



The President's Daily Brief



July 5, 1976

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exemption category 5B(1), (2), (3)
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FOR THE PRESIDENT ONLY

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Italy: The major parties have made a significant concession to the Communists by agreeing to give them the presidency of the Chamber of Deputies. (Page 3)

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LEBANON: *There has been no break in the fighting in Beirut and elsewhere despite an agreement by the Christians and the Palestinians last Friday to observe a new cease-fire.*

The battle for Tall Zatar refugee camp in Beirut is still not completely over. The Christians continued their ground attacks and shellings yesterday and are now within the camp's perimeter. They appear to want to avoid being charged with conducting a blood-bath when the camp falls.

Fatah deputy chief Salah Khalaf has issued a statement describing the assault on Tall Zatar as part of a "Syrian plot" personally devised by Syrian President Asad. Khalaf also implicated--and threatened reprisals against--the rest of the Arab world. Palestinian relations with Arabs, he said, "will be a function of their positions on Tall Zatar."

In southern Lebanon, Syrian forces completed a limited withdrawal from the port city of Sidon on July 3, but leftist communications express pessimism that the withdrawal will be completed this week. The Syrians shelled a vessel trying to enter the port on Saturday.



After a brief visit to Damascus, Arab League Secretary General Riyad is back in Beirut to pursue his efforts to arrange an effective cease-fire.

The Christians are still demanding that the Palestinians adhere to their past agreements with the Lebanese government which placed strict restrictions on their activities. The Palestinians have thus far rejected this demand as an "impossible condition" and insisted instead that the Christians break off their attack on Tall Zatar and withdraw from the adjacent Jisr al Basha camp that was overrun early last week.

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KENYA-UGANDA:

[Redacted]

[Redacted]

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[Redacted] The prospects for a Ugandan air attack have been reduced by the Israelis' reported destruction of eleven Ugandan jet fighters.

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President Amin, meanwhile, has called for a UN Security Council meeting. There has been no outcry thus far from the Organization of African Unity members now meeting in Mauritius. The Kenyans may have felt that many OAU members would silently sympathize with their efforts against the terrorists and Amin.

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[Redacted]

Kenyan officials may have hoped that Amin would be sobered by the Israeli raid and less inclined to make threatening moves against Kenya because of the apparent close relationship between Kenya and Israel.

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ITALY: The agreement among Italy's major parties to give the Communists the presidency of the newly elected Chamber of Deputies is a substantial concession to the Communists that may eventually become part of an arrangement under which the party would agree to cooperate with a government in which it holds no cabinet posts.

The parties also decided that the Christian Democrats would receive the presidency of the Senate and that the Socialists, Italy's third largest party, would receive a substantial number of second echelon posts in the parliament, which holds its first meeting today.

The Communists have been insisting that their new strength in parliament entitled them to the presidency of either the Chamber or the Senate, posts previously held only by governing parties. At the same time, the Communists have surfaced hints that such a concession might induce them to agree to an arrangement under which they would be consulted formally on a new government program and agree not to oppose it in parliament.

It is generally recognized in Italy that some degree of Communist involvement is necessary to the success of any economic recovery effort. It also is agreed, however, that it would be politically difficult, if not impossible, for the Christian Democrats to offer cabinet membership to the Communists at this time.

No timetable has been set for negotiations on a new government, although they could begin later this week.

