

The President's Daily Brief

June 1, 1976

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June 1, 1976

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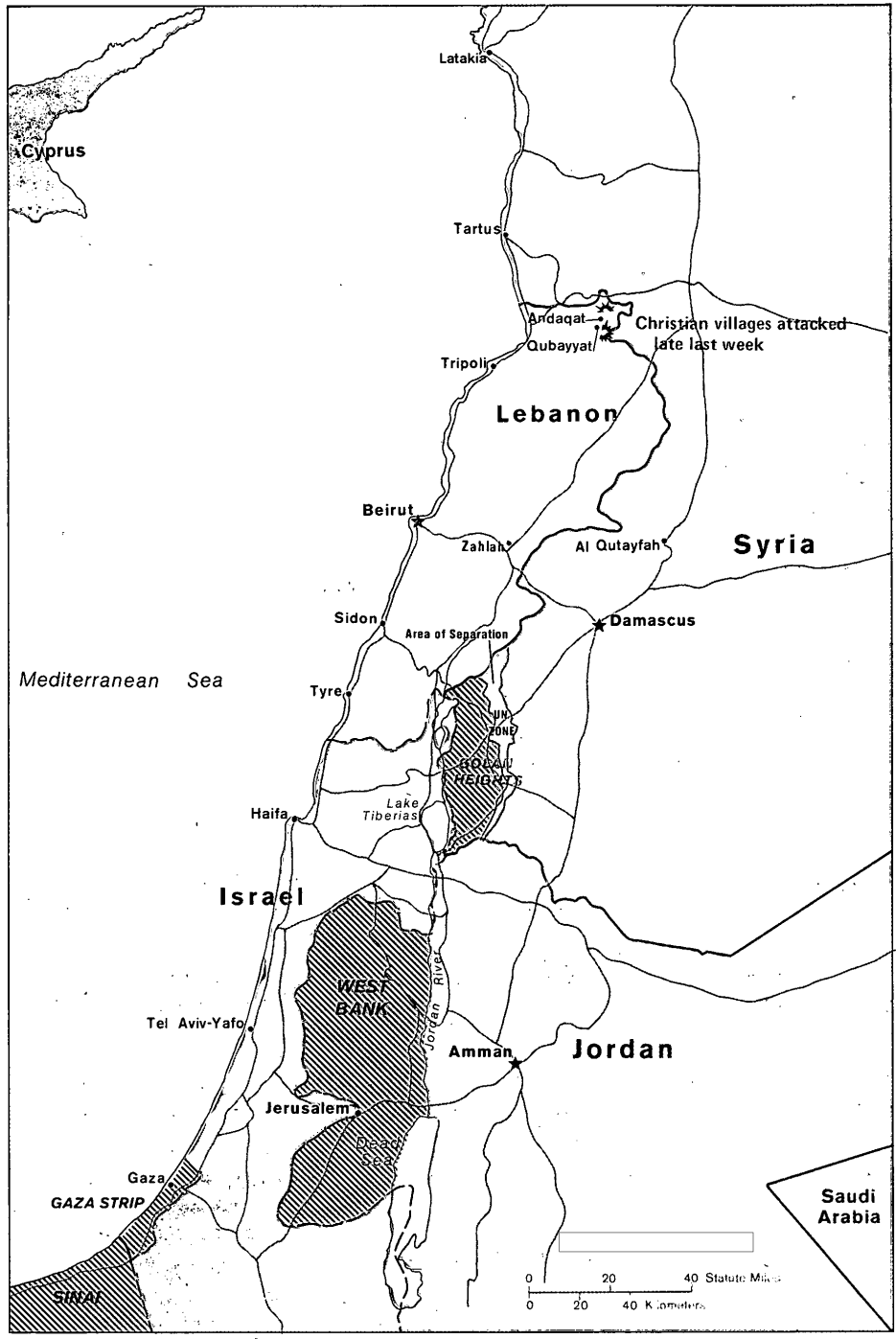
Lebanon: More Syrian armored units have moved into northern Lebanon. (Page 1)

USSR-Syria-Iraq: Premier Kosygin began a trouble-shooting mission in Damascus today following a similar mission to Baghdad. (Page 1)

Cuba - Latin America: Cuba's relations with a number of Latin American countries have cooled because of Havana's involvement in Angola. (Page 2)

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LEBANON: *More Syrian armored units--at least a battalion, possibly a brigade--have moved into northern Lebanon.*

The Syrians moved after heavy attacks by dissident Muslims on two northern Christian villages had sparked a severe Christian reaction elsewhere in the country. Christian forces, mostly those controlled by Interior Minister Camille Shamun, began shelling isolated Muslim villages farther south, mounting new attacks near Zahlah in eastern Lebanon and shelling nearly all Palestinian refugee camps in Beirut.

