



# The President's Daily Brief

2 July 1973

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

2 July 1973

**PRINCIPAL DEVELOPMENTS**

Another military move against the Chilean Government may be imminent. (Page 1)

The Uruguayan Government is trying to break the strike called in opposition to the dissolution of Congress. (Page 2)

The Khmer Communists are trying to cut Route 4, Phnom Penh's link to the sea. (Page 3)

Egyptian Foreign Minister Zayyat's statement implicitly recognizing Israel has infuriated the Palestinians, who regard it as a sell-out. (Page 4)

The French have prevented the EC Council from granting the US compensation for trade losses incurred when the community expanded to nine. (Page 5)

A struggle for power appears to be under way in Iraq's ruling Baath Party. (Page 6)

**FOR THE PRESIDENT ONLY**

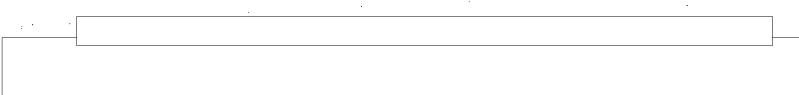
*FOR THE PRESIDENT ONLY*

CHILE

Another military coup attempt may be imminent. Officers who have been plotting against the Popular Unity government appear to believe they must act now, before President Allende can neutralize them. Such officers regard last Friday's abortive revolt by one battalion as premature, and are trying to pull their plans together for a coordinated effort.



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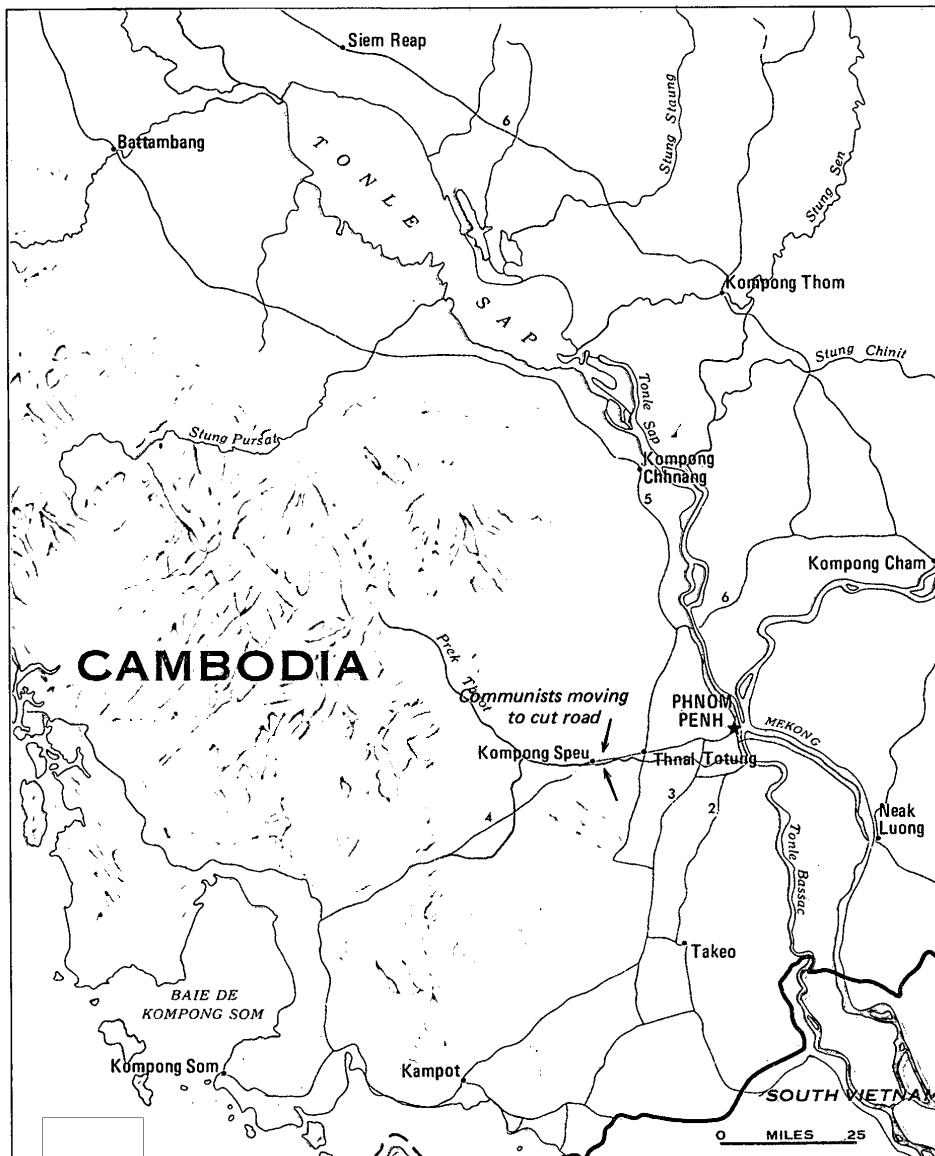
*FOR THE PRESIDENT ONLY*

**URUGUAY**

The government is trying to break the strike called in opposition to President Bordaberry's dissolution of Congress. After failing to win over workers with promises of pay raises, soldiers have evicted strikers from government buildings and factories, and some 200 union leaders have been arrested.

*Although union members have not been unanimous in support of the strike, enough have followed their more radical leaders to virtually paralyze the capital city. There has been no significant violence thus far and, if the authorities continue to act with restraint and to render the unions leaderless, none is likely.*

*FOR THE PRESIDENT ONLY*



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**FOR THE PRESIDENT ONLY**

**CAMBODIA**

The Communists are still trying to cut Route 4 near Kompong Speu. Within the past several days, enemy forces have closed to within two miles of this provincial capital, against only light government resistance.

Although there appears to be no immediate threat to Kompong Speu itself, the Communists are likely to increase pressure on the town to draw government reserves into the area. This would weaken government defenses along Route 4 between Kompong Speu and Thnal Totung farther to the east, leaving this stretch of road vulnerable to enemy interdiction. Route 4 was reopened to government convoys only ten days ago, following a two-week occupation by enemy forces.

Another objective of the enemy's campaign is to eliminate the vestiges of government control in the countryside immediately surrounding Kompong Speu, where government pacification programs have had some success.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**EGYPT**

During the UN Middle East debate in early June, Foreign Minister Zayyat argued that the 1947 partition of Palestine gave the "Palestinian nation" the same right to exist as it gave Israel. Zayyat's object was to pave the way for a settlement with Israel that would regain Egypt's pre-1967 border, without necessarily dealing with the overall Palestinian problem. His initiative caused a furor throughout the Middle East.

--The fedayeen have denounced Zayyat's position as undermining their goal to liberate the entire territory of Palestine, including Israel. They are upset at the recognition of Israel implicit in the statement.

--Jordan sees the move as a confirmation of Cairo's intention to conclude a separate peace with Israel, leaving Amman to fend for itself. Jordan also objects to the implication that the West Bank should be the future site of a Palestinian state independent of Amman.

--Some Egyptian officials disagree with the position, and even President Sadat is said to be annoyed over the way Zayyat couched it.

Cairo is now scrambling to explain that it merely favors self-determination for the Palestinians, giving them the right to exist within "Palestine" on any sort of basis they can work out for themselves. The reassurances are unlikely to succeed. The Israelis, meanwhile, have undercut Egypt's hopes of solving its border problems by registering a firm "no" to Zayyat's statement.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

EC-US

At last week's Council meeting, the French alone adamantly refused to reconsider the Commission's present mandate that precludes granting the US any compensation for trade losses incurred when the community expanded from six to nine. The EC Commission now plans to meet today with trade officials from member states in an effort to get around French inflexibility.

*The Commission is stretching its instructions from the Council in eliciting the views of other members on changing its mandate, and Paris may not permit the Commission to explore terms of an improved offer with the US. The EC Council will take up the compensation issue again on July 23.*

**FOR THE PRESIDENT ONLY**

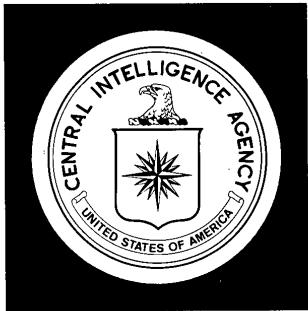
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NOTES

Iraq: The killing yesterday of one member of Iraq's Revolutionary Command Council and the wounding of another could indicate that a struggle for power within the ruling Baath Party is under way. The victims, Ministers of Defense and Interior, were supporters of President Bakr. Baghdad Radio has announced that the two were lured into a trap and shot on order of Nazim Kazzar, director of public security. Ostensibly Kazzar is a subordinate of the Minister of Interior, but he is thought to report to Saddam Husayn Tikriti, the man in charge of the Baath Party's intelligence and security apparatus, as well as its private strong-arm group.

Iceland: West German negotiators were in Iceland late last week working toward a fishing agreement against a deadline of August, when Chancellor Brandt expects to visit Reykjavik. Norway and Belgium recently have signed accords, accepting some Icelandic limitations but not recognizing the 50-mile limit. Should the West Germans sign a fishing agreement, pressure will build on the British to pull out their warships and do likewise. Conclusion of such treaties would also lessen pressure in Iceland for closure of the US-manned NATO base at Keflavik.

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# The President's Daily Brief

3 July 1973

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*FOR THE PRESIDENT ONLY*

**THE PRESIDENT'S DAILY BRIEF**

3 July 1973

**PRINCIPAL DEVELOPMENTS**

Cambodia

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(Page 1)

Poor morale and confusion over North Vietnam's line on the war following the cease-fire prompted Hanoi to dispatch a ranking Central Committee member to the South in April. (Page 2)

A variety of "assistance" agreements signed between the Lao Communists and North Vietnam may cloak a diminished North Vietnamese presence in Laos, perhaps including some military personnel. (Page 3)

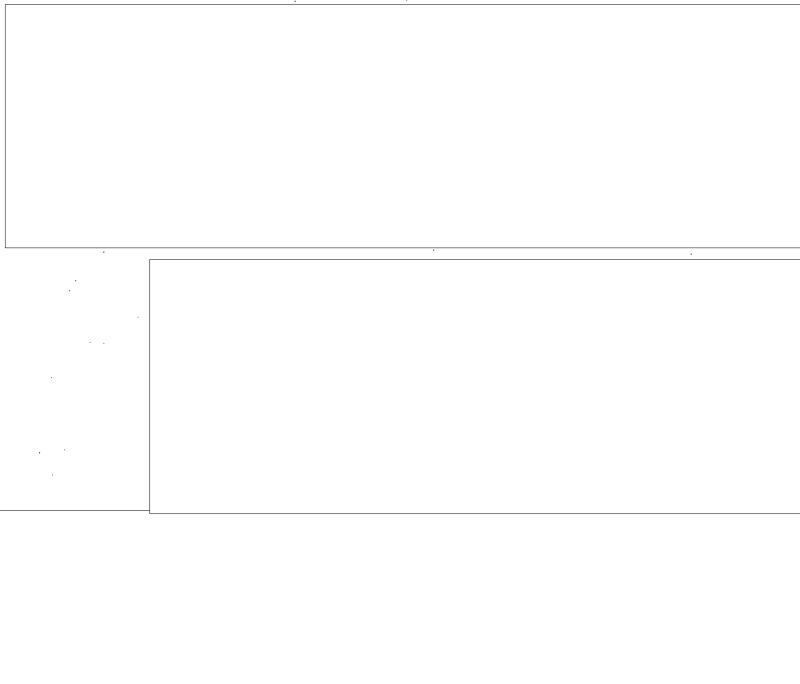
President Allende's decision to revamp his cabinet may be part of his effort to obtain congressional approval of a state of siege in Chile. (Page 4)

Notes on the international monetary situation, a possible expansion of trade between East Germany and the US, and an interim solution for dividing foreign debts between Pakistan and Bangladesh appear on Page 5.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

CAMBODIA



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*FOR THE PRESIDENT ONLY*

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VIETNAM

Morale problems caused by confusion over Hanoi's line on the war and on party affairs apparently developed among southern cadre following the cease-fire, causing the dispatch of a ranking Central Committee member to the South in April.

A major issue appears to have been Hanoi's unwillingness to support renewed major military operations in the South. [redacted]

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the head of the Central Committee's Propaganda and Training Section, To Huu, told assembled COSVN cadres in Tay Ninh Province that because of the "international situation" and a "weakening of the war-making potential" on the Communist side, a large-scale military offensive could not be attempted for three to five years.

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To assuage cadre concerns that this policy amounted to abandonment of the revolution in the South, Huu claimed that North Vietnam could now concentrate on consolidating its economy, to serve as a "large rear base area for the South"--a traditional Hanoi cliché. He went on to make some overblown claims about North Vietnam's intent to concentrate "all of its economic resources" in support of the Communists in the South, and said that "three million" North Vietnamese will be resettled in "liberated areas" by mid-1974.

Huu was also sent to deal with the repercussions of an article by party First Secretary Le Duan early in the year, which suggested that some party cadre were ineffective and would have to be weeded out. Huu tried to offset the effects of Duan's statement on party morale by claiming that it had been intended to improve cadre skills, spirit, and health.

[redacted] Huu originally intended to visit only Quang Tri Province, but decided to go on to COSVN after arriving in South Vietnam. This suggests that he found more serious "misunderstandings" over Hanoi's current policy on both the war and on party matters than he anticipated. Given the apparent extent of cadre concern, To Huu's overstated claims probably had only a limited palliative effect.

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*FOR THE PRESIDENT ONLY*

**LAOS**

Late last week a Lao Communist delegation signed an agreement with the North Vietnamese Government for "medical cooperation," according to the Vietnam News Agency. During the past two months other delegations have signed agreements on road construction and food production.

*These "assistance" agreements may be designed in part to provide a cloak of legitimacy for a diminished North Vietnamese presence in Laos--possibly including some military personnel. Intercepts have indicated that some North Vietnamese units have been instructed to disguise themselves as "civilian" technicians or Pathet Lao troops.*

*Hanoi may use these arrangements to retain advisers, small military units in the hinterlands, and troops to maintain the road and trail network. It probably would not use them, however, as cover for major main force units in Laos.*

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**CHILE**

President Allende intends to revamp his cabinet, possibly in a continued effort to secure a congressional declaration of a state of siege. Allende still holds the initiative in the wake of last Friday's abortive revolt, but he remains wary of the possibility of another move against him.

The disheartening effect of that day's events on the opposition may have been a factor helping Allende settle the 74-day-old El Teniente copper strike. In addition, at least five members of the extreme rightist Fatherland and Freedom group, including its leader, have sought asylum in the Ecuadorean Embassy. The governing Popular Unity coalition continues to claim that the country is in its most serious situation since the civil war of 1891, however, and Allende has asked the opposition-controlled Congress to help him "crush fascism" by declaring a state of siege.

Yesterday the lower house rejected this request. The opposition National and Christian Democratic parties maintain that the state of emergency and curfew presently in effect give the executive branch sufficient power to deal with the alleged threat to constitutional order and that any further curtailment of civil liberties is unwarranted.

*The Christian Democrats may, however, agree to give Allende state of siege powers for three months in return for a responsible military role in the new cabinet.*

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**FOR THE PRESIDENT ONLY**

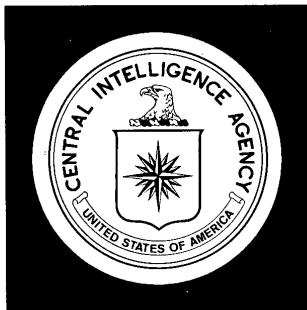
**NOTES**

International Monetary Developments: The dollar again hit new lows in European currency markets. Austria has now followed Germany in revaluing its currency; the schilling has been raised by 4.8 percent as a result of Austria's close trade ties with Germany and its high domestic rate of inflation. The other major countries have indicated their intention not to follow suit, however.

East Germany - US: The Union Bank of California has agreed to extend East Germany a \$17-million line of credit. The credit was requested by the East Germans to facilitate an expansion of trade with the US, which has been relatively low--some \$25 million in 1972. They are particularly interested in increasing their imports of US computers and grain.

Pakistan: The Bhutto government will accept an interim solution to the issue of responsibility for the \$1.2 billion in foreign debts incurred on behalf of Pakistan's former East wing. Pakistan now will continue servicing the entire debt owed to the members of the aid-Pakistan consortium until next June, when it will be relieved of that portion related to what is now Bangladesh. This allows another year to decide on a final division of all liabilities--a prerequisite for new long-term aid arrangements.

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# The President's Daily Brief

4 July 1973

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*FOR THE PRESIDENT ONLY*

THE PRESIDENT'S DAILY BRIEF

4 July 1973

PRINCIPAL DEVELOPMENTS

Moscow's Warsaw Pact allies, except for Romania, are strengthening their cooperation in several respects, partly to offset any unsettling effects of detente policy. (Page 1)

Soviet

Syria

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(Page 2)

The North Vietnamese have built new roadbed segments in Laos in what appear to be part of a 300-mile highway south to the Cambodian border. (Page 3)

Notes on Czechoslovakia-Yugoslavia and Uruguay appear on Page 4.

*FOR THE PRESIDENT ONLY*

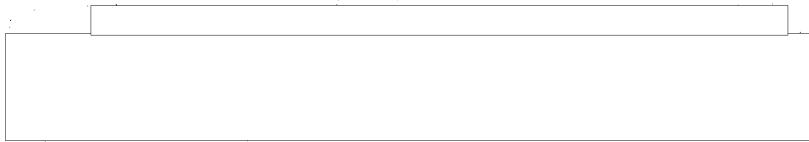
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## EASTERN EUROPE

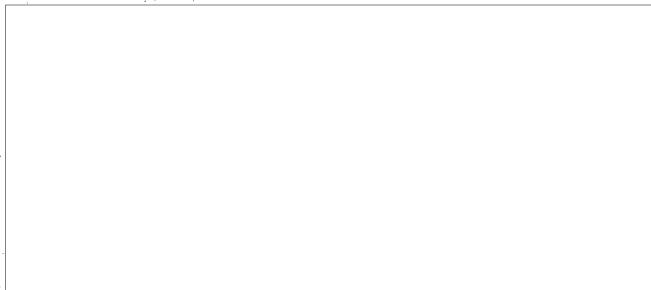
Moscow's Warsaw Pact allies--with the conspicuous exception of Romania--are strengthening their cooperation in a number of key areas. These endeavors are being pushed by Moscow. The main reasons are:

- concern over the potentially destabilizing effect of the current detente policy,
- the need to counter Peking's activist policy in Europe, and
- a desire to minimize the impact of Romania's independent behavior.

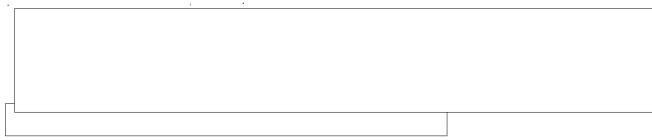
In an effort to counter the effects of increased contacts with the West, the regimes have concluded a number of "ideological agreements" with each other. No texts have been published but most seem to be umbrella accords committing the parties to a broad interchange of ideological, political, and propaganda activity. Romania's failure to participate suggests that the accords also have an anti-Chinese thrust. The output of anti-Chinese propaganda by most of the regimes has increased recently.



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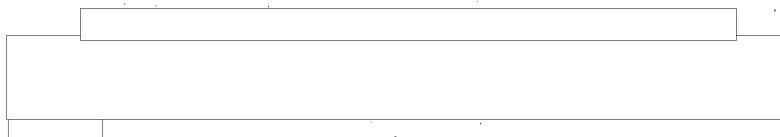
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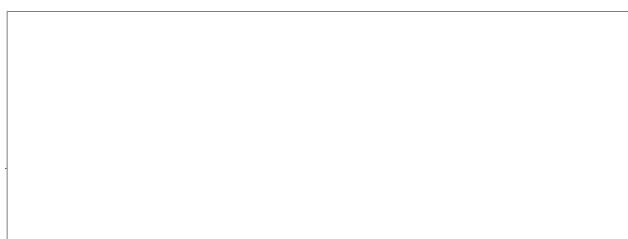
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SYRIA-USSR



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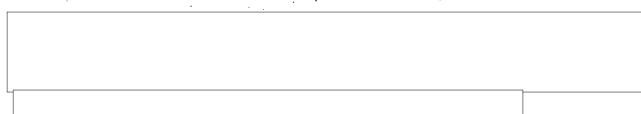


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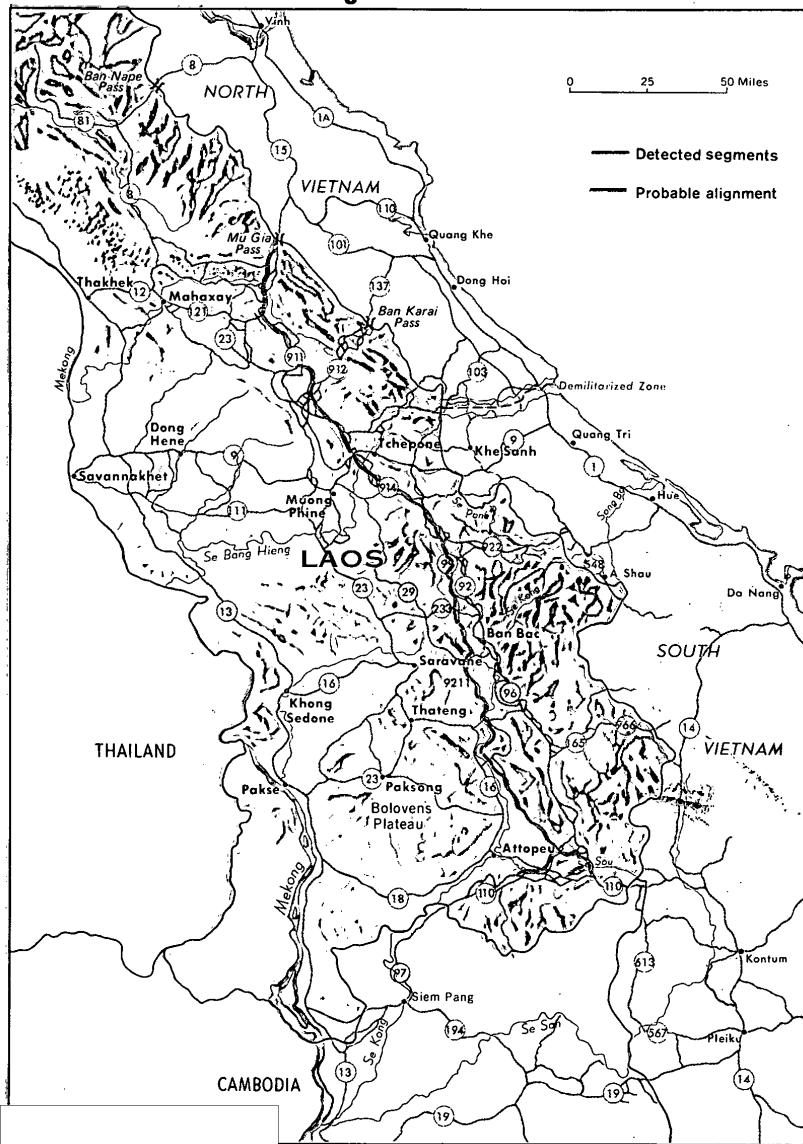
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*FOR THE PRESIDENT ONLY*

## North Vietnamese Building New Road



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FOR THE PRESIDENT ONLY

NORTH VIETNAM - LAOS

[redacted] North Viet-  
namese road crews in the past two months have built  
a total of 52 miles of segments of new roadbed in  
the Lao panhandle.

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*The location and design of the segments suggest that they will be joined in a 300-mile highway from the Mu Gia and Ban Karai passes in the north to the Cambodian border. At the present pace, the work could be completed by next spring or earlier.*

*The two-lane road would be superior to any previously built by the North Vietnamese in the Lao panhandle and would improve Hanoi's capability to move supplies through Laos in all seasons. It should supplement a road of similar design and capacity which was recently built from the North Vietnamese border through Communist-controlled territory in the northern portion of South Vietnam.*

FOR THE PRESIDENT ONLY

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NOTES

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Czechoslovakia-Yugoslavia: Czechoslovak party leader Husak will visit Belgrade in October

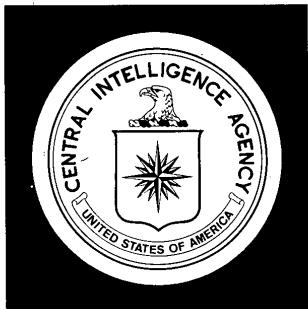
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The visit will underline the fact that the strained relations of the post-1968 period have finally been repaired. Previously the Yugoslavs put off Prague's requests for a summit by stating that the time was not right. Now that Polish party chief Gierek has gone to Belgrade and Janos Kadar will do so shortly, Tito apparently feels that he can receive the more orthodox Husak.

Uruguay: The general strike called to protest President Bordaberry's dissolution of Congress last week seems to be weakening since the government disbanded the labor confederation. The opposition has had little success in arousing the generally apathetic Uruguayan public to demand Bordaberry's resignation and the election of an assembly to write a new constitution. The government last night decreed a near 30-percent national pay raise in an effort to mollify workers, but Bordaberry continues to have difficulties in forming a "council of state" to replace Congress.

*FOR THE PRESIDENT ONLY*

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# The President's Daily Brief

5 July 1973

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THE PRESIDENT'S DAILY BRIEF

5 July 1973

PRINCIPAL DEVELOPMENTS

Egypt has "definitely and finally" abandoned union with Libya and probably will announce the "postponement" of full unification shortly before September 1.  
(Page 1)

Chile's President Allende reportedly will name a civilian cabinet today; the nationwide state of emergency, in effect since last week, and the curfew in Santiago were lifted yesterday. (Page 2)

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Cambodia

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**EGYPT-LIBYA**



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The Egyptian decision to renege on the merger was reportedly occasioned by Sadat's first-hand introduction to Qadhafi's cultural revolution during his mid-June visit to Tripoli. The visit is said to have confirmed his opinion that the revolution had destroyed the relevance of all merger preparations made by the joint unity committees.

*Developments in the Libyan-Egyptian relationship since the Sadat visit would seem in retrospect to have been leading to this decision. Officially sanctioned Cairo press criticism of the cultural revolution and of Qadhafi himself has steadily intensified since then. The Egyptians have openly expressed their doubts about the merits of a full merger during Qadhafi's current sojourn in Cairo.*

*FOR THE PRESIDENT ONLY*

FOR THE PRESIDENT ONLY

CHILE

President Allende reportedly will name a civilian cabinet today which will try to implement an "emergency plan" to deal with the country's grave economic and political difficulties. The president was unable to meet military demands for participation in the cabinet.

The nationwide state of emergency, in effect since last week, and the curfew in Santiago were lifted yesterday.

*The governing Popular Unity coalition will now be free to mount demonstrations in support of the government.*



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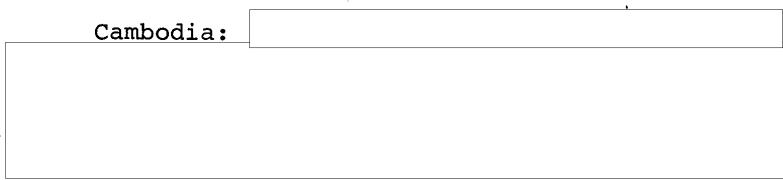
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**NOTE**

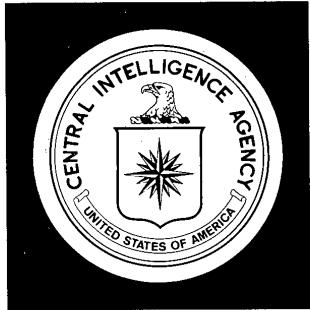
**Cambodia:**



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# The President's Daily Brief

6 July 1973

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**THE PRESIDENT'S DAILY BRIEF**

6 July 1973

**PRINCIPAL DEVELOPMENTS**

Sihanouk's uncompromising statements yesterday may not actually preclude negotiations. All the parties on the Communist side agree that he must play a central role in reaching a settlement. (Page 1)

The Laotian negotiations are at a standstill as Prime Minister Souvanna Phouma waits in the hope that the Communists may soften their demands. (Page 2)

The dollar continues to weaken, primarily because the international money managers believe that other currencies, particularly the German mark, are more likely to appreciate in the short term than is the dollar. (Page 3)

President Allende's new cabinet continues to reflect the composition of his Marxist political coalition. (Page 4)

President Tito has warned his people that he may not be in the public eye as often as in the past. (Page 5)

Notes on Rwanda and the Philippines appear on Page 6.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**CAMBODIA**

The Communists are adhering to their tough negotiating positions. Prince Sihanouk's refusal on July 5 to talk with Washington may not actually preclude negotiations, but shows that he is in no mood to compromise--and all the parties on the Communist side agree that he must play a central role in a settlement. His terms include an end to US military involvement, removal of the Lon Nol government, and acceptance of a government led by himself.

