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FM THE SITUATION ROOM//TOHAK37//

TO GOMPERT/RODMAN FOR THE SECRETARY

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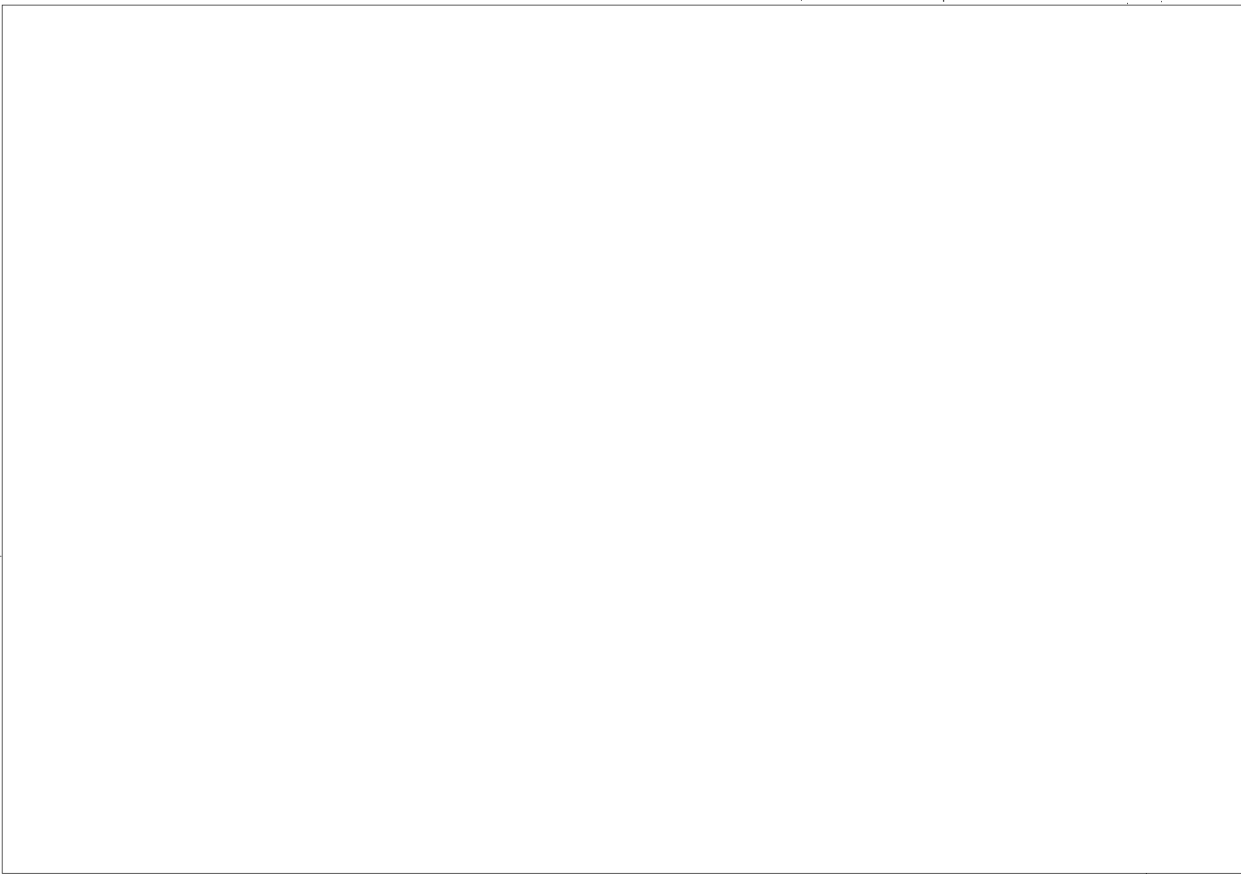
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TOHAK37

MAY 21, 1975

MEMORANDUM FOR SECRETARY KISSINGER
FROM: THE SITUATION ROOM
SUBJECT: INFORMATION ITEMS

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ON-FILE NSC RELEASE
INSTRUCTIONS APPLY

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SYRIANS BUILD ANTI-TANK DITCHES: THE SYRIANS ARE CONSTRUCTING ANTI-TANK DITCHES INSIDE THE AREA OF MILITARY SEPARATION ON THE GOLAN HEIGHTS, ACCORDING TO A UN REPORT. SYRIAN CONSTRUCTION PERSONNEL REPORTEDLY CROSSED INTO THE UN-PATROLLED ZONE ON AT LEAST FIVE OCCASIONS ON MAY 18 TO DIG ANTI-TANK DITCHES IN TWO SEPARATE AREAS WITHIN THE ZONE -- ONE ABOUT 10 MILES SOUTH OF MOUNT HERMON, AND THE OTHER SOME 15 MILES NORTH OF THE JORDANIAN BORDER. THE SYRIANS REPORTEDLY LEFT THE AREAS WHEN APPROACHED BY UN TEAMS. THE SYRIAN ACTION WOULD APPEAR TO BE IN VIOLATION OF THE DISENGAGEMENT AGREEMENT, WHICH PROHIBITS THE PRESENCE OF BOTH SYRIAN AND ISRAELI TROOPS IN THE AREA OF SEPARATION, AS WELL AS THE CARRYING OUT OF RECONNAISSANCE PATROLS BY EITHER SIDE WITHIN THE ZONE. A

