



The President's Daily Brief

11 May 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

11 May 1973

PRINCIPAL DEVELOPMENTS

The Lebanese Army is consolidating its control over the fedayeen. (Page 1)

The Soviets launched another space station last night and probably will send cosmonauts to man it. (Page 2)

Emperor Haile Selassie can be expected to press for more US military aid during his visit on May 15. (Page 3)

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Saudi Arabia [redacted] (Page 4)

A plenary session of MBFR negotiators will finally take place Monday. (Page 5)

Australia's Prime Minister is looking past legislative problems to consolidating Labor's political position in new elections. (Page 6)

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[redacted]

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LEBANON-FEDAYEEN

The army and the fedayeen exchanged some fire yesterday near the Syrian border, but in general the fighting appears to be gradually tapering off.

President Franjiyah apparently believes his army's strong performance enables him to be tough with the guerrillas. His first priority [redacted] will be to disarm the fedayeen in the refugee camps around Beirut. He then would be willing to negotiate new arrangements governing the guerrillas' presence in Lebanon.

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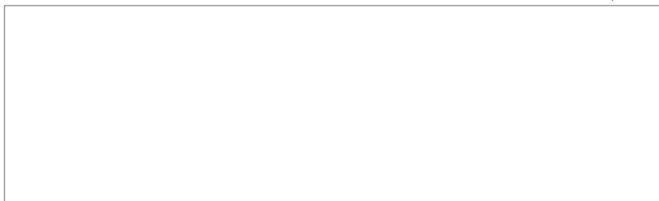
Such arrangements would most likely involve further restrictions on the fedayeen. The fedayeen, whose base of operations against Israel is limited to Lebanon and Syria, will ask other Arab governments to pressure Franjiyah into changing his mind. There does not appear to have been any strong Arab pressure on the Lebanese Government thus far, encouraging Franjiyah to plan tough demands.

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USSR

The Soviets launched another Salyut space station into near earth orbit last night.

If it performs properly during the next two days, the Soviets probably will follow with the launch of a Soyuz capsule to transport cosmonauts to the space station. There is still time to begin a manned mission before the US Skylab is launched next week.



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A Salyut space station launched in early April exploded after two weeks in orbit.

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FOR THE PRESIDENT ONLY**ETHIOPIA**

Emperor Haile Selassie will probably press hard for more US military aid during his visit on May 15. He sees a mounting threat from neighboring Somalia, which has received increased amounts of Soviet military equipment and a large number of Soviet advisers during the past two years. Mogadiscio has recently reasserted its long-standing claim to Somali-inhabited parts of Ethiopia.

The US Military Assistance Program for this fiscal year will be about \$3 million below the \$12 to \$13 million of recent years. The US Embassy has failed to convince the Ethiopian Government that its concern is overdrawn. The Soviet Union may have recently given the Somalis two IL-28 light jet bombers in addition to the previous four, but there is no hard evidence that they have provided the MIG-21s or T-54 tanks necessary to sustain an offensive.

The Ethiopians have already reinforced their border and improved their counter-insurgency capabilities. Their budget suggests that they may be less worried than they say; it holds the line on defense spending, does not tap opportunities for domestic taxation, and does not fully exploit the potential for borrowing.

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SAUDI ARABIA

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MBFR

Despite their lingering fears that the West is conceding too much to the Soviets, the British this week finally agreed to the North Atlantic Council's acceptance of the Soviet position on Hungarian participation in MBFR talks. This clears the way for a plenary session on Monday to record the agreement, which makes Hungary and seven other states "special participants" or observers.

Each side will make it clear that disagreement on Hungary's status remains. A Warsaw Pact statement will imply that the question of Hungarian participation is now fully settled, while the West will record its intention to press later to include Hungary in the final MBFR agreements. The Eastern side will also suggest that other European states not yet involved in the talks, such as France, might be invited to participate as observers.

Following the plenary, the negotiators in Vienna will move on to consider the timing, location, and agenda for the full MBFR talks. Present indications are that the talks will begin in September or October in Vienna, but detailed discussion of the agenda may not start until the talks begin. This timetable may not hold, however, because some Soviet spokesmen recently have suggested that the USSR will not agree to a starting date for MBFR until a date is set for opening the Conference on Security and Cooperation in Europe.

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AUSTRALIA

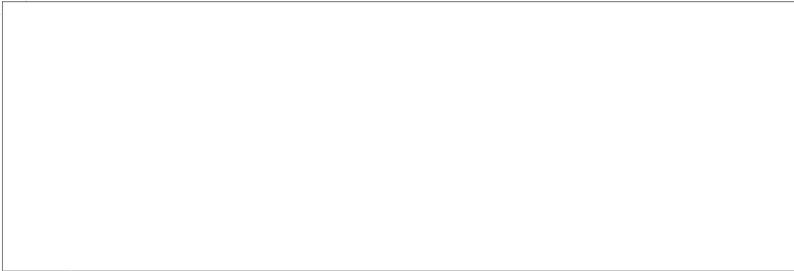
Prime Minister Whitlam's ambitious legislative program is in trouble. The first part, a labor bill, has passed the House, but is headed for almost certain defeat in the opposition-controlled Senate, on the grounds that it caters excessively to union interests.

Whitlam looks on the labor bill as a test case for the rest of his program. He has implied that if it fails two readings, he will dissolve parliament and call elections. The parliamentary process is a long one, however, and no decisions will be made until late this year or early 1974.

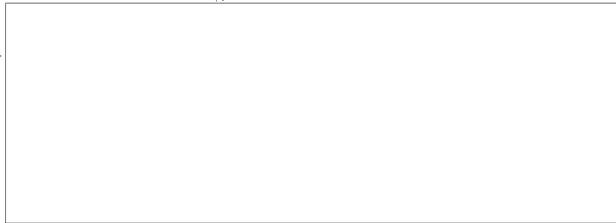
A gamble on new elections is bound to be attractive to Whitlam. In the House the Labor government has a solid majority of nine that it is unlikely to lose in the near term. In the Senate, Labor has 26 seats, the opposition Coalition 31 and Independents 3. With only a relatively moderate shift in votes, Labor could take control of the Senate. If that were achieved, Whitlam could move forward on his domestic program and make other changes, such as redistricting of constituencies, that would put Labor in a strong position in Australian politics for years.

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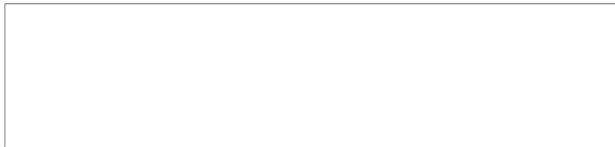
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NOTES

West Germany: Bonn's new anti-inflationary package announced yesterday lacks any direct measures to hold down prices and wages. The government continues to shy away from price and wage freezes and hopes to rely instead upon voluntary restraints. The program appears unlikely to reduce inflation to the desired goal of a 5.5-percent annual rate. In fact, in the next few months, the cost of living probably will accelerate above the 7.5-percent gain of last month over April 1972.

International Monetary Developments: The dollar continued its decline against most major currencies in light trading yesterday. The price of gold continued its rapid rise, closing near \$95 an ounce.



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