Both Peking and Hanoi have recently reaffirmed their support for these terms, and Moscow, although not as committed to Sihanouk, has recently referred to him positively.

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*Both Sihanouk and the Asian Communist states have presumably been encouraged to stick to their present demands by the expectation that the US combat role will cease next month. They may hope that the US will accept Sihanouk to achieve a truce.*

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**LAOS**

The Laotian negotiations are at a standstill. Vientiane's chief negotiator Pheng Phongsavan said on Tuesday that he and his Communist counterpart Phoumi Vongvichit agreed that no further progress is possible unless concessions are made on the major political and military differences separating the two sides. Pheng does not expect to meet with Phoumi again "in the next few days" since Prime Minister Souvanna Phouma has no plans "for the time being" to come forward with additional concessions to the Communists.

*Souvanna's self-imposed deadline of July 1 for final agreement has lapsed, but he appears disposed to bide his time in the hope that the Communists will soften their demands.*

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

## **INTERNATIONAL MONETARY DEVELOPMENTS**

*The dollar continues to weaken, primarily because international money managers believe that in the short term other currencies, particularly the German mark, are more likely to appreciate than the dollar. To the extent that the money managers act on their belief, it is a self-fulfilling prophecy.*

*Europe's narrow currency band is an inviting target for money managers and speculators. The relatively fixed rates within the band provide the same opportunity for low-risk profit available under the earlier system of world-wide, fixed exchange rates. Because much of the world's liquid assets are in dollars, speculation generally results in dollar sales.*

*The German mark is the currency favored by traders primarily because of its remarkable performance in the last few years. Since December 1966, the appreciation of the mark has been extraordinary--over 60 percent. West Germany's exceptional export earnings--likely to be enhanced by the most recent appreciation--and the government's aggressive anti-inflationary program suggest to money managers and speculators that the mark will probably be revalued again shortly.*

*Although the dollar may show temporary strength when traders take profits or repay dollars borrowed to exchange for other currencies, there is little chance for a sustained recovery in 1973. In traders' minds, the near-term burdens on the dollar--inflation, the psychological impact of continuing domestic political uncertainty, the potential damage to the US balance of payments by agricultural export controls--clearly far outweigh longer-term prospects for balance-of-payments improvement resulting from the dollar's substantial devaluation.*

*The most vulnerable point in the European joint float may be the Danish crown, which has firmly entrenched itself at the bottom of the band amid rumors--officially denied--of impending devaluation. The weakness of the crown is largely due to a rising trade deficit.*

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**CHILE**

The new cabinet installed by President Allende yesterday continues to reflect the composition of his Marxist political coalition. Seven new ministers were named and eight retained from the previous cabinet.

Allende called on the ministers to redouble their effort to carry out the coalition's programs and, in particular, to implement a new plan designed to reverse the country's political and economic deterioration.

*The new plan calls for a further extension of state controls including distribution of food and other essential consumer goods by the state.*

*Allende's speech at the swearing in was not conciliatory. He did not address the concerns of the armed forces. Neither was he provocative. He did not reappoint any previously impeached ministers as he had earlier said he would.*

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**YUGOSLAVIA**

In his first major speech in more than two months President Tito warned his people "not to be surprised" if he must devote his time to foreign policy--an implication that he will not be in the public eye as frequently as in the past. He noted that three of the four founders of the nonaligned movement--Nehru, Nasir, and Sukarno--are dead and said that he, as the sole survivor and "main initiator" of nonalignment, has great responsibility for the movement's future.

*The 81-year-old Tito has frequently expressed a desire to limit his role in domestic affairs, and in the fall of 1970 ordered creation of a collective state presidency to ease his burdens. He began to withdraw from internal political discussions earlier this year and has only attended two party sessions since late April.*

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*FOR THE PRESIDENT ONLY*

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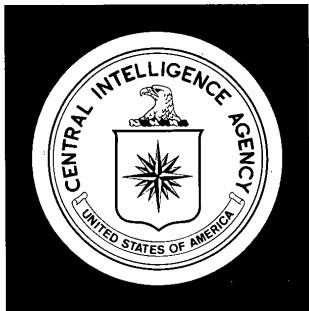
**NOTES**

Rwanda: Rwanda's National Guard, the country's army, seized control of the government on July 4, claiming that it did so to head off civil war. While the cabinet and national assembly were dismissed and all political activity suspended, President Kayibanda remains in office. His future role is unclear, however. A "National Committee for Peace and Unity" has taken over administration of the country. The coup probably arose from a deadlock between northern and southern tribal factions in the government. Personal rivalries and disagreement over policy toward the country's Tutsi minority are major factors.

Philippines: Local security officials fear that a severe rice and corn shortage in two central provinces may result in rice riots if the situation does not improve. Manila believes the shortage stems in part from the unwillingness of wholesale and retail dealers to sell rice at the government-imposed price ceiling. Local warehouses are empty, and there is speculation that dealers have hidden their stocks in outlying areas. The government is seeking to import at least 400,000 tons of rice to meet domestic requirements between now and November, when the next rice crop is harvested, but so far no contracts have been signed.

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

7 July 1973

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THE PRESIDENT'S DAILY BRIEF

7 July 1973

PRINCIPAL DEVELOPMENTS

European financial leaders are growing increasingly alarmed by the dollar's decline, and pressure is building toward a new call for a conference of the major powers and another attempt to restructure the exchange rate system. (Page 1)

The Soviets are producing a new nuclear-powered attack submarine which may incorporate major changes in its sensors, weapons, or ship control systems. (Page 3)

Given favorable weather, the Soviet Union could reap a record grain harvest this year. It will nevertheless need substantial imports--perhaps as much as 15 million tons--to meet domestic and foreign requirements. (Page 4)

[Redacted] 25X1

[Redacted] 25X1

Italian Prime Minister-designate Rumor has obtained the agreement of the Socialist Party to participate in a new center-left coalition. (Page 5)

Notes on East Germany - Berlin and on Iraq also appear on Page 5.

FOR THE PRESIDENT ONLY

**FOR THE PRESIDENT ONLY**

## **INTERNATIONAL MONETARY DEVELOPMENTS**

*European financial leaders are taking an increasingly pessimistic view of the international monetary situation. The crisis on world money markets seems to be building up to a call for another conference of the major powers and another attempt to restructure the exchange rate system.*

With the acceleration of the dollar's decline in Europe, Paris has raised the specter of possible European countermeasures. President Pompidou's economic and financial adviser told the US Embassy on July 5 that West European governments would be compelled to take protective action--for example, import surcharges--if the monetary situation was not stabilized. The adviser expected that European exchange markets would soon be closed if the dollar depreciation continued. He also noted, as Finance Minister Giscard D'Estaing later stated publicly, that the upcoming multilateral trade negotiations are threatened by the monetary problems. Finally, he reiterated the French view that Washington should intervene to support the dollar.

On July 2 German Finance Minister Schmidt expressed a somewhat different view of what the US should do in the present crisis. He emphasized that he would not particularly welcome US intervention to support the dollar if it involved the sale of marks obtained through swap arrangements; this would adversely affect the German anti-inflationary program. He also said there could be no Bundesbank support for the dollar because it would add to inflationary pressures in Germany. Instead, Schmidt suggested that Washington and European nations sell gold, although he did not mention a price. Schmidt expressed hopes that the revaluation of the mark would help stabilize the situation, but he emphasized that, rather than revalue again, he would advise Bonn to abandon the joint float band and let the mark float independently.

Swiss and Belgian officials have now joined the French in pressuring Washington to support the dollar. EC officials are reportedly studying contingency plans which focus on strengthened controls over the inflow of dollars, although such controls have continually proven inadequate in the past to deal with massive speculation.

(continued)

**FOR THE PRESIDENT ONLY**

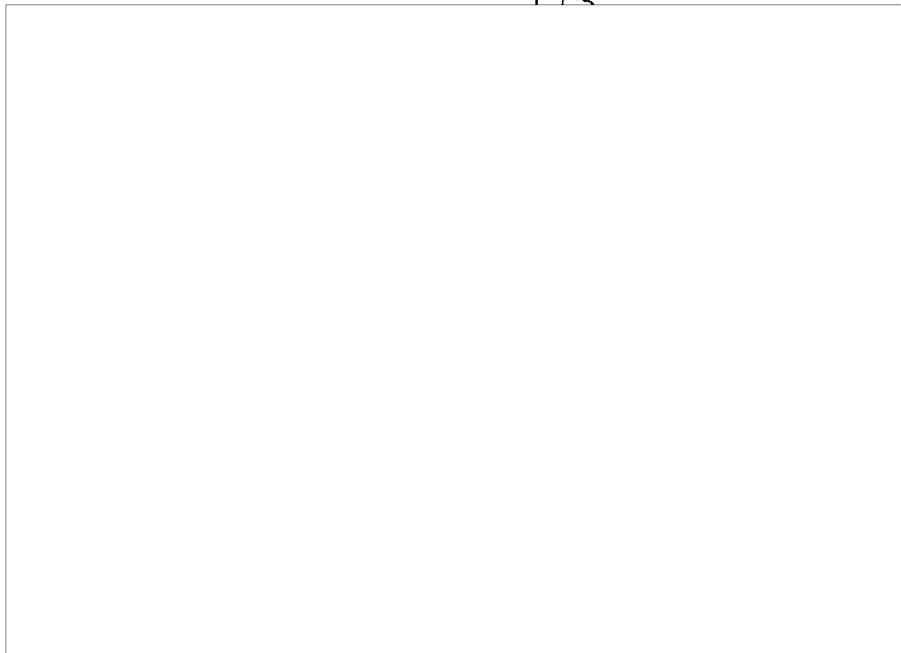
*FOR THE PRESIDENT ONLY*

The dollar again declined sharply against European currencies yesterday and--for the first time in several weeks--against the yen. Several major West German banks halted trading in dollars an hour ahead of time as a result of market uncertainties. Sterling, however, has declined against the dollar over the last several days, partly in response to rumors that it would be repegged at a lower rate.

*FOR THE PRESIDENT ONLY*

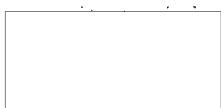


**USSR: New Attack Submarine**



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*FOR THE PRESIDENT ONLY*

**USSR**

The Soviet Union is producing a new nuclear-powered attack submarine at the Gorkiy shipyard on the Volga River.

About 330 feet long, the new submarine is similar to but some 30 feet longer than the V-class attack submarine. The added length, in the forward half of the hull, suggests that the new ship may incorporate major changes in the sensors, weapons, or ship control systems, rather than any changes in the propulsion system.

One of the new submarines has been built, and another is under construction. [redacted]

25X1  
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The Gorkiy shipyard has also built a new transporter dock that is specially equipped to move these longer submarines through the inland waterway system to the White Sea--a development suggesting that construction of a number of these submarines is planned.

A shipyard in Leningrad continues to build the standard V-class--about two a year. The V-class has been principally used in antisubmarine operations in the Mediterranean and North Atlantic.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**USSR**

A record sowing of spring grains has raised the total grain area to its highest level since 1965.

So far the weather has been favorable for the development of both winter and spring grains. The spring grains, however, are now in a critical stage, requiring adequate rainfall and cool temperatures. If the weather continues favorable, the grain harvest could amount to 157 million metric tons of usable grain compared with 150 million in 1970, the previous high.

So far this year, the Soviets have contracted to import about nine million tons of grain, including almost seven million from the US.

Nevertheless, they will need as much as six million more to meet domestic and foreign requirements, even if the harvest is a record high. Soviet grain buyers appear to be inactive at present, probably because of high world grain prices and US grain export controls. In addition, Moscow is probably waiting to see how the present crop develops.

**FOR THE PRESIDENT ONLY**

***FOR THE PRESIDENT ONLY*****NOTES**Nationalist China: [redacted]

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Italy: The Socialist Party has agreed to participate in a new center-left coalition under Prime Minister-designate Rumor. The government program concentrates on economic matters such as tax reform and fighting inflation; decisions on more troublesome issues have been deferred. The government is given some flexibility in dealing with the Italian Communist Party by the agreement that proposals from opposition parties may be adopted if all members of the coalition approve. Rumor still faces the task of assigning the various ministerial and under-secretarial posts, an exercise which should be completed in the next several days.

East Germany - Berlin: East Germany has warned Western officials that it will severely restrict traffic into East Berlin during the World Youth Festival, which will be held between July 28 and August 5. Such restrictions would allow East Germany to control the Festival more thoroughly and assure that its anti-imperialistic flavor is not diluted. The restrictions, however, would be a violation of existing travel agreements, and the West Berlin Senat will probably appeal to Bonn--and possibly the allies--to protest.

Iraq: Saddam Husayn Tikriti, deputy chairman of the Revolutionary Command Council and leader of the civilian wing of the ruling socialist Baath Party, probably masterminded the conspiracy which led to the assassination of the country's Minister of Defense last weekend. The execution of the security chief who carried out the plot has just been announced; he was thought to be Tikriti's man and may have been set up as a scapegoat. The Defense Minister and Interior Minister--who was wounded and is reportedly under house arrest--supported President Bakr. Bakr is said to be in virtual seclusion, and Tikriti seems to have taken an important step in his continuing drive to take over the government.

*Top Secret*



# The President's Daily Brief

9 July 1973

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~~Top Secret~~ 25X1

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*FOR THE PRESIDENT ONLY*

**THE PRESIDENT'S DAILY BRIEF**

9 July 1973

**PRINCIPAL DEVELOPMENTS**

In Chile, elements of the Popular Unity coalition and extreme leftist groups are arming their "self-defense" street brigades, a development that is intensifying the military's concern over the course of events. (Page 1)

USSR Politburo member Kirilenko has completed a visit to Syria and goes on to Lebanon today. He is likely to be asked to mediate Syrian-Lebanese differences over the checks Beirut has placed on fedayeen activities. (Page 2)

The Peace Corps volunteers who were en route to Zaire are still being detained in Uganda. (Page 3)

Notes on the USSR-Austria and Malaysia-China are also on Page 3.

*FOR THE PRESIDENT ONLY*

FOR THE PRESIDENT ONLY

CHILE

Elements of the Popular Unity coalition and extreme leftist groups are arming their "self-defense" street brigades, a development that is intensifying the military's concern over the course of events in Chile. Opposition parties have demanded that President Allende authorize the military to disarm all civilian paramilitary units.

*Allende apparently did not approve the arms distribution. He continues to search for a solution that would avoid a confrontation with his supporters and still satisfy the military.*

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR - MIDDLE EAST

Politburo member Andrey Kirilenko arrives in Beirut today, and he is likely to be asked to mediate Syrian-Lebanese differences over the checks Beirut has placed on fedayeen activities.

*This is a delicate task that will be difficult to perform without offending one of the parties. Kirilenko presumably will advise both sides to exercise restraint.*

Last week Kirilenko visited Syria where he attended the opening of a new phase of the Soviet-sponsored Euphrates Dam project. The Soviets had intended to send a less important figure, but the Syrians--who had expected Premier Kosygin--insisted on someone of Politburo rank.

The Egyptians have been pressing for a high-level Soviet visit for over a year and had hoped a Soviet leader would visit Cairo in July to brief President Sadat on the US-Soviet summit. A Soviet Foreign Ministry official recently told a US diplomat, however, that there are no plans for such a visit this summer. Instead, an Egyptian delegation will go to Moscow for the briefing and to coordinate strategy on the next phase of the UN Security Council debate.

*The reluctance of high-level Soviet leaders to travel to the Middle East reflects the strains in Moscow's relations with the Arab world and the unwillingness of Kremlin leaders to become personally entangled in the pitfalls involved in Soviet-Arab relations.*

FOR THE PRESIDENT ONLY

**FOR THE PRESIDENT ONLY**

**NOTES**

Uganda: The 111 Peace Corps volunteers who were en route to Zaire are still being detained in Uganda. President Amin has announced that he will continue to hold them pending confirmation of their purpose and destination from, among others, Zaire President Mobutu, Nigerian President Gowon and East African Airways officials. Amin has stated that he suspects the volunteers are mercenaries on their way to engage in subversive activities in Burundi or Rwanda.

USSR-Austria: The communiqué issued after Premier Kosygin's visit last week pleased the Austrians, since the Soviets for the first time went along with a reference to "constitutionally anchored" Austrian neutrality. The Austrians regard this as Soviet acceptance of Vienna's right to define its neutrality. The Soviets also indicated they would pose no further objections to Austria's contacts with the European Communities. Kosygin did, however, say during an interview that the USSR would not look favorably on a defensive missile system on Austrian soil.

Malaysia-China: Talks between Malaysia and China aimed at establishing diplomatic relations have been suspended to allow each side to get new instructions. Kuala Lumpur wants Peking to disassociate itself officially from some 200,000 stateless Chinese in Malaysia and to agree to accept them should Kuala Lumpur find reason to deport them. Malaysia has also asked for suspension of clandestine broadcasts from China that support Malaysian insurgents. Kuala Lumpur now expects that its target date of August 31 for an exchange of diplomatic recognition will not be met, but it still hopes the step can be taken later in the year.

*Top Secret*



# The President's Daily Brief

10 July 1973

45

~~Top Secret~~ 25X1

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declassification schedule E.O. 13526  
exemption category 5B(1), 5B(3)  
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**EYES ONLY FOR THE PRESIDENT**

**CENTRAL INTELLIGENCE AGENCY**

WASHINGTON, D.C. 20505

**TOP SECRET**

July 10, 1973



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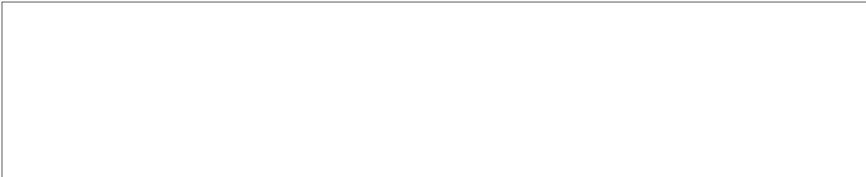
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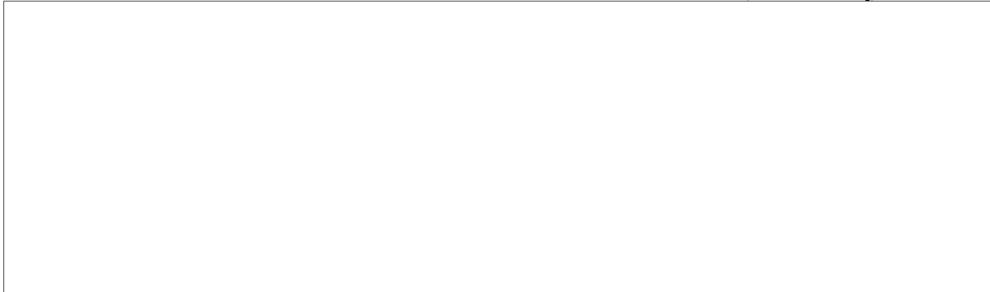
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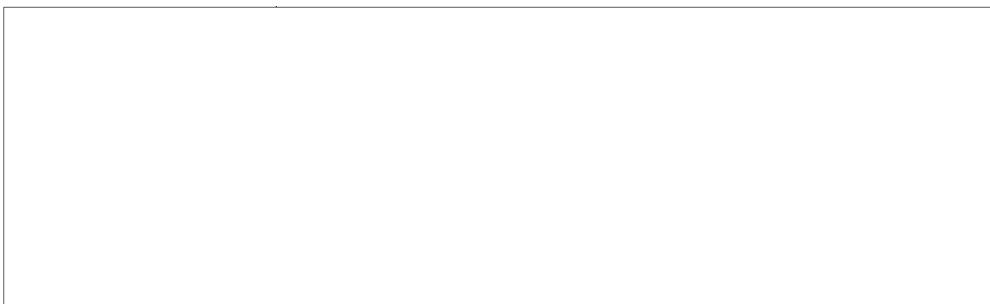
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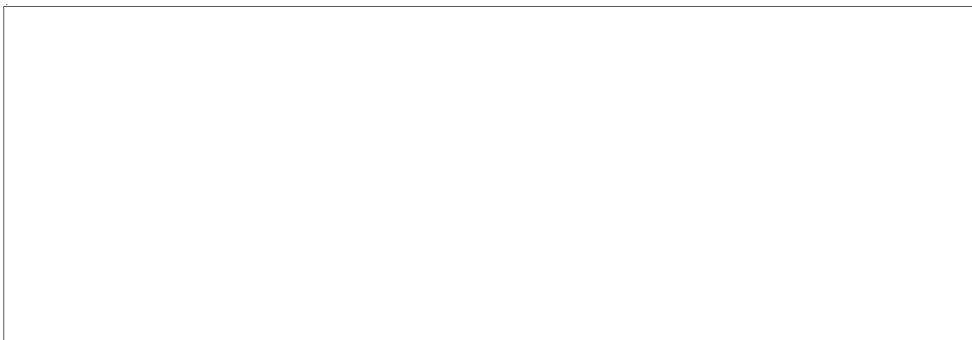
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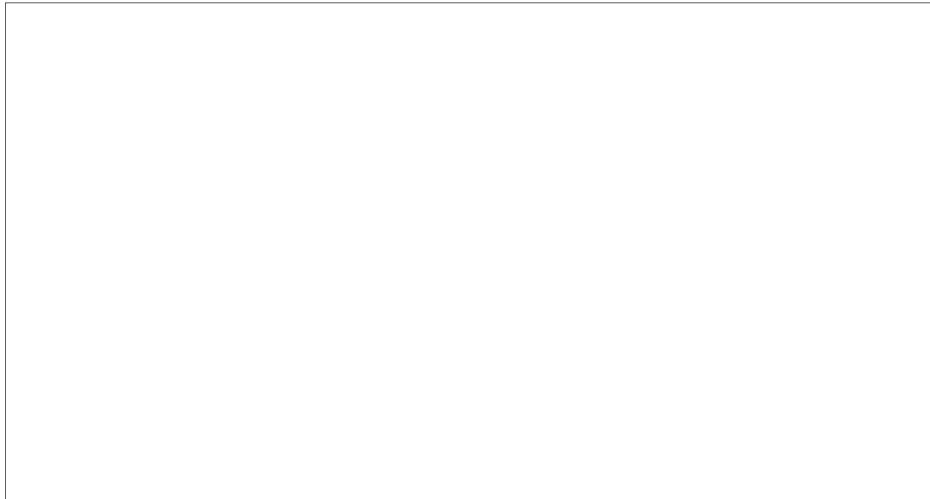


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**EYES ONLY FOR THE PRESIDENT**

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**EYES ONLY FOR THE PRESIDENT**

CENTRAL INTELLIGENCE AGENCY  
WASHINGTON, D.C. 20505

July 7, 1973



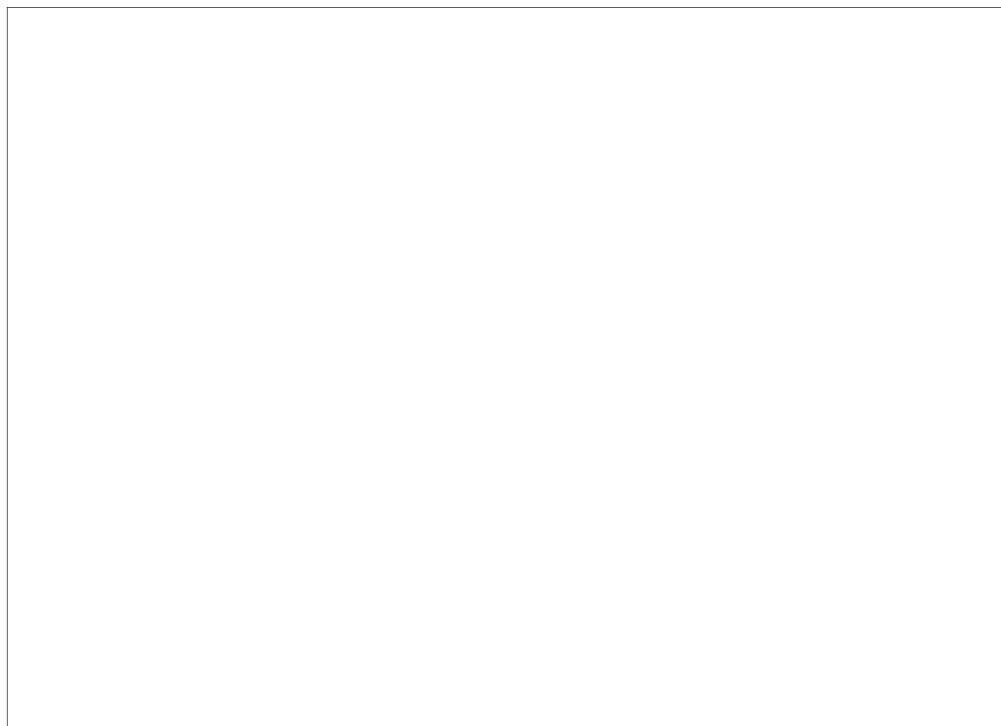
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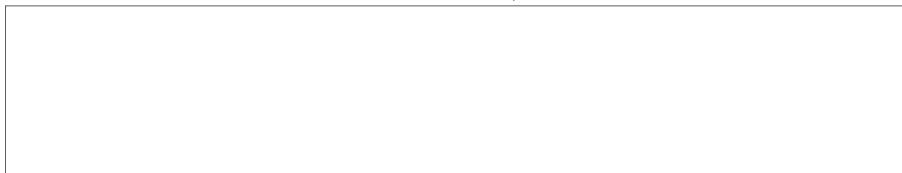
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**TOP SECRET**

EYES ONLY FOR THE PRESIDENT

**THE PRESIDENT'S DAILY BRIEF**

10 July 1973

**PRINCIPAL DEVELOPMENTS**

The dollar strengthened in Europe yesterday, but it is unlikely that heavy speculation has come to an end. (Page 1)

25X1

Egypt

25X1

Soviet ships apparently will carry more Moroccan troops to Syria. (Page 3)

Lebanon has a weak new cabinet. (Page 4)

Italy's center-left government is wracked with dissension. (Page 5)

The Chinese may be preparing for a party congress in August. (Page 6)

Crop prospects have improved in India. (Page 7)

25X1

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

## INTERNATIONAL MONETARY DEVELOPMENTS

The dollar gained nearly 3 percent against major European joint float currencies late yesterday, reflecting widespread rumors of official US intervention to support it.

*The wide fluctuation in early trading was probably a result of confusion over the reaffirmation by European central bankers on Sunday that official intervention in exchange markets may sometimes be useful. In the absence of a clear signal that the major financial powers will take sustained action to arrest the wild currency fluctuation of recent weeks, it is unlikely that heavy speculation has come to an end.*

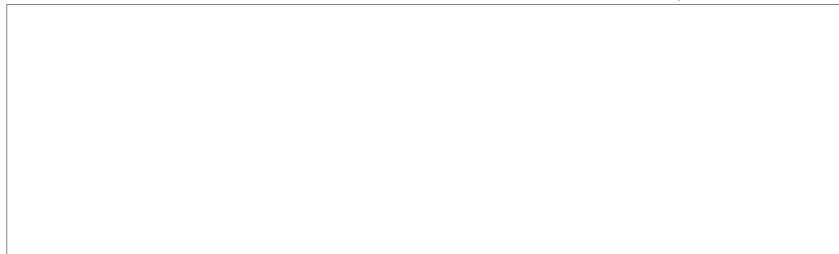
In Tokyo, the dollar closed yesterday at its lowest level ever, 254 yen to the dollar. The 3-percent appreciation of the yen relative to the dollar since Friday was the sharpest one-day rise in months. Today, however, the dollar has strengthened on Tokyo exchanges.