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THE WASHINGTON-STAR NEWS

A SMALL BUT POLITICALLY SIGNIFICANT INCREASE IN OIL PRICES IS BEING PLANNED BY THE MAJOR OIL PRODUCERS NEXT MONTH TO OFFSET THE DECLINE IN VALUE OF THE U.S. DOLLAR, ACCORDING TO SAUDI ARABIAN SOURCES. THE INCREASE, IN THE FACE OF INFLATIONARY PRICE INCREASES FOR INDUSTRIAL GOODS AND FOOD, WOULD SERVE AS A "HINT" BY THE OPEC COUNTRIES TO THE OIL-CONSUMING COUNTRIES THAT NEGOTIATIONS ON PRICES OF ENERGY AND RAW MATERIALS ARE NECESSARY, THESE SOURCES SAID.

THE STAR ASSERTS THAT MONDAY'S 41 TO 40 SENATE VOTE TO LIFT THE ILL-ADVISED EMBARGO ON MILITARY AID TO TURKEY IS LEGISLATIVELY INSIGNIFICANT WITHOUT HOUSE CONCURRENCE, WHICH IS RULED OUT IN PRESENT CIRCUMSTANCES, BUT HALF A CONGRESSIONAL LOAD IS BETTER THAN NONE. THE SENATE ACTION AT LEAST CREATES A SOMEWHAT MORE PLEASANT CLIMATE FOR YOUR VISIT TO ANKARA TOMORROW. IT IS TOO BAD THAT YOU, ON YOUR CURRENT TRIP DID NOT RID COMPLETELY OF THE HANDICAP THAT CONGRESS UNNECESSARILY PLACED THE NATION'S POLICY UNDER LAST FEBRUARY.

CHARLES BARTLETT ARGUES THAT THE SHAH OF IRAN SAYS HE MERELY WANTS TO KEEP UP WITH THE INFLATIONARY TREND OF PRICES, BUT LIKE OPEC'S OTHER HAWKS, HE IS UNDOUBTEDLY CONCERNED WITH SQUEEZING THE PRODUCERS' SHORT-TERM ADVANTAGES FOR WHAT THEY ARE WORTH. THE STATISTICAL LOGIC BEHIND THE SHAH'S REACH IS NOT IMPRESSIVE. HE WANTS TO KEEP UP WITH INFLATION, BUT THE PRESENT PRICE OF OIL IS NEARLY SEVEN TIMES HIGHER THAN THE \$1.50 HE WAS PAID IN 1973. NOTHING HAS MATCHED THAT RISE, PARTICULARLY HIS TWO CHIEF AGRICULTURAL PURCHASES FROM THE UNITED STATES, WHEAT AND RICE. THIS COUNTRY HAS REACTED TO AGRICULTURAL SCARCITIES BY PRESSING ITS PRODUCTIVE POTENTIAL TO THE FULLEST. THE CARTEL HAS THE OPPOSITE STRATEGY OF PINCHING BACK PRODUCTION TO KEEP ITS PRICE FIRM. EXPERTS CREDIT THE OPEC PRICE RISES WITH RESPONSIBILITY FOR AT LEAST 25 PERCENT OF THIS COUNTRY'S 1974 PRICE INFLATION, CONSIDERABLY MORE THAN IN JAPAN AND EUROPE. THE ONLY COMFORTING FEATURE WAS THEIR ONE-TIME IMPACT UPON THE ECONOMY. THE SHAH WANTS TO MAKE THE DAMAGE RECURRENT. HOWEVER, THE CONSUMING NATIONS HAVE DONE LITTLE TO GAIN BARGAINING LEVERAGE WITH OPEC. SO INSTEAD OF GROWING ANGRY AT A GREEDY PHILOSOPHY OF PRICING, IT WILL BE WISER TO TAKE THE SHAH'S WORDS AS A SPUR TO ACTION.

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MRS. KISSINGER AND YOU ARE PICTURED ON PAGE ONE.

DAN KURZMAN REVEALS THAT ISRAEL IS HOPEFUL THAT INDICATIONS OF A NEW AMERICAN TOUGHNESS IN WORLD AFFAIRS WILL HELP TO DETER THE ARABS FROM FOMENTING A WAR WITH IT IN THE NEAR FUTURE. SOME ISRAELI OFFICIALS BELIEVED THAT SYRIA HAS BEEN CONTEMPLATING ARMED ACTION SOON AGAINST ISRAEL, IN LEAGUE WITH JORDAN, EGYPT, THE PALESTINE LIBERATION ORGANIZATION, AND IRAQ, ONCE THE SYRIAN-IRAQI DISPUTE OVER THE WATERS OF THE EUPHRATES RIVER WAS SETTLED. BUT WASHINGTON'S MOVE IN SOUTHEAST ASIA, COUPLED WITH SCHLESINGER'S STATEMENT, MIGHT, IT IS HOPED IN JERUSALEM, FOSTER DOUBT IN DAMASCUS THAT THE UNITED STATES WILL NECESSARILY CHOOSE TO HELP THEMSELVES FROM A PRECIPITANT OF THEIR OWN MAKING.

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