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The President's Daily Brief

August 26, 1976



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exemption category 5B(1), (2), (3)
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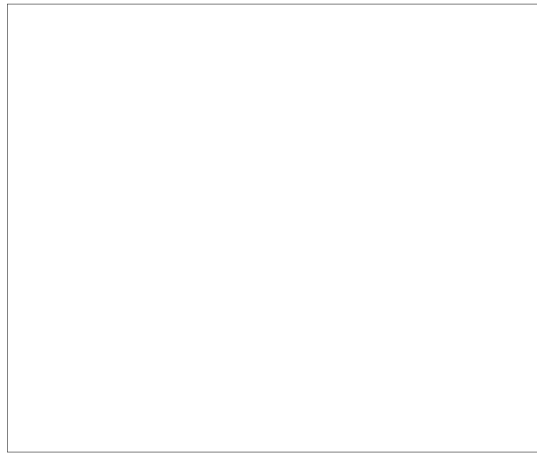
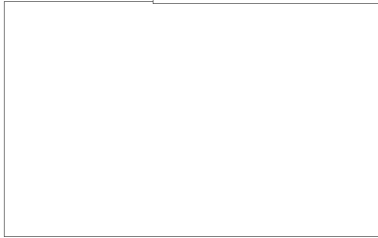
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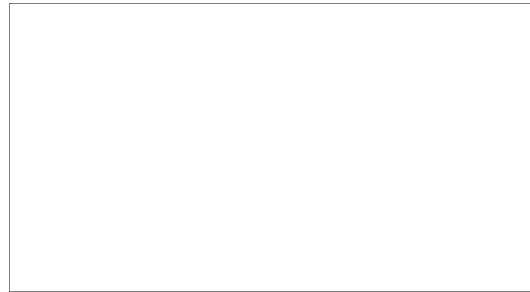
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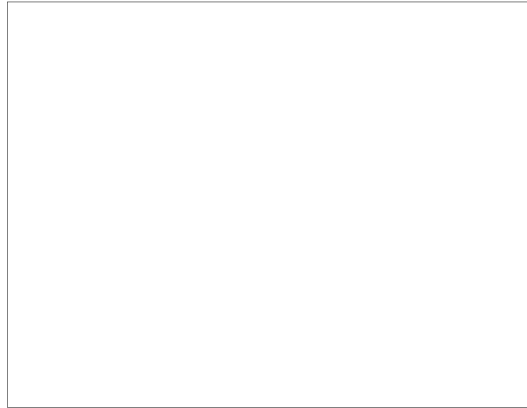
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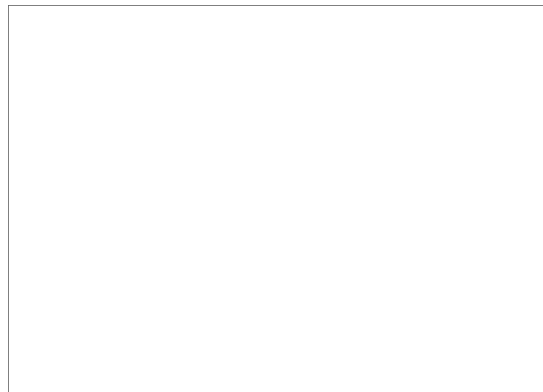


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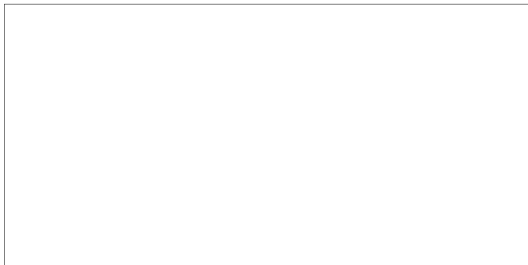
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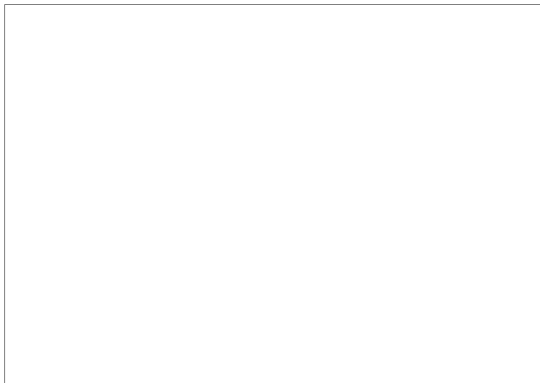
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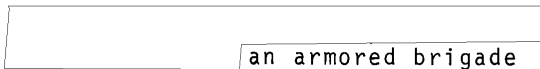
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Despite the agreement announced Tuesday to end artillery bombardments between east and west Beirut, some shelling was reported in the afternoon. Intense ground fighting continued.