In Cairo, eight Arab oil-producing nations have formed a committee to study ways to protect Arab reserves against international monetary fluctuations and use reserves to their best advantage.

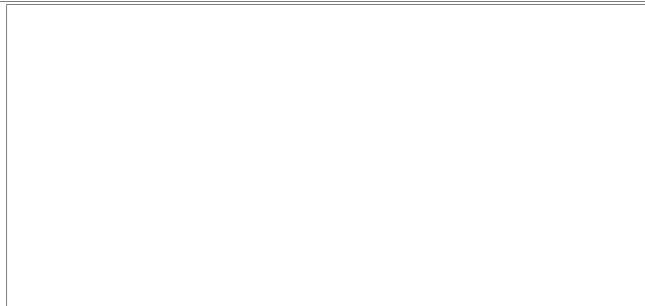
*It is doubtful that any joint action is imminent; the Arab nations have never been able to reach accord on financial policy.*

**FOR THE PRESIDENT ONLY**

EGYPT-USSR



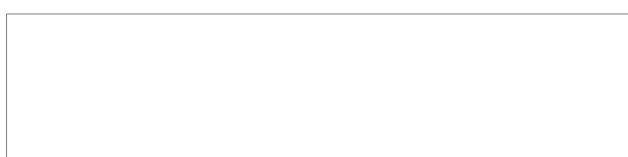
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**FOR THE PRESIDENT ONLY**

FOR THE PRESIDENT ONLY

MOROCCO-SYRIA-USSR

Morocco is apparently preparing to move more  
troops and materiel to Syria on Soviet ships.

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*When the move now under way is completed,  
the Moroccan force in Syria probably will  
consist of 2,000 to 2,500 men in addition  
to tanks, artillery, and support equip-  
ment. The expeditionary force is aimed  
chiefly at demonstrating King Hassan's  
commitment to the Arab cause and will not  
make much difference in the conflict with  
Israel.*

FOR THE PRESIDENT ONLY

## FOR THE PRESIDENT ONLY

## LEBANON

The new cabinet of Prime Minister Taqi al-Din al-Sulh is Lebanon's third in as many months. Like its immediate predecessor, it is led by a [redacted] [redacted] politician apparently judged by President Franjiyah to be obedient to him, yet acceptable to his critics, which include Lebanese leftists, leaders of the important Sunni Muslim community, Syria, and the fedayeen.

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*The new prime minister, whose wife comes from a prominent Syrian family, is reported to have good relations with Syrian and Palestinian leaders. His appointment could help ease tensions between Lebanon and the fedayeen and even lead to Syria's reopening of its border with Lebanon.*

*The new cabinet contains no politician likely to become a rival to Franjiyah. Sunni Muslim representation has increased slightly, but the Sunnis selected appear to be conservative figures unlikely to challenge the president.*

*The president has given the powerful Interior Ministry to a long-time Druze politician, but has refused demands that it go to Kamal Jumblatt, the leading Druze and leftist leader. The Interior Ministry post will probably be critical to the operation of the new cabinet. If Jumblatt is unable to manipulate the new minister, he is likely to subject the new cabinet to the kind of pressure that toppled its predecessors.*

**FOR THE PRESIDENT ONLY**

**ITALY**

Prime Minister Mariano Rumor will hold the first meeting of his new center-left cabinet tomorrow, but there will be little to celebrate. Dissension wracks the coalition; there is no vice prime minister, for example, because the Socialists and Social Democrats cannot agree on the person for the post. Furthermore, factions of each party represented in the government are still at odds, thus threatening the cabinet's cohesion.

*In spite of such difficulties, Rumor's government should survive in the short term. Italy's sacrosanct August vacation period will shortly postpone touchy legislative problems until fall. Moreover, the outlook is good for agreement on emergency measures to check inflation and boost the economy.*

*In the long run, however, unresolved differences that were papered over or set aside in the interest of forming a cabinet may be crucial to the government's survival. The four-party coalition may not hold up when it finally has to face hard choices on domestic social legislation.*

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

CHINA

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rumors of a major leadership meeting, possibly a plenary session of the party Central Committee, are circulating in Peking and Canton.

A party congress is clearly called for to repair the damage caused by the fall of Mao's chosen heir, Lin Piao, which decimated the ruling Politburo and rendered the party constitution obsolete. As yet, however, there are no public indications that preparations for such a meeting have begun.

The last party congress, in 1969, was preceded by calls in domestic propaganda to "welcome" the meeting. This year's party anniversary on July 1, which might have provided an opportunity to herald a forthcoming congress, passed without an authoritative statement of any kind. While plans for a congress are clearly at least in the discussion stage, recent Chinese political history suggests that apparently hard and fast dates for important domestic events can prove to be elastic.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**NOTES**

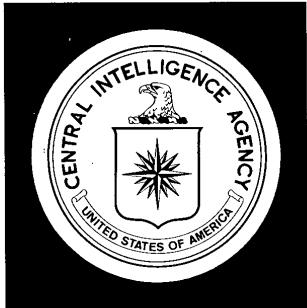
India: Revival of the monsoon rains in early July after a two-week dry spell has improved crop prospects and relaxed tensions in drought areas. Indian weather experts still are predicting normal rainfall during the rest of the monsoon season. Even so, food supplies will become increasingly tight before the major grain harvest begins in October.

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*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

*11 July 1973*

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~~Top Secret 25X1~~

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exemption category 5B(1), (2), (3)  
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THE PRESIDENT'S DAILY BRIEF

11 July 1973

PRINCIPAL DEVELOPMENTS

President Pompidou is deeply disturbed over European security, which he sees as threatened by the decline of the dollar and by the US-USSR detente.  
(Page 1)

25X1

The USSR is also having trouble reassuring its allies--particularly the Cubans and the North Vietnamese--who are suspicious of closer Soviet relations with the US. (Page 2)

Cambodia

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(Page 3)

Egypt

25X1

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(Page 4)

25X1

Portuguese officials are asking for better terms before they will renew the Azores base agreement with the US. (Page 5)

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FOR THE PRESIDENT ONLY

## FRANCE

President Pompidou is deeply pessimistic about the international monetary crisis and the defense of Western Europe, issues which he sees as linked. In recent private statements to newsmen, he has said he regards the dollar's decline as debilitating to the West for two reasons--it endangers any solution to trade problems, and it could encourage pressure in the US Congress for troop reductions in Europe. This, plus the suspicion that the US and the USSR may have secretly agreed to bar nuclear weapons from a European conflict, have led him to doubt that the US is still willing to defend Western Europe.

Pompidou believes that such suspicions will create a psychology of "every man for himself" in the area, and eventually propel Bonn into neutrality. He thinks that the Soviets will exploit Europe's vulnerability, and that France is helpless to change the situation.

*Pompidou's fears correspond with long-standing French concerns, which have been intensified by the emphasis on detente between the US and the USSR. In recent weeks France has been reviewing its position on intra-European issues, particularly those involving relations with the superpowers. Foreign Minister Jobert was instructed to "wake people up to the West's insecurity" at the CSCE meeting in Helsinki last week.*

*Pompidou may hope that the rest of Europe will take firm stands on monetary and defense issues, but his dejection is probably deepened by the knowledge that a more united Europe--necessary to tackle these problems effectively--would require some sacrifice of French independence.*

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USSR

The USSR is making gestures toward those of its allies, notably the Cubans and North Vietnamese, who see dangers in Soviet-US detente. These tactics alone, however, will not be enough to mollify them, and Moscow's public stress on the "tremendous importance" of the recent summit can only increase their unease and suspicion.

TASS announced on Monday that Brezhnev will visit Havana in December.

No doubt Castro would have preferred to have Brezhnev stop off in connection with the latter's visit to the US last month, as Kosygin did in 1967. The Soviets, however, apparently did not wish to call attention to an irritant in US-Soviet relations at this juncture. They acted similarly last year when they postponed Castro's visit to Moscow until after President Nixon had come and gone.

Not surprisingly, Havana has reacted with little enthusiasm to last month's summit. In fact, in replaying Cuban statements on the subject, Soviet media have been editing out rhetoric about continued US "aggression."

Meanwhile, North Vietnamese leaders Le Duan and Pham Van Dong are getting a warm reception in Moscow. Brezhnev announced yesterday that the USSR has absolved Hanoi of its military and economic aid debts to the Soviet Union, and pledged further "economic" cooperation. Brezhnev included a vigorous defense of Moscow's detente policies, however, and his speech left no doubt as to where the Soviet Union's priorities lie.

CAMBODIA



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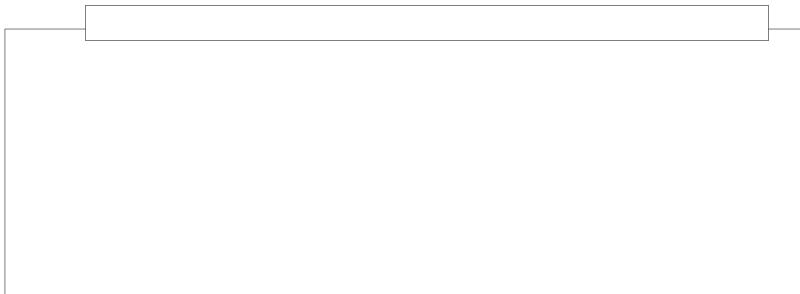
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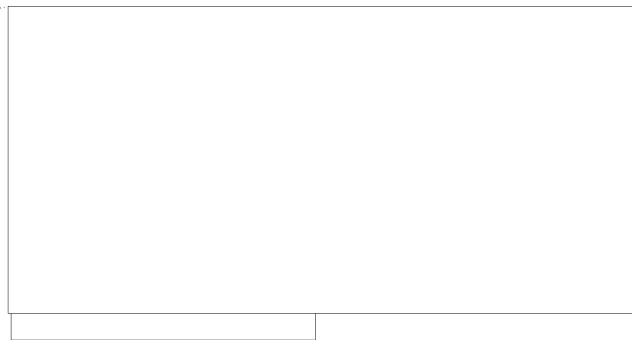
SAUDI ARABIA - EGYPT



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## PORUGAL

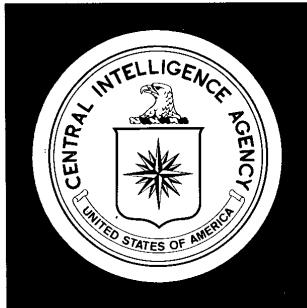
Portuguese officials are outlining their initial approaches to the Azores base agreement. (The agreement comes up for renewal next year, and preliminary talks are scheduled to begin next month.)

Late last week Foreign Minister Patricio told US officials that Lisbon would be prepared to close out the base unless the US provided more compensation than under the latest extension. He said the compensation could take the form of US support for Portuguese "problems"--a clear renewal of past bids for diplomatic backing of Lisbon's efforts to retain its African territories.

Earlier in the week Prime Minister Caetano told visiting Senator Percy that if the US lacked enough interest in the base to provide adequate compensation, it must leave. Caetano indicated that Lisbon might offer the base to NATO for peacetime use rather than to the US on a bilateral deal.

*In 1971, when the accord was most recently extended, the US agreed to provide a \$30-million loan under the PL-480 program, \$1 million for education projects, and \$5 million in non-military excess equipment. The Portuguese not only were unhappy at the size of the total package, but complain that Washington has failed to come up with the supplies that Portugal needs, such as industrial equipment.*

*Top Secret*



# The President's Daily Brief

12 July 1973

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~~Top Secret~~ 25X1

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CENTRAL INTELLIGENCE AGENCY  
WASHINGTON, D.C. 20505

TOP SECRET

July 12, 1973



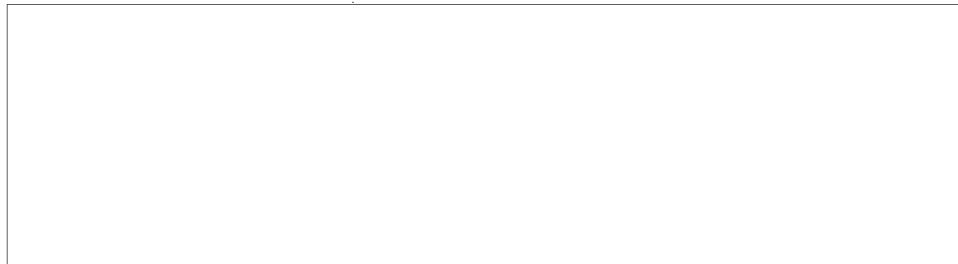
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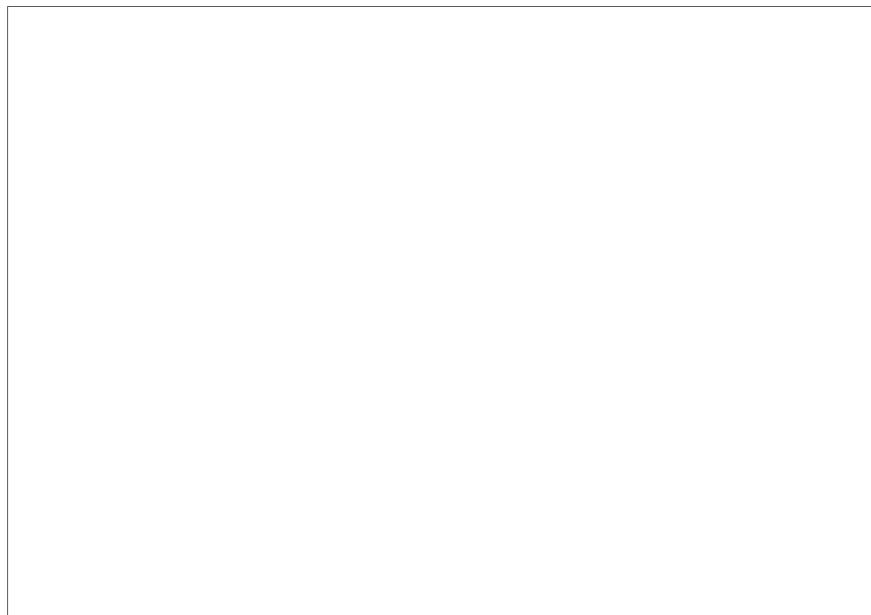
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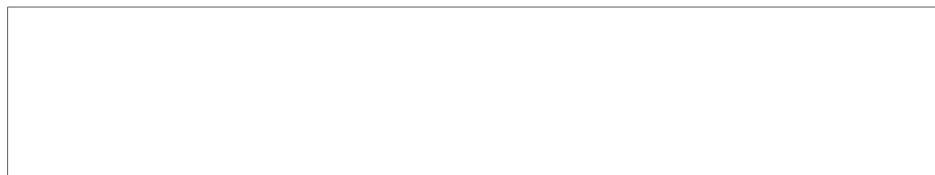
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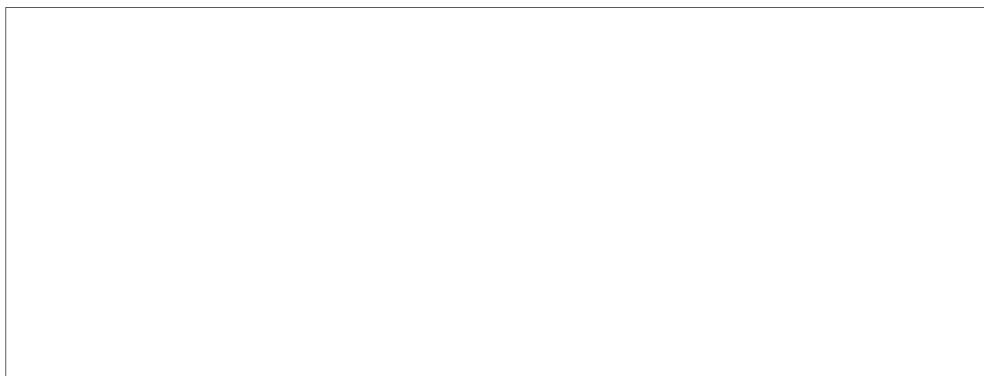
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EYES ONLY FOR THE PRESIDENT

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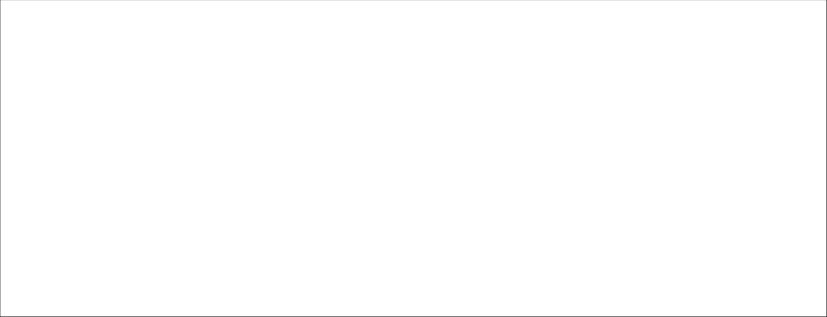
## THE PRESIDENT'S DAILY BRIEF

12 July 1973

### PRINCIPAL DEVELOPMENTS

On *Page 1* we detail and discuss the rise of the dollar in international monetary markets this week.

25X1



Laotian Prime Minister Souvanna has made some major concessions in an apparent attempt to speed implementation of the peace accord of last February.  
(*Page 5*)

At Annex, we examine some of the factors behind the continuing turmoil in international money markets and its impact on world trading patterns.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY****INTERNATIONAL MONETARY DEVELOPMENTS**

The dollar rose in international money markets yesterday for the third straight day. Since the beginning of the week, the dollar has recorded a 6- to 7-percent rise relative to the European joint float currencies and 4 percent relative to the yen.

The dollar strengthened yesterday on the announcement that US swap lines with foreign central banks had been substantially enlarged. Many traders interpreted this announcement as a signal that the United States was preparing to intervene in support of the dollar. Bundesbank president Karl Klasen added to this sentiment on Tuesday when he announced that the Americans were prepared to act and wanted to see the dollar supported. [redacted]

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*Intervention alone is unlikely to lead to a sustained dollar recovery in 1973, although the longer-term outlook is somewhat more favorable. Intervention has proved only a temporary solution to international currency instability in the past and progress toward resolving US political and economic problems will remain foremost in traders' eyes.*

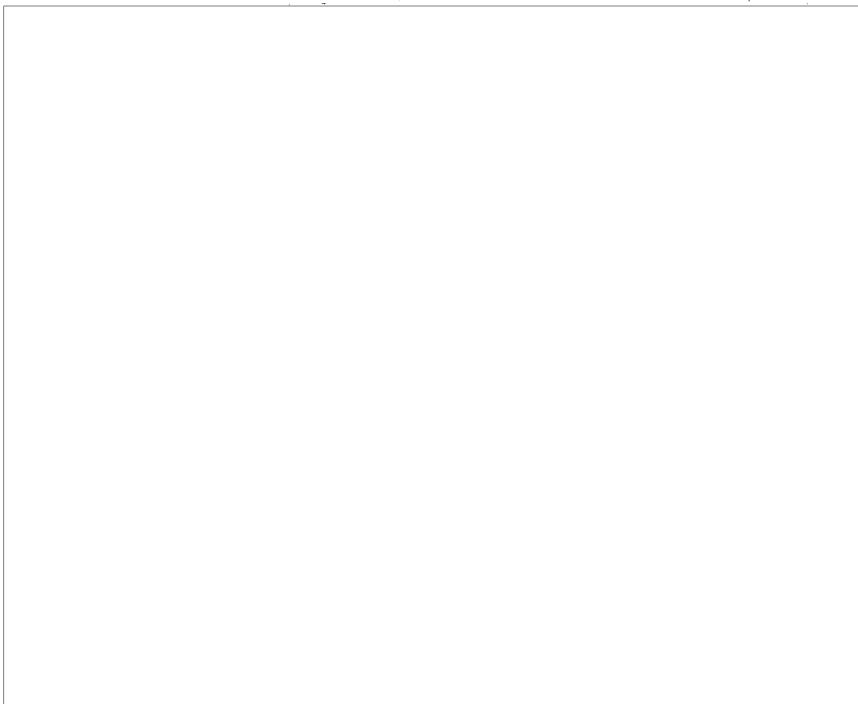
The Committee of Twenty, the forum established by the International Monetary Fund to devise a monetary reform program, is meeting again in Washington. Although the group has been wrestling with the problem of reform since last fall, there are still wide differences among the major powers. The recurring monetary crises have not made agreement any easier. An analysis of the implications of the current monetary crisis is at Annex.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

USSR

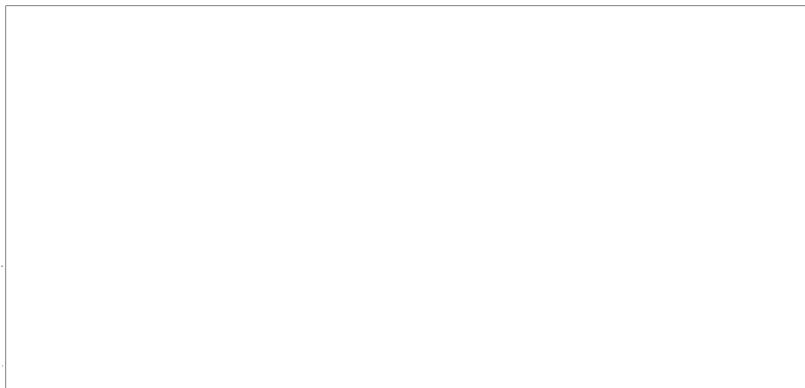
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*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**USSR-CHINA**



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*Predictably, Soviet media have criticized the test--particularly in broadcasts directed at countries affected by its fall-out--charging that Peking's leaders are "blind and deaf" to protests against radioactive pollution. Moscow has contrasted the event with the trend toward international detente and, in particular, with the recent US-Soviet treaty on preventing nuclear war.*

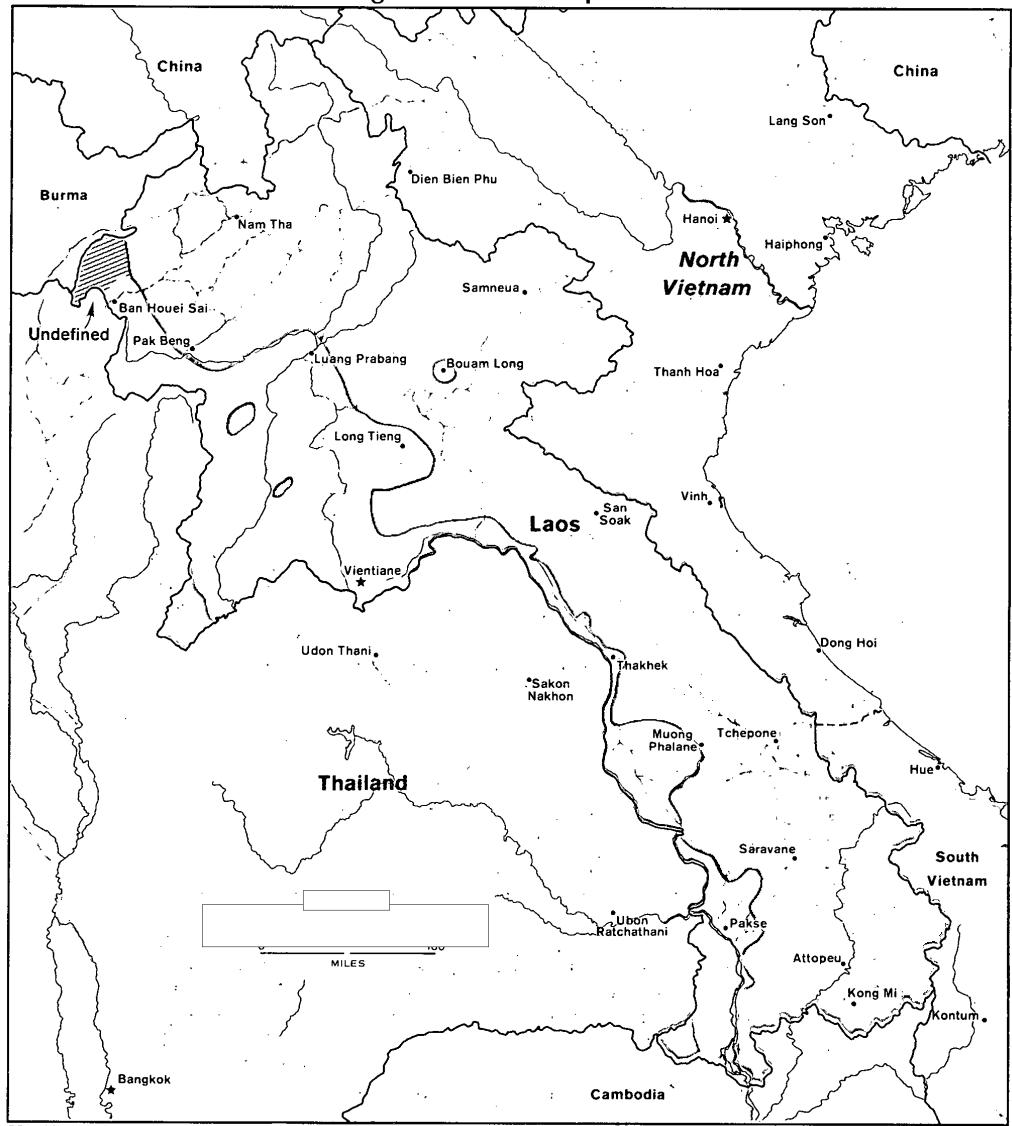
*Although Soviet media have reported France's forthcoming nuclear test in the Pacific, the Soviets have avoided criticizing the French.*

**FOR THE PRESIDENT ONLY**



*FOR THE PRESIDENT ONLY*

**Laos: Zones of Control According to Communist Map**



554469 7-73 CIA

LAOS

Prime Minister Souvanna has made some major concessions in an apparent attempt to speed implementation of the peace accord of last February.

25X1

The Communist delineation plan requires the Vientiane government to give up a small amount of additional territory, abandon most of its enclaves within Communist-controlled areas, recognize Communist enclaves within its own area of control, and accept Communist territorial conquests made since the cease-fire. Souvanna's acceptance of such a limited number of teams with no mobility would preclude effective supervision of any North Vietnamese withdrawal.

25X1

Other obstacles still stand in the way of a settlement. The two sides have not yet grappled seriously with the Communist demands for a minimal International Control Commission role or the disbanding of the former irregular forces and the dismantling of their bases.

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FOR THE PRESIDENT ONLY

**FOR THE PRESIDENT ONLY**

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## IMPLICATIONS OF THE CURRENT MONETARY CRISIS

The current turmoil in international money markets is the fourth in a series of crises that have come with increasing rapidity since 1971, when the Smithsonian Agreement was concluded.

The monetary crises last year and this reflect in part not only continuing US payment problems, but also a change in the psychology of international currency traders. Money managers, representing the large multinational firms and commercial banks and some less developed countries including the oil producers, came to believe that further currency realignments were likely. Windfall profits could be made with limited risk or the value of assets protected by shifting from dollars into the stronger currencies. To the extent that traders acted on their belief it became a self-fulfilling prophecy.

The repeated money market crises have not produced the worldwide recession that many feared. Despite continuing international monetary instability and the growing weakness of the dollar, world trade is expanding rapidly. Indeed it has accelerated in line with the current worldwide economic boom. Exporters and importers have taken steps to reduce their exchange risks through contract adjustments or dealings in the exchange market, but this has generally resulted in only a small increase in trading costs.

Continuing international monetary instability has, however, exacerbated the inflation problem in countries that are the object of speculative capital inflows. West Germany in particular has had to absorb massive currency inflows--first dollars and then guilders, French francs, and Danish crowns--and this has complicated Bonn's policy of slowing the growth in the money supply. Because of the anti-inflationary consequences of revaluation and subsequent monetary stability, Germany has generally been more willing to revalue than other countries.

The impact of the dollar's continuing devaluation on the trade balances of our major trading partners has so far been small. In part this is because most of their trade is not with the United States and because of lags in the adjustment process. The dollar's devaluation lowers the price of US exports in foreign markets, but this leads to an increase in US sales only after consumers adjust their purchases to the new prices.

