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FM THE SITUATION ROOM TOHAK03

State Dept., NSA reviews completed

TO PETER RODMAN FOR SEC KISSINGER

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ON-FILE NSC RELEASE
INSTRUCTIONS APPLY

FEBRUARY 21, 1974

MEMORANDUM FOR THE SECRETARY
FROM: THE SITUATION ROOM
SUBJECT: ADDITIONAL INFORMATION ITEMS
PLANNED STUDENT DEMONSTRATION AGAINST YOU AND CHILEAN GOVERNMENT:



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IF NECESSARY. IT IS UNLIKELY, HOWEVER, THAT STUDENT PLANNERS WILL BE ABLE TO MUSTER A LARGE NUMBER OF DEMONSTRATORS WHO WOULD BE WILLING TO RISK A VIOLENT CONFRONTATION WITH SECURITY FORCES. THE GOVERNMENT HAS SHOWN NO PROPENSITY TO HUMOR LEFTIST STUDENTS, PREFERRING EITHER TO DISRUPT ANY PLANNED DEMONSTRATIONS BEFORE THEY GET STARTED OR MEET THEM FORCEFULLY AND DECISIVELY IF THEY DO. ALL NECESSARY STEPS WILL CERTAINLY BE TAKEN TO ENSURE THAT THE FOREIGN MINISTERS' MEETING IS NOT DISRUPTED. (FAZID)
EGYPTIAN FORCES ALERT:

THERE HAS BEEN LITTLE OTHER EVIDENCE OF SUCH A DEVELOPMENT, THE FOLLOWING HAVE BEEN SUGGESTED AS POSSIBLE MOTIVES:

- ISRAELI WITHDRAWAL FROM THE WEST BANK OF THE SUEZ CANAL ACROSS THE ONE REMAINING BRIDGE IS SCHEDULED TO BE COMPLETED TOMORROW, FEBRUARY 21.
- ISRAEL IS CURRENTLY PASSING THROUGH A DOMESTIC POLITICAL CRISIS IN FORMING A NEW GOVERNMENT. THE EGYPTIANS AND SYRIANS PREVIOUSLY REACTED TO THE ISRAELI ELECTIONS ON DECEMBER 31 BY PLACING THEIR FORCES ON ALERT.

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-- SADAT IS OUT OF THE COUNTRY, EN ROUTE TO THE ISLAMIC SUMMIT IN LAHORE OVER THE WEEKEND. (NIEHUSS/SAUNDERS)

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MRS. MEIR FORMS MINORITY GOVERNMENT: MRS. MEIR ANNOUNCED LAST NIGHT THAT SHE WOULD MOVE FORWARD TO ESTABLISH A MINORITY GOVERNMENT, WITH ONLY ABOUT 58 OUT OF 120 KNESSET SEATS. SHE EVIDENTLY FAILED TO REACH AN ACCEPTABLE COMPROMISE WITH THE FORMER COALITION PARTNERS, THE CONSERVATIVE NATIONAL RELIGIOUS PARTY, ON WHICH THE LABOR ALIGNMENT DEPENDED FOR ITS MAJORITY. SHE REPORTEDLY EXPRESSED THE HOPE, HOWEVER, THAT THE NRP WOULD JOIN THE NEW GOVERNMENT AT SOME POINT -- LEAVING OPEN THE OPTION THAT FURTHER NEGOTIATIONS MAY STILL BRING THAT PARTY AROUND. (NIEHUSS/SAUNDERS)

BRANDT BESET BY TROUBLES -- RUMORS OF RESIGNATION: EMBASSY BONN REPORTS THAT THE WEST GERMAN PRESS IN THE PAST FEW DAYS HAS CARRIED WHAT APPEARS TO BE WELL-INFORMED ARTICLES CONCERNING WILLY BRANDT'S DEEP UNHAPPINESS WITH THE STATE OF AFFAIRS IN THE FRG. ESPECIALLY DISTURBING TO HIM, APPARENTLY, WAS THE RECENT INFLATIONARY WAGE SETTLEMENT WITH THE PUBLIC SERVICE UNIONS, WHICH BRANDT KNOWS WILL SET THE PATTERN FOR OTHER UNION BARGAINING IN THE WEEKS AND MONTHS AHEAD. THIS PROBLEM, COMING IN CONJUNCTION WITH A SERIES OF OTHER SETBACKS AND DIFFICULTIES, IS SAID TO BE CAUSING BRANDT TO CONSIDER STEPPING DOWN AS CHANCELLOR. ALTHOUGH SENIOR SPD SOURCES ARE DENYING THESE RUMORS, BRANDT HAS APPEARED SOMEWHAT TIRED AND DISPIRITED IN HIS PUBLIC APPEARANCES RECENTLY. WHILE IT IS QUITE UNLIKELY THAT HE IS SERIOUSLY CONTEMPLATING RESIGNATION, BRANDT CERTAINLY REALIZES THAT THE DOMESTIC POLITICAL-ECONOMIC SITUATION IN GERMANY IS NOT LIKELY TO SHOW IMPROVEMENT IN THE COMING YEAR AND THIS WILL NOT IMPROVE HIS PRESENT GLOOMY MOOD. (LIFT)