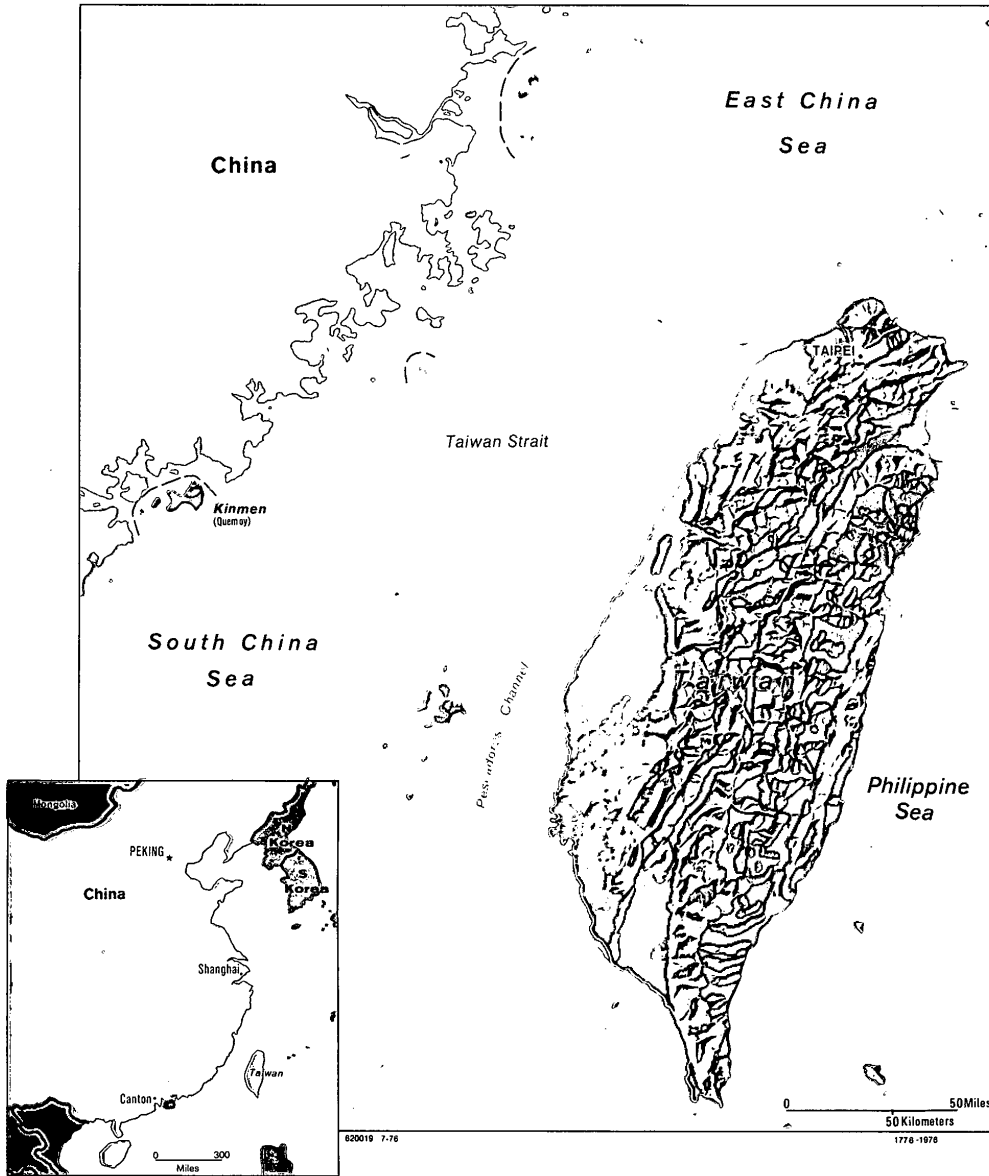
Last week, the Christian Democrats officially proposed a coalition in which the Socialist Party would be their major partner and in which the smaller parties--excluding the neo-Fascists--would have limited roles. The Christian Democrats offered to consult with the Communists on the government's program provided they agreed to remain officially in the opposition rather than become part of the government's working majority in parliament as the Socialists have been demanding.

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The negotiations are thus likely to center on an effort to define the Communists' role in a way acceptable to all three major parties. The Socialists have yet to comment on the substance of the Christian Democrats' proposal and have said only that they will not discuss it bilaterally with the Christian Democrats. The Socialists insist that the negotiations take place in a round-table format similar to that which produced the agreement on division of the parliamentary posts.

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NOTES

The Chinese have not carried out any additional shelling in the Taiwan Strait area.

There has been no indication of any unusual land, sea or air activity in the area since the reported shelling of an unoccupied island near Kinmen (Quemoy) on July 3. The US embassy in Taipei reports that Chinese Nationalist officials are not unduly alarmed about the shelling. The Chinese Nationalists apparently have taken no military action [redacted]

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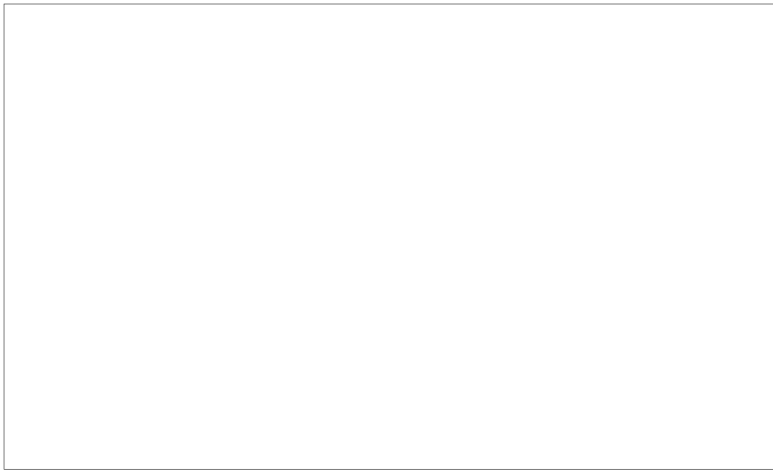
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Spanish King Juan Carlos' appointment of 43-year-old Adolfo Suarez as prime minister will give vigorous leadership to the stalled reform program and will end the generation gap that led to strained relations between the King and outgoing prime minister Arias.

Suarez is scheduled to be sworn in today for a five-year term and will name a new cabinet. Widespread dissatisfaction with the present economic situation suggests changes probably will center on new choices for the economic ministries.

Suarez came up through Franco's National Movement. As minister of the Movement in the previous cabinet, however, he led the way in deemphasizing it with his support of the newly passed law legalizing political parties. Pragmatic and articulate, Suarez has developed a close relationship with the King and supports his reform program.