(continued)

A1

**FOR THE PRESIDENT ONLY**

The current worldwide boom has also reduced and masked the impact of the continuing currency realignments. The US economy and the economies of most of our major trading partners are expanding rapidly--too rapidly in some cases. This has lessened concern about the potential impact of cheaper US goods.

These factors explain the lack of strong countermeasures so far against the devaluation. Only a handful of new foreign export subsidies and tax incentives have been introduced. Nevertheless, some Europeans, the French in particular, feel that the dollar has been devalued too far and that the United States has been given an unfair competitive advantage.

The United States, after an adjustment period, will benefit from the increased foreign demand for our exports now made cheaper by devaluation. Investment in this country also has become more attractive to foreigners. Both of these factors will help create jobs and reduce unemployment in the US. To a lesser extent the UK and Italy, whose currencies also have depreciated, will similarly benefit.

On the other hand, US imports are more expensive because of devaluation and this contributes to domestic inflation. The price of oil imports in particular has increased because of successful contract renegotiation by the oil-producing countries as well as through the direct effects of the devaluation.

The price advantage gained by US agricultural and other raw material exports through devaluation and what apparently has been a desire to convert unwanted dollars into commodities has probably also played a role in the disruption of world commodity markets. The resultant introduction of controls on US commodity exports has dampened US balance of payments prospects and intensified pressures for a further dollar devaluation.

Some of the advantages of the dollar depreciation to Washington are disadvantages for our trading partners. Although their trade position has been little damaged so far, in the longer term cheaper US goods and increased investment in the US rather than in their domestic economies mean domestic job opportunities forgone.

(continued)

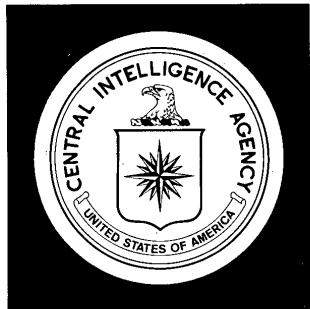
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FOR THE PRESIDENT ONLY

Our trading partners will consequently become more agitated about continuing international monetary instability and the weakness of the dollar when their current economic boom comes to an end. A downturn is inevitable if only because of foreign governments' action to slow down the accompanying domestic inflation. Then, a slowdown in their exports and an increase in their imports and foreign investment (because of the currency realignment) will exacerbate the slowdown in their domestic economies.

The growing concern of our trading partners will adversely affect progress toward trade and monetary reform. The monetary situation has clearly helped Paris in its insistence that the multilateral trade talks take account of the advantages Washington may gain from a devalued dollar, and this could stall the talks indefinitely. Progress toward international monetary reform in the ongoing discussions under the auspices of the International Monetary Fund already has been made more difficult by foreign concerns resulting from the dollar's decline. Difficulties in the economic negotiations will complicate our political and military negotiations. In the case of Europe in particular, the continuing monetary crises are likely to make achievement of US political objectives more difficult.

*Top Secret*



# The President's Daily Brief

13 July 1973

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

13 July 1973

**PRINCIPAL DEVELOPMENTS**

In Argentina, President Campora and Vice President Solano Lima reportedly will resign today to make way for Juan Peron's formal assumption of power.  
*(Page 1)*

Cambodia's Prime Minister In Tam, exasperated by Lon Nol's failure to consult him or the cabinet on the recent peace initiative, is talking again about resigning. *(Page 2)*

25X1

North Vietnam [redacted]

25X1

[redacted] *(Page 3)*

25X1

Cambodia [redacted]

*(Page 4)*

25X1

South Vietnam is changing to a flexible policy toward states that recognize the Viet Cong's Provisional Revolutionary Government. *(Page 5)*

25X1

The NATO allies continue to express their concern that the US-Soviet agreement on preventing nuclear war may have detrimental implications for the Alliance. *(Page 6)*

As the Soviets approach talks on force reductions this fall, they seem particularly sensitive to charges that they have been building up their own forces. *(Page 7)*

The French [redacted]

225X1

[redacted] *(Page 8)*

Notes on Berlin and Uruguay appear on Page 9.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**ARGENTINA**

President Campora and Vice President Solano Lima reportedly will present their resignations to Congress today to make way for Juan Peron's formal assumption of power. A presidential succession bill has been prepared that will enable Congress to elect the 77-year-old Peron to the nation's top office.

*Little opposition is likely to such a move. Peron is already acknowledged to be the government's principal policy maker and is regarded by both supporters and opponents as the one individual who can control the divergent Peronist forces and restore order. In recent meetings with the commanders of the three armed services, he appears to have enlisted military support for his return to power. Principal resistance to the change could come from the left, which sees Peron as generally conservative but Campora as susceptible to pressure.*

*Peron reportedly plans to form a government of national unity, and is considering offering the vice presidency to Ricardo Balbin, leader of the Radical Party. Placing Balbin in a post from which he might later accede to power could raise opposition within the Peronist movement but would considerably help Peron consolidate his position.*

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**CAMBODIA**

Prime Minister In Tam, exasperated by Lon Nol's failure to consult him or the cabinet on last week's peace initiative, is talking again about resigning.

[redacted] since neither he nor fellow High Political Council member Cheng Heng had taken part in the formulation of the initiative, it cannot be considered official, and in his view it has little chance of success.

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*Equally galling to In Tam has been Lon Nol's unilateral delegation of authority over the military to Sirik Matak and his naming of Matak to preside over council meetings in the president's absence. In Tam clearly regards such moves as part of a continuing effort to isolate him from important government business.*

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**NORTH VIETNAM - CAMBODIA**

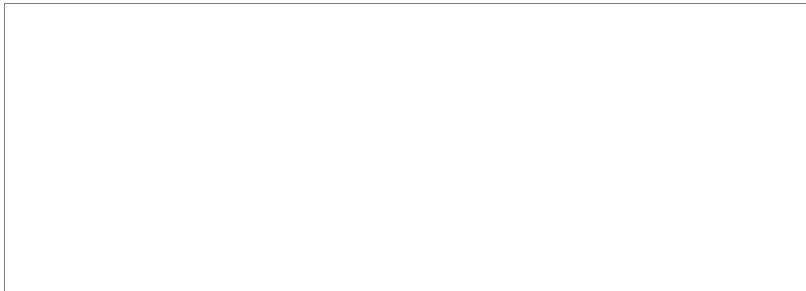
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*Hanoi has consistently refused to become involved in Cambodian negotiations, a position that parallels that of Peking. One reason could well be that as long as the Khmer insurgents have the military initiative, North Vietnam sees no reason to force the pace of negotiations. Moreover, the North Vietnamese probably believe they already have what is essential to them-- a relatively free hand in eastern Cambodia--and they may estimate that the Communist situation will further improve.*

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

CAMBODIA - SOUTH VIETNAM



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President Thieu told a group of lower house deputies late last week that he would not intervene in Cambodia after the end of US bombing expected on August 15.

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He said efforts to recruit ethnic Khmer residents for service in Cambodia had been unsuccessful because potential recruits are unwilling to fight in Cambodia without adequate air support.

Thieu said that in any possible peace negotiations, the US will have to deal with Sihanouk. He said that a decision to return Sihanouk to power would be disadvantageous to Cambodia, South Vietnam, Laos, and Thailand.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**SOUTH VIETNAM**

The South Vietnamese Government is changing to  
a flexible policy toward states that recognize the  
Viet Cong's Provisional Revolutionary Government  
(PRG).

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*In the past, the South Vietnamese have cut ties with the dozen or so governments that recognized the PRG. Adoption of the new policy almost certainly caused anguish in Saigon, since by acquiescing in dual recognition, the Thieu government undermines its claim to be the only valid regime in the South. Foreign Minister Lam favors the flexible approach.*

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

NATO

The allies continue to express their concern that the US-Soviet agreement on preventing nuclear war may have detrimental implications for the Alliance.

The chief of the Italian foreign ministry's NATO office said recently that the agreement appears to undercut NATO's strategy of flexible response. He thinks the US-Soviet agreement to consult prior to the use of nuclear weapons conflicts with a 1969 document, agreed to by the US, providing that NATO would decide the form, content, and timing of any message to be sent to an enemy concerning the allies' intention to initiate the tactical use of nuclear weapons.

West German Defense Minister Leber has argued along the same lines, although not in such specific terms. Belgian Prime Minister Leburton has remarked that he has no reservations about the agreement, but there are lingering doubts in the Belgian foreign office.

An Italian official claims that Western European representatives will soon meet in Brussels to analyze the agreement jointly.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**USSR**

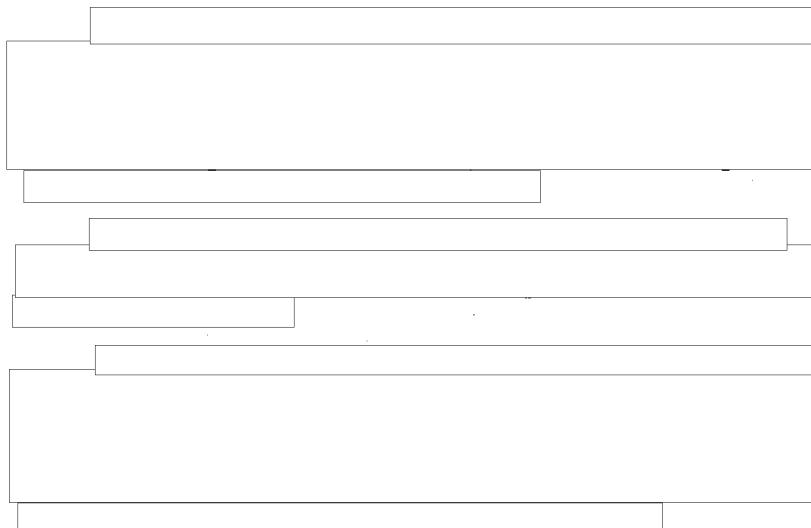
Recent Western press reports that the USSR has been increasing the size of its military forces have provoked an unusual denial from Deputy Chief of Staff Ogarkov. On July 10, Red Star carried an interview in which General Ogarkov took issue with such reports. To support his case he referred to the constant defense budget of 17.9 billion rubles that the USSR has announced for each of the last four years.

*As they approach talks on force reductions this fall, the Soviets seem particularly sensitive to charges that they have been building up their own forces. The figure cited by Ogarkov, of course, does not include all defense expenditures and can hardly be used to prove or disprove anything.*

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

FRANCE



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*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**NOTES**

Berlin: East Germany has begun to reject applications by West Berliners to visit East Berlin during the World Youth Festival (July 28 - August 5) to prevent West Berliners from disrupting the proceedings. Such attempts to impede movement run afoul of existing travel agreements, and West Berlin intends to protest. The East German move has come under strong criticism from West Berliners and West Germans who are already incensed at a shooting incident last week at the Wall. Neither side, however, is likely to allow the present controversy to bring on a serious confrontation.

Uruguay: The Bordaberry government has broken the 15-day general strike, but it has gained only a respite from labor disturbances fostered by the opposition. Militant union leaders reportedly are planning short strikes, work slowdowns, and occasional demonstrations to harass the government. If this strategy finds wide support, it could seriously disrupt economic recovery, which is an essential part of the program espoused by Bordaberry and his military backers.

**FOR THE PRESIDENT ONLY**

*Top Secret*



# The President's Daily Brief

14 July 1973

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**THE PRESIDENT'S DAILY BRIEF**

14 July 1973

**PRINCIPAL DEVELOPMENTS**

Juan Peron is moving slowly toward the presidency of Argentina. (Page 1)

There is no sign of a break in the "confrontation" between the opposition and the Allende government in Chile. (Page 2)

China is advocating direct talks between Sihanouk and the US. (Page 3)

Belgium has a proposal of its own on MBFR as an alternative to three US-sponsored options. (Page 4)

The Soviets are preparing to send an unmanned space-craft to Mars. (Page 6)

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**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**ARGENTINA**

Juan Peron gave a curious speech to the nation last night, strongly suggesting he is prepared to become president again, rather than assuming leadership at once. He also avoided giving any details of how he would take office.

*It appears that Peron is still engaged in bargaining with military and opposition party leaders in order to achieve the basis for a government of "national reconciliation."*

Earlier yesterday, Congress accepted the resignation of President Hector Campora and the vice president. Raul Lastiri, president of the Chamber of Deputies, and the son-in-law of a close Peron aide, will serve as provisional president. Lastiri has reappointed Campora's cabinet, with the exception of the interior and foreign ministers.

Campora has announced that Peron's return would be accomplished with scrupulous respect for the constitution, and that a new election will be held.

*The law requires the provisional president to call for an election within 30 days. This law could be altered by the Peronist legislature if it became necessary.*

So far, the military are posing no obstacles to Peron's take-over. [redacted]

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Leftists appeared surprised by Peron's move. A strong leftist reaction can be expected from the provincial capital of Cordoba, however, where orthodox Peronists are feuding with radicals.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**CHILE**

President Allende is making no visible progress toward pushing the opposition back from its "confrontation" with the government. Government spokesmen have been hinting that they are willing to compromise on a number of contentious issues, and Allende has offered the blandishment of a "dialogue" with the Christian Democrats. The opposition, however, has rejected such overtures until the government disarms its supporters and makes other concessions.

Publicly, the government denies that arms have been issued to anyone, calling the charge a fabrication by the opposition. Privately, Allende professes to be upset by the widespread distribution of arms and the failure of the parties in his coalition to end the practice.

The armed forces and police have raided a few suspected arms caches, but do not appear to have captured much and have avoided clashes with armed civilians. Allende's supporters are in no mood for dialogue or compromise and would rather press ahead with radical reforms.

A break in the impasse could be dangerous to Allende if it comes from the armed forces, which are uneasily watching developments that could lead to serious violence. Coup plotting among some military men has not abated, but neither is there any sign of significant progress toward an attempt to seize the government. General Prats, commander of the army, is still opposed to a military coup, and is trying--so far unsuccessfully--to bring the opposition to compromise with Allende.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**CHINA-CAMBODIA**

Peking is continuing to advocate direct talks between Prince Sihanouk and the US.

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Sihanouk, however, is continuing to take a strongly negative stance on the subject of discussions with the US. Yesterday he told the press in Peking that he will leave next week for a three-week visit to North Korea. The Prince added that even if he has returned to Peking by the time of Dr. Kissinger's arrival, neither he nor any member of his "government" would be in contact with Kissinger.

*Sihanouk has in the past attached great importance to direct negotiations with the US, and so it is unlikely that his current line represents an absolute unwillingness to talk. In exchange for negotiations and a cease-fire, however, Sihanouk is continuing to demand that the US accept such preconditions as an end to US bombing in Cambodia and the removal of the current political leadership in Phnom Penh.*

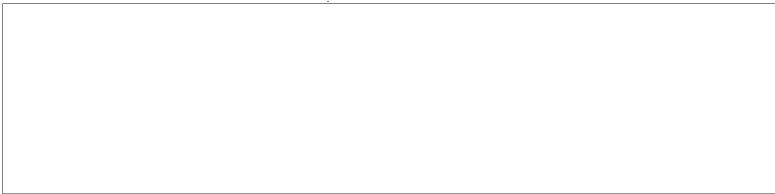
**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**MBFR**

Belgian representatives have proposed in NATO an alternative to US proposals for troop reductions. It calls for two-phase negotiations aiming first at a 17-percent reduction of Soviet and American forces in Europe, to be followed by a reduction in all other Eastern and Western forces to a level of overall parity between NATO and the Warsaw Pact. The Belgian proposal is intended to provide ground for compromises between those of the NATO allies who want to emphasize Soviet-American cuts, and those who want reductions in national forces as well.

\* \* \*



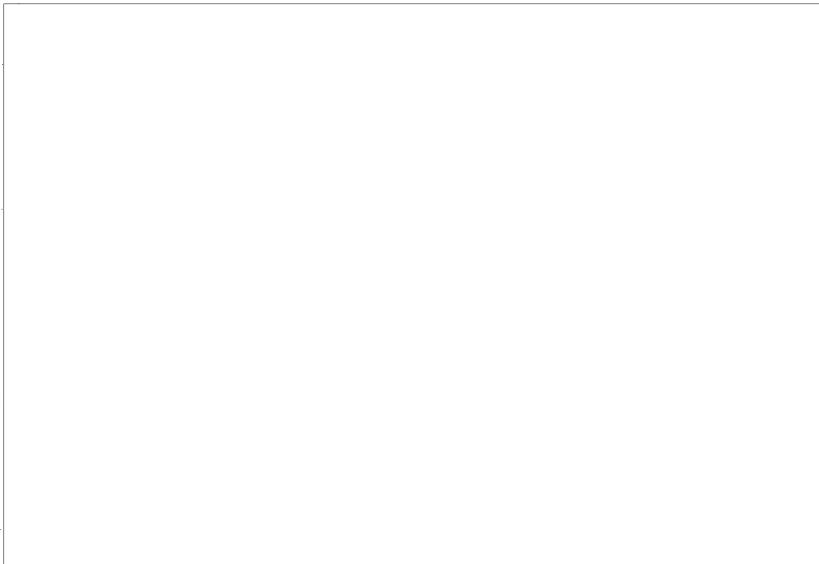
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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

PAKISTAN-FRANCE

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*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**NOTES**

USSR: Preparations are being made at Tyuratam for the launch of an SL-12 space booster that probably will send an unmanned spacecraft to Mars. The most favorable period for such a mission will be between July 19 and August 14. The Soviets may launch two or three probes to Mars during this period as they did in 1971.

South Vietnam: Fighting has increased somewhat, particularly in the central highlands, largely because Saigon forces are challenging earlier Communist "landgrabbing." The government has begun clearing operations in other parts of the country as well, and this may bring a still higher level of fighting. Thus far, however, there is no sign that either side is bringing reinforcements into areas where clashes are now taking place.

**FOR THE PRESIDENT ONLY**

*Top Secret*



# The President's Daily Brief

16 July 1973

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**THE PRESIDENT'S DAILY BRIEF**

16 July 1973

**PRINCIPAL DEVELOPMENTS**

On *Page 1* we discuss Egyptian and Israeli views on the timing of Secretary General Waldheim's projected trip to the Middle East.

Meetings between Polish and West German representatives at the recent CSCE in Helsinki may have broken the impasse in bilateral relations. (*Page 2*)

The Greek junta is acting to make sure that the coming plebiscite produces an overwhelming majority in favor of conversion to a republic. (*Page 3*)

North Vietnamese and Japanese [redacted]

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[redacted] (*Page 4*)

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*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**UN - MIDDLE EAST**

*The timing of Secretary General Kurt Waldheim's trip to the Middle East, which must be negotiated this week, may affect the length and substance of a resumed Security Council debate.*

*Egypt apparently hopes Waldheim's travels will be completed in time to permit a full Council review. Israel, on the other hand, wants the Secretary General to delay his visit until after mid-August on the assumption that his report would be overshadowed by the General Assembly session in the fall and that a formal presentation to the Council might be avoided.*

*Should the Security Council meet before Waldheim departs--and it is not clear whether Egypt will press for a preliminary meeting--Israel would like to limit its discussion to the formal approval of the Secretary General's visit. If Cairo is not assured of a full Council review after the Waldheim trip, however, it could easily introduce divisive issues into any prior Council meeting.*

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**POLAND - WEST GERMANY**

*Consultations at the recent CSCE in Helsinki may have cleared the way for Polish-West German relations to move off dead center.*

The four meetings of Polish and West German representatives (including two between foreign ministers Olszowski and Scheel) permitted intensive negotiation on the two main issues--Bonn's wish to increase the number of ethnic Germans allowed to emigrate from Poland, and Warsaw's demands for compensation for World War II damages. The Germans are encouraged by Warsaw's willingness to discuss the emigration issue, by the Poles' admission that there remain "substantial numbers" of "undisputed ethnic Germans" in Poland, and by their promise to consider how to increase the flow of emigres.

The Germans continued to reject Warsaw's compensation demands, but dangled the prospect of increased economic cooperation. Olszowski, for his part, said that Warsaw might itself be willing to compensate Polish citizens for wartime damages in return for long-term economic aid from Bonn--the formula worked out between Bonn and Belgrade earlier this year.

*The improved prospect for normalizing relations on the basis of the 1970 treaty appears to have been largely the result of Poland's initiative. Little substantive progress is likely, however, until late October when Scheel is tentatively scheduled to visit Warsaw.*

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**GREECE**

The junta is moving to ensure a large "yes" vote in the plebiscite on July 29 to confirm the country's conversion to a republic and embark Prime Minister Papadopoulos on an eight-year presidential term.

25X1

[redacted] the government could obtain a favorable vote of 55 to 60 percent without tampering with the process. [redacted]

25X1

[redacted] the government will add to that total enough to make the final figure somewhere in the "healthy 80s."

25X1

[redacted] Those politicians who have agreed to support the republic are already being interviewed for posts in the new government. Several have been offered jobs.

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[redacted]  
Although many officers favor Markesinis' entry into the government, Papadopoulos may be reluctant to have such an independent figure in that high a position.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

NOTES

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Japan - North Vietnam:

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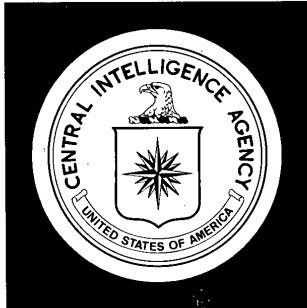
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*Top Secret*



# The President's Daily Brief

17 July 1973

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**THE PRESIDENT'S DAILY BRIEF**

17 July 1973

**PRINCIPAL DEVELOPMENTS**

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[Redacted]

Paris, already irritated by what it regards as US collusion with the USSR on European issues, increasingly sees Washington as failing to accept responsibility for international monetary stability. (Page 2)

In South Vietnam, President Thieu reportedly has ordered tight controls over next month's Senate election campaign. (Page 3)

A nearly bloodless coup in Kabul apparently has returned Prince Daud, who led Afghanistan from 1953 to 1963, to power. (Page 4)

Heavy rains and wind in some of the Soviet Union's important winter grain areas have clouded prospects for a record crop. (Page 5)

Japan has indicated it will help finance exploration of the Yakutsk natural gas fields if the US will participate too. In the Middle East, [Redacted] recommended that Japan avoid alignment with other oil importing countries. (Page 6)

25X1  
25X1

In Iraq, President Bakr and strongman Saddam Tikriti have taken steps to consolidate their positions and may be signaling a desire for improved relations with the West. (Page 7)

The North Vietnamese delegation to the Soviet Union departed yesterday apparently all but empty-handed. (Page 8)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

USSR



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25X1  
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*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**FRANCE**

*Paris, already irritated by what it regards as US collusion with the USSR on European issues, increasingly sees Washington as failing to accept responsibility for international monetary stability.*

*The French feel intensely their limited influence and what they characterize as European dependence on the US. Paris is particularly concerned that US failure to support the dollar could*

*--affect the competitiveness of French exports, hurting employment levels and general growth;*

*--force a unilateral float of the mark and thus set back development of a strong European monetary union;*

*--cause an unraveling of world trade, a breakdown of the monetary system, and growth of protective trade measures; and,*

*--increase domestic inflationary pressures in France.*

*The perceived threat to French interests has led Paris to focus its attention on trade matters, the only area in which it feels it can exert strong pressure on the US to support the dollar.*

Economics and Finance Minister Giscard D'Estaing has stated that although he will attend the ceremonial opening of multilateral talks in Toyko this fall, he will not participate in actual negotiations as long as the present monetary disorder prevails. The EC has taken the position that it will have to take the monetary situation into account before implementing any agreements reached in the trade talks.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

SOUTH VIETNAM

President Thieu, moving to strengthen his hand against his non-Communist opponents, reportedly has ordered tight controls over next month's Senate election campaign. Two of the four slates in the contest are government-sponsored. The independence of the other two is marginal, and Thieu intends to make it difficult for their candidates to reach the electorate effectively. He [redacted] fear these candidates may take anti-government positions on the hustings and cut into the government's anticipated majority.

25X1  
25X1

*The Senate is the only official body in which the non-Communist opposition has considerable strength. Since only half the seats will be at stake next month, the opposition will still have a voice, but it is sure to be a minority.*

*Thieu is pushing for as large a majority as possible, partly so that he can put through certain constitutional amendments, reportedly including abolition of the two-term presidential limit that would require him to give up his office in 1975.*

The government also may be trying to improve its position in the labor movement. Tran Quoc Buu, who heads the country's main union, believes Thieu is recruiting labor support through the Democracy Party and eventually will create a new government union.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**AFGHANISTAN**

A nearly bloodless coup in Kabul apparently has returned Prince Daud, brother-in-law of King Zahir, to power. Army units took over the capital early this morning, and some members of the royal family are in custody.

The 64-year-old Daud, who holds the army rank of lieutenant general, has proclaimed a republic which is now functioning under martial law and presumably will continue to be controlled by the military. In a radio broadcast this morning, he spoke harshly of Zahir's ten-year "experiment in democracy" and criticized the royal family for misusing its powers which, Daud claimed, had paralyzed the nation's economy. He announced that his government would follow Afghanistan's traditional non-aligned foreign policy.

*Daud was prime minister and virtual dictator of Afghanistan from 1953 to 1963, when he was removed by Zahir. Although he turned to the USSR for large scale economic and military assistance, he appeared to be a strong nationalist.*

**FOR THE PRESIDENT ONLY**

### Heavy Rains Slow Grain Harvest



25X1

554472 7-73 CIA

Heavy rains in early July

**FOR THE PRESIDENT ONLY**

**USSR**

Recent poor weather may cause substantial harvest losses in some important winter grain areas of the USSR, clouding prospects for a record crop.

Heavy rains and winds apparently flattened winter grain in large areas of the Ukraine, Belorussia, Moldavia, and the North Caucasus. According to a July 13 radio report from the Ukraine, for example, 2 1/2 million hectares were flattened--one third of the republic's winter grain area. As a result, the harvest will be delayed considerably.

*Flattened grain is difficult to harvest without losses, and it retains much moisture which could ultimately reduce its quality. Moreover, delays in harvesting the crop--which is already mature--could cause it to overripen, spilling the grain on the ground and leading to further losses.*

*A succession of dry, sunny days could yet save the situation.*

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**JAPAN-USSR**

The Soviet Union [redacted] is seeking up to \$150 million in foreign financing for exploration of the Yakutsk natural gas fields. The Soviets hope to have Japan and the US share equally in the financing. Tokyo has indicated that it will agree, provided the US does the same. A Soviet delegation now in Japan will visit the US soon to discuss the project, presumably with companies that have signed a preliminary agreement in Moscow.

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*The Soviets claim that proven reserves of natural gas in the area total 300 billion cubic meters, and they estimate potential reserves at one trillion cubic meters. Moscow estimates that the total project will involve the investment of some \$3 billion by the US and Japan. In order for the project to be economically feasible, it will first be necessary to establish that a significant portion of the reserves are recoverable. Japan has cautioned that its provision of credit for exploration does not imply a commitment for the development of the fields.*

\* \* \*

While the Japanese want to cooperate with the US in Yakutsk, they may not in the Middle East.

[redacted] 25X1

close cooperation with the US and the EC would be viewed by Middle Eastern oil producers as collusion directed against their interest and would be counterproductive for Japan.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**IRAQ**

President Bakr and strongman Saddam Tikriti seem for the present to be working together and have taken steps to consolidate their position. Bakr's executive powers have been substantially increased, and purges of the ruling Baath Party and the country's security forces are still going on.

The Bakr-Tikriti regime may be signaling a desire for improved relations with the West. During an interview with Western correspondents last week, Tikriti said Iraq would like an early rapprochement with the UK and, to a lesser extent, the US. Baghdad also wants more Western participation in Iraq's economic development and is particularly interested in tapping Western oil technology.

*FOR THE PRESIDENT ONLY*

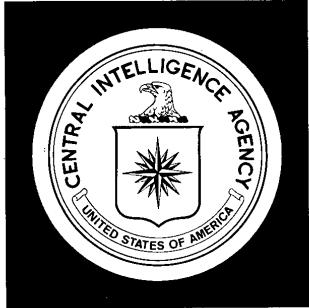
*FOR THE PRESIDENT ONLY*

NOTE

North Vietnam - USSR: The North Vietnamese delegation to the Soviet Union departed yesterday apparently all but empty-handed. According to the final communiqué, the only agreements concluded were a provisional economic assistance pact and the cancellation of Hanoi's debts for previous economic aid. By contrast, during the delegation's visit to Peking, a formal aid pact was signed. Reflecting Soviet interest in improving relations with the West, the communiqué did not directly criticize the US and generally gave North Vietnam little in the way of moral support. Moscow did not join Hanoi in demanding that Washington and Saigon abide by the cease-fire agreements.

