make workers more susceptible to exploitation by the Communists.

Labor contract negotiations were suspended after the November 25 uprising was squashed, and the cabinet has extended this through February. The suspension effectively freezes wage rates, pending development of better controls.

Wage controls are needed to help privately owned and nationalized firms overcome serious financial problems that stem in large part from the earlier government policy of holding down prices while permitting wage hikes and forbidding worker dismissals.

Many people had expected the government to introduce a stiffer wage policy and to allow price increases. [redacted] the center-left Popular Democrats oppose such measures because they would be too severe.

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The sole Communist in the cabinet has been a less vocal opponent than the Popular Democrats [redacted]

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[redacted] Both parties are hesitant to share responsibility for forcing hardships on the population, particularly now that the cabinet has announced that a legislative election must be held by April 25, 1976.

Prime Minister Azevedo is aware that strict austerity measures will be unpopular and could lead to unrest that might threaten his government. In a Christmas message to the nation, he tried to impress on the people, and especially on workers, the severity of Portugal's economic difficulties. He stressed that economic recovery depends on solid agreement between the unions and the government on a wage policy. Unless production increases, he said, Portugal will face an economic catastrophe.

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His pleas may fall on deaf ears. [REDACTED]

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[REDACTED]

The Communists have had only mixed success with strikes, but may believe that the wage freeze, rising prices, and the growing scarcity of some consumer goods will attract support to their cause.

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One bright spot in the otherwise gloomy economic scene was Finance Minister Zenha's announcement on Tuesday that Portugal will be allowed to draw some \$85 million from the International Monetary Fund. While the sum is roughly equivalent to only a one-month payments deficit, it does give Lisbon a little time to put its international payments in order.

NOTES

The Soviets have resumed their airlift to Angola.

[Redacted]

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[Redacted]

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The Soviet destroyer and oil tanker are continuing along the West African coast, probably en route to Conakry. Yesterday they were off the coast of Mauritania.

* * *

Argentine President Peron's position continues to deteriorate, despite the government's victory over leftist guerrillas earlier this week.

Pressure for armed forces intervention is growing, although top military leaders continue to believe the time is not yet ripe. The erosion of support for the Peronists, however, and the lack of confidence in the ability of civilian politicians to find solutions will almost certainly encourage other military leaders to act. Some of them see a direct take-over as the only way to avoid continuing economic and political chaos.

Congressional demands for a change in the executive are certain to be stepped up in the weeks ahead. The chances of a civilian political solution, however, are dwindling.

[Redacted]

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Jordan and Syria

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Two visits this week, by Yugoslav Foreign Minister Minic to Romania and by Romanian Foreign Trade Minister Patan to Yugoslavia, should help to end rumors that problems between Bucharest and Belgrade forced the cancellation of President Ceausescu's trip to Yugoslavia in October.

The visits came on the heels of President Ceausescu's forceful reassertion on December 18 of Romania's independent foreign policy. Ceausescu underscored the similarities between Belgrade and Bucharest on a variety of issues, including their determination to resist Soviet claims to leadership of the international communist movement. Minic probably briefed the Romanians on his recent trip to Moscow, where he discussed Soviet meddling in Yugoslav internal affairs.

While in Belgrade, Patan signed a trade agreement covering the period 1976-80 and a commodity trade protocol for the coming year.

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