TANAKA GOVERNMENT WEAKENED -- BUT NOT FATALLY: VICE FOREIGN MINISTER HOGEN'S DEPARTURE OF FEBRUARY 18 APPARENTLY WAS AN EFFORT BY THE TANAKA GOVERNMENT TO PREEMPT GROWING CRITICISM OF ITS FOREIGN POLICY -- AND PARTICULARLY FROM ATTACKS ORIGINATING IN ITS OWN LIBERAL DEMOCRATIC PARTY (LDP) RANKS. THE EVENT WHICH TRIGGERED HOGEN'S DISMISSAL -- AMBASSADOR YASUKAWA'S MISSTATEMENT ABOUT THE TIMING OF THE EMPEROR'S VISIT TO THE U.S. -- WAS ONLY THE LATEST WHICH CRITICS HAD SEIZED ON. EARLIER ISSUES HAVE INCLUDED THE CIVIL AIR AGREEMENT JAPAN IS NEGOTIATING WITH THE PRC, MIDDLE EAST AND ENERGY POLICIES, AND TANAKA'S RECENT SOUTHEAST ASIAN TRIP. LEADING MANY OF THESE ATTACKS FROM WITHIN THE LDP HAS BEEN THE NEW RIGHTWING, NATIONALISTIC FACTION, SUMMER STORM GROUP (SEIRANKAI).

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TANAKA'S ACTION ON HOGEN QUITE OPENLY ADMITS THE WEAKENED STATE OF HIS GOVERNMENT: HE APPARENTLY HAD HOPED THAT HIS PUBLIC REPRIMAND OF YASUKAWA WOULD SUFFICE. OUR EMBASSY IN TOKYO, HOWEVER, BELIEVES THAT NOT EVEN OFFERING UP HOGEN WILL STILL TANAKA'S CRITICS. IN ADDITION, THE LDP IN-FIGHTING HARDLY WILL HELP THE PARTY PREPARE FOR ITS MAJOR TEST IN THE UPPER HOUSE ELECTIONS THIS JUNE.

A RANKING FOREIGN OFFICE OFFICIAL HAS TOLD OUR EMBASSY THAT AMBASSADOR YASUKAWA WILL NOT BE SACRIFICED, IF ONLY BECAUSE HIS OUSTER WOULD OPEN OHIRA TO MORE DIRECT ATTACK, GIVEN OHIRA'S CLOSE ASSOCIATION WITH YASUKAWA'S GAFFE. HOGEN'S REPLACEMENT, DEPUTY VICE MINISTER TOGO, PORTENDS NO SIGNIFICANT CHANGE IN OUR RELATIONS WITH JAPAN. (FROEBE)

ARGENTINA BUYS OIL FROM LIBYA: THE ARGENTINE GOVERNMENT HAS SIGNED A SERIES OF BILATERAL AGREEMENTS WITH LIBYA UNDER WHICH LIBYA WILL SUPPLY THREE MILLION METRIC TONS OF CRUDE OIL TO ARGENTINA IN 1974. ARGENTINA REPORTEDLY WILL PAY THE GOING INTERNATIONAL PRICE. IN RETURN LIBYA WILL PROVIDE CAPITAL FOR AN ARGENTINE-LIBYAN INVESTMENT BANK IN ARGENTINA AND WILL PURCHASE UNSPECIFIED AMOUNTS OF ARGENTINE AGRICULTURAL AND MANUFACTURED GOODS. OUR EMBASSY BELIEVES THAT ARGENTINA WILL ALSO CONTINUE ITS CRUDE IMPORTS FROM TRADITIONAL WESTERN SOURCES, POSSIBLY USING ANY EXCESS CRUDE (EVEN AT HIGH COST) AS A MEANS TO GAIN INFLUENCE WITH URUGUAY AND PARAGUAY AND COUNTER BRAZILIAN INFLUENCE WITH THESE COUNTRIES. (BROWNELL)