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

18 July 1973

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~~Top Secret<sup>25X1</sup>~~

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

18 July 1973

**PRINCIPAL DEVELOPMENTS**

On *Page 1* we discuss the deteriorating military situation in Cambodia.

The EC Commission is considering contingency plans in case the monetary situation continues to erode, but it is powerless to act as long as member countries remain divided on basic issues. (*Page 2*)

The French have reversed their previous opposition to dealing with defense issues in a forum that is community-related, but separate from NATO. (*Page 3*)

Libyan President Qadhafi, badly stung by differences with the Egyptians over the proposed merger, is sponsoring a "march on Cairo" to demand his own formula for union. (*Page 4*)

The new leader in Afghanistan is unlikely to make any major shifts in present policies, but there could be changes in emphasis. (*Page 5*)

Peron's efforts to form a national unity government in Argentina are stirring up opposition among leaders of the Peronist left, who fear a shift to the right. Peron's strategy is likely to combine domestic policies designed to attract moderates with an "anti-imperialist" foreign policy. (*Page 6*)

25X1

A note on East Germany - Berlin also appears on  
*Page 7*.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**CAMBODIA**

Since late May, the Khmer Communists have shifted their attacks from isolated provincial capitals and distant stretches of key highways to the Phnom Penh area. According to the latest estimate of the US defense attache, 57 enemy battalions totaling 17,000 men are now located within a 25-mile radius of the capital.

The bulk of these units are concentrated south and southwest of Phnom Penh, but sizable forces are also operating north and northwest of the city. Despite continued heavy air strikes, the insurgents have gained ground against numerically superior government defenders, increasing the flow of refugees toward the capital.

*Barring major manpower and supply problems or unusually early flooding during the present rainy season, the insurgents in the Phnom Penh area should be able to sustain their attacks for the next few weeks.*

*Prospects for any dramatic improvement in the Cambodian Army's performance are bleak. It is beset by poor leadership and by slackening morale. The recent steady fighting has severely sapped government strength and only intense US air support has limited insurgent gains. Few units remain in the capital's general reserve, and each new threat prompts a complex juggling of units from less active fronts.*

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

## **EC-MONETARY**

The EC Commission is considering contingency plans in case the monetary situation deteriorates further. Among the plans being examined, one calls for stronger capital controls within the EC, and another for US-EC cooperation to reduce surplus dollars held outside the US.

Should the European joint float collapse, the Commission would consider calling an EC summit meeting to discuss major steps toward European economic and monetary union.

*The Commission apparently is under strong pressure to show some community-level response to recent events, but it is powerless to act as long as member countries remain divided on basic issues.*

*Some additional tightening of capital controls is possible, but the community has not found a set of workable measures on which it can agree. Moreover, additional controls would run counter to one of the main purposes of monetary union, the free movement of capital within the EC.*

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**FRANCE-EC**

A French Foreign Ministry official has suggested that the political directors of the EC foreign ministries could begin discussing defense issues as part of their overall work program. He contended that such talks could be kept separate from talks on military matters in the Eurogroup of NATO.

*Heretofore, the French have opposed such discussion. Their new willingness to deal with defense issues in a forum that is community-related, but separate from NATO, is another sign that Paris is actively reviewing its position on intra-European issues--particularly those affecting relations with the superpowers.*

**FOR THE PRESIDENT ONLY**

FOR THE PRESIDENT ONLY

## LIBYA

President Qadhafi, deeply frustrated by the negative Egyptian attitude toward his concept of union and the cultural revolution, apparently hopes to counter with a dramatic show of popular support for his position. Several thousand Libyans reportedly are to depart for Egypt today in a motorcade scheduled to arrive in Cairo on July 23--the anniversary of the Egyptian revolution. The demonstrators intend to present President Sadat with a charter charging him to establish a "complete" union based on "popular" and Islamic principles.

*Qadhafi presumably hopes that the rally will force Sadat to abandon his gradualist approach to merger. The march, however, is likely to run into difficulties before it ever reaches Cairo. The logistical problems of transporting the demonstrators across the Libyan desert will be formidable, and the march could run into trouble when it reaches the Egyptian border.*

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*Should the cavalcade ever reach its destination, it could prove very embarrassing to President Sadat.*

Whatever its impact on the Egyptians, the march is certain to contribute to turmoil in Libya. Qadhafi's prolonged absence from Tripoli--he is now in Benghazi--has caused a serious leadership vacuum.

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*Qadhafi apparently is not yet ready to put his own house in order, nor is he willing to moderate his position on union, despite considerable pressure from the Revolutionary Command Council and President Sadat. His decision to sponsor the march clearly indicates that he is willing to place his prestige and perhaps his leadership on the line.*

FOR THE PRESIDENT ONLY

**FOR THE PRESIDENT ONLY**

**AFGHANISTAN**

Former prime minister Daud appears to be in control in Kabul, although the situation in the rest of the country is still unclear.

Judging by Daud's performance during his ten years as prime minister--1953 to 1963--he will make no major shifts in Afghan policies, but there could be changes in emphasis.

*Some regard him as a Soviet stooge* [redacted]

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Daud is, in fact, probably more responsible for the present close relationship to Moscow than any other Afghan, but he is likely to retain Afghanistan's traditional policy of trying to play the great powers against each other.

In Pakistan, Daud is remembered as a long-time advocate of independence for the country's two frontier provinces, whose inhabitants are closely related to the Afghans. Independence for Pushtunistan is the only specific foreign policy issue the new government has mentioned publicly, and relations with Pakistan could deteriorate.

For the US, Daud may be harder to deal with than the previous prime minister or the King. He is likely to be more suspicious of US motives, generally less cooperative, and somewhat more pro-Soviet. Nevertheless, there is no reason to think he will reverse present Afghan foreign policies.

**FOR THE PRESIDENT ONLY**

**ARGENTINA**

Preparations are under way to install Juan Peron in the presidency, and a date should be set shortly for elections--August 26 has been mentioned most frequently. Efforts are continuing to establish an electoral alliance between the Peronists and the middle-of-the-road Radical Party by bringing Radical leader Ricardo Balbin onto the ticket as Peron's vice presidential candidate.

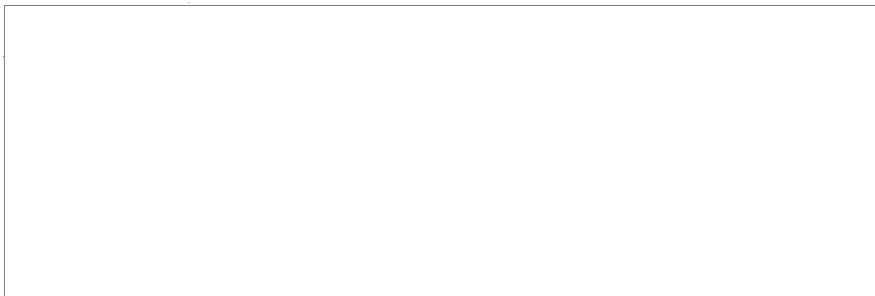
*It is doubtful that Peron will face any significant opposition, although an attempt might be made to organize a leftist electoral front.*

The Peron-Balbin alliance could run into opposition from Peronists who fear that Peron, who is 77 years old and has several health problems, will not live out a full term. More important, leaders of the Peronist left are concerned that the proposed alliance, which has the blessing of the military, signals a shift to the right.

*To contain this rising opposition, Peron appears to be trying to isolate the extremists while attracting a broad spectrum of political moderates into his government of "national unity." This tactic is likely to include a tough line against extremists and terrorists, combined with moderate economic policies. To maintain the support of the moderate and nationalistic left, Peron will probably emphasize an "anti-imperialist" foreign policy and make a concerted drive for "Third World" leadership.*

*FOR THE PRESIDENT ONLY*

NOTES

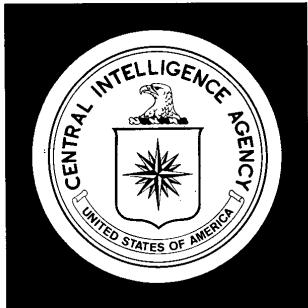


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East Germany - Berlin: The East Germans have reversed themselves and are again issuing entry permits for West Berliners who wish to visit between July 28 and August 5. Earlier, they had sought to restrict the entry of West Berliners severely for fear that the Soviet-sponsored World Youth Festival would be disrupted by uninvited hecklers. A combination of bad publicity, informal Western protests to the Soviets, and perhaps a touch of Soviet pressure seem to have caused the East Germans to change their minds.

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

19 July 1973

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THE PRESIDENT'S DAILY BRIEF

19 July 1973

PRINCIPAL DEVELOPMENTS

The Libyan "march to Cairo" is underway, but Sadat plans to send a delegation to meet the marchers at Mersa Matruh. (Page 1)

Allende's attempt to open a dialogue between the coalition parties and the Christian Democrats is at an impasse. (Page 2)

25X1

EC Agricultural Commissioner Lardinois arrived in the US yesterday [redacted]

(Page 3)

25X1

Some Icelandic Government leaders are taking a more flexible attitude toward the US-manned NATO base at Keflavik which augurs well for retention of the facilities. (Page 4)

Notes on Iraq and Yugoslavia appear on page 5.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

EGYPT-LIBYA

President Sadat, attempting to head off the Libyan "march on Cairo," broadcast a direct appeal to Qadhafi that the march be canceled in the interests of the "seriousness, objectivity, and responsibility" that should govern the ongoing consultations on merger. Sadat stated that the march is "not a proper revolutionary measure" and could only open the door for "enemies of the revolution." The Libyan motorcade, which began yesterday morning, plans to reach the Egyptian border on Friday.

To back up his public plea for restraint, Sadat yesterday interrupted the Damascus visit of Arab Socialist Union first secretary Hafiz Ghanim and dispatched him hurriedly to Benghazi, where Qadhafi has been since he left Cairo last week.

*Qadhafi still appears intent on under-scoring his differences with Egypt, even to the point of risking a confrontation with the Egyptians.*

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*In an attempt to save both sides from more embarrassment, Sadat has agreed to allow the marchers to enter Egypt and is sending a delegation to meet them at Mersa Matruh, some 100 miles inside Egypt, but still far from Cairo. Qadhafi may not be satisfied with this, but Sadat is unlikely to compromise on the larger issue of the merger. Qadhafi's performance will go far to convince the Egyptians that anything more than a loose federation is unfeasible.*

FOR THE PRESIDENT ONLY

**FOR THE PRESIDENT ONLY**

**CHILE**

Allende's attempt to open a formal dialogue between the Popular Unity parties and the Christian Democrats has reached an impasse. The Communists, vigorously pursuing their new tough line toward the opposition, apparently have joined the Socialists in impeding Allende's effort to work out an understanding. The rhetoric emanating from the leaders of both Marxist parties has become increasingly inflammatory.

Adding to the aura of unease, the far-rightist Fatherland and Freedom movement has announced it will go underground and use "all available methods" to combat the regime, in hopes of provoking the armed forces into moving against the government. In addition, business and professional "guilds" reportedly are considering an effort of their own to galvanize the military into action by staging a nationwide strike next week.

*Fatherland and Freedom's brazen threats are more likely to subject it to further repression than to accomplish its goals. The outcome of a rerun of last October's guild strikes is less predictable.*

*The armed forces remain apprehensive over the continued arming of the government's civilian supporters. They are also disturbed over suggestions by some Popular Unity leaders that soldiers should evaluate the constitutionality of their officers' orders before obeying. No new information has been received on what progress, if any, plotting officers have made.*

*FOR THE PRESIDENT ONLY*

**EUROPEAN COMMUNITIES - US**

25X1

Agriculture Commissioner Lardinois arrived yesterday in Washington

25X1

Earlier this week the Council ordered the EC Commission to look into ways of encouraging the production of soybeans and other protein-rich stock feeds within the EC and in less developed countries.

[redacted] the Commission is expected to include in its recommendations some kind of EC support policy for soybeans.

25X1

*This would particularly please the French, who have long wanted the community to become more self-sufficient in agriculture.*

25X1

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

## ICELAND

*A more flexible attitude toward the US-manned NATO base at Keflavik on the part of some government leaders augurs well for retention of the facilities.*

On July 13, Foreign Minister Agustsson outlined to Ambassador Irving his government's latest bargaining position. Agustsson's proposals call for the paring down of defense functions and reduction of up to one third of the military personnel over the next five years. Prime Minister Johannesson also projected a more relaxed attitude in an interview published on July 14, denying that his coalition government was pledged to ejecting the defense force before the end of its term.

*This contrasts sharply with demands by other government officials, following Britain's introduction of warships in the "Cod War" on May 18, for the removal of all US military personnel and Iceland's withdrawal from NATO. Base negotiations remain linked in Icelandic minds to the fishing dispute, but prospects seem improved for working out a fishing settlement before base talks begin in September.*

*Some signs that the coalition's two Communist ministers are divided over tactics may also have encouraged Agustsson and Johannesson to bring forward a more conciliatory position.*

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

NOTES

Iraq: The ruling Baath Party has agreed to form a national front with the Iraqi Communist Party, and the two left the way open for the Kurds to join at a later date. There has been no indication of the working relationship planned between the parties in any future government, but a likely early result is a new cabinet in which the Iraqi Communists will have a larger role. As of now, there are only two Communist ministers, both without portfolio, in the cabinet. Although the Soviets will be pleased, and the Iraqi Communists will enhance their status, past experience indicates that the Communists will not be allowed to endanger Baathist supremacy.

Yugoslavia:

225X1

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

20 July 1973

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*Top Secret*

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declassified under approval of  
the Director of Central Intelligence

CENTRAL INTELLIGENCE AGENCY  
WASHINGTON, D.C. 20505

July 20, 1973

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*FOR THE PRESIDENT ONLY*

THE PRESIDENT'S DAILY BRIEF

20 July 1973

PRINCIPAL DEVELOPMENTS

The Laotian Communists are showing new interest in moving ahead on a political settlement. (Page 1)

In Cambodia, Prime Minister In Tam is again threatening to quit and there is some new evidence of military concern over President Lon Nol's leadership. (Page 2)

As the Libyans' "march on Cairo" proceeds, Sadat plans to allow the pro-unity demonstrators to cross the border but hopes to contain most of them well short of his capital. (Page 3)

On Page 4 we comment on the latest international monetary developments.

New Italian Prime Minister Rumor seems off to a good start, and has several months before his government's cohesion will be tested on sensitive domestic issues. (Page 5)

As China's Party Congress approaches, two programs of the Cultural Revolution period remain a source of contention. (Page 6) 25X1

[ ] Soviet [ ] Cuba. (Page 7) 25X1

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

LAOS

The senior Lao Communist negotiator, Phoumi Vongvichit, said yesterday that he had been authorized to make concessions on political aspects of a settlement if Vientiane would change its positions on certain military points. He also indicated a willingness to scale down demands to station large Communist security forces near Vientiane and Luang Prabang--an issue that has been a major sticking point.

Suggesting that a final agreement need not await resolution of the Cambodian problem, Phoumi added that a Laos settlement might "set an example for other Indochinese countries."

25X1

*If Souvanna believes he now has the best agreement the government can reasonably expect, he probably is prepared to brave criticism from the right and instruct Pheng to sign a final agreement.*

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**CAMBODIA**

Prime Minister In Tam, who earlier this week had indicated that he would stay on the job despite his continuing exclusion from military affairs, is again threatening to quit.

[REDACTED]

25X1

*In Tam's latest flip-flop evidently stems from his recent difficulties in trying to make a few cabinet changes. The Prime Minister has been unable to remove several ministers who represent Lon Nol's Socio-Republican Party and replace them with more competent and responsive individuals.*

Meanwhile, there is more evidence of military concern over Lon Nol's leadership.

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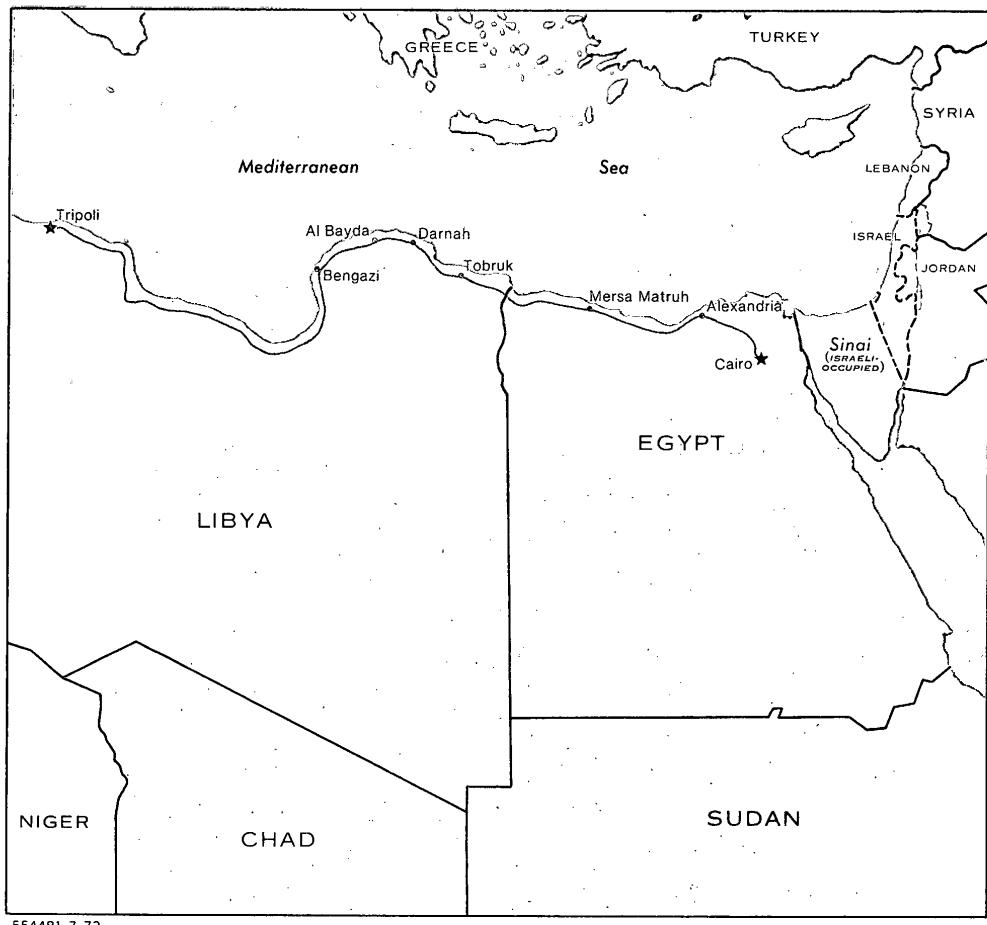
[REDACTED]

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**FOR THE PRESIDENT ONLY**



*FOR THE PRESIDENT ONLY*

**EGYPT-LIBYA**

The thousands-strong Libyan "march on Cairo" is proceeding, and advance segments are scheduled to arrive at the Egyptian border today. The marchers, who departed in a holiday spirit, seemed insensitive to the implications of their mass move into another sovereign state. Qadhafi, reportedly still in Benghazi, has yet to give his public blessing to the procession.

25X1

Sadat still seems determined to halt the march before it reaches Cairo. [redacted]

25X1

[redacted] Sadat reportedly will allow a token group of Libyans to proceed to Cairo, and hopes that the bulk of the demonstrators will soon return home after experiencing shortages of food and water at Mersa Matruh.

25X1

*Despite the Egyptian restraint, the strong, long-standing animosity between Libyans and Egyptians could easily lead to a clash at some point in the course of the march. The Libyans' attitude could quickly become more antagonistic if Qadhafi urges them to accept no restraints in pressing for unity.*

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

## INTERNATIONAL MONETARY DEVELOPMENTS

*Official confirmation that the US has intervened in support of the dollar and the announcement of Washington's Phase IV economic policy have had little immediate impact abroad. Traders, aware that so far the intervention by both US and European central banks has been small, evidently discount promises of further support.*

Yesterday the dollar rose and the price of gold fell sharply, but only late in the day following apparently unfounded rumors that the French and German central banks had sold gold from their monetary reserves. Gold fell by more than \$5 an ounce in London and closed at \$114.25, the lowest since May 30.

The mark has again moved to the top of the European joint float band.

*This raises the possibility that speculators will try to push the mark out of the band or bring about another revaluation. Bonn is tightening controls on foreign investment in German securities in the hope of impeding foreigners wishing to acquire marks for speculation. Past controls, however, have done little to slow the mark's climb.*

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**ITALY**

*Prime Minister Mariano Rumor is benefiting from the momentum of his rapid formation of a new government, to be installed today, and from the absence of an acceptable alternative to his center-left formula.*

All four coalition partners warmly received his initial address to parliament, and labor leaders have given qualified approval to Rumor's government. The Communists state that the coalition is a step forward from Andreotti's centrist government, but maintain that it is still an inadequate response to national needs.

Rumor has made an anti-inflation program his first priority, and prospects for it are encouraging. The ministries of treasury, finance, and budget are manned by experienced and politically influential officials.

*Government cohesion will not be tested until this fall, when coalition partners will face sensitive domestic issues on which they have major differences.*

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**CHINA**

*As the Tenth Party Congress approaches, Chinese media indicate that two programs of the Cultural Revolution period remain a source of contention. One is the participation of ordinary workers in official bodies; the other is the May 7 schools for remolding the ideology of veteran cadres.*

*Both issues are symptomatic of the continued competition for power between moderate and extremist factions. The same fissure will complicate the solution of such key questions as the division of power within the politburo, the succession question, economic priorities, and the political role of the military.*

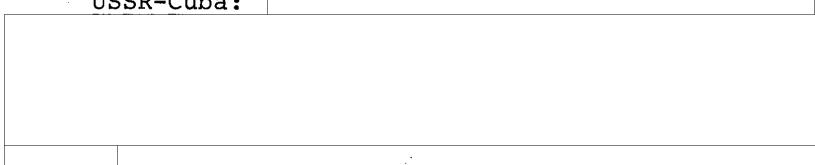
*The date of the congress has still not been disclosed.*

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

NOTE

USSR-Cuba:



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*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

21 July 1973

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~~Top Secret~~<sup>25X1</sup>

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

21 July 1973

**PRINCIPAL DEVELOPMENTS**

Egypt appears to have halted the Libyan march, and  
a Libyan delegation has flown to Cairo to meet Sadat.  
*(Page 1)*

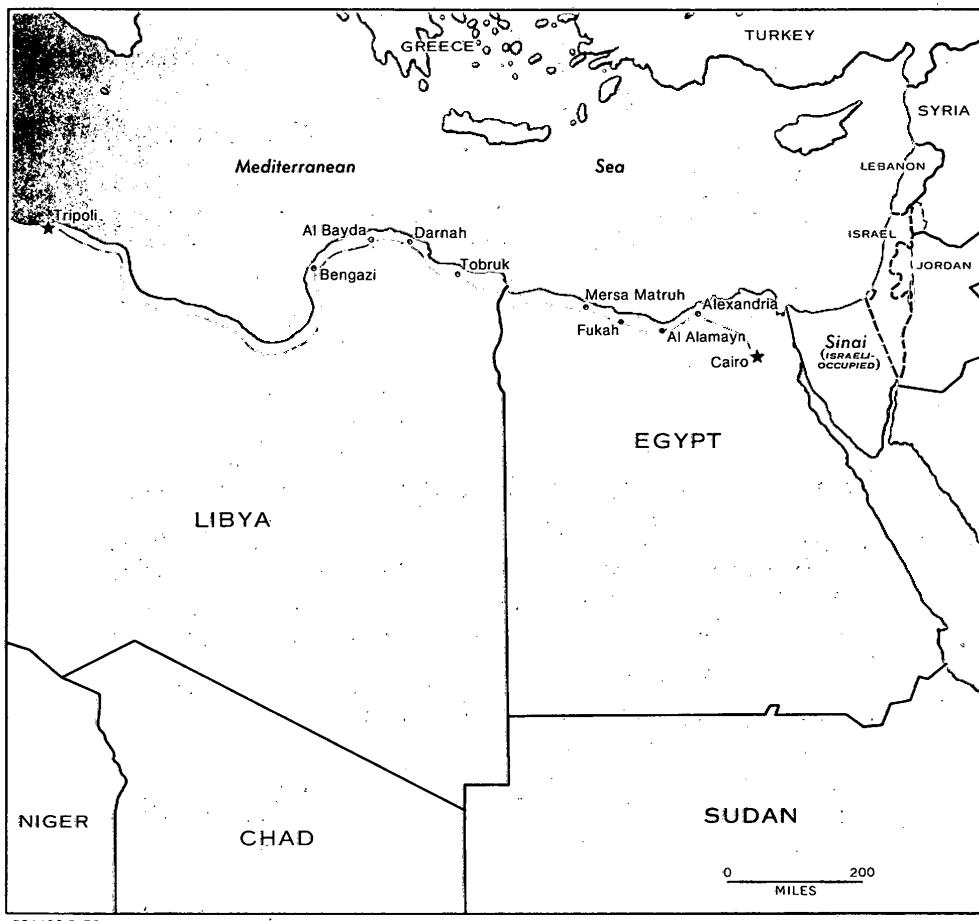
Bangkok wants to begin negotiations toward reducing  
US forces in Thailand. *(Page 3)*

In Chile, workers are demanding that the government  
take over all seized industries. *(Page 4)*

The Chinese evidently have begun deploying a coastal  
defense cruise missile of their own design. *(Page 5)*

At Annex, we discuss Egypt's campaign to improve its  
relations with other Arab states.

**FOR THE PRESIDENT ONLY**



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**FOR THE PRESIDENT ONLY**

**LIBYA-EGYPT**

Colonel Qadhafi replied yesterday to President Sadat's protests about the "march on Cairo" by claiming that he had resigned as president of Libya on July 11 and learned of the march only from radio reports.

*Qadhafi's resignation and his decision to make it public are further indications that he fully intends to place his prestige and leadership behind his own concept of the merger with Egypt. During his three-week stay in Cairo he showed no willingness to yield to Egyptian officials who proposed gradual implementation of a federal union. Nor, since his return to Libya last week, has there been any clear sign that he has settled differences with fellow members of the Revolutionary Command Council (RCC) over the union.*

None of the RCC members has moved to fill the leadership vacuum created by Qadhafi's prolonged absence from Tripoli. On the contrary, council members have refused his resignation and some of them are participating in the "march on Cairo."

*No matter how determined Qadhafi may be, however, Sadat is unlikely to give in to Libyan demands for full and immediate union. The general Libyan performance--from the march to Qadhafi's dramatics--could, if anything, intensify Sadat's negativism on the entire union project.*

The Egyptians published what is probably their minimum position on merger two days ago when the march began. It involves a formula that has the outward trappings of full unity but allows a year's grace period for preparations and consultations before the project is completed, and it refers to a plebiscite in September 1974. It is doubtful that Sadat would go much further to satisfy Qadhafi.

Egypt is currently confronted with the more immediate problem of holding back the Libyan march. By late yesterday afternoon, approximately 1,500

Libyan vehicles had bypassed Egyptian roadblocks at Mersa Matruh and had reached Fukah, approximately 50 miles farther east. Egyptian Army units, called in near Fukah, have blown up portions of the road to the east and have established an apparently successful roadblock in the vicinity. Beyond some minor rock-throwing incidents, no direct confrontation has yet been reported.

The tougher Egyptian measures may be having some effect. Last night, five of the marchers who had remained at Mersa Matruh, including a member of the RCC, flew to Cairo to meet Sadat and present their views on unity.

With a meaningful merger with Libya now so unlikely, Egypt has recently been improving its relations with other Arab states. This campaign and reasons for it are discussed at Annex.

## THAILAND

Bangkok, currently reviewing its policy toward the US, has requested information from Washington on three matters of "highest importance":

- US intentions regarding Cambodia after August 15,
- US intentions regarding future use of the air bases in Thailand, and,
- US plans for equipping the Thai armed forces.