The two sides continue to trade fire in the Tripoli area, where the Palestinians and Muslims have been hampered by inadequate resupply. East of Beirut, the Christians are reportedly sending reinforcements to the Mount Lebanon area, but as yet there has been no ground activity. Heavy artillery fire is continuing in that area.

IRAQ: Iraq may have begun to withdraw some of the forces it earlier moved toward the Syrian border.



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an armored brigade headquarters and one tank battalion returned to their garrisons in Baghdad from positions west of the capital.

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We cannot yet determine whether these moves presage a general reduction of Iraqi troop strength in western Iraq. 25X1



Iraq continues to have a force of some 70,000 to 80,000 troops and more than 1,300 tanks in western Iraq.

* * *

KOREA: The North Koreans may expect that their proposal at yesterday's meeting of the Military Armistice Commission will work to their advantage however the UN Command reacts to it.

North Korea probably calculates that the UN Command's acceptance of the proposal to separate the security personnel of both sides in the Joint Security Area could be portrayed as acquiescence in President Kim Il-song's call for joint efforts to prevent recurrence of the August 18 incident. The North Koreans may also believe that UN rejection of the proposal, pending North Korean assurances on the safety of UN personnel, would leave the UN Command vulnerable to charges that it was unwilling to accept a reasonable measure to avert further incidents.

The North Koreans, in effect, are taking up proposals for such a separation made by the UN Command in 1953 and again in 1970. At present, the UN Command has no guard posts in the North's portion of the Joint Security Area. Thus, it would appear that only the North Koreans would be required to pull their own guard posts back in order to implement the proposal.

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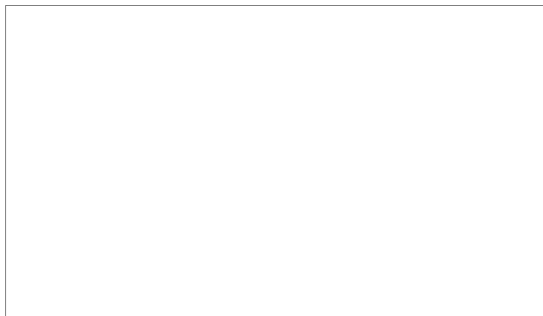
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The situation along the Demilitarized Zone remains quiet. North Korean armed forces are still in an advanced readiness posture.

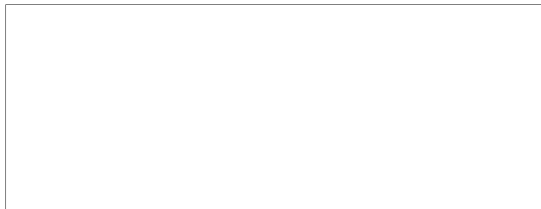
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GREECE-TURKEY: *The Greeks and Turks have agreed to hold substantive discussions on the continental shelf issue.*



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The continued tension over the Aegean dispute may be affecting the situation in Cyprus, where Turkish forces in Nicosia violated the cease-fire yesterday.

Turkish troops also advanced at several points into the UN-patrolled neutral area separating the two zones, apparently to back up their claim to half of the neutral area for farming purposes. The Turks previously had acquiesced in exclusive Greek Cypriot use of the entire area.

Local UN officials are scheduled to meet with Turkish authorities today to discuss the issue.

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FRANCE: *President Giscard yesterday named Raymond Barre as the Prime Minister and asked him to try to enlarge the "presidential majority," especially toward the center-left.*

Barre succeeds Jacques Chirac, a Gaullist, who resigned after increasing disagreement with the President over government policy and political strategy. A new cabinet is to be named by the end of the week.