The severity of the Christian reaction seemed designed to force president-elect Sarkis to request increased Syrian military intervention.

Lebanese radio reports this morning say arrival of the Syrian forces in the north resulted in an end to the fighting around the two Christian villages. Fighting in Beirut itself apparently tapered off last night.

On Sunday, Sarkis in effect rejected a proposal by Arab League Secretary General Riad for a general Arab conference on Lebanon. The reply is a further reflection of the unwillingness of Sarkis and Syria to allow other foreign parties a central role in resolving the crisis.

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USSR-SYRIA-IRAQ: *Premier Kosygin began a hastily arranged trouble-shooting mission in Damascus today following a similar mission to Baghdad.*

The USSR's problems with Syria include Damascus' failure to consult fully with Moscow on Syrian policy toward Lebanon, Syria's reported request for debt rescheduling,

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friction between Syrian military personnel and Soviet military advisers, and Damascus' apparent unwillingness to grant everything the Soviets want in the way of additional naval access to Syrian ports.

Moscow also is disturbed about the growing ties of Syria and Iraq to the West, and the way each has been treating its national communist party. In addition, the Soviets are displeased about the two governments' failure to support Soviet calls for reconvening the Middle East peace conference at Geneva, and to denounce Egypt for its abrogation of the Soviet-Egyptian friendship treaty.

Kosygin apparently did not achieve full satisfaction in Baghdad. His talks with the Iraqis were described as "frank and cordial," a good indication that not all problems were resolved.

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CUBA - LATIN AMERICA:
Cuba's relations with a number of Latin American countries [redacted] [redacted] have cooled because of Havana's involvement in Angola. Normal diplomatic ties with those [redacted] countries apparently will be maintained, however.

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The controlled Panamanian press has published several articles critical of Havana's role in Africa, and General Torrijos and his military colleagues have become uneasy about Havana's intentions regarding Panama.

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While Mexican President Echeverria's disillusionment with Havana's Angola policy has prompted him to cool Mexico's relations with Cuba, commercial ties and plans for technical cooperation between the two countries have not been affected.

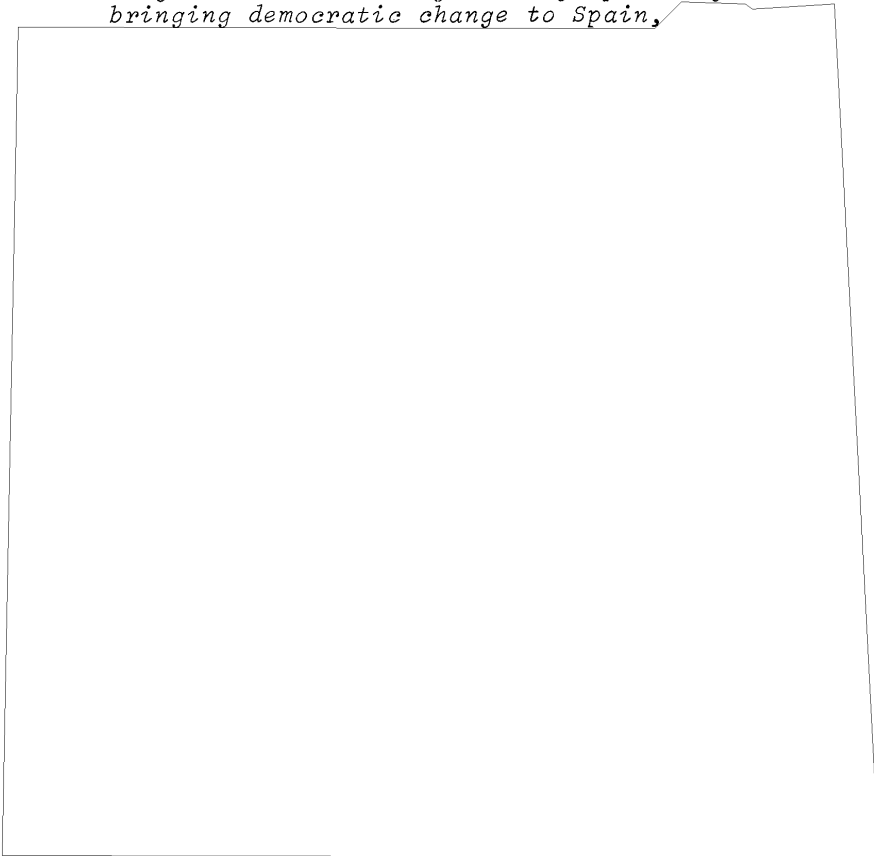
Cuban Deputy Prime Minister for Foreign Affairs Rodriquez, during his visit to Mexico last week, refused to give any public assurances about a Cuban withdrawal from Angola.