*It is clear from remarks of Prime Minister Thanom and Deputy Foreign Minister Chartchai that Bangkok wants to begin negotiations to reduce US forces in Thailand. Thai leaders believe that unless some progress is achieved on this issue, the government will become increasingly vulnerable to public criticism. Such criticism could lead to large-scale student demonstrations.*

*Most important, the Thai leadership hopes its demarche will lead to a new US military assistance package. Alarmed over the deteriorating situation in Cambodia and unhappy over recent cuts in US military assistance, Bangkok wants to test Washington's commitment to Thai security. Should Thai leaders be dissatisfied with the reply, they may consider new steps to signal their displeasure, such as a demand for a reduction in the number of US facilities, over and above the air bases, permitted to operate in Thailand.*

**FOR THE PRESIDENT ONLY**

## CHILE

Workers in Santiago's industrial districts clashed with police two days ago after barricading streets near the factories they have seized and held since June 29. Apparently led by the extreme leftist Movement of the Revolutionary Left (MIR), the workers are demanding that the government take over all seized industries. President Allende's position is that each case will be studied individually and that only "monopolistic" or "strategic" firms will be taken over by the state.

The Communist and Socialist leaders apparently oppose the President's desire to return some industries to their owners. Communist trade union leaders, on the other hand, are pressing for some form of workers' action considerably short of seizure.

*The Communists, Socialists, and the MIR may hold Allende personally responsible for the use of force against workers. The incident will hurt the President's effort to persuade Popular Unity parties to support a dialogue with the opposition Christian Democrats.*

*The Christian Democrats, for their part, are reportedly considering bringing impeachment charges against the entire cabinet. If successful, this would embarrass the government, but not bring it down.*

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**NOTES**

China: [redacted] the Chinese have begun to deploy a coastal defense cruise missile of their own design. The weapon seems to be a lengthened version of the Styx missile that the Soviets supplied in the late fifties. [redacted]

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Spain: The new Foreign Minister, Lopez Rodo, has already begun to define Madrid's terms for renewal of the agreement which permits the US to use several military bases on Spanish soil. Although the agreement does not come up for renewal until 1975, Lopez Rodo wants to start discussions when he comes to the UN in October. In a new linkage, he has told Ambassador Rivero that the US could stay at the Rota naval base only if the question of British hegemony over Gibraltar is settled, because there is no justification for two NATO bases in the area. The Foreign Minister urged the US to get the British to moderate their intransigent stand against returning Gibraltar to Spain.

USSR-Cuba: The Soviet Union apparently is sending another group of ships to visit Cuba. A guided-missile cruiser, a destroyer, and a tanker now near the Canary Islands are headed west and could arrive in Cuba in seven or eight days. [redacted]

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[redacted] If the visit takes place, it will be the tenth such port call to Cuba since the visits began in 1969.

*FOR THE PRESIDENT ONLY*

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### EGYPT - ARAB STATES

Egypt has recently made several moves aimed at bettering its ties with other Arab states.

--During a visit to Khartoum last week, Cairo's war minister, General Ahmad Ismail Ali, reportedly reached final agreement on plans to return a token Sudanese force to the Suez Canal and to reopen the Egyptian military academy in Khartoum. Presidents Sadat and Numayri decided in principle on these moves in late May.

--Egyptian leaders have been in increasing contact with Saudi Arabia since King Faysal visited Cairo in mid-May. The Saudis since have reportedly granted Egypt loans of \$65 million for food purchases and \$50 million for the purchase of British helicopters.

--Kuwait has tentatively agreed to finance the construction of a major oil pipeline from Suez to the Mediterranean in return for a large share of the equity.

Arab solidarity is always a goal--however elusive--of Arab leaders, and this objective took on added urgency earlier this year when President Sadat put renewed emphasis on his preparations for military action against Israel. Reintroduction of the Sudanese troops provides a symbol of this solidarity. Cooperation with Saudi Arabia could provide more than a symbol; Sadat hopes for enough leverage to induce the Saudis, and probably also the Kuwaitis, to use their oil resources as a political weapon against the US if and when he decides to intensify his campaign to force Israeli concessions on the settlement issue.

Egypt will use any aid it may receive from Jidda to purchase Western, principally European, military equipment. This would allow Cairo to claim that it needs time to absorb the new equipment before it could undertake war. This arrangement would also lessen Egypt's dependence on Soviet equipment--an objective that Cairo now feels necessary because of Soviet attitudes toward detente with the US, and that Saudi Arabia views as eminently desirable.

(continued)

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*FOR THE PRESIDENT ONLY*

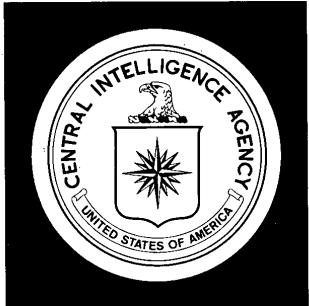
*FOR THE PRESIDENT ONLY*

Sadat has more immediate concerns as well. Egypt desperately needs economic assistance, and the oil-rich states have it to give in abundance. In this connection, the diminishing prospects for a meaningful merger with Libya, whose own wealth was the primary inducement for Cairo's participation in the union project, have accelerated Egypt's efforts to better its ties with its wealthy neighbors. Sadat's closer ties with the other Arab states--with Sudan in a purely political sense and with Saudi Arabia in both a political and an economic sense--are an insurance policy against the failure of the merger plans.

A2

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

23 July 1973

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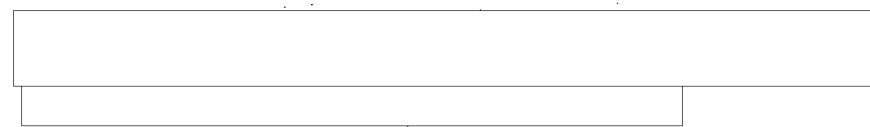
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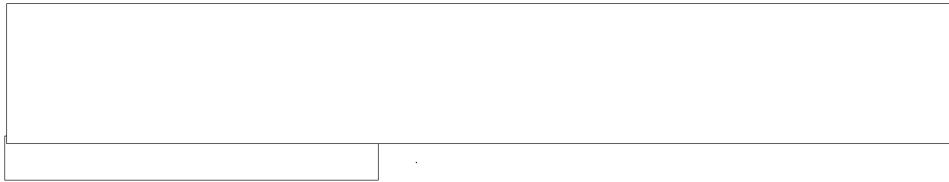
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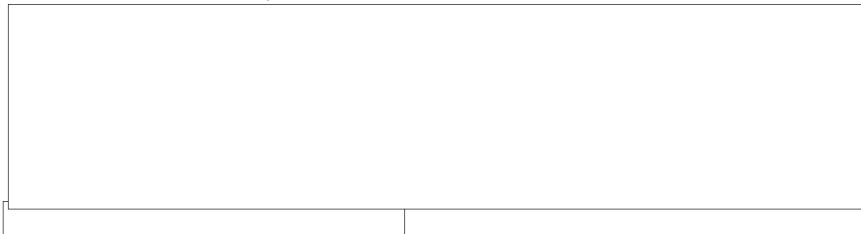
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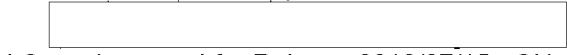


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*FOR THE PRESIDENT ONLY*

**THE PRESIDENT'S DAILY BRIEF**

23 July 1973

**PRINCIPAL DEVELOPMENTS**

Qadhafi and Sadat to make major speeches today which may clarify situation in Libya and status of proposed merger. (Page 1)

EC foreign ministers meeting in Copenhagen this morning to discuss improving their experiment in coordinating foreign policies. (Page 3)

Peron may be unopposed in September 23 elections.  
(Page 4)

Notes on [redacted] a Soviet Mars probe, the French nuclear test, [redacted] appear on Page 5.

25X1

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**LIBYA-EGYPT**

Presidents Qadhafi and Sadat are scheduled to make major speeches today which may clarify the situation in Libya and the status of the proposed union. In the meantime, the Libyan Government has come to a virtual standstill, and there are no signs that differences over the union have been resolved.

Qadhafi's resignation has provoked complete confusion throughout Libya. The ten other members of the ruling Revolutionary Command Council (RCC) have refused to accept his resignation and have threatened to resign en masse unless he returns to office. None of the council members appears to have taken responsibility for overseeing the government in his absence and, according to the official news agency, the cabinet has submitted a collective resignation as an expression of support for Qadhafi's leadership. The commercial section of Tripoli has closed down, and vital public services including the international airport have apparently been abandoned by many workers, who presumably have joined popular demonstrations calling for Qadhafi's return. Military police units have been placed on alert but so far there have been no signs of a breakdown in public order.

Qadhafi is still reported to be in the Benghazi area, where marchers returning from Egypt are staging a sit-in until he withdraws his resignation. The Libyan leader apparently promised the crowds that he would discuss his resignation in the address today, but reportedly refused demands that he immediately announce "his return from retirement."

*Qadhafi's next move will almost certainly be determined by his appraisal of the chances for achieving his own brand of union with Egypt. He may hope that by prolonging the drama of the last several days he can pressure the Egyptians to make some important concessions on the union issue.*

(continued)

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

Sadat's publication on Friday of Qadhafi's resignation statement and his reception of a small Libyan delegation on Saturday, which presented him with a document demanding unity, provided a face-saving way around the embarrassment that confronted each leader as a result of the "march on Cairo." The statement issued following the meeting with Sadat affirmed the commitment of both sides to an official proclamation of union, as scheduled, on September 1.

*These gestures have not resolved differences over the form union will take. Consultations between Sadat and some members of the RCC took place yesterday in Cairo. There are no signs, however, that the stalemate over merger has been broken. Despite the rhetoric praising unity, there has been no indication that Sadat is ready to back down on his demands for a gradual approach. He is prepared, and has been throughout the discussions over the past month, to proclaim some form of merger on September 1, but it is doubtful that either the consultations, the unity procession, or Qadhafi's resignation has persuaded him that Libya's continuing demand for complete and immediate merger is in Egypt's interest.*

**FOR THE PRESIDENT ONLY**

EC-US

The nine EC foreign ministers are meeting in Copenhagen this morning, beginning their regular semi-annual meeting by considering how to improve their three-year-old experiment in coordinating foreign policies. They are also expected to discuss the US proposal for a new declaration of Atlantic principles. In response to French insistence on separating political from economic discussions, the ministers will then fly to Brussels to meet this evening and tomorrow as the EC Council.

*Foreign policy coordination so far has had some limited success, only in part through the mechanism of convening the foreign ministers on political topics every six months and top foreign ministry officials every three months. The concept of cooperation has helped in developing positions for CSCE and has encouraged many EC ambassadors, particularly at the UN, to work more closely together. Common positions have not emerged on such hot issues as the Middle East, however, and members find the lack of a political secretariat an increasing handicap.*

The ministers will be trying to clarify recent hints of French willingness to strengthen the mechanism. A high Quai official says that Paris is thinking of a "two-pillar" framework for European cooperation: a "federation" under the Treaty of Rome, to handle that treaty's economic subjects; and a "confederation" to treat broad political and defense issues. Committees would link the "pillars" and a "European union" would cap them.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**ARGENTINA**

Peron may be unopposed in the presidential elections scheduled for September 23. Radical Party leader Balbin seems increasingly likely to become Peron's running mate on a "national unity" ticket, although arrangements probably will not be concluded until the Radicals convene a party congress in another week or so.

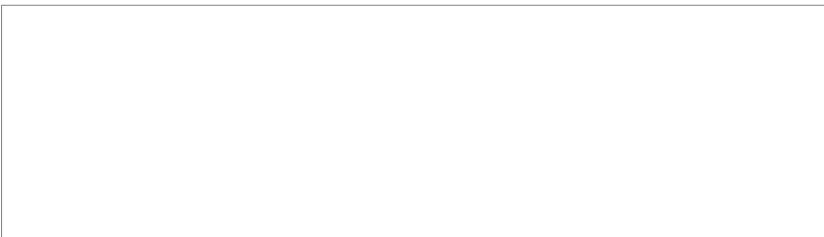
Another of the contenders in the elections of last March has said he will not run. A third apparently is thinking the same way. If no other candidates enter the field, the formality of an election can be avoided by having Congress declare the single slate elected.

*Peron probably prefers this more expeditious method. The military is cool to anything that smacks of an uncontested election or plebiscite, but in present circumstances will not try to upset the Peron bandwagon.*

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

NOTES



USSR: Mars 4, the Soviet space probe launched on Saturday, appears to be functioning normally and is scheduled to arrive in the vicinity of the planet next February. Proper conditions for launches to Mars will exist through August, and additional probes are expected.

25X1

France: [redacted]

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[redacted] Despite vigorous protests from a number of South Pacific countries, the French probably will conduct two or three additional low-yield atmospheric tests at the Mururoa site this year. In 1972, they detonated three low-yield devices and conducted one safety experiment at this site.

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Hijacking: Israel and Saudi Arabia each claim to have information that the hijackers of the Japan Air Lines plane will crash it in a kamikaze-style raid after the aircraft takes off from Dubai. [redacted]

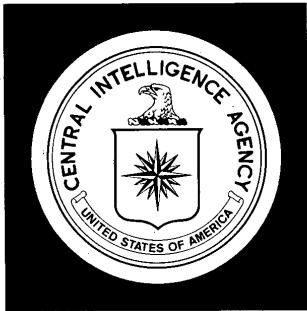
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# The President's Daily Brief

24 July 1973

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

24 July 1973

**PRINCIPAL DEVELOPMENTS**

Qadhafi apparently has decided to remain as Libya's president, and has not abandoned hope of gaining some concessions from Sadat on the terms of the planned merger. (Page 1)

Sadat's speech yesterday concentrated on his grievances against the US. He said Cairo would be reviewing how it can regain its lost territory. (Page 2)

25X1

A note on the post-coup situation in Afghanistan appears on Page 5.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**LIBYA-EGYPT**

*Qadhafi apparently has decided to remain as Libya's president, at least until unity with Egypt is formalized. His speech yesterday suggests that he still hopes to gain some concessions from Cairo on the terms of merger, despite the lack of encouragement from Sadat.*

According to early reporting of his lengthy talk, Qadhafi stated that he would resume the leadership of his country, although the direction of the merger would ultimately determine his future. He catalogued his differences with Sadat over such issues as the Libyan "cultural revolution" and plans for war against Israel. While maintaining a tone that was neither antagonistic nor condemnatory, Qadhafi indicated little inclination to compromise on his concept of complete union or on his commitment to a popular Islamic revolution.

Sadat, in his major speech earlier in the day, dwelt only briefly with the Libyan question. He made it clear that he remains unconvinced of the merits of full and immediate merger.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

EGYPT

In his annual Revolution Day address yesterday, Sadat dealt harshly with the US, but did not translate his frustrations into a call for immediate military action against Israel. He rejected what he termed a US ultimatum in the UN Middle East debate, charged that the US had modified its policy on an Arab-Israeli settlement over the years, and accused Washington of trying to perpetuate the cease-fire in order to help Israel absorb the occupied territories. He rejected "proximity talks" as well as any other form of negotiations with Israel.

While protesting that he was not postponing the battle, Sadat emphasized that Cairo would have to re-examine how it can regain its territory. He said this review would be prepared over the next two months and determine Egypt's policy "for the next two or three decades."

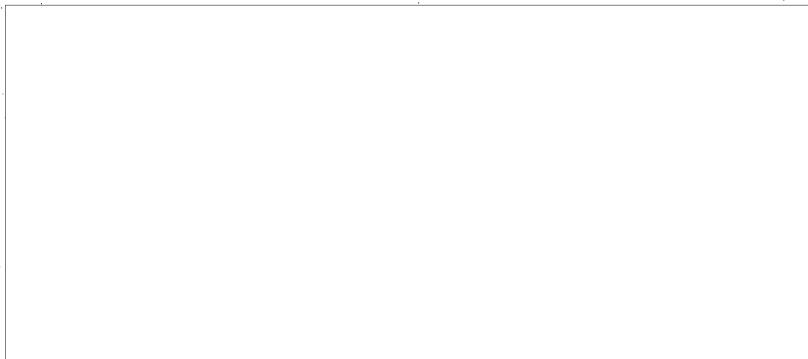
Sadat accepted an aloof but still amicable relationship with Moscow. He took the position that the existing differences are those of friends--a line increasingly apparent in the Egyptian press. He criticized the level of Soviet military assistance but claimed that Brezhnev had reassured Cairo of Moscow's continuing support on a Middle East settlement.

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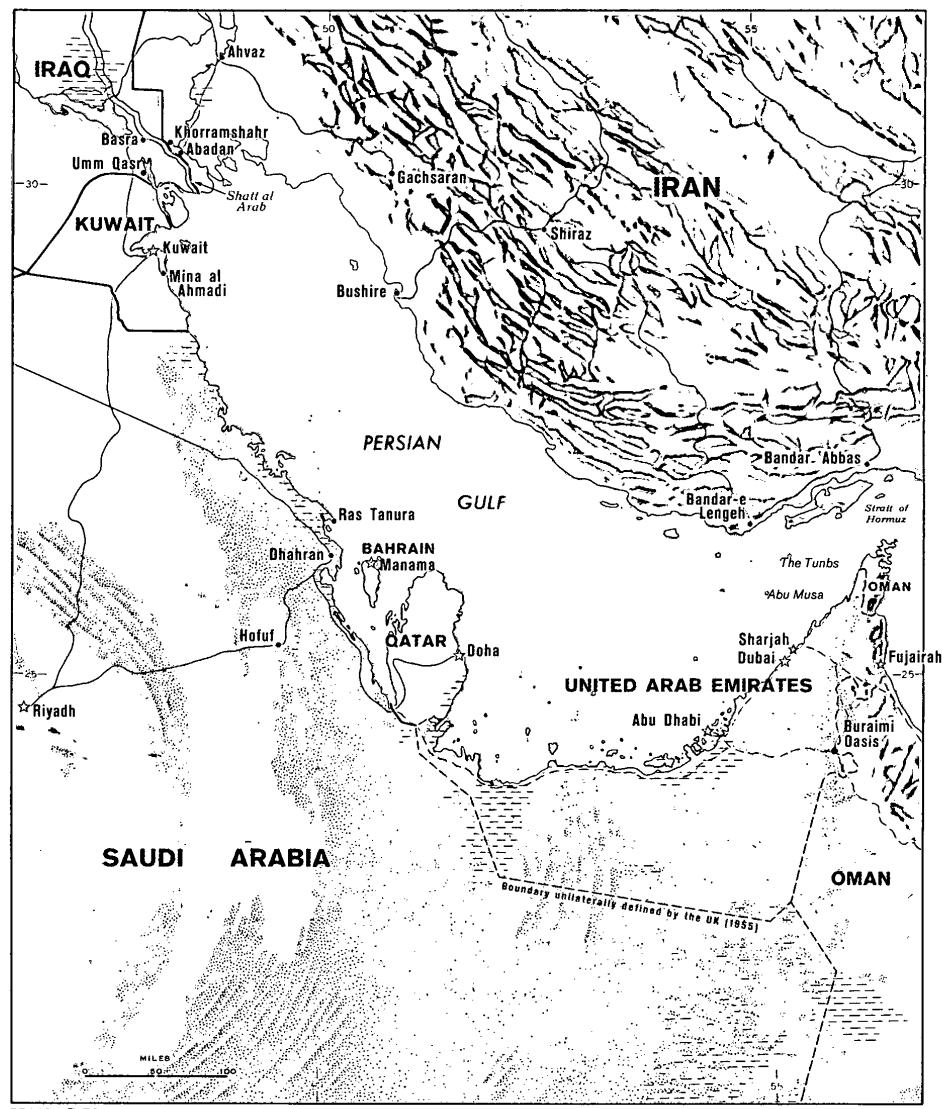
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NORTH KOREA - EGYPT

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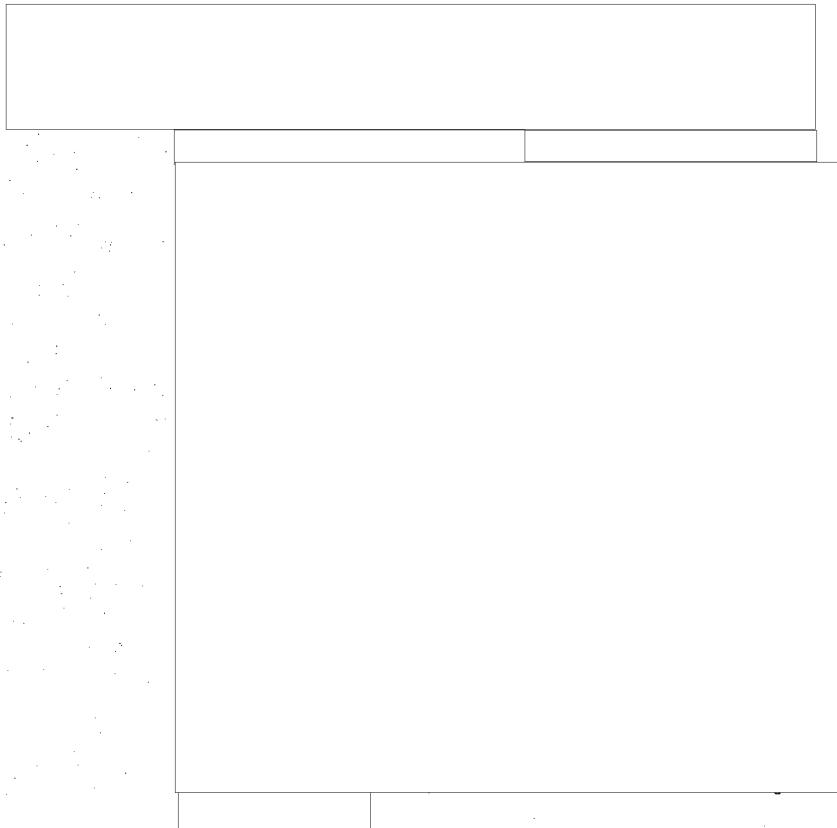
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*FOR THE PRESIDENT ONLY*

PERSIAN GULF



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*FOR THE PRESIDENT ONLY*

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**NOTE**

Afghanistan: A week after his well-executed coup, President Daud appears to be in full control. Until a new government is formed, he is also acting as prime minister, foreign minister, and defense minister. Daud's moderate foreign policy statements have helped him gain recognition even from Iran and Pakistan, who are worried that he may press the disruptive Pushtunistan issue as he did when prime minister ten years ago.

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# The President's Daily Brief

25 July 1973

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**THE PRESIDENT'S DAILY BRIEF**

25 July 1973

**PRINCIPAL DEVELOPMENTS**

In Chile, the political situation remains tense, and a formula for compromise remains elusive as long as the military insists on real power and the Communists and Socialists remain unwilling to share it. (Page 1)

Early figures on China's spring crop indicate some improvement over last year's subnormal production, but Peking is cautioning against premature optimism. (Page 2)

Libya reportedly has requested a delay in French delivery of 15 more Mirage aircraft probably because Tripoli lacks enough qualified pilots to fly them. (Page 3)



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*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**CHILE**

The political situation remains tense. Most businesses and professional guilds have reportedly postponed their planned nationwide strike, but workers still occupy industries seized last month, the truck owners' confederation may stage a walkout, and soldiers and police continue to search for illegal arms. President Allende, moreover, is facing a congressional inquiry into charges that the congressional elections last March were tainted by massive electoral fraud.

*The feeling that something must be done is spreading within the armed forces, although most ranking officers still apparently believe that working through the present government is better than risking a coup. Allende, who has been meeting with commanders of the three services and with leaders of his own coalition, may be hoping to get the military back into the cabinet on terms satisfactory to both sides. A formula will remain elusive, however, as long as the military insists on real power and the Communists and Socialists remain unwilling to share it.*

*None of the contending factions--the government, the military, and the civilian opposition--can be sure of winning the present war of nerves or an armed confrontation, and all might welcome a political truce. The opposition Christian Democrats, for example, may open a dialogue with Allende's Popular Unity coalition if representatives of the military are brought into the cabinet.*

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**CHINA**

Early figures on the spring crop indicate some improvement over last year's production, largely due to increased acreage. Peking, nevertheless, is cautioning against premature optimism.

In the wake of last year's subnormal harvest--which resulted primarily from bad weather--Peking took several steps to shift more manpower to agriculture, including

--a five-percent ceiling on the number of workers permitted on nonfarming tasks in the countryside,

--a freeze on the hiring of factory workers in urban areas, and

--an acceleration of the campaign to send city youth to work in agriculture.

*These measures, implemented in the spring, came too late to affect the early crop, which accounts for about a third of the annual harvest. The full impact will not be noticeable until fall.*

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*The 1972 harvest had its political repercussions as well.*

Vice Premier Li Fu-chun accepted the blame last winter for low crop returns, stating that he had assigned too much manpower to factory jobs and had thereby damaged the agricultural sector. By assuming the role of scapegoat, he deflected criticism from others more directly involved in managing the economy. He was replaced as chief economic planner by Yu Chiu-li, who is a close associate of Chou En-lai.

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**FOR THE PRESIDENT ONLY**

**LIBYA-FRANCE**

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At Libya's request [redacted] France recently delayed delivery of 15 Mirage aircraft. At least 80 of the 120 Mirages ordered by Libya have arrived.

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A shortage of pilots qualified to fly Mirages is the most likely reason for Tripoli's request for delay. Despite training [redacted] only some 20 Libyan pilots may be qualified, and even they have yet to demonstrate combat proficiency. Tripoli has relied on [redacted] pilots to supplement its own.

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All of the aircraft are scheduled for delivery by early next year. Without qualified pilots to fly them, however, the arrival of the remaining Mirages would only add to Libya's storage and maintenance burden.

Tripoli is also concerned about the vulnerability of its aircraft to an Israeli attack. [redacted]

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[redacted] its air defense system remains inadequate.

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**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

NOTES

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France-USSR: During his visit to Moscow later this week, Foreign Minister Jobert expects to round out the *tour d'horizon* he began with Gromyko during Brezhnev's stop in Paris late last month. Jobert,

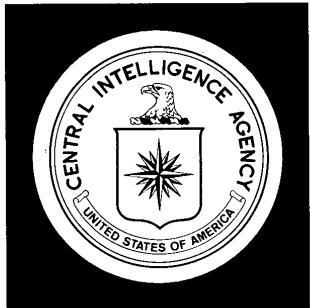
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[redacted] Jobert nevertheless intends to probe Soviet intentions toward Europe, using a draft "main final document" presented by the Soviets at the CSCE ministerial in Helsinki as an opening wedge. The two sides will sign a ten-year accord for scientific and technical cooperation.

Iran-Jordan-Tunisia: Tehran's latest display of support for the Arab moderates includes loans of \$5 million each to Jordan and Tunisia. Although not known for his largesse, the Shah is anxious to cultivate better relations with Husayn and Bourguiba and to enable both leaders to resist financial pressures by the "progressive" Arab states. Husayn in particular has been under pressure to revise his strong anti-fedayeen position in return for financial assistance from Kuwait.

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# The President's Daily Brief

26 July 1973

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THE PRESIDENT'S DAILY BRIEF

26 July 1973

PRINCIPAL DEVELOPMENTS

Hanoi is infiltrating an unusually large number of high-ranking personnel, presumably destined for important administrative jobs, into South Vietnam and southern Laos. (Page 1)



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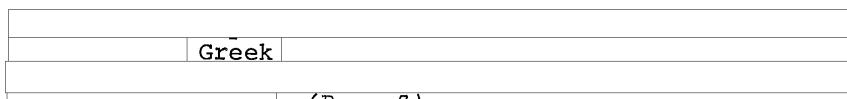


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(Page 5)

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The US is likely to stand alone in opposition to a resolution on the Middle East coming up for a vote in the UN today. (Page 6)

  
Greek

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(Page 7)

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**NORTH VIETNAM**

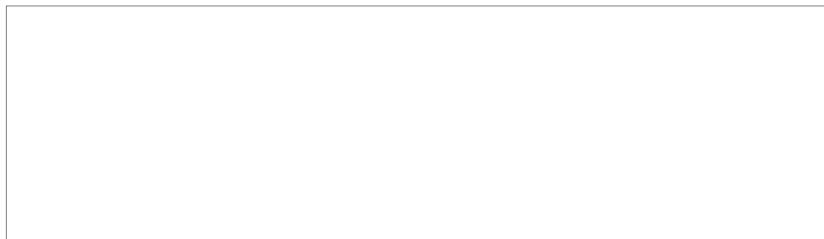
Hanoi is infiltrating an unusually large number of high-ranking personnel into South Vietnam and southern Laos. Intercepted communications indicate that about 400 high-level individuals, some military and some civilian, have passed through the system since June 1 in 22 infiltration groups. Approximately two thirds of these people are heading for South Vietnam's central coast and the areas around Saigon; the rest are bound for other parts of South Vietnam and southern Laos.

