

~~TOP SECRET~~



# The President's Daily Brief

August 27, 1975

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FOR THE PRESIDENT ONLY

August 27, 1975

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PORTUGAL

*Portuguese army chief of staff Fabiao has reportedly ceased his efforts to form a new government to replace that of Prime Minister Goncalves.*

[Redacted]

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A Lisbon newspaper [Redacted]

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[Redacted] reports that Fabiao has given up his efforts. The newspaper account says that further attempts at a compromise may be under way that would assign the task of forming a new government to someone else, possibly navy chief of staff Azevedo, who is a close friend of President Costa Gomes and last week gave at least indirect support to Goncalves.

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A withdrawal of Fabiao and Carvalho from the contest for power would be a serious blow to the Antunes group, although not necessarily a fatal one. This, coupled with the Communists' increasing show of confidence and strength in Lisbon, would undoubtedly cause Antunes and his followers to reassess their own military strength.

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Goncalves, meanwhile, appears determined to preserve the appearance of an active prime minister presiding over a functioning government. He met with the decolonization commission yesterday morning and later presided over a cabinet meeting. A communiqué after the cabinet session underlined the decision to reorganize certain military bodies, including the Revolutionary Council, which has opposed Goncalves' consolidation of power.

The government communiqué also stressed the importance of the newly organized united front comprising the Communist Party and seven other left-wing extremist groups as an effective instrument to halt the widespread anti-Communist violence. The front has called for a series of "unity demonstrations" to be held throughout the country in support of Goncalves. The first is scheduled for this evening in Lisbon.

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USSR

*The Soviets are approaching a milestone under the Strategic Arms Limitation Interim Agreement. A second lengthened D-class submarine, launched in May, should have begun sea trials out of Severodvinsk. If so, the Soviets will be over the limit of 740 launchers on nuclear-powered submarines to which they are entitled without compensating reductions of older sea- or land-based launchers. Some dismantling apparently has already begun.*

The Soviets are allowed 950 modern ballistic missile launchers on submarines under the provisions of the Interim Agreement. For every launcher above 740 on nuclear submarines, however, they must dismantle one older land- or sea-based launcher.

Lengthened D-class submarines carry 16 tubes. Counting the first lengthened D-class submarine now on sea trials, the Soviets apparently have 730 launchers accountable under the Agreement. A second lengthened D-class on sea trials would bring the total of sea-based launchers to 746.

[redacted]

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The Soviets said last March that they were dismantling 34 older ICBMs in accordance with the procedures agreed to by the Standing Consultative Commission. Four SS-7 launchers [redacted]

[redacted] already have been dismantled; dismantling of two more may be in process. The six would bring the Soviets within the provisions of the Agreement.

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The remaining 28 older ICBM launchers are in a reduced state of readiness, and would appear to be prime candidates for dismantling when additional lengthened D-class submarines go on sea trials.

[redacted]

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SYRIA

*President Asad's resolve to demand more territorial concessions from the Israelis is likely to be strengthened by recent reports of strong domestic opposition to the current Sinai negotiations.*

Syrian fears have been agitated by the anti-Egyptian press in Lebanon and by Communist propaganda. As usual, many people suspect Egypt's President Sadat of trying to sell out Arab and Palestinian interests.

While Asad has reservations about a new Sinai agreement, he probably sees no way to stop a Sinai accord and fears that the only alternative might be a rapid slide into war. He also may believe that such an accord would encourage another Israeli withdrawal on the Heights. Nevertheless, Asad does not want to rely too heavily on the Egyptians and Saudis to look out for Syrian interests.

Asad, to buttress his own negotiating position, has moved closer to Jordan and the Palestine Liberation Organization and has continued to pursue the objective of having Israel expelled from the United Nations. By following these policies he probably hopes to put enough pressure on all the parties involved to focus attention on Syria once a Sinai accord is reached.

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ARGENTINA

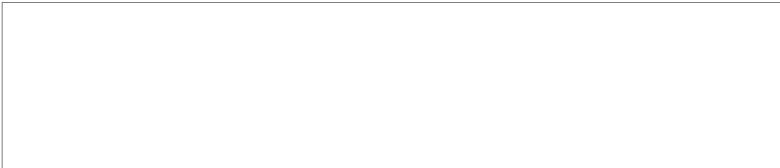
*Tension has increased sharply in Argentina over the status of the interior minister, army Colonel Vicente Damasco, and his principal backer-- army commander in chief General Numa Laplane. Military leaves have been canceled and a number of units are on full alert* [redacted]

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Top army commanders have issued statements demanding Numa Laplane's retirement and Damasco's removal from the cabinet or at least retirement from active military status. Military leaders resent the prominent role Numa Laplane and Damasco played in selecting the latest cabinet and their failure to consult widely in the process. They believe Damasco's presence in the cabinet links the armed forces to what they consider a hopelessly inept government. According to a press report this morning, Damasco has requested retirement from the army.