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King Juan Carlos

King Juan Carlos has given high priority to bringing democratic change to Spain,



Progress on Reform

On May 25 the Cortes passed the first bill in the government reform package. This bill, which relaxes restrictions on freedom of assembly, was approved by an overwhelming vote.



The key to the government's reform package is a referendum on amending the constitution to create a bicameral legislature with the lower house elected directly and the senate largely elected and partly

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appointed. The referendum will also open the way for labor reform and make changes in the royal succession law. A new election law to expand suffrage will be submitted to the Cortes by mid-July.

If the reforms are passed, the timetable laid out by Arias last month calls for the referendum to be held by October and a parliamentary election to follow in early 1977.

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In the government proposal, the upper and lower houses will be co-equal,

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Workers, employers, and government representatives are now grouped in one labor organization, and its top officials are government appointed. Rightists are firmly entrenched in the official labor bureaucracy. The legislature must approve the proposed referendum calling for an overhaul of this system to allow for pluralistic trade unions.

Economic Problems

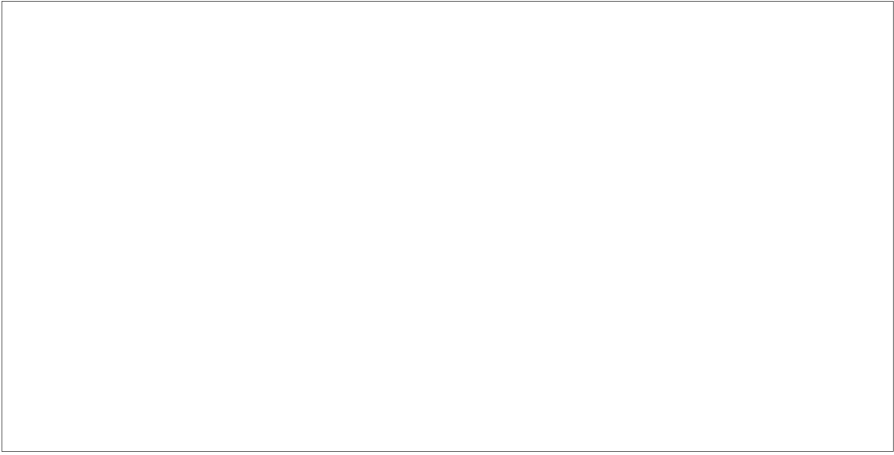
Production is sluggish, unemployment high, inflation excessive, and the current trade account is in deep deficit. Unemployment probably is about 8 percent.

Last November, with wages rising at an annual rate of 25 to 30 percent and consumer prices increasing by 15 to 20 percent, the government instituted wage controls. This helped slow inflation to 14 percent by early 1976 but also caused worker dissatisfaction, which enabled leftist agitators to organize numerous strikes.

GNP, which declined in 1975, is showing signs of an upturn. Industrial production began to recover in the fourth quarter of 1975.

Stronger export growth is needed to relieve balance-of-payments problems. The trade deficit nearly doubled in 1974, largely because of the stiff rise in oil prices.

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