LIBYAN-ARAB WORLD RELATIONS: LIBYA'S RELATIONS WITH THE ARAB WORLD, ESPECIALLY EGYPT, APPEAR TO BE ON THE MEND, AT LEAST FOR THE SHORT-TERM. ALL SIDES SEEM TO HAVE A NATURAL INTEREST IN THIS DEVELOPMENT, ESPECIALLY ON THE EVE OF THE ISLAMIC SUMMIT. LAST WEEK PRESIDENT ASAD STOPPED OVER IN TRIPOLI ON HIS WAY TO THE SUMMIT IN ALGIERS, WHICH WAS NOT TO INCLUDE LIBYA. THIS WEEK, QADHAFI VISITED SADAT IN CAIRO -- AFTER SADAT HAS ALL BUT IGNORED HIM FOR THE PAST TWO MONTHS -- AND EVEN DELIVERED A RATHER MILD SPEECH CONCERNING EGYPT'S CURRENT PEACE EFFORTS; HE POLITELY ACKNOWLEDGED THAT "SINCERE DIFFERENCES" WOULD BE AIRED ONLY IN A CLOSED MEETING RATHER THAN IN PUBLIC, AS HAS BEEN QADHAFI'S WONT IN THE PAST. YESTERDAY, SADAT AND QADHAFI FLEW TOGETHER TO SEE KING FAISAL; THEY MAY EVEN GO ON TOGETHER TO THE ISLAMIC SUMMIT WHICH OPENS IN LAHORE ON FRIDAY. IN SUMMARY, QADHAFI APPEARS MOMENTARILY REPENTANT AND ARAB NEIGHBORS PRAGMATICALLY INTERESTED IN FOLDING HIM INTO THE UNITED

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ARAB FRONT TO SHORE UP PEACE EFFORTS -- AN INITIATIVE THEY HAVE EXPRESSED A DESIRE TO UNDERTAKE AS OFTEN AS THEY HAVE DESCRIBED

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QADHAFI AS A MADMAN.
ALL SIDES WOULD SEEM TO BENEFIT BY THIS MOVE. QADHAFI HAS BEEN BADLY ISOLATED POLITICALLY AND ALSO DOES NOT WANT TO FOREGO EGYPTIAN TECHNICAL ASSISTANCE, UPON WHICH LIBYA DEPENDS HEAVILY FOR ITS DEFENSE ESTABLISHMENT AND DEVELOPMENT PROJECTS. EGYPT AND SYRIA HAVE A NATURAL INTEREST IN LIBYAN MONEY AT A MINIMUM POLITICAL COST AND ALSO, ALONG WITH SAUDI ARABIA AND OTHER ARAB STATES RELEVANT TO THE PEACE PROCESS, A GREAT INTEREST IN NEUTRALIZING LIBYA'S OBSTRUCTIONIST VIEWS TOWARDS A SETTLEMENT AND IN FURTHER STRENGTHENING PROSPECTS FOR A TRULY UNITED ARAB POSITION. THE TIMING OF THIS DEVELOPMENT IS OF INTEREST SINCE THE ISLAMIC SUMMIT, WHICH WILL DISCUSS THE MIDDLE EAST, WILL OPEN ON FRIDAY. WITH QADHAFI AND ARAFAT BOTH PRESENT, THE ANTICIPATION HAS BEEN THAT THE CHANCES FOR INTER-ARAB DISAGREEMENT AND HARDENED POSITIONS ON MIDEAST ISSUES WOULD BE GREATER, AND GENERALLY UNHELPFUL TO THE CURRENT NEGOTIATIONS. ARAB AND PARTICULARLY SADAT'S EFFORTS TO BRING QADHAFI INTO THE FOLD PRIOR TO THE CONFERENCE AND HIS PRESENCE WITH QADHAFI COULD REDUCE THE CHANCES FOR AN UNHELPFUL OUTCOME AT LAHORE, WHICH IS IN OUR INTEREST AS WELL. (NIEHUSS/SAUNDERS)

JORDAN-PLD RELATIONS: KING HUSSEIN HAS RECENTLY BEEN RETHINKING JORDAN'S STRATEGY AND IS NOW REPORTED TO HAVE CONCLUDED THAT THE PLO SHOULD BE GIVEN GREATER RESPONSIBILITY TO NEGOTIATE FOR ISRAELI WITHDRAWAL FROM THE WEST BANK THROUGH THE FORMULATION OF A JOINT JORDANIAN-PLD POSITION. THE KING'S MAIN CONCERN IS TO EASE JORDAN'S ISOLATION WITHIN THE ARAB WORLD AND HIS OWN DIFFICULT DOMESTIC SITUATION.

THE KING AND ZAYD RIFAI ARE PLANNING TO MEET WITH A FATAH REPRESENTATIVE IN AQABA TODAY. HE WILL THEN WANT TO DISCUSS HIS STRATEGY WITH YOU DURING YOUR UPCOMING VISIT AND ALSO PLANS TO TALK TO KING FAISAL AND PRESIDENTS SADAT AND ASAD. IF ALL THESE TALKS GO WELL, THE KING WOULD THEN BE PREPARED TO ANNOUNCE JORDAN'S NEW POLICY PUBLICLY.

