



The President's Daily Brief

May 17, 1976

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~~*Top Secret*~~ 25X1

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At Annex we discuss the prospects for the Italian Communist Party in the coming parliamentary election.

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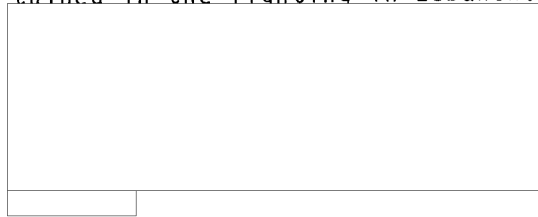
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LEBANON: *The latest cease-fire failed again in Beirut over the weekend, but the situation has calmed down in Tripoli where heavy fighting occurred last week between Syrian forces and pro-Iraqi elements.*

Damascus, responding in part to a demarche from Lebanese Muslim leaders, has withdrawn some of its regular forces and Saiqa units from Tripoli. The Syrian-controlled Palestine Liberation Army reportedly also has moved its forces out of the city.

President-elect Sarkis continued his round of consultations with various Lebanese political factions and is scheduled to meet with President Franjyah today. Sarkis is still trying to work out a reconciliation with leftist leader Kamal Jumblatt.

Tensions between Syrian authorities and local Palestinian communities in Syria have increased as a result of the growing number of casualties. Syrian Palestinian forces have sustained in the fighting in Lebanon.



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USSR: *The Soviet Union's annual growth rate in industrial production will be the lowest since World War II if it continues to maintain its first quarter rate--4 percent compared with 6.4 percent in the same period last year.*

The consumer is bearing the brunt of industry's mediocre performance. Last year's poor harvest is reflected in decreased production of processed food--down nearly 7 percent from output in the first three months of 1975. A good harvest this fall could brighten the agricultural picture by the end of the year, but any improvement would require more than 3 months to affect industrial production.

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The dismal quarter for industry hardly comes as a surprise to the Soviet leadership. When the total 1976 production target was established last December, the planned growth rate was the slowest since World War II. What probably distresses the leaders is the host of individual products that did not even meet the reduced goals.

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CHINA: An article commemorating the tenth anniversary of the opening of the Cultural Revolution, published jointly yesterday by China's three leading journals, sets forth clearly the concerns of leading leftists within the regime. It stops well short of a call to action against more conservative elements associated with former vice premier Teng Hsiao-ping.

The article accuses Teng of "mustering unrepentant capitalist-roaders and putting them in positions of power." This is the clearest and most authoritative indication that the leftists hope to broaden the campaign and purge party officials who were "rehabilitated" and given important posts in the past several years. The operative paragraphs of the article, however, merely call for continuing criticism of Teng alone.

According to the article, the so-called capitalist-roaders "hold a very large proportion of the party and state power." This admission not only indicates that leading regime organs--the Politburo, Central Committee, and State Council and perhaps the military as well--are split, but also strongly suggests that the leftists are in a minority. The leftists seem to be making the strongest possible case for their viewpoint in hope of winning over fence-sitting or neutral figures in the party and military.

The split at the upper levels of the regime appears to be causing increasing problems in the provinces. Work slowdowns, factional

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disputes, and demoralization of lower level cadre seem to be widespread. The confusion may be approaching that observed during the anti-Confucius campaign of 1974, but it does not begin to approximate that of the Cultural Revolution itself. The central authorities continue to inveigh against the formation of "fighting groups" and against mass movements from place to place by activists--two hallmarks of the 1966-68 revolution.

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JAMAICA-CUBA:

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ITALY'S PARLIAMENTARY ELECTION

On June 20, in Italy's seventh parliamentary election since World War II, the Communists have their first real opportunity to replace the Christian Democrats as the country's largest party and to acquire a share of power at the national level. The prospect of such a breakthrough by the Communists will overshadow all other campaign issues.