Despite Giscard's comment, Barre's appointment does not appear to indicate that the President is ready for a break with the Gaullists. The cabinet shuffle may, in fact, be a holding action, precipitated by Chirac's determination to get out.

Barre, aged 52, has no political affiliation but listed himself as a member of the "presidential majority" when he was named Minister of Foreign Commerce last January. Giscard said in a speech after the appointment that Barre would carry out presidential instructions rather than initiate policy.

The choice of Barre, an economic expert, indicates that one of the new government's principal tasks will be to tackle more vigorously the problems of inflation, unemployment, and monetary stability that are a crucial factor in the coalition's prospects in 1977 and 1978.

* * *

USSR-US: *The Republican convention has left the Soviets concerned about the strength of conservative opposition to recent US foreign policy.*

Soviet commentators have renewed earlier accusations that you made concessions on the "terminology and essence" of your policy under pressure from "hawks and right-wing" critics. The Soviets have characterized Senator Dole as a conservative endorsed by Governor Reagan.

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Soviet commentators have called the Republican platform the "most conservative" in recent years. They note that you are not necessarily bound by it but clearly are not convinced that you would be willing to disregard it. The Soviets were quick to take note of your refusal earlier this month to rule out a new agreement this year on strategic arms limitation.

The USSR is making no public predictions on the outcome of the election in November, nor is it signaling any preference. The Soviets profess to be gratified that you and Governor Carter have endorsed in principle further efforts to improve relations with the USSR.

* * *

CHINA: Economic factors may be working to the advantage of China's moderates in their efforts to hold in check the campaign against former vice premier Teng Hsiao-ping and his supporters.

A People's Daily editorial published Monday seems to reflect a growing concern within the Chinese leadership over the effects of the campaign on industrial production. It calls for tighter party control over anti-Teng activities, for more leniency in dealing with other alleged "capitalist roaders," and an end to factionalism.

These guidelines take the hardest line against disruptive activities since Teng first came under attack and may reflect rising moderate influence. The radical faction has often appeared to condone, if not encourage, a certain amount of ferment at the grassroots level as a means of exerting pressure on political opponents. Campaign-related factionalism and wall poster attacks on provincial leaders have been evident in a number of areas for some time.

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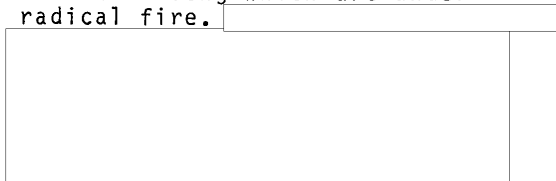
Indications that Peking was starting to put the brakes on the campaign and re-emphasize productivity came as early as June. A directive issued at that time reportedly took a firm stand against worker factionalism, claiming that it was seriously affecting the economy.

This directive is known to have come under sharp wall poster attack in at least one province. On the other hand, since the directive was circulated, the Chinese media have played up the importance of meeting production goals, and provincial leaders with close moderate connections who had been out of sight for some time have reappeared.

The recent series of earthquakes in China have probably worked to the advantage of the moderates.

Moderates are undoubtedly contending that substantial industrial losses from the quakes make it even more imperative that production receive higher priority. This argument seemed to be tacitly acknowledged in a People's Daily editorial two weeks ago which warned against using the quake to divert attention from the anti-Teng campaign.

In the wake of these natural disasters, the moderates may be in a better position to defend certain economic policies closely associated with Teng which are under radical fire. 25X1