The new reformist stance that Suarez has displayed has gained him enemies on the right but has increased his appeal to center groups. On the other hand, the leftist opposition parties do not believe he can break his ties with the Francoists and thus will be an ineffective reformer.



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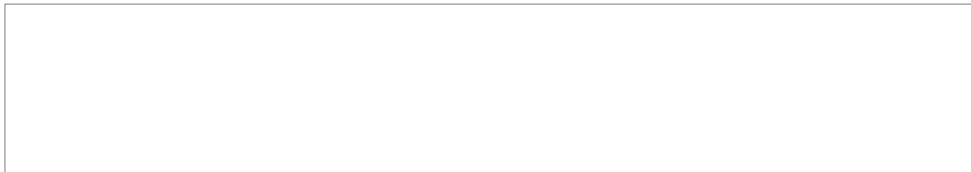
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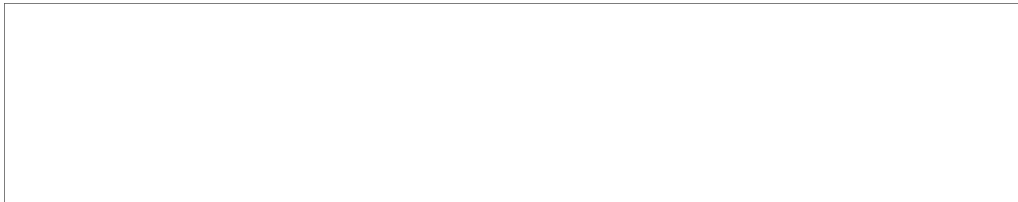
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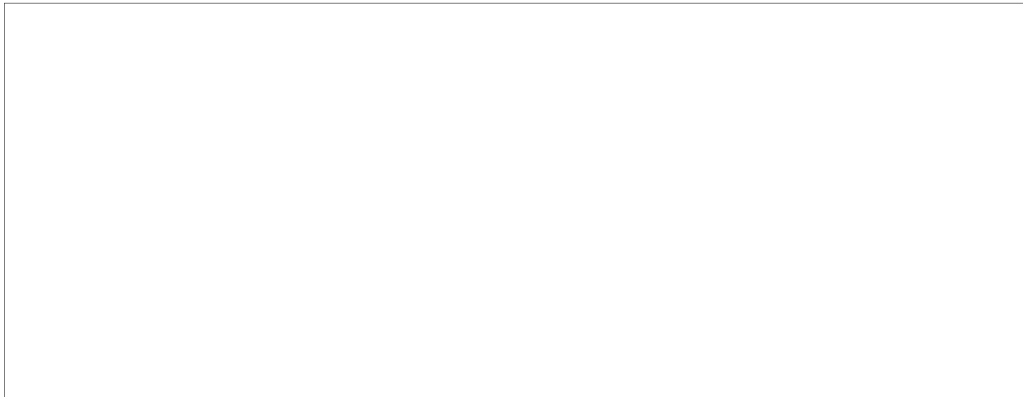
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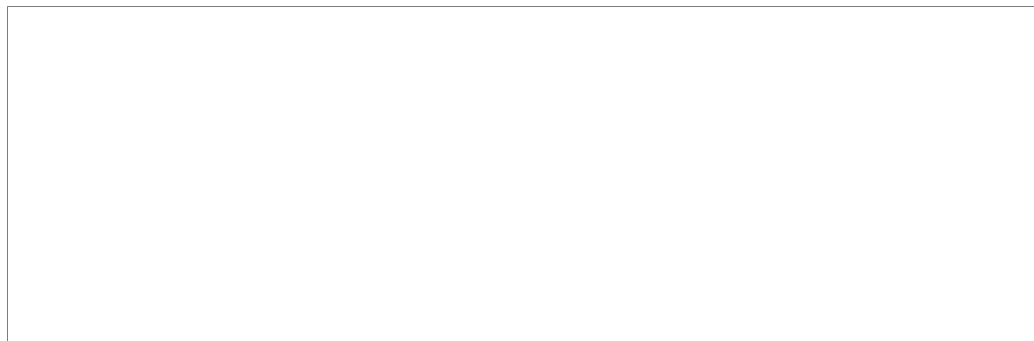
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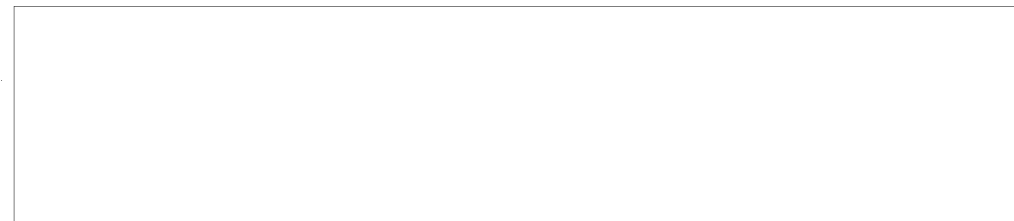
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