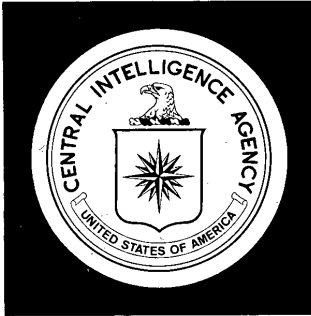


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The President's Daily Brief

January 23, 1974

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THE PRESIDENT'S DAILY BRIEF

January 23, 1974

PRINCIPAL DEVELOPMENTS

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Communist units throughout South Vietnam have orders to stand down during the three-day Tet holiday, which begins today. *(Page 2)*

Preliminary discussions appear to be under way for the sale by France to China of Mirage III fighter aircraft. *(Page 3)*

Thai Prime Minister Sanya has quashed speculation that his government is about to step down. *(Page 4)*

FOR THE PRESIDENT ONLY

ISRAEL

Leaders of Prime Minister Meir's Labor Alignment anticipate success in forming a new government with their two most important pre-election coalition partners, the National Religious Party and the Independent Liberal Party. This week the two parties provided some grounds for Labor's optimism when they supported its candidate for speaker of the Knesset against a challenge by the conservative Likud bloc.

A Labor Alignment deputy minister informed US officials late last week that agreement between Labor and the National Religious Party is "virtually complete." In private talks with Labor representatives, leaders of the National Religious Party have indicated they might endorse a flexible foreign policy differing little from that of the current caretaker government.

The December election not only reduced the Labor Alignment's strength in the Knesset, but has restricted Prime Minister Meir's options in allotting ministerial posts. The shift to the right makes it all the more necessary, for example, to accommodate the views of Defense Minister Dayan on security issues. On the other hand, Mrs. Meir cannot afford to yield to those--like Dayan--who wish to replace Abba Eban as foreign minister. Eban is backed by Finance Minister Sapir, who has great influence among Labor Party regulars.

The Prime Minister will probably appoint to the cabinet familiar political figures rather than seek fresh faces. This would solve her most immediate problem--forming a government that will safely carry on present policies--but it may lead to a more open struggle for control of the Labor Party among the younger political leaders.

FOR THE PRESIDENT ONLY

SOUTH VIETNAM

Recent intercepts from Communist units throughout the country show that they have orders to stand down during the three-day holiday which starts today. According to agent reports, many units were planning to celebrate Tet early in order to permit "increased vigilance" in case of military operations by the government.

There will apparently be little respite, however, in western Pleiku Province. Fighting in this area has been heavy since last week, when Saigon launched an operation to recapture the border outpost at Plei Djereng. The South Vietnamese currently hold the upper hand, but the Communists have sufficient strength in the area to counterattack at any time.

FOR THE PRESIDENT ONLY

FRANCE-CHINA

Preliminary discussions appear to be under way for the sale by France to China of Mirage III fighter aircraft. A recent French press article claimed that China is interested in buying some 30 to 40 Mirage IIIs and possibly obtaining the rights to produce the aircraft in China under license. The article also stated that the Chinese are interested in acquiring the new F-1 Super Mirage when it becomes available.

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Acquisition of significant numbers of the Mirage III--a Mach 2 fighter--would greatly improve the intercept and ground attack capabilities of the Chinese Air Force. For several years, the Chinese have been developing a new high-speed interceptor of their own, but the status of that program is uncertain. If the French agree to licensed production of the Mirage in China, the Chinese would gain access to advanced technological processes that their aircraft industry currently lacks.

The Mirage F-1 is the latest aircraft produced by Dassault-Breguet. The F-1 Super Mirage, an improved model of the F-1, is expected to fly some time in 1976, and production models are expected to be available in 1978. Dassault officials claim that the avionics planned for this aircraft will be comparable to those carried by the US F-15.

FOR THE PRESIDENT ONLY

THAILAND

After consulting with the King, Prime Minister Sanya has issued a tough statement quashing speculation that his government was about to step down. Sanya said that his government still enjoys the confidence of the King, but threatened that he would resign if the National Assembly did not pass the tax bills that had been rejected earlier. He strongly implied that his challenge to the National Assembly had the firm backing of the King.

Sanya's statement is another sign of the extent to which the King has been drawn into the political process. Sanya also referred to the King's "interest" in recent student disturbances--an oblique but nonetheless clear signal from the palace for the students to get off the streets and back into the classrooms.

Sanya's threat last week to resign was prompted by charges that his government had been ineffective in dealing with public disorder. He has ordered the police to crack down on student law breakers, but the police have been reluctant to take such action for fear of arousing a new wave of student hostility. At least for the moment, however, public sympathy for the students is waning, and this should make the job easier for both Sanya and the police.

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