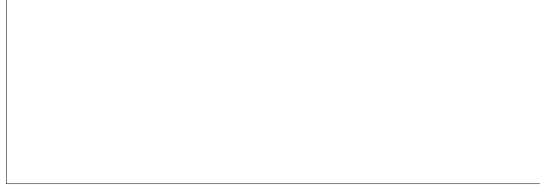
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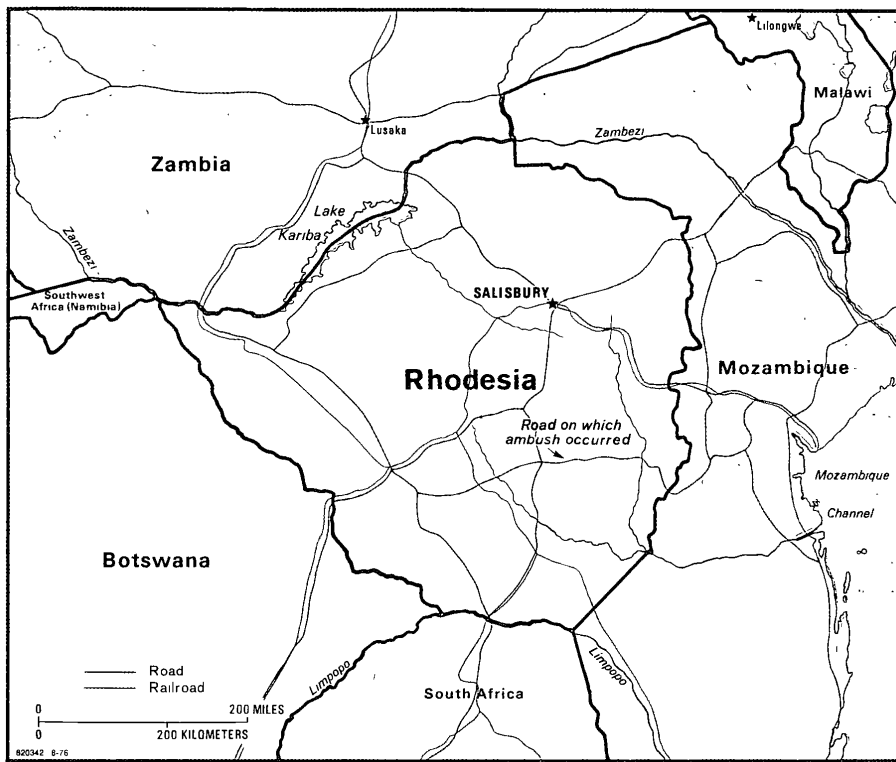
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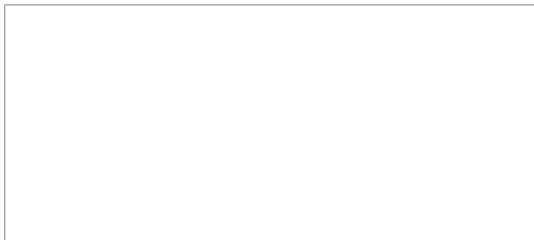


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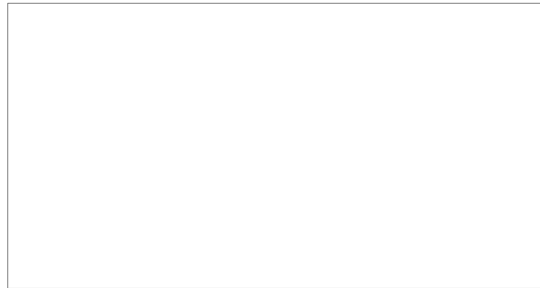
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Guerrillas in Rhodesia reportedly ambushed a civilian convoy under armed escort last week injuring several civilians.

This was the first such attack since the Rhodesian government began using armed convoys on main roads last spring. 25X1

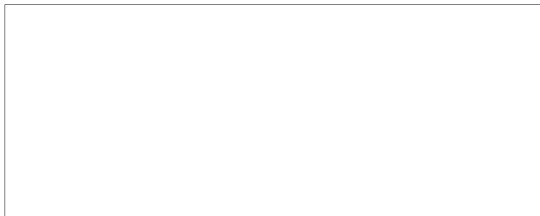


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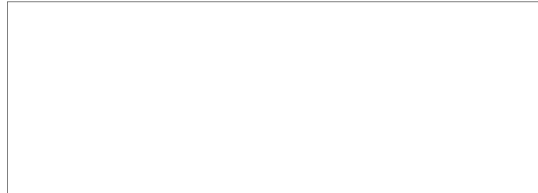
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The Soviets reportedly have offered Peru a new deal on the sale of 36 SU-22 fighter-bombers.