*Prior to the cease-fire, not more than one or two such groups were observed in any single month. The North Vietnamese have been expanding their administrative apparatus in the South, and the new personnel probably will move into relatively important jobs.*

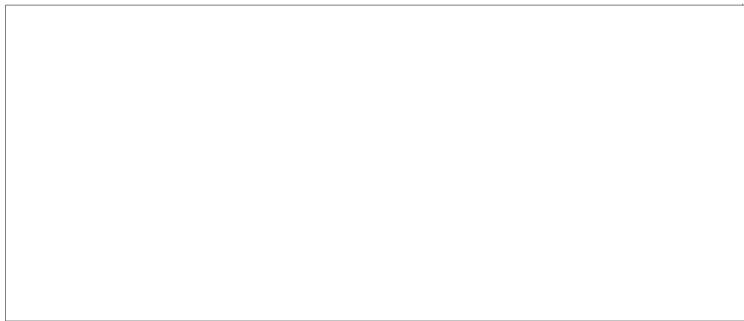
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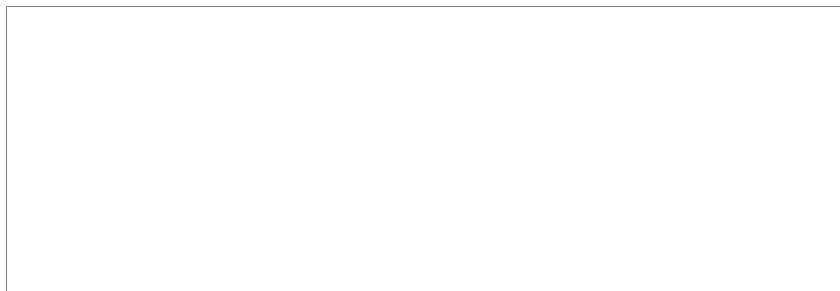
SOUTH VIETNAM



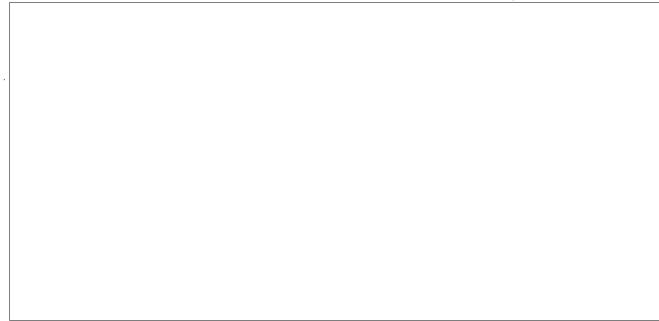
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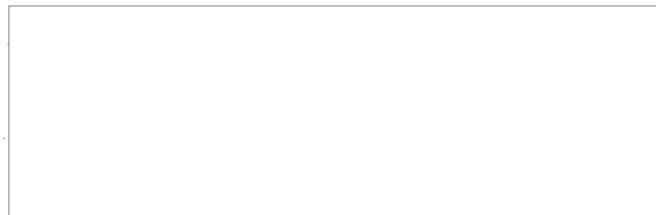
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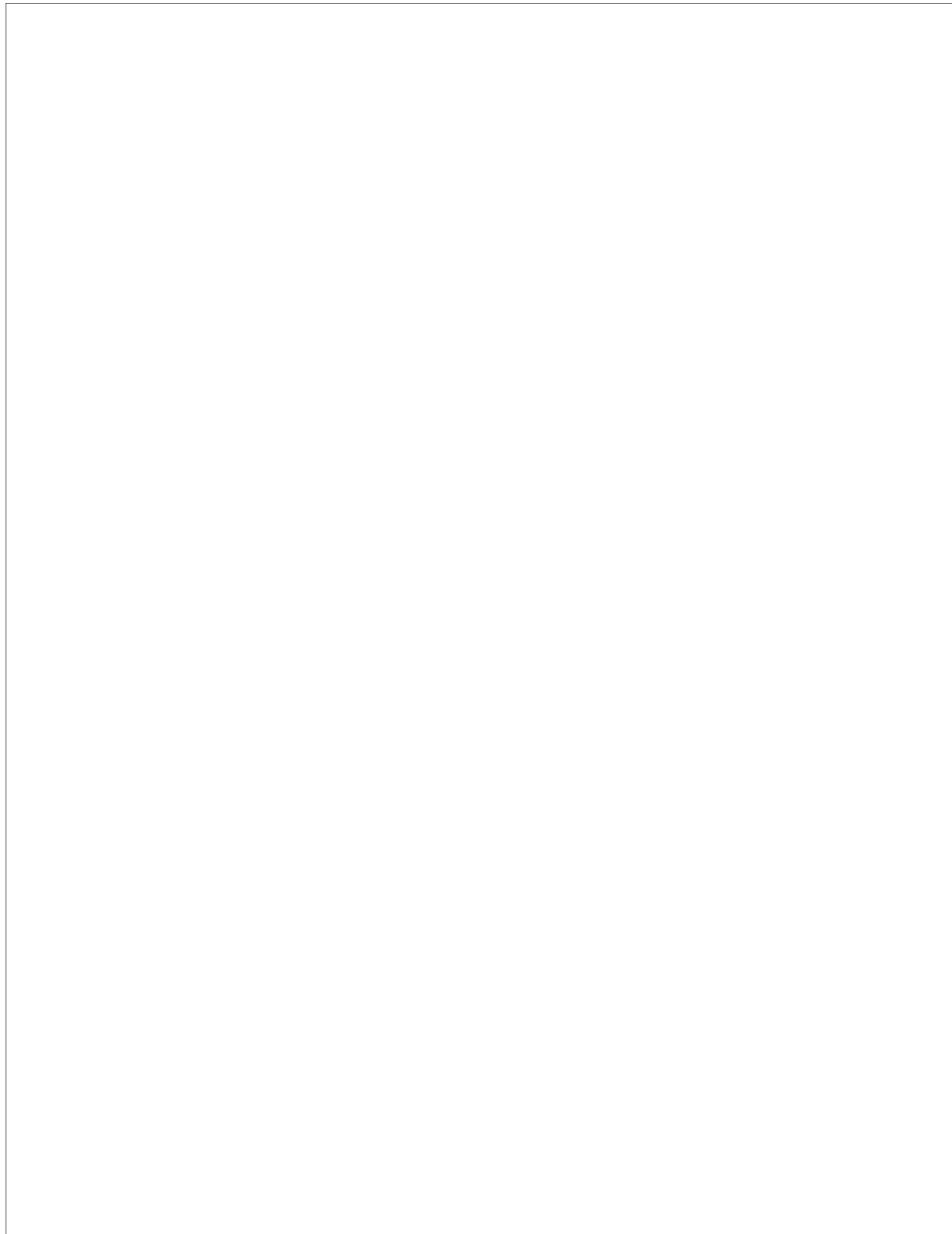


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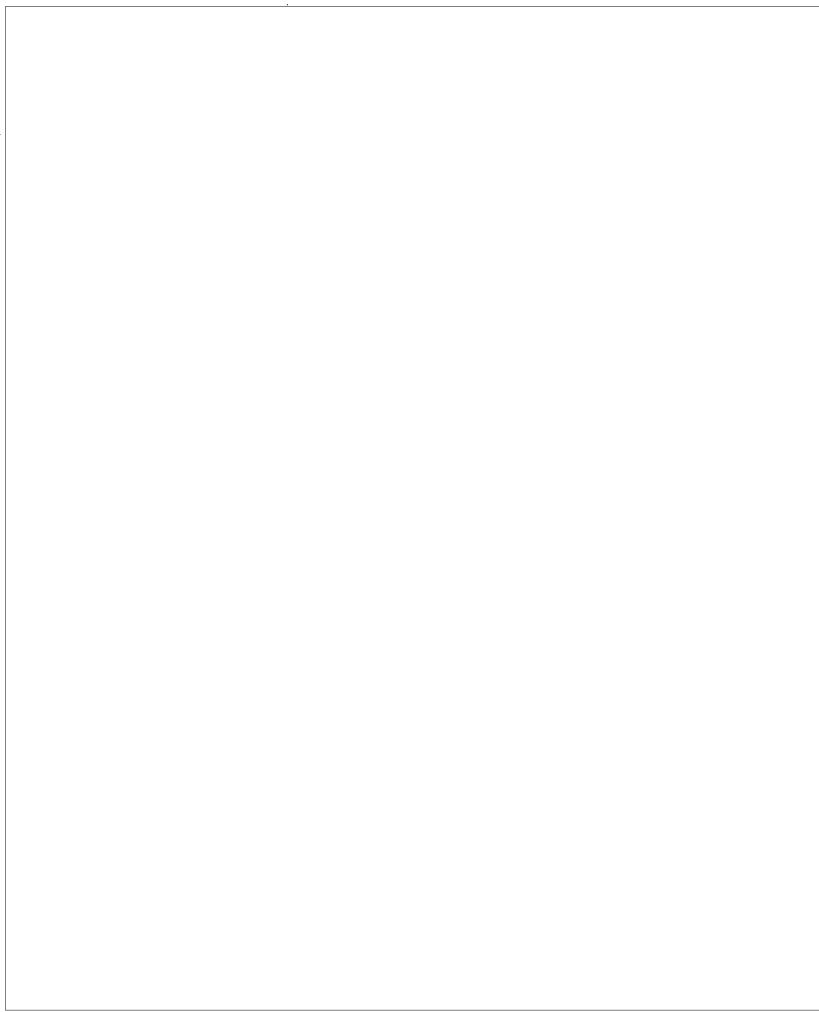


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USSR

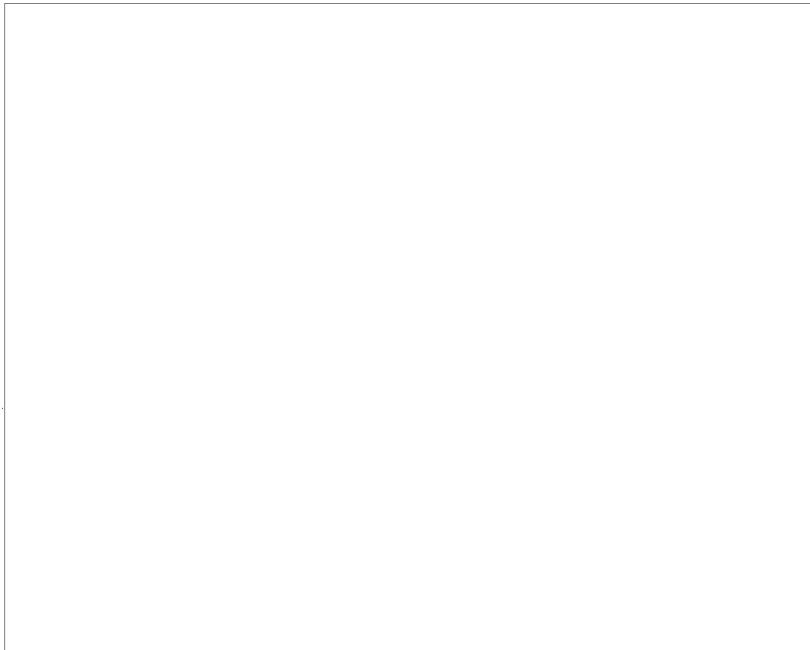
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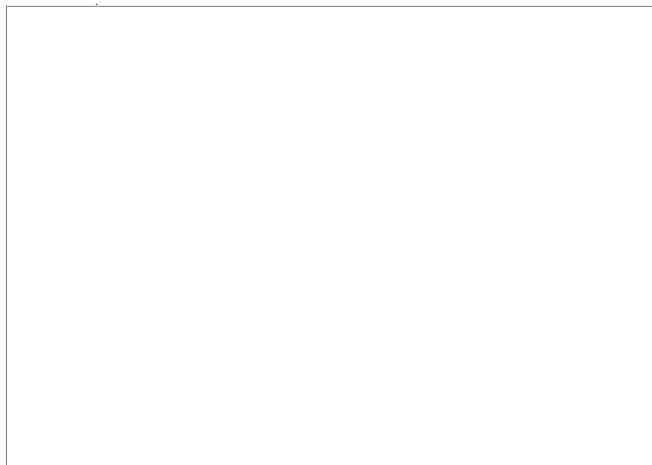
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FRANCE



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**UN - MIDDLE EAST**

*Chances are slim for avoiding an outcome unfavorable to the US in the Security Council vote on the Middle East scheduled for today. The week-long consultations have only highlighted Arab-Israeli differences.*

A nonaligned draft resolution is expected to receive at least 12 votes, with the US standing alone in opposition. The resolution would "deplore" Israel's occupation of Arab lands and failure to cooperate with UN mediation efforts. US proposals to modify the draft have failed to draw support.

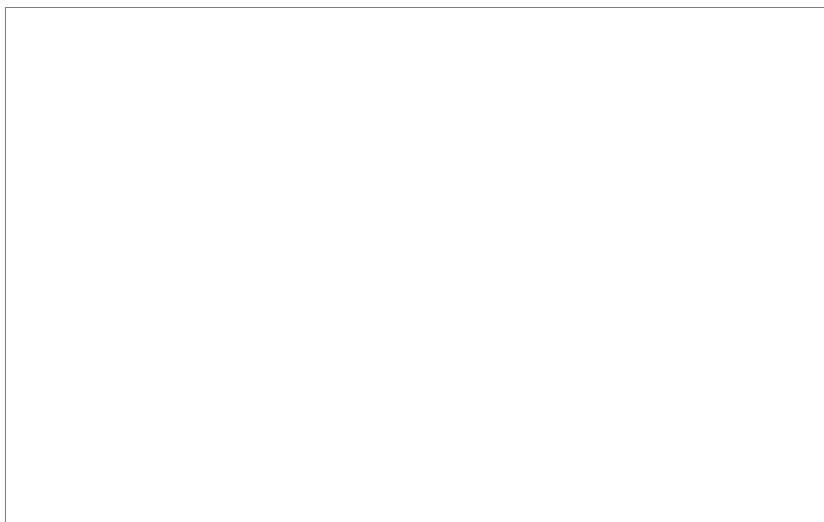
Israel objects not only to the nonaligned draft but also to US proposals referring to the "interests of the Palestinians," which would, Tel Aviv argues, recognize another party to peace negotiations. Israeli representatives are urging the US to drop compromise efforts and veto the nonaligned resolution.

*Secretary General Waldheim has said that his planned trip to the Middle East is not tied to the outcome of the debate. However, Tel Aviv--which had supported the trip primarily with the hope it would sidetrack the council debate--is now threatening to bar the visit if the non-aligned resolution is approved.*

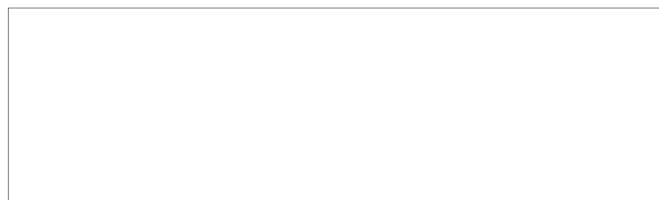
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GREECE



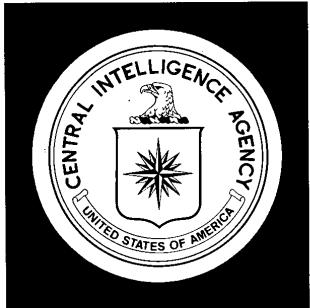
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# The President's Daily Brief

27 July 1973

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THE PRESIDENT'S DAILY BRIEF

27 July 1973

PRINCIPAL DEVELOPMENTS

Insurgent forces are closing in on Phnom Penh.  
(Page 1)

Communist concessions in the Laos negotiations have brought the two sides closer to agreement. (Page 2)

The North Vietnamese now have fewer logistic forces in Laos than before the cease-fire, but retain a substantial capability to infiltrate men and supplies through the country. (Page 3)

The other EC members have made some progress in overcoming France's resistance to accommodating the US on a number of issues. (Page 4)

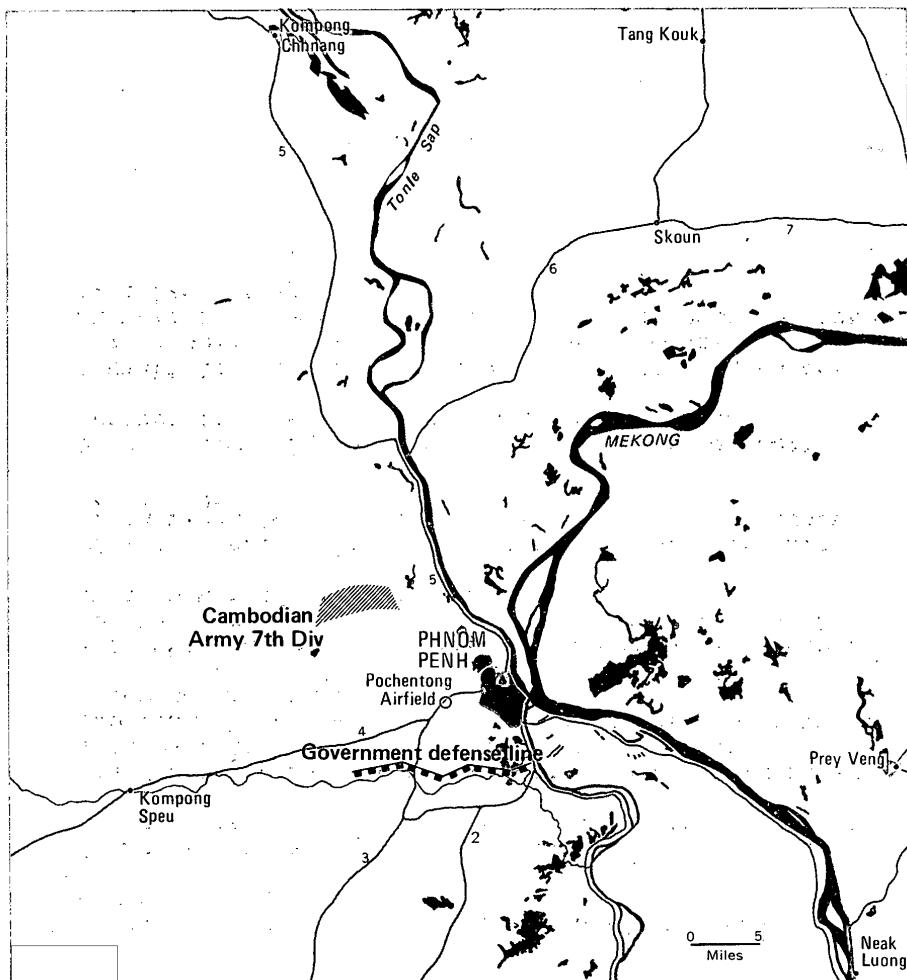
Only one month after being revalued, the mark has again risen to the top of the European joint float band. (Page 5)

On Page 6 we discuss President Allende's current efforts to ease political tensions in Chile.

Israeli Defense Minister Dayan is advocating an activist policy that other Labor Party leaders say amounts to "creeping annexation" of the occupied territories. (Page 7)

*FOR THE PRESIDENT ONLY*

### CAMBODIA: Phnom Penh Area



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**FOR THE PRESIDENT ONLY**

**CAMBODIA**

Khmer Communist forces are moving closer to the capital. The heaviest fighting is a few miles south and southwest of Phnom Penh. The Communists are maintaining steady pressure, concentrating most of their effort along Route 3. Some insurgent elements are now only five miles from the capital's airport. Others have closed with the army's 7th Division ten miles northwest of Phnom Penh. Thus far, the division has held its own.

*The insurgents are trying to erode government strength and tighten the ring around the capital, even though these tactics leave the Communists vulnerable to air and artillery strikes. They have not yet launched ground attacks on poorly defended installations closer to Phnom Penh, or tried to interdict Routes 4 and 5--the capital's vital supply lines.*

*The government has ordered a "general mobilization" and is implementing the new conscription law, but these measures will probably have little immediate effect.*

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**LAOS**

Chief government negotiator Pheng Phongsavan claims that his Communist counterpart made significant concessions on July 24. The Communists are said to be willing to drop their demand that Souphanouvong be appointed sole deputy prime minister, and are no longer insisting that the Communists be given the defense or interior portfolio. They also have reportedly agreed to postpone any demarcation of zones of control until after a new government is formed.

In return for these concessions, Pheng said that the Communists continue to insist on one key demand--that they have a veto over the operation of joint inspection teams that are to verify the withdrawal of foreign forces. Pheng expressed the view that Souvanna will accept this demand in order to get a new government formed by August 15.

Still other sticking points remain to be resolved. Pheng acknowledged to the US chargé, for example, that the two sides have not yet agreed on the stationing of security troops in Vientiane. In addition, Pheng has said nothing about any decision on the fate of the irregulars and their bases.

If Pheng cannot iron out the remaining issues, Souvanna will once again take personal charge of the talks. The Prime Minister wants a final agreement soon. He may quickly accept Communist terms on the remaining issues.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**NORTH VIETNAM - LAOS**

Hanoi has reduced its forces in Laos by about 25 percent since the cease-fire in February. Its 63,000 men still in Laos include some 36,000 combat troops--whose numbers have fallen only slightly in this period.

A major reorganization of Hanoi's rear services structure in southern Laos accounts for most of the decrease. A reduction in support troops by 19,000 includes the shift of some 13,000 men to the new logistical corridor inside South Vietnam. In addition, the North Vietnamese have disbanded several units and reduced others, probably sending the men home for the rainy season.

*With 20,000 rear service personnel remaining in the panhandle, the North Vietnamese will still have a substantial capability to infiltrate supplies and men through Laos in the coming dry season, even if no units return from South Vietnam. The current upgrading of the road system will ease the task, and the cease-fire environment will be less demanding.*

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

EC

*At meetings in Copenhagen and Brussels this week the other EC members made some progress in overcoming France's resistance to accommodating the US on a number of issues.*

The political consultations in Copenhagen focused on plans for President Nixon's visit to Europe in the fall. French Foreign Minister Jobert initially contended in effect that Europe should express its "identity" by refusing to develop a concerted approach to the visit. He later conceded, however, that the EC should choose subjects for discussion and that the visit could be the starting point of a US-European dialogue. The political committee will now work toward developing a consensus on the issues the Europeans will raise.

The French remain adamant that defense matters must be kept separate from community discussions and addressed solely in the NATO forum. The EC countries' permanent representatives to NATO will coordinate on the defense aspects of the President's visit.

*The division of preparations between the NATO and EC forums argues against the development of a single all-encompassing Atlantic declaration.*

The later EC Council meeting in Brussels rejected a French proposal that the coming multinational trade negotiations be held up until the dollar had returned to its parity of February 12. Paris also seems to be softening its opposition to US demands for compensation to offset trade damage resulting from the community's enlargement.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

## INTERNATIONAL MONETARY DEVELOPMENTS

News of another large West German trade surplus in June, together with continuing tight German credit conditions, drove the mark up against all major currencies yesterday. Despite substantial support from the Bundesbank, the dollar fell almost one percentage point relative to the mark. The mark is now worth 44 cents in contrast to 31 cents a year ago.

The joint float is in jeopardy. The mark has again risen to the top of the European joint float band, only one month after being revalued, and the gap between the strong and weak currencies is widening. The Bundesbank has had to intervene in several European currencies to maintain the narrow band.

Bonn has several choices, all of them unattractive. It can continue to purchase dollars and joint float currencies in increasing amounts, but would thereby undermine the Bundesbank's anti-inflationary policy. It can revalue the mark again, but feels this would only encourage further speculation. Or it can break away from the joint float altogether, a course it fears would damage European unity.

In any event, the current problems are demonstrating to the Europeans the difficulty of attempting to maintain fixed parities without substantial progress toward economic and monetary union in the EC.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**CHILE**

President Allende is feeling the heat. In an impassioned speech on Wednesday, he pleaded with the opposition Christian Democrats to help avert civil war by engaging in a dialogue with the government. He was not willing to retreat from his government's major principles or programs in order to get the talks started, but he was conciliatory on some issues of major concern to the Christian Democrats and the armed forces.

The Christian Democrats reportedly are ready to begin talks with the government if the armed forces participate as members of the cabinet. In his speech Allende denied rumors that the re-entry of the armed forces into his government is imminent, but [redacted] the President is tending in this direction.

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Allende's condemnation of leftist "ultrarevolutionaries" as tools of the far right may indicate that he is trying to work toward a compromise under which the military could re-enter the cabinet. He appears to be trying to break the tough stand of the Socialists and Communists on this and other issues in order to gain room to maneuver.

*In so doing, of course, Allende risks seriously straining his governing coalition.*

Meanwhile, actions by leftist and rightist extremists and private groups--such as the truck owners' strike declared yesterday--may yet lead to a military coup.

[redacted]  
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*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**ISRAEL**

Defense Minister Dayan is campaigning for election to the Knesset this October on a platform that is likely to affect Israel's policy toward the Arabs. Dayan believes a peace settlement is a long way off and favors an activist policy of Israeli settlement and economic development in the occupied territories. He is threatening to leave the ruling Labor Party if it does not accept his views.

*Other leaders of the Labor Party--Mrs. Meir, party boss Sapiro, and Foreign Minister Eban--have been decrying this "creeping annexation" idea in their campaign speeches. They point to the economic costs involved, the demographic threat posed by Arab populations to the Jewish state, and the permanent block to a peace settlement that annexation would entail.*

*To keep Dayan in the party, his colleagues will have to go at least part way to meet his demands. In time, Dayan too will probably make a pragmatic accommodation with the party leaders.*

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**NOTES**

World Youth Festival: Organizers of the tenth World Youth Festival opening in East Berlin tomorrow have taken steps to prevent repetition of embarrassments experienced at the ninth festival, held in Sofia five years ago shortly before the invasion of Czechoslovakia. The more militant delegates may have difficulty in accepting the rationale for US-Soviet detente, and Pankow is bracing for any incidents Arab extremists or leftist fringe groups may provoke.

Japan - North Korea: The Japanese have agreed for the first time to grant export-import bank credits to North Korea to finance the purchase of a small plant. The North Koreans have been seeking such financing for several years, but Tokyo has held back because of South Korean and US objections. The Japanese say they intend to finance only small-scale projects and to move ahead slowly, but further expansion of trade relations with Pyongyang is likely.