Although the Communists had been gaining gradually since the 1946 constituent assembly race and had been the second largest party since 1953, they still trailed the Christian Democrats by more than 11 percent in the 1972 parliamentary election. Last June the Communists captured about a third of the vote in nationwide regional and local elections, coming within 2 percent of the Christian Democrats. This gave the Communist question a new immediacy, deepened existing divisions within the governing parties, and dealt the final blow to the founding center-left alliance that had governed Italy since 1963.

There will be at least eight parties on the ballot, but the shape of things in the post election period will hinge mainly on the outcome of the competition between the Christian Democrats, Communists, and Socialists. Together these parties controlled about 80 percent of the seats in the outgoing parliament.

The Christian Democrats

The fortunes of the Christian Democrats are at a postwar nadir. They have not recovered from the shock of the Communist party's advance last summer and have yet to unite to formulate a long-term strategy aimed at reversing the trend toward the Communists. The party lacks decisive leadership and is weakened by domestic and international scandals. Efforts to get the Christian Democratic campaign off the ground, moreover, are hampered by a traditionally creaky organization, a shortage of funds, and continuing friction between the Christian Democratic left and right.

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Fanfani, Zaccagnini, and Moro

The party left--led by Christian Democratic secretary Zaccagnini and Prime Minister Moro--appears uncomfortable with the idea of running a campaign that relies mainly on an anti-Communist theme. Party president Fanfani and other conservatives believe the party's campaign should emphasize the uncertainties and dangers that would result if the Communists gain increased influence at the national level.

Fanfani's argument is likely to prevail and result in a Christian Democratic attempt to turn the election into a referendum on the question of Communist entry into the government. The Christian Democrats are likely to challenge in particular the Communists' professed commitment to a democratic and pluralistic society and to focus attention on the Communists' failure so far to make a definitive break with Moscow.

The Communists

The last year was the most successful in the Communist Party's history. As a result of the party's gains in the local elections, 60 to 65 percent of the Italian population is now governed by regional or local administrations dominated by or dependent on the Communists.

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In addition, the Communists are operating in a far more receptive political atmosphere than at any previous time. The Christian Democrats' three most likely coalition partners--the Socialists, Social Democrats, and Republicans--all have endorsed formulas that would formalize consultations with the Communists.

Despite the factors working in their favor, the Communists are troubled by several tactical and strategic problems. They worry, for example, about attacking the Christian Democrats while at the same time defending party chief Berlinguer's "historic compromise" proposal that calls for an eventual alliance with them. The Communists are also concerned about how to hold on to the new middle class votes they won last June without alienating the party's labor base in the process.

The principal Communist fear is that the Christian Democrats may be able to exploit the uncertainty that many Italians continue to feel about how the Communists would behave once in power and to capitalize on the international controversy that will surround the campaign. Berlinguer as a consequence has decided to de-emphasize the "historic compromise" during the campaign. In a major speech last week, he called for a post-election "emergency" government, including all parties except the neo-fascists.



Berlinguer

The Socialists

The Socialists occupy a pivotal role between the Communists and Christian Democrats and are hoping to gain enough votes to minimize the dangers they see in allying with either of the larger parties. Ideologically, the Socialist Party prefers the Communist Party but fears domination and eventual extinction in an alliance with Berlinguer.

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The Socialists have less fear of working with the Christian Democrats, but dislike their policies and worry about the electoral repercussions of continued partnership with a declining party.

As a result, Socialist chief De Martino is trying to mount a campaign that leaves all of the party's post-election options open. The Socialist campaign will doubtless feature claims that a strengthened Socialist Party would be able to force the Christian Democrats to adopt social and economic reforms they have resisted so far.

At the same time, the Socialists are likely to call at least for open Communist participation in the formulation of government programs, hoping in that way to avoid being the only party on the left that must accept responsibility for government actions.



De Martino

signs seem to point to for the Communists.

In discussing post-election possibilities, most Italian political leaders appear to have concluded already that it will be impossible to avoid some form of open Communist involvement in national policymaking. The major question appears to be whether it will be indirect--as in the case of a coalition committed to consult the Communists--or direct--a Communist alliance with either the Socialists or Christian Democrats or a broadly based emergency government. With the election still five weeks away, most signs seem to point to a limited and indirect role for the Communists.

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