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The President's Daily Brief

November 14, 1975

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Table of Contents

Portugal: A major test between the government and Communist-led workers apparently ended early this morning with agreement on a new collective labor contract. (Page 1)

Angola-Cabinda: The invasion of Cabinda by Zairian-led forces has been pushed back by the Popular Movement. (Page 2)

USSR-CSCE: Deputy Foreign Minister Korniyenko's substantive response to a US démarche on CSCE implementation indicates that Moscow feels obliged to engage in a serious dialogue on some implementation issues. (Page 4)

Notes: USSR; Syria-Israel; Spanish Sahara; Lebanon (Pages 5 and 6)

FOR THE PRESIDENT ONLY

PORTUGAL

A major test between the government and Communist-led workers apparently ended early this morning with agreement on a new collective labor contract.

While there has been no official announcement of the details of the settlement, initial press reports say Prime Minister Azevedo bowed to the workers' wage demands. He apparently refused to fire Labor Minister Rosa, but the press says he agreed to an investigation of the Labor Ministry, which has been a target of the Communists in recent weeks. The workers evidently were placated enough to end their siege of Sao Bento palace, where Azevedo had been a hostage the past two days.

There was a danger yesterday that the workers' protest, which began Wednesday, would develop into a major crisis when the workers demanded not only a 44-percent wage hike, but also the return to power of pro-Communist former prime minister Vasco Goncalves. Last night, President Costa Gomes appealed to a nationwide radio audience for calm and for support for the sixth provisional government.

The government will have serious problems if it has agreed to the construction workers' demands for a 44-percent wage increase, especially after details of a new austerity program were published in the Lisbon press this week. The document outlines the need for increased prices, reduced real wages, rationing of essential foodstuffs, and adjustments in the escudo exchange rate to put Portugal on the road to economic recovery.

Before implementing this program, the government will have to weigh very carefully its ability to withstand the tension the program is bound to create against the chaos that might result if something is not done to improve the economy. The Communists have already attacked the program for demanding sacrifices of the working class.

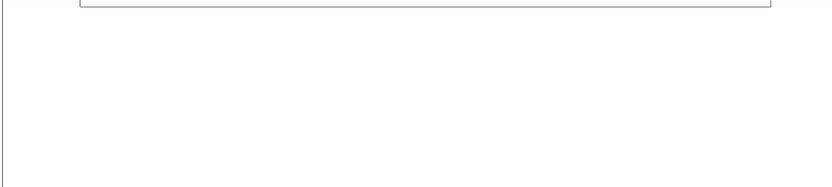
ANGOLA-CABINDA

The invasion of Cabinda by Zairian-led forces of the Front for the Liberation of the Enclave of Cabinda that was launched from Zaire last week has been pushed back by troops of the Popular Movement for the Liberation of Angola.

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The failure to dislodge the Popular Movement will be a blow to Mobutu. He seems to have counted on the element of surprise and expected the force to move rapidly and capture the city of Cabinda, some 35 miles from the border. Should he decide to renew the attack, he will probably have to commit substantially more Zairian troops.

Mobutu, however, may not want to risk further involvement in Cabinda immediately, particularly in light of growing Cuban support for the Popular Movement and reports that the MIG aircraft may soon be operational, piloted by Cubans. He may prefer to wait in the hope that military pressures on the Popular Movement in Angola proper eventually will force the Movement to withdraw troops from the enclave.



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USSR-CSCE

Deputy Foreign Minister Korniyenko's substantive response to a US démarche on CSCE implementation indicates that Moscow feels obliged to engage in a serious dialogue on some implementation issues.

The USSR consistently has held that the provisions of the Helsinki agreement are not automatically self-implementing, but must be negotiated bilaterally. With a follow-on meeting of CSCE signatories scheduled to take place in Belgrade in 1977, the Soviets have an interest in appearing to be cooperative and responsive to Western initiatives.