President Morales Bermudez is under considerable pressure from air force and army leaders who favor the purchase. Despite Peru's serious economic difficulties, the offer will be difficult to turn down.

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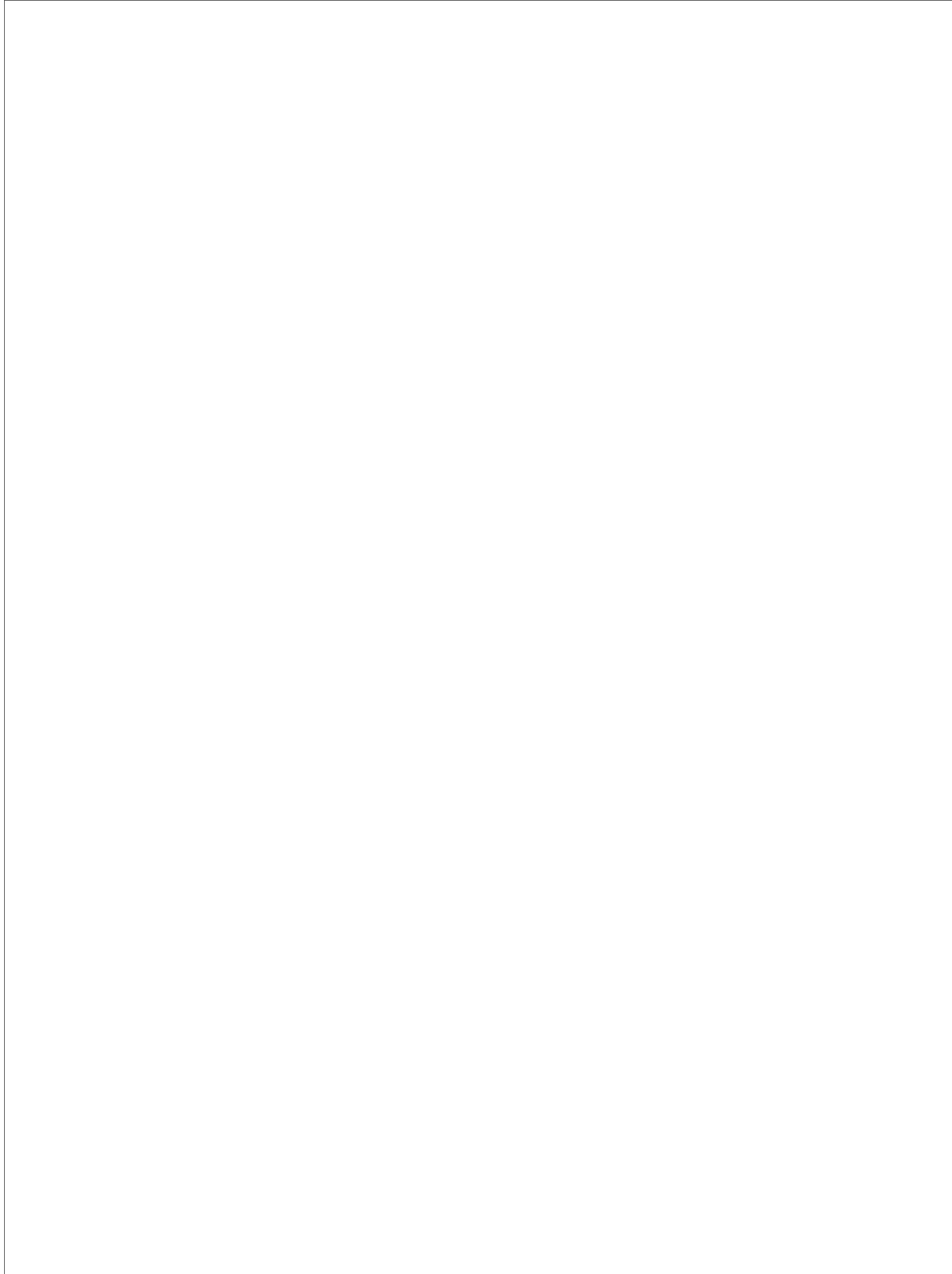
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