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The President's Daily Brief

October 13, 1976

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Chiang Ching



Wang Hung-wen



Chang Chun-chiao



Yao Wen-yuan

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CHINA: *The government has made no official announcement about the elevation of Hua Kuo-feng or the arrest of the four "leftist" members of the Politburo.*

Announcements on these and other subjects are likely to be made only at the conclusion of the Central Committee plenum, which is apparently now in session. A Chinese official, however, has confirmed to Western newsmen that Hua Kuo-feng has been promoted to the posts of chairman of the party and of the military affairs commission. Another official's response of "no comment" to journalists' questions about the "leftists" is tantamount to acknowledgment that the arrests have occurred. The four Politburo members involved are:

- Chiang Ching, Mao's widow;
- Wang Hung-wen, vice chairman of the party;
- Chang Chun-chiao, fourth-ranked member of the leadership;
- Yao Wen-yuan, party propagandist.

One Western news report, citing "sources close to the Chinese government" claims that over 30 persons have been arrested, including Mao's nephew, Mao Yuan-hsin, who probably acted as head of Mao's personal secretariat in the final days of the late chairman's life.

This report claims that those arrested have been charged with forging Mao's will. There is no direct evidence supporting this claim, but it seems fairly plausible. Several Western embassies in Peking have heard that one of the charges against the leftists is that they "distorted" Mao's

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writings and had concocted a slogan, "act according to the instructions laid down," which has been widely used in Chinese propaganda since Mao's death and which could be considered a "will."

The Central Committee probably is now considering and reviewing the charges against the leftists. The case of Li Te-sheng, the one regional military commander who has unequivocally espoused leftist positions in the months since the fall of Teng Hsiao-ping, probably is especially delicate because he too is a member of the Politburo and, in addition, has troops at his disposal.

The plenum is likely also to be considering the appointment of a reconstituted Politburo, now further depleted by the recent purge, the earlier purge of Teng Hsiao-ping, and five deaths.

In a conversation on Saturday with Senator Mansfield, Li Hsien-nien, now China's ranking vice premier and a likely candidate for the premier's post, emphasized that Chinese foreign policy would remain on its present course. Li vehemently denounced the USSR, but his treatment of US relations was positive and relatively gentle.

Li took a comparatively soft line on the sensitive Taiwan issue, emphasizing Chinese "patience."

The approach contrasts not only with harsh comments made by Chinese officials--particularly the now fallen Chang Chun-chiao--last summer, but also with the tune adopted by Vice Foreign Minister Wang Hai-jung, who is Mao's niece, in conversation with Senator Mansfield only two days earlier.

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LEBANON: *The resumption of the Syrian offensive has thoroughly discredited the Arab League's mediation effort, damaged the credibility of Lebanese President Sarkis, and could scuttle plans for a summit meeting now scheduled for October 18.*

Sarkis and Arab League mediator Hasan Sabri al-Khuli appear to have been misled--if not intentionally deceived--by Syrian representatives to the tripartite talks over the weekend. The Syrian attacks came only hours after al-Khuli had announced a new agreement between Palestinian and Syrian representatives to halt the fighting.

The Palestinian leaders apparently were expecting the Syrians to resume their offensive and are assuming that Damascus is determined to seek a military solution to its dispute with PLO leaders. Yasir Arafat and the moderate Palestinians reportedly feel that they submitted their "final" position during the recent negotiations and that any further compromise would, in effect, destroy the independence and the current leadership of the PLO.

Palestinian leaders have little confidence that they can hold their positions outside the major coastal cities, and they believe

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that their positions in Tripoli will fall if the Syrians and Christians press their advantage in that area. The Palestinians concede that they could not hold out against a prolonged Syrian blockade of Beirut and Sidon, but they are hoping that, should this occur, they would be rescued by international intervention. Yesterday they requested an emergency meeting of the Arab League foreign ministers and they probably will also appeal to the Egyptians and Soviets for help.

The two-pronged attack launched by the Syrian forces in Jazzin early yesterday appears to be the first phase of their strategy to subdue Palestinian forces in southern Lebanon.

There is no evidence yet that the Christian forces south of Jazzin have assumed a major role in the renewed offensive. The Christian Phalanges yesterday did instruct its forces that their major task would be to protect Syrian troops from possible Palestinian attacks in the area north of Jazzin.

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EGYPT: Egypt is trying to get an additional \$1 billion in balance-of-payments support to prevent a marked cut-back in imports.

Last year Arab cash aid covered about two thirds of Egypt's recurring \$3-billion shortfall in annual balance-of-payments and debt repayments. Only about \$1 billion in Arab aid has been disbursed so far this year, but Egypt has maintained last year's levels of production and consumption. It cannot continue to do so unless more cash is forthcoming within the next 60 days.

Egypt is postponing a number of debt repayments to free cash for needed imports. Heretofore, Egypt's creditors have tolerated

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delays in repayment on the assumption that Cairo would receive Arab aid. Now, as both Saudi Arabia and Kuwait are advertising their dissatisfaction with Egyptian financial practices, creditor patience is waning.

The newly established Gulf Organization for Development in Egypt (Arab Fund) may provide half the sum that is needed this year. Egypt hopes that Iran will provide \$250 million in loan guarantees in addition to a \$1 billion credit/investment package to be drawn down in the next several years. Should all these funds materialize, Egypt would be left with a \$240-million shortfall, which could be financed with a rollover of short-term debt or continued deferment of repayments.

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NOTES

Soviet Colonel General Anatoly Gribkov has been appointed First Deputy Commander in Chief and Chief of Staff of the Warsaw Pact forces.

Gribkov will fill the position left vacant by the death of Army General Shtemenko last April.

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Gribkov will also be a First Deputy Chief of the General Staff of the Soviet Armed Forces.

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The hiatus in naming a replacement for Shtemenko may indicate difficulty finding someone who had the proper military qualifications and was also politically acceptable.

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Cuba will try to link the US with last week's crash of a Cuban airliner, according to Guyanese Foreign Minister Wills.

Wills told the US charge on Monday that the Cubans had seen the diary of one of the two men arrested in Trinidad in connection with the bombing. Havana is almost certain to insist that mention of the US Legal Attache in Caracas in the diary is proof of US complicity.

Cuban Prime Minister Castro reportedly will speak today at a mass rally in Havana. His treatment of the crash should indicate whether Cuba does plan to mount a major propaganda attack on the US.

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Philippine President
Marcos has scheduled a referendum for October 16 that will allow him to go through the motions of re-establishing a legislative branch in his government without actually reducing his authoritarian powers.

The public poll, the fourth since martial law was imposed four years ago, will ask Philippine voters whether martial law should be continued and whether a partially elected but carefully controlled legislature should be created. Marcos expects a strongly favorable response to each question.

The new legislature would be firmly under control of the executive, who would determine what subjects it could discuss and how long it could remain in session.

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