



The President's Daily Brief

December 4, 1976

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FOR THE PRESIDENT ONLY

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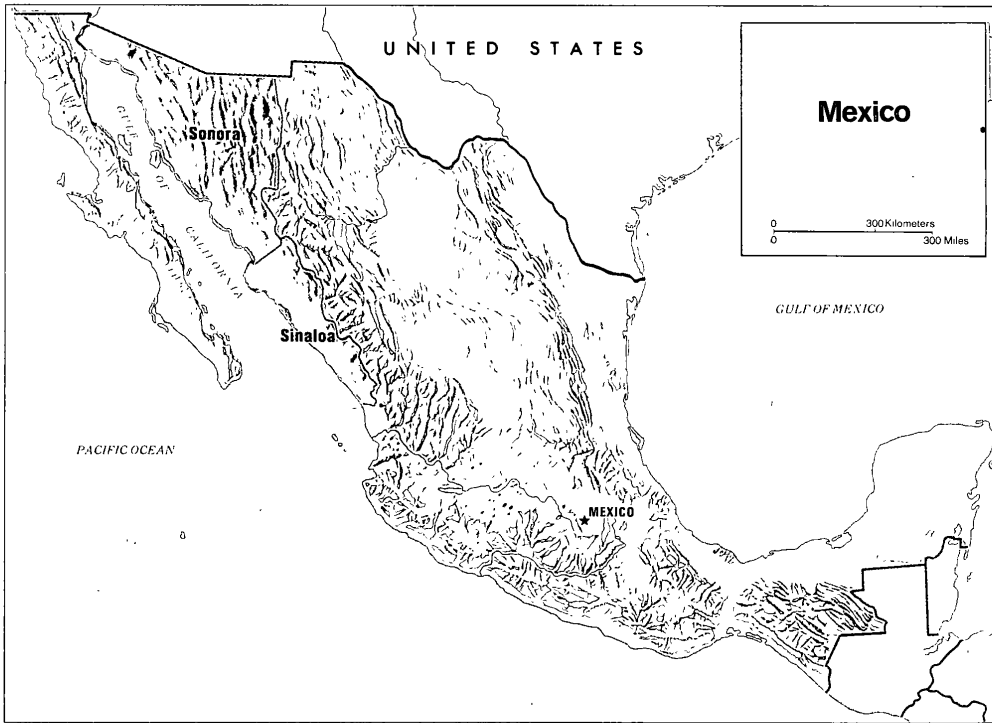
Mexico: President Lopez Portillo faces his first test of political strength in the state of Sinaloa, where thousands of landless peasants have invaded private farms. (Page 1)

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MEXICO: *President Lopez Portillo faces his first test of political strength in the state of Sinaloa, where thousands of landless peasants have invaded more private farms.*

Encouraged by former president Echeverria's massive land expropriations last month in neighboring Sonora state, the peasants--some of them reported to be armed--have set up temporary shelters on land north of the Sinaloa state capital and are preventing owners from planting or harvesting crops. Landowners hope to get court orders to evict the invaders.

Violence, now a real possibility, has so far been avoided by handing over some of the land the Sinaloan peasants wanted and by a decision of the peasants to cease their demands until the new administration assumed office.

Lopez Portillo will probably try to calm the situation by promising the peasants that their demands will be considered. He has indicated that further land distribution is not the solution to the rural problem. If the situation gets out of hand, the new President probably will use the army to restore order.

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POLAND: *Party leader Gierek's speech to the Central Committee plenum on Wednesday will do little to lessen the widespread feeling in Polish society that the regime is drifting.*

In his low-key and defensive speech, Gierek admitted that serious economic difficulties exist but tried to allay public fears about the future. He said that the new five-year plan would be redirected to put more stress on supplying consumer goods, especially food, and less emphasis on investment for producer goods. These changes do not, however, mean a massive redirection or retrenchment of the Polish economy, as some Western news services have implied.

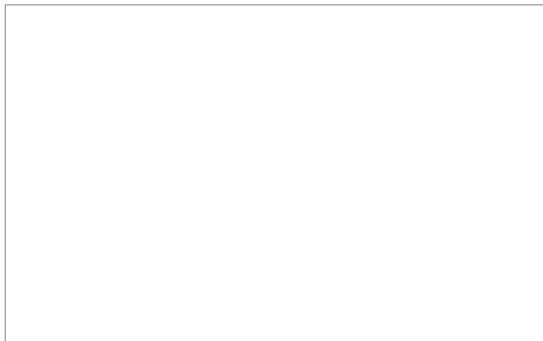
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Gierek gently chided workers for low productivity, for not understanding how complicated the development process is, and for forgetting how far Poland has come in the past five years. He was much more severe on his internal critics, particularly the dissident intellectuals.

We agree with the US embassy's conclusion that Gierek's main task will be to muddle through the year ahead and that he is counting on better harvests and increased industrial production from new factories to pull his leadership out of the current crisis.



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LEBANON: The unresolved questions of the Palestinians' future role in southern Lebanon and the confiscation of heavy weapons held by Christian, Palestinian, and leftist militias continue to pose the most serious obstacles to full implementation of the cease-fire.