TO SOME DEGREE, THIS SEEMS TO BE A TACTICAL PLOY ON THE KING'S PART, BUT IT DOES REFLECT HIS SENSE THAT JORDAN WILL BE TAKING HIGH RISKS IN ANY UNILATERAL AGREEMENT WITH ISRAEL. IN ANY EVENT, THE PRESENT ISRAELI ATTITUDE TOWARD NEGOTIATING OVER THE WEST BANK MAY MAKE THIS ACADEMIC. (QUANDT/SAUNDERS)

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SIHANDUK IDLES IN CANTON: EXCEPT FOR A BRIEF TET VISIT TO HANOI, PRINCE SIHANDUK HAS REMAINED IN CANTON SINCE EARLY NOVEMBER, OBVIOUSLY CARING FOR HIS AILING MOTHER, QUEEN KOSSAMAK.

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HIS CHINESE HOSTS RECENTLY HAVE NOT DEVOTED MUCH ATTENTION TO SIHANDUK. INSTEAD, PEKING'S PRESS HAS CONCENTRATED ON KHMER

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COMMUNIST MILITARY DEVELOPMENTS. (STEARMAN/ADAMS)
 DRV LEADERS CRITICIZE PROLETARIAT BEHAVIOR: IN NORTH VIETNAM'S
 "PROLETARIAN DICTATORSHIP," THE PROLETARIAT AS WELL AS THE PEASANTRY
 HAVE COME UNDER SIGNIFICANT BUT NOT UNPRECEDENTED OFFICIAL
 CRITICISM IN RECENT WEEKS. SINCE EARLY FEBRUARY, NUMEROUS
 EDITORIALS, SPEECHES, AND OFFICIAL CONGRESSES HAVE EXPRESSED
 SHARP CONCERN OVER LOW PRODUCTIVITY BY NORTH VIETNAM'S WORKING
 CLASS. PRONOUNCEMENTS ON THIS SUBJECT HAVE STRESSED THAT THIS
 PROBLEM IS THE KEY TO ECONOMIC REVIVAL AND MUST BE RESOLVED
 IMMEDIATELY. PARTY CHIEF LE DUAN HAS PUBLICLY COMPLAINED THAT
 MANY PEOPLE ARE NOT WORKING AN EIGHT-HOUR DAY. THE PARTY DAILY
 HAS ACKNOWLEDGED THAT 30 PERCENT OF RAW MATERIALS EMPLOYED BY
 WORKERS ARE BEING WASTED, WHILE 40 PERCENT OF THE DRV'S EQUIP-
 MENT CAPACITY IS IDLE. AGRICULTURAL COOPERATIVES HAVE BEEN
 CRITICIZED FOR A GROWING TENDENCY TOWARD PRIVATE PROPERTY,
 WHICH HAS "SERIOUSLY ENCRDACHED" ON RICE LANDS HELD BY THE
 STATE.

PROPER MOTIVATION OF THE DRV'S WORKERS WAS THE FIRST PRIORITY IN
 THE PARTY'S RECENT 22ND PLENUM AND RELATED STATE PLANS FOR 1974-
 1975. HOWEVER, THE NEW PARTY'S CAMPAIGN FOR INCREASING LABOR
 PRODUCTIVITY FREQUENTLY IS LINKED TO A NEED TO ELIMINATE UN-
 SPECIFIED "NEGATIVE ECONOMIC PHENOMENA" (E.G., BLACK MARKET AND
 PRIVATE ENTERPRISE) AND INCREASE RESPECT FOR THE "SOCIALIST LEGAL
 SYSTEM." APPEALS FOR HEIGHTENED DISCIPLINE, SECURITY, AND PUBLIC
 ORDER ARE INCREASINGLY COMMON.

IN RELATED DEVELOPMENTS, BOTH LE DUAN AND FOREIGN MINISTER TRINH
 HAVE ASSOCIATED THESE PROBLEMS WITH THE SITUATION IN SOUTH VIET-
 NAM. THEY HAVE STRONGLY IMPLIED THAT HANOI'S COMMITMENT IN THE
 SOUTH HAS AGGRAVATED ECONOMIC PROBLEMS IN THE NORTH.

NORTH VIETNAM'S NEW CRACKDOWN ON LABOR DISCIPLINE AND PRIVATE
 ENTERPRISE REVEALS SERIOUS MOTIVATIONAL PROBLEMS AMONG ITS
 GENERAL POPULATION. SUCH PROBLEMS ARE NOT NEW, BUT HANOI'S
 REACTION APPEARS UNUSUALLY SHARP AND DISPLAYS CONSIDERABLE SEN-
 SITIVITY OVER THE "PROLETARIATS." APPARENT LACK OF ENTHUSIASM
 WITH ITS OWN DICTATORSHIP. (STEARMAN/ADAMS)

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