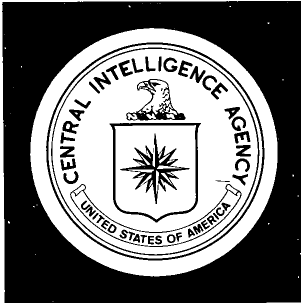


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The President's Daily Brief

December 21, 1976

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FOR THE PRESIDENT ONLY

December 21, 1976

Table of Contents

<u>Israel:</u> Prime Minister Rabin's decision to resign and force an early national election is likely to arrest a decline in his popular standing and strengthen his shaky position within the Labor Party, at least in the short run. (Page 1)	25X1
<u>China:</u> [redacted]	25X1
[redacted] (Page 3)	25X1
<u>France-Pakistan:</u> [redacted]	25X1
[redacted] (Page 4)	25X1
<u>Note:</u> West Germany (Page 6)	25X1

FOR THE PRESIDENT ONLY

ISRAEL: *Prime Minister Rabin's decision to resign and force an early national election--possibly in April or May--is likely to arrest a decline in his popular standing and strengthen his shaky position within the Labor Party, at least in the short run.*

If Rabin succeeds in rallying the party around him, he is likely to seek a moderate plank on Middle East peace negotiations in the party platform.

Rabin will now try to secure broad Labor Party backing for his continued leadership and to place his stamp on the party's campaign platform at its convention in late February.

Although party conservatives and some moderates had been leaning toward the more hawkish Defense Minister Peres, they are likely to unite behind Rabin rather than precipitate a bitter and possibly suicidal leadership struggle. Peres, who was caught by surprise along with everyone else, will probably shelve his drive for the leadership rather than risk the onus of causing Labor to lose its 28-year hold on power by challenging Rabin now.

Rabin apparently would like to have a plank sufficiently vague to mollify party conservatives, yet moderate enough in tone to satisfy Labor doves and Labor's long-standing left-wing coalition partner, the Mapam party, which controls seven seats in parliament.

By adopting a moderate stance, Rabin may also calculate that Labor can win back support among moderate splinter groups, independents, and disgruntled Labor supporters who appear to be turning increasingly to Yigael Yadin's new Democratic Movement party. Yadin's party, according to a recent public opinion poll, has already made serious inroads into Labor's strength and could win as many as 12 seats in parliament if an election were held now.

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Should Rabin's gamble misfire, he risks losing the initiative to the conservative Likud opposition bloc.

Significant gains by Likud in the election could force Labor into a national unity government that would tie its hands on peace negotiations with the Arabs.

The National Religious Party is almost certain now to turn more to the right in search of political allies and could well link up with Likud. The party's moderate old-guard leadership would be reluctant to establish more than a tactical working relationship with Likud, but the militant young faction is likely to press hard for a formal alliance--possibly even a merger of the two groups--especially if Rabin begins to falter.

Such an alliance at present would control at least 44 of the 120 seats in parliament and might attract the Free Center party, with four seats, and the supporters of the hawkish General Ariel Sharon, who has a small popular following of his own. Labor and Mapam now hold 53 seats.

Out of the government, the National Religious Party may also feel less hesitant about backing efforts of the radically right-wing Gush Emunim movement to establish Jewish settlements all over the occupied West Bank. Such action would provoke serious Arab demonstrations there that could be politically embarrassing to Rabin's government and possibly complicate his position in future Middle East peace talks.

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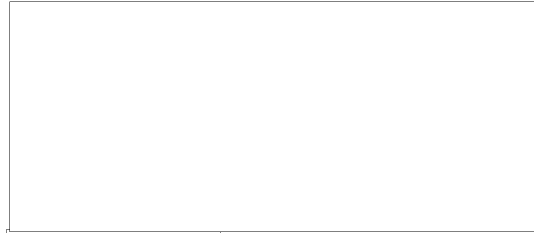
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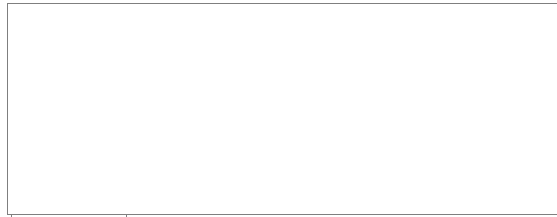
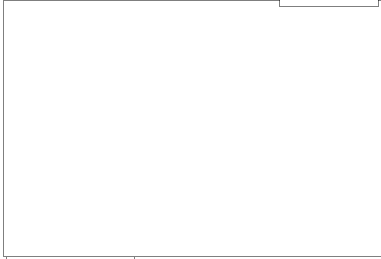
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FRANCE-PAKISTAN:



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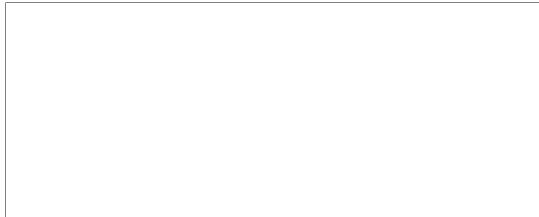
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NOTE

A West German Foreign Office spokesman said yesterday that West Germany will no longer export nuclear technology that could enable other countries to develop nuclear weapons.

The official said existing agreements will not be affected by the new decision. He specifically stated that West Germany will not cancel its agreement to sell Brazil plants for uranium enrichment and spent fuel reprocessing.

The Foreign Office spokesman made his remarks in commenting on France's decision last week to embargo sales of nuclear reprocessing equipment.

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