President Peron yesterday defied the armed forces by rejecting a resignation offered by Numa Laplane. Press reports indicate he has again offered to resign but has proposed First Army corps commander General Caceres as his replacement. The appointment of Caceres, who is not identified with those pressing hardest for Damasco and Numa Laplane to go, would presuppose the retirement of most of the disgruntled generals, who are senior to Caceres. Such a prospect is not likely to be accepted by the military.

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FRANCE-ITALY-PORTUGAL

*French and Italian Communists have responded hesitantly to Portuguese Socialist leader Soares' call for a conference of southern European Socialist and Communist parties to discuss Portugal. Communist leaders in France and Italy appear caught between their desire to be more forthcoming for public consumption at home and their reluctance to get involved in what appears to be an attempt by Soares to use them to bring pressure on the Portuguese Communist Party to adopt a more cooperative line. The Socialist leaders--Mitterrand in France and De Martino in Italy--reacted quickly and positively to Soares' request.*

The Communist parties of all three countries invited to attend--France, Spain, and Italy--have sought alliances with democratic parties to open the path to power. The parties in Italy and Spain, in particular, have criticized the cavalier attitude of the Portuguese Communists toward democratic procedures and their adoption of more traditional revolutionary tactics.

Obviously stalling for time, French Communist Party leader George Marchais argued in his reply last week that solidarity of the left in Western Europe is too important for such a meeting to be restricted to Portugal, France, Italy, and Spain, and suggested other European parties be invited as well. He probably hopes the difficulty of organizing any such meeting will postpone concrete preparations until the situation in Portugal is more settled.

The events in Portugal have provoked a quarrel between the French Communists and Socialists in which Marchais has come off second best. His image as the more doctrinaire, inflexible, and less democratic leader has been reinforced. His rival, Socialist Party secretary Francois Mitterrand, has gained by appearing to be a traditional social democrat who knows the limitations of his alliance with the Communists and can stand up to their ideological assaults.

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The Italian Communists have responded with caution to Soares' proposal. They made a general statement of approval of understandings between West European Communists and Socialists. In recent weeks, however, they seem to be backing away from their earlier open criticism of the Portuguese Communists' strong-arm tactics.

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NOTES

The Portuguese foreign ministry has informed US officials that Lisbon is on the verge of asking Indonesia to intervene militarily in Timor.

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A green light from Lisbon would provide Jakarta with the justification it has been seeking and remove the last obstacle to military intervention.

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Lisbon announced early today that it had evacuated all Portuguese refugees in Dili, including the governor of Timor.

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[Redacted]

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Yugoslav [Redacted]

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[Redacted]

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*A delegation from China's Council for the Promotion of International Trade will arrive in the US on September 5 for an 18-day tour.*

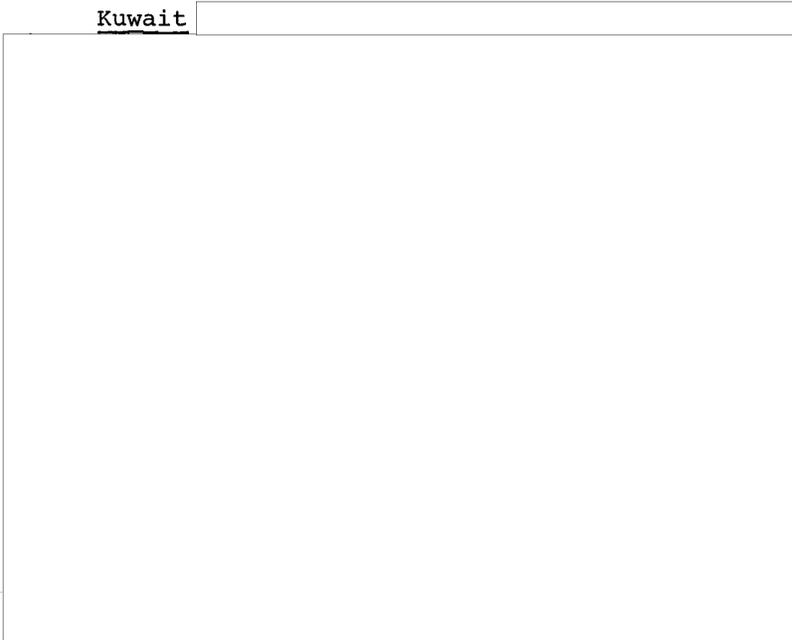
The mission will include representatives of trade corporations for machinery, minerals and metals, and native produce. The Chinese expect to meet members of Congress, government officials, and US businessmen to discuss trade, trade exhibits, and regional trade promotion offices in the US. They will also want to talk about the legal issues in US-China trade, including most-favored-nation treatment. US-China trade is off substantially this year because of the sharp drop in Chinese purchases of US agricultural products. US exports to China for the year will reach about \$250 million, compared with \$807 million for 1974. Chinese exports to the US will total about \$150 million, up from \$115 million last year.

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Kuwait

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