Moscow would like to appear to be living up to the letter and spirit of the agreements. Thus, the Soviets have asserted that, in contrast to the US, they have widely disseminated the text of the agreement. They also have approved multiple exit and entry visas for US journalists; the same arrangement was reached with the French as a result of President Giscard's visit.

Appearances notwithstanding, the Soviets are laying out the limits to which they will go. They have been particularly unreceptive on the military-related aspects of CSCE, the so-called confidence-building measures, refusing either to acknowledge Western advance notification of military exercises or to send observers to them. They also have stressed the aspects of the conference document they regard as advantageous, especially the statement on "inviolability of frontiers."

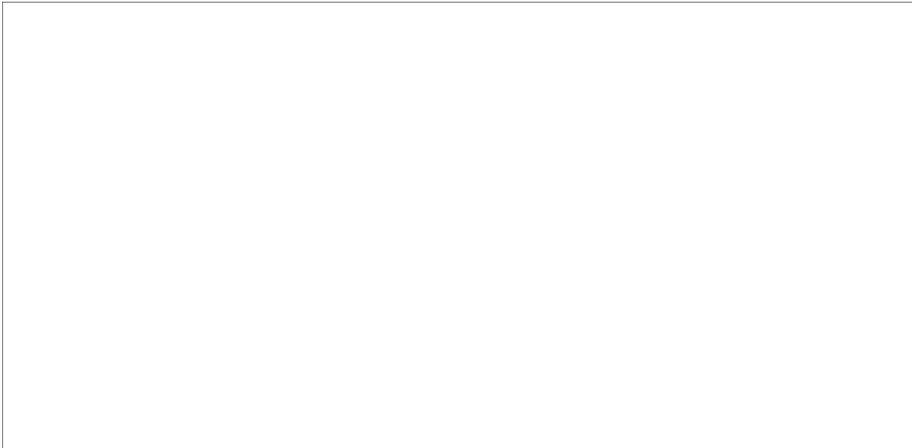
In addition to putting forth their own interpretations of what the Helsinki agreement does and does not require, the Soviets, as well as the East Europeans, have been trying to put the West on the defensive. Korniyenko complained about problems the Soviets have had in obtaining US visas and the inadequate dissemination of the CSCE text in the US. He also threw in an attack on Radio Free Europe, Radio Liberty, and Voice of America broadcasts as incompatible with the Helsinki agreement.

NOTES

Satellite photography obtained in October shows that the Soviets have started to dismantle two more above-ground launchers for the SS-7 ICBM and have resumed the dismantling of eight other launchers.

The launcher dismantling program now involves at least 36 SS-7 launchers. As of last month, the Soviets had 775 launchers on submarines that were then operational or on sea trials. Under the strategic arms limitation interim agreement, the Soviets are allowed to build more than 740 launchers for modern submarine-launched ballistic missiles on nuclear-powered submarines if older missile launchers--equaling the number of SLBMs in excess of 740--are dismantled.

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Spanish, Moroccan, and Mauritanian officials apparently have made little progress toward a firm agreement on the future of Spanish Sahara after two days of talks in Madrid.

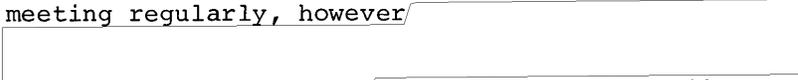
Algerian opposition to a partition of the territory between Morocco and Mauritania is a major factor in Madrid's decision to stand by its earlier promises to seek a UN role involving a referendum in the disputed territory. Algiers is on record as favoring a UN-supervised referendum. Meanwhile, the evacuation of Spanish civilians from the territory is virtually complete. Any evacuation of military forces will depend on the outcome of the negotiations.

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Security in Beirut has deteriorated this week, although the principal combatants seem to be trying to forestall heavy fighting.

Efforts by Lebanese and Palestinian politicians to find a solution have so far achieved no result. The committee considering political reform has been meeting regularly, however

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 Prime Minister Karami's security committee has also been meeting, primarily to seek ways to stop the recurring waves of kidnappings. The cabinet goes through the formality of meeting but the split between Christian and Muslim members is as deep as ever.

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