Neither Christian nor Muslim leaders, who remain wary of each other's intentions as well as of Syria's aims, are willing to be the first to hand over arms. The Palestinians, moreover, have maintained that the 1969 Cairo agreements regulating fedayeen activity in Lebanon allow them to retain weapons within refugee camps and in the southern border region. The question of arms collection is certain to be a principal item of discussion at next week's expected first meeting of the quadripartite committee of Syria, Egypt, Saudi Arabia, and Kuwait, which was set up at the Riyadh summit to interpret the Cairo accords.

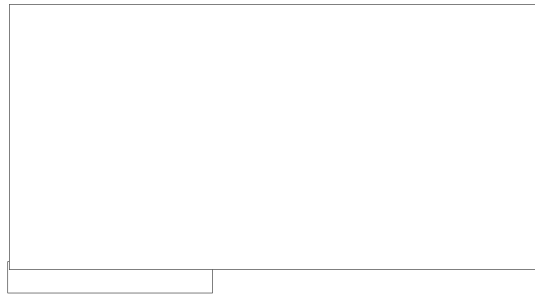
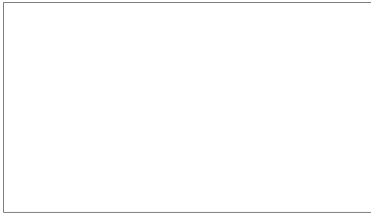
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Small-scale clashes between Palestinian and Christian units in southern Lebanon do not appear likely to spark major renewed fighting in the area or damage the cease-fire elsewhere in the country. 25X1

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Although Iraqi units recently have begun withdrawing from Lebanon, we believe that several thousand Iraqi troops remain in the country, mainly in the south.

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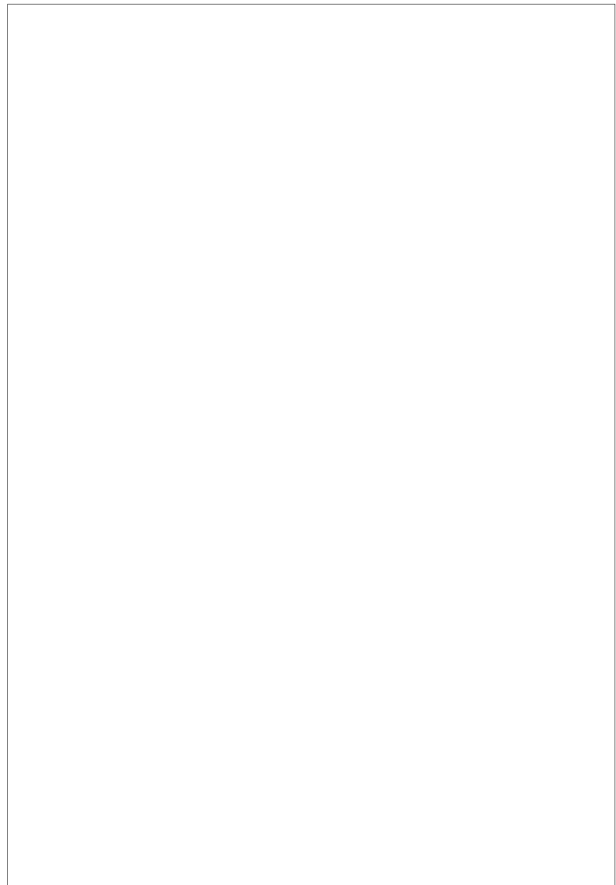
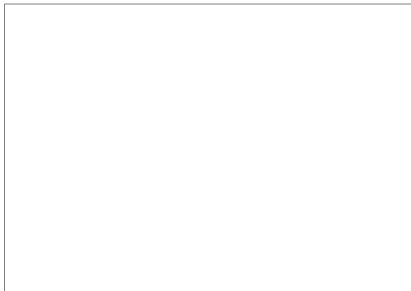


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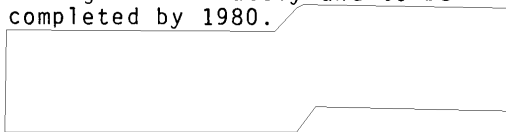
Iran has concluded its largest arms purchase from the USSR--reportedly valued at \$525 million



The arms deliveries are scheduled to begin immediately and to be completed by 1980.

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Soviet aircraft deliveries to Iraq are at record levels.

Through November, Iraq has received 73 jet fighters, more than twice the number shipped in 1975 and about 50 percent over the 1974 level.

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The chief of the South Korean Central Intelligence Agency, Sin Chik-su, was removed from his post early today. Several other government changes were also announced.

Sin has been one of the most influential men around President Pak in recent years, with major responsibilities in both domestic and foreign affairs. His removal now appears to be a direct result of scandals involving South Korean intelligence personnel in the US. Sin's replacement, Kim Chae-kyu, has a military and intelligence background and most recently was minister of construction.

The other appointees include new ministers of justice, construction, education, and reunification. There are rumors that the South Korean ambassador to the US will be replaced in the near future and that additional changes involving positions in economic planning will be made.

Leadership changes at year's end are routine in South Korea. The shuffle this year may be more sweeping than usual, however, as Pak attempts to bring in new faces for what he clearly sees as a troubled period in US - South Korean relations.

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