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

28 July 1973

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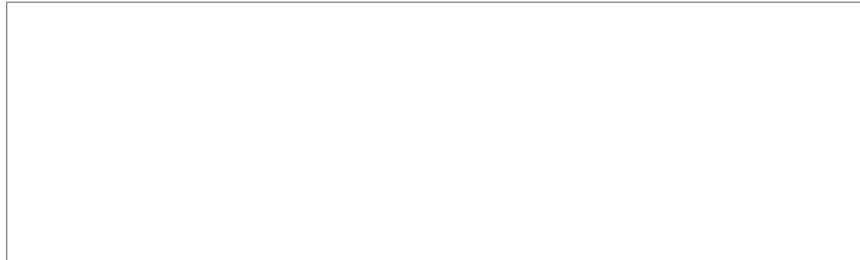
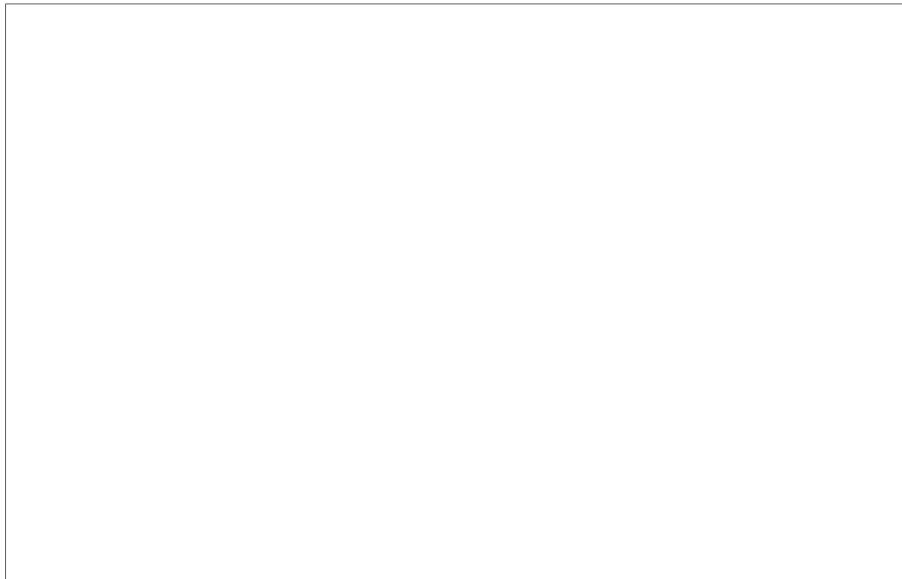
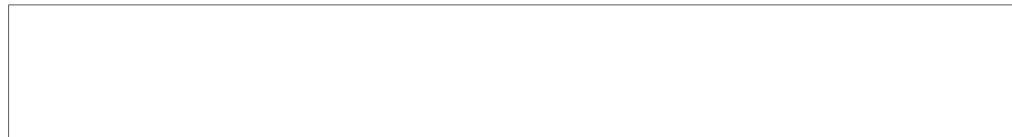
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CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

TOP SECRET

July 28, 1973



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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

28 July 1973

**PRINCIPAL DEVELOPMENTS**

The Chinese have rescheduled several imminent visits by foreign delegations, possibly in order to hold important meetings in advance of the 10th party congress. (Page 1)

A speech by Brezhnev has set the tone for the annual Crimean gathering of Warsaw Pact leaders. (Page 2)

On Page 3 we discuss Sadat's speech following the US veto at the UN.

Sana Government leaders complain that the Saudis are trying to remove President Iryani. (Page 4)

Japan is preparing to provide \$50 million in humanitarian aid to South Vietnam on a bilateral basis. (Page 5)

Fidel Castro showed continued hostility toward the US in his Revolution Day speech, and denounced those who speak of the "two imperialisms" of Moscow and Washington. (Page 6)

Notes on the Soviet naval task force approaching Cuba, continued unrest in the Greek Army, British moves to protect the pound, Australia's wheat export estimates, and Colombia's plans to expropriate a US company appear on Pages 7 and 8.

At Annex,

Peking

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**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**CHINA**

*The Chinese have recently postponed a number of visits by foreign delegations scheduled for late this month or early in August, raising the possibility that important meetings in advance of the 10th party congress may be imminent. No public reference to the congress has yet appeared in Chinese media, however, which suggests that Peking is keeping its options open as to timing.*

*In fact, high-level meetings have been under way off and on since late March. These meetings involved at least a temporary settling of accounts from the Lin Piao affair and plans for reinstatement to the party central committee of some leaders ousted during the Cultural Revolution.*

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**FOR THE PRESIDENT ONLY**

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**USSR**

The third annual Crimean conference of Warsaw Pact political leaders will probably begin on Monday and last one or two days. Brezhnev set the tone on some of this year's likely topics in a speech in Kiev on Thursday.

Brezhnev spoke with considerable warmth about detente with the West, particularly the US. He avoided mention of any world trouble spots, attacks on imperialism, or discussion of vigilance. Noting that "some circles abroad" continue to try to foster tension and increased military spending and that the contest between socialism and capitalism goes on, he concluded that the point is to keep the contest out of the military sphere.

Brezhnev also devoted considerable attention to the opportunities created by CSCE. His allies undoubtedly were delighted that he took pains to highlight the role of small states in an era of detente to reassure them that their interests would not be overridden by the big powers.

*Although Brezhnev did not mention China in his speech, the issue of relations with Peking is almost certain to be discussed at the summit. Romania, which is trying to maintain balanced ties between the USSR and China, will be on the griddle on this account.*

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*Ceausescu apparently calculates that Brezhnev's commitment to detente will mitigate the Soviet reaction to this first participation in such a gathering by a Warsaw Pact country.*

Yesterday, Brezhnev arrived in the Crimea where he met with French Foreign Minister Jobert. A number of Communist leaders are already in the USSR and others are planning to arrive over the weekend.

**FOR THE PRESIDENT ONLY**

**EGYPT**

In a speech shortly after the US veto at the UN, President Sadat charged that the US action proves conclusively that Washington and Tel Aviv are engaged in a campaign to force Egypt to sue abjectly for peace. In contrast to earlier speeches, however, Sadat spoke in measured tones, noting that Egypt must not react "nervously or emotionally" but must prepare for a struggle that could last generations. He also implicitly admitted that the US-Soviet detente has halted Egyptian war plans.

*While Sadat is not prepared to use the US veto as the occasion to begin military action, he apparently views it as having blocked diplomatic progress. He did not indicate that the veto would impede UN Secretary General Waldheim's planned visit to the Middle East, but noted that Egypt's diplomatic campaign, begun early this year with Hafiz Ismail's visits to the US and Western Europe, ended with the veto.*

*Sadat implied that at this point no acceptable diplomatic path is open to Egypt.*

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

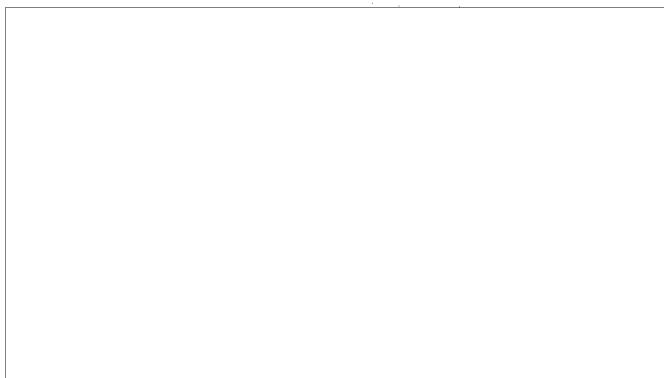
YEMEN (SANA) - SAUDI ARABIA



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[redacted] complaints by the Yemeni Minister of Interior to Ambassador Crawford that the Saudis are trying to bring down the Iryani government and replace it with a "war cabinet" that would take the offensive against Aden. The minister charged that the Saudis are seeking to install Prime Minister Hajri as president and remove other ministers Jidda regards as untrustworthy because of alleged leftist inclinations.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

### JAPAN-VIETNAM

Tokyo states that it will soon extend emergency humanitarian aid to South Vietnam on a bilateral basis. Japan probably will provide some \$50 million in grants and loans to help refugees. The Tanaka government will delay payments until after September 28, when the extended Diet session ends and spending approval will not be required. Earlier this year Tokyo granted Saigon nearly \$2 million for refugee relief.

Despite South Vietnam's need for help in correcting its adverse balance of payments, Tokyo is willing to provide foreign exchange grants only in a multilateral context, as it is doing in Laos and Cambodia. It may consider a commodity import loan, however, which could generate local currency for refugee programs as well as help finance imports.

Over the longer term, Japan will use multilateral channels for large-scale development aid for South Vietnam. Tokyo is awaiting the establishment of a donors' consortium before deciding how much aid it will provide.

Except for limited humanitarian aid, Japan's economic assistance to North Vietnam remains contingent on the establishment of diplomatic ties. Negotiations began in Paris on Wednesday.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**CUBA**

*Fidel Castro showed unrelenting hostility toward the US in his anniversary speech on July 26. By depicting the US and Cuba as clear-cut adversaries, he underscored his rejection of detente. He also showed that he believes continued confrontation provides the best means to capitalize on what he sees as an anti-US trend in Latin America. His call for the replacement of OAS by a new regional body was a sharp rebuff to Latin American leaders who have been trying to reactivate Cuba's suspended membership in the organization.*

*Castro's refusal to participate in Moscow's policy of detente does not imply a deterioration in relations with the USSR. He had warm praise for Soviet economic and military assistance and defended the USSR against "certain leaders of the third world" who lump together the US and the USSR as "two imperialisms."*

*Castro spoke with an eye to the coming non-aligned conference in Algeria. He probably will attend and attempt to orient the proceedings against the US.*

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**NOTES**

USSR-Cuba: The small Soviet naval group approaching Cuba is expected to enter the Caribbean tomorrow, Soviet Navy Day. The guided-missile cruiser, destroyer, and tanker could be accompanied by an F-class diesel attack submarine and possibly by an E-II nuclear-powered cruise missile submarine--types which have visited Cuba before.

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Greece: Reports of unrest in the armed forces continue as tomorrow's plebiscite approaches.

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[redacted] It seems [redacted] likely, however, that their concern is motivated by suspicion that Papadopoulos, as president, will usurp their present personal power. For his part, Papadopoulos gave no hint of being intimidated during his nationwide address yesterday, in which he warned that he would deal harshly with any division in the country.

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UK: London moved yesterday to relieve pressure on the pound by making heavy purchases of sterling and raising the minimum lending rate from 9 to 11.5 percent--an all-time high. Sterling advanced by one percent following these actions. The boost in the lending rate should help prevent overheating the domestic economy later in the year. Britain's GNP had been expected to rise by six percent--double the country's normal rate--through the rest of 1973, and strains on industrial capacity are already appearing.

Australia: Canberra expects to export eight to nine million tons of wheat from next year's crop, compared to about four million tons this year. Commitments for 1974 of 730,000 tons have already been made to Japan

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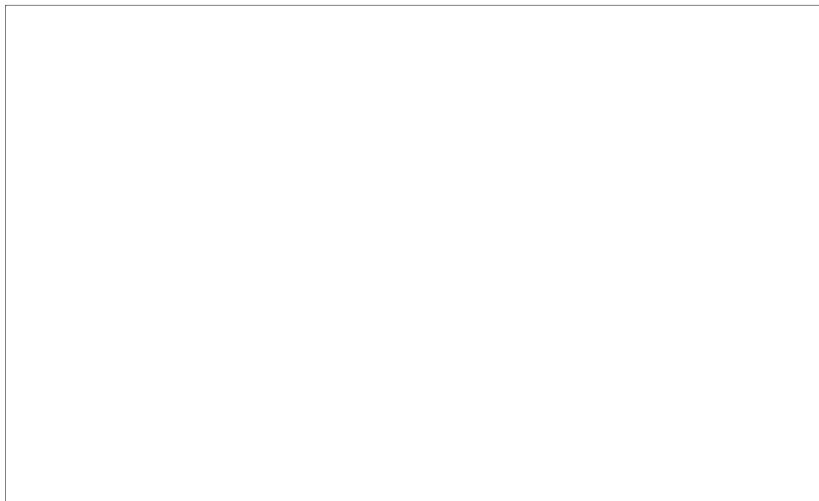
**FOR THE PRESIDENT ONLY**

Colombia: President Pastrana has announced he will seek legislation to expropriate without compensation the holdings of the US-owned International Mining Corporation. IMC-controlled properties account for about 70 percent of Colombia's gold output, but their production has been dropping for the past decade as a result of declining reserves. The President's move follows IMC's refusal of a government proposal that the company relinquish 51-percent interest in its operating gold mines in exchange for a 49-percent share in a new joint venture. Company management is divided; some regard the threat as a ploy. The government, however, may find it impossible to back down from its public pronouncements in this pre-election period.

**FOR THE PRESIDENT ONLY**

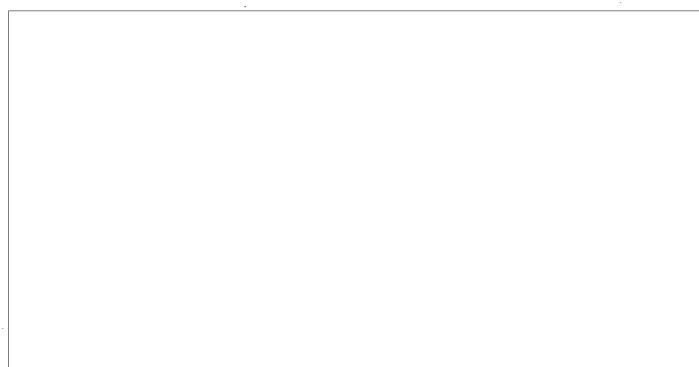
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CHINA

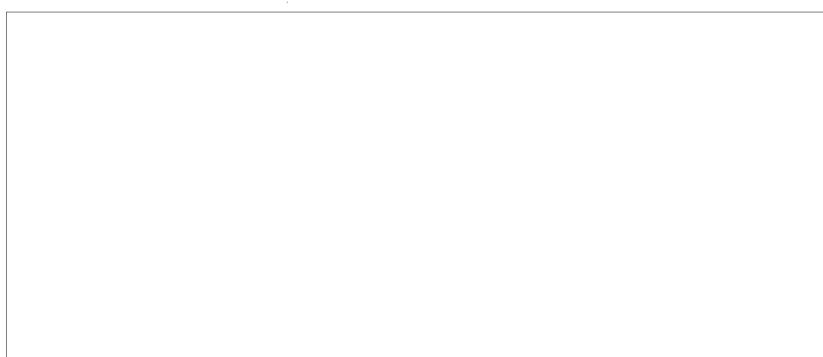


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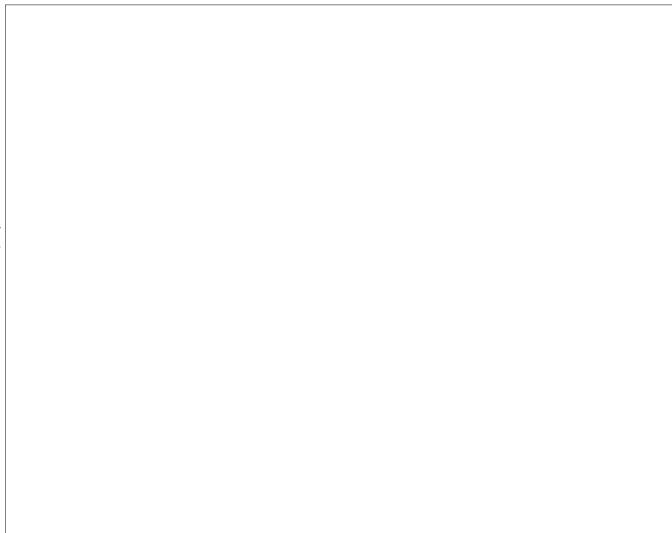
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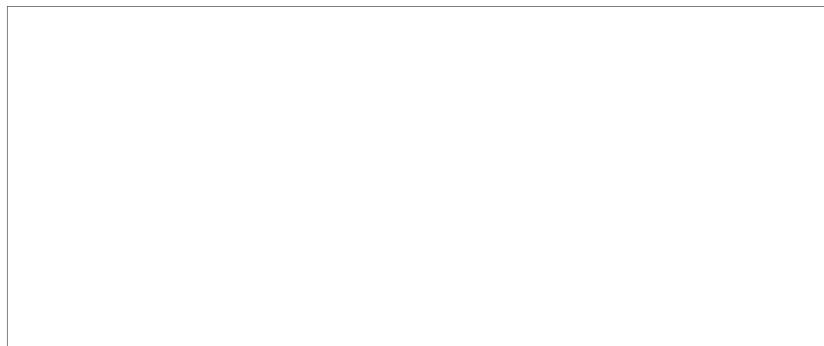
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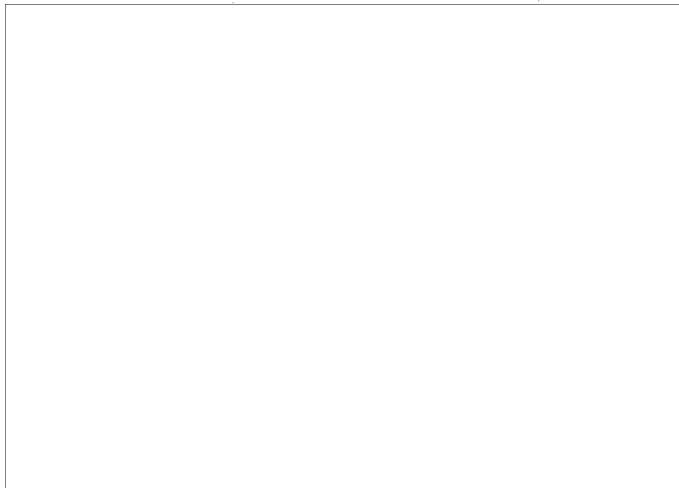
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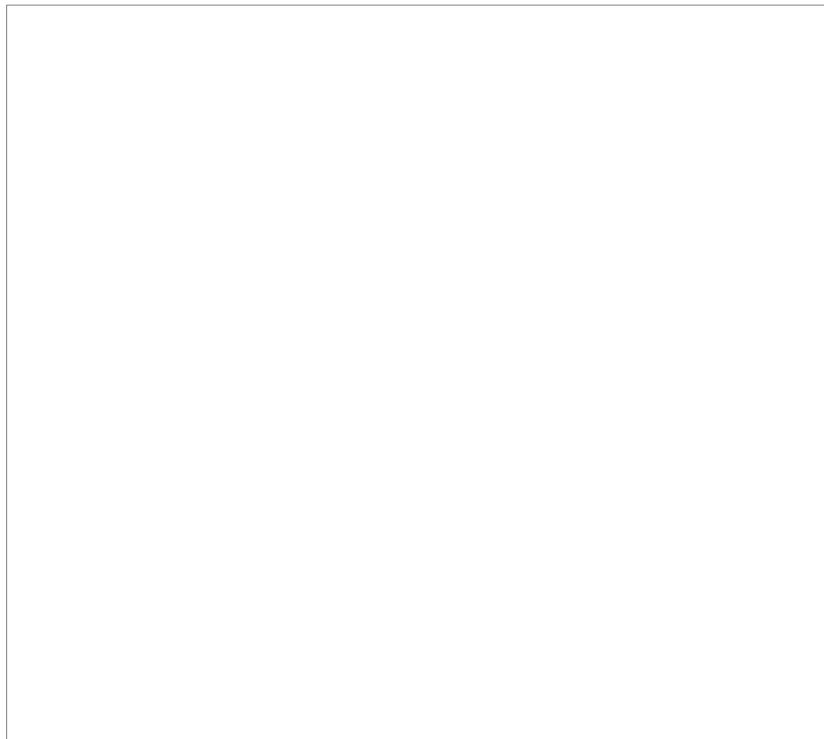
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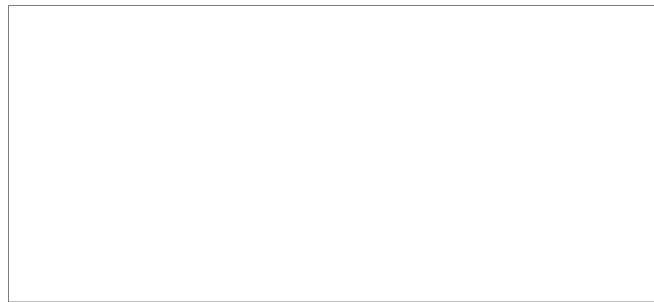
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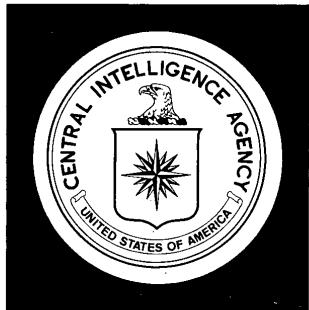


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# The President's Daily Brief

*30 July 1973*

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

30 July 1973

**PRINCIPAL DEVELOPMENTS**

Both the Lao Government and the Communists expect to sign a final peace agreement within the week.  
*(Page 1)*

The South Vietnamese may undertake a major counter-offensive in the central highlands. *(Page 2)*

The leader of Chile's opposition Christian Democratic Party is meeting with President Allende today, and reportedly plans to present his party's demands in the form of an ultimatum. *(Page 3)*

During talks in Washington this week, the British Defense Minister is likely to dwell on his country's misgivings regarding force reductions and European security talks. *(Page 4)*

Notes on

terrorist acts in  
Cyprus, and on yesterday's plebiscite in Greece appear on Page 5.

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**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

LAOS

Prime Minister Souvanna Phouma appears ready to sign a final agreement with the Communists. On July 27, Souvanna met with his personal envoy, Pheng Phongsavan, and with the chief Communist negotiator, Phoumi Vongvichit.

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Souvanna flew to Luang Prabang on July 28 to brief the King and presumably obtain his approval for the terms of the agreement. The Prime Minister anticipates little difficulty in the royal capital; before his departure he told US Chargé Dean that he expects the two senior negotiators to have the final text of the protocol ready for signature this week.

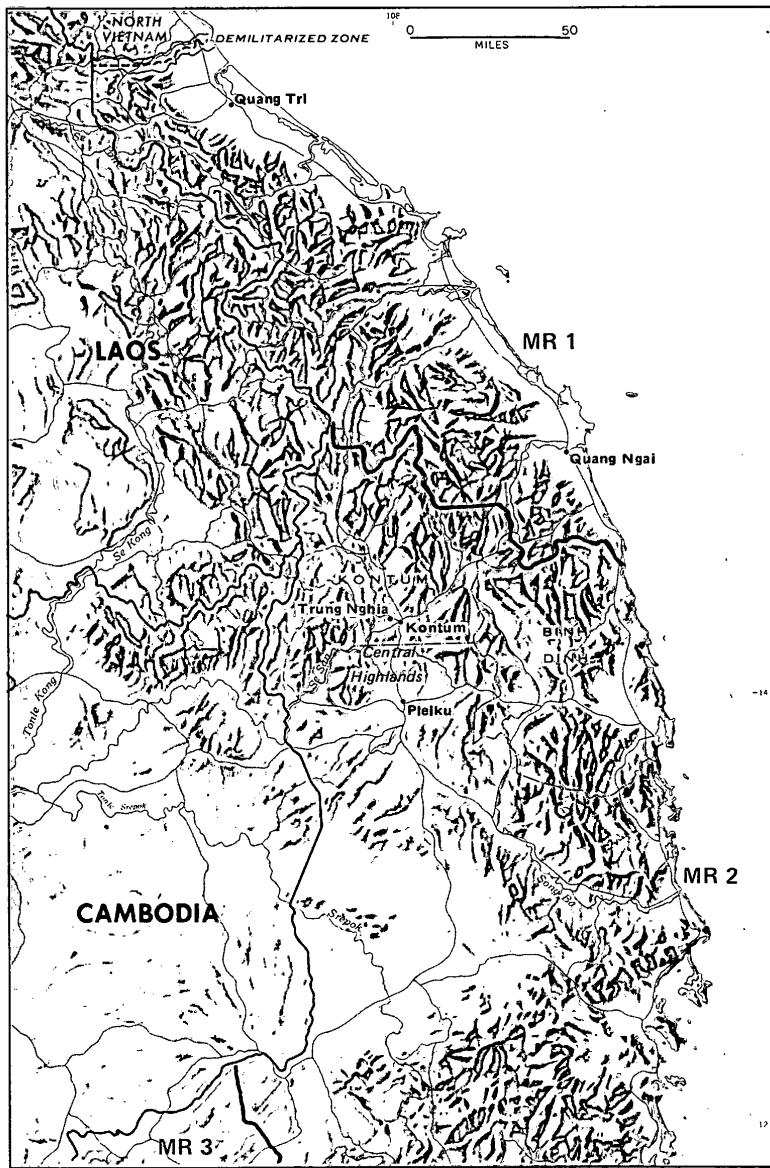
The Communists also expect an imminent agreement. On July 28, Lao Communist officials informed representatives of the International Control Commission in Vientiane as well as the British and Soviet ambassadors that all remaining issues in the negotiations had been resolved and that the Communists anticipated signing the final agreement within the week.

In an effort to prepare his rightist critics for the agreement, Souvanna met with key members of the National Assembly on July 26, and he plans similar sessions with senior military leaders.

*The rightists will almost certainly counsel him to hold out for further concessions, but Souvanna apparently believes that he now has the best terms the government can realistically hope to obtain.*

**FOR THE PRESIDENT ONLY**

**SOUTH VIETNAM**



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*FOR THE PRESIDENT ONLY*

**SOUTH VIETNAM**

The South Vietnamese may undertake a major counteroffensive in the central highlands.

[redacted] Ma-

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Major General Toan, the commander of Military Region 2, is considering moving the 22nd Division to Kontum Province in an attempt to drive the Communists out of the village of Trung Nghia and other positions near the provincial capital. Toan reportedly has lost faith in the ability of the 23rd Division to do the job and thinks that reinforcing the 23rd with the more aggressive 22nd could turn the tide. On July 27, Toan briefed the Joint General Staff in Saigon on his plans and claims the JGS posed no objections.

*In the heavy fighting of the past seven weeks, government troops have taken many casualties in this sector, but have made little progress; the fighting appears to have developed into a test of wills between the two sides.*

General Toan believes that by concentrating his air and ground assets in the area, the operation could be successfully concluded in about two weeks. He recognizes that moving the 22nd Division out of Binh Dinh will seriously weaken the government's position there, but believes that the Communist 3rd Division, which operates in the area, is too weak to take advantage of the temporary shift in forces. Toan will make his decision on implementing the plan this week.

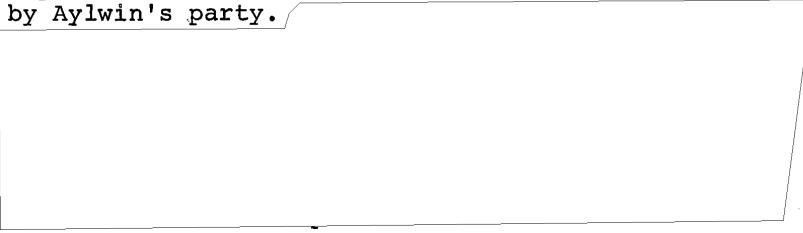
*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**CHILE**

President Allende is scheduled to meet this morning with Christian Democratic Party President Aylwin, even though Allende apparently has not accepted the preconditions for the meeting set out by Aylwin's party.

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Allende may also come under increased pressure from private groups and some military officers to invite the armed forces back into the cabinet. Business groups reportedly will threaten to join the truck owners' strike, and there could be demonstrations of air and naval power.

Extremists of both the right and left have denied involvement in the assassination of Allende's military aide. Sporadic violence and acts of sabotage continued over the weekend, most of them associated with the truckers' strike. In addition, public works and railroad professional workers were due to begin a 48-hour strike this morning, and unconfirmed reports indicate that bus owners in Valparaiso have joined the truck owners' walkout.

*Allende is anxious to ease tensions, but he must get his Socialist and Communist supporters to go along with the terms for a political truce. There are indications that the Communists may be retreating from their recent intransigence, but compromise with the opposition would subject Allende to the wrath of the Socialists and strain the Popular Unity coalition. Allende may be willing to run this risk, however, in order to head off the possibility that a deteriorating situation could provoke military action against him.*

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

UK

During talks in Washington this week, Defense Minister Carrington can be expected to underscore British misgivings about negotiations with the East on force reductions and on European security.

*The British remain concerned that force reductions could lead to "neutralization" of central Europe. London expects tough bargaining from the Soviets and advocates trying to smoke out their aims and approach before tabling a firm Western proposal.*

*As for the talks on European security, the British want to prevent them from arousing the kind of euphoria that would hinder efforts to improve West European defense cooperation. They have made clear their distaste for what they call "pious rubbish" and have kept pushing for even stronger attempts to extract significant concessions from the USSR.*

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

NOTES

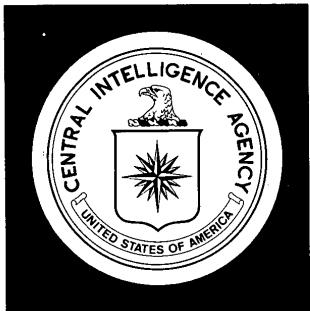
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Cyprus: Terrorist acts, including the kidnaping of a cabinet minister and numerous bombings around the island, have brought new tension to the struggle between Archbishop Makarios and George Grivas within the Greek Cypriot community. Makarios blames Grivas directly for the kidnaping and has vowed to end the terrorism; the archbishop had already strengthened the security forces, rounded up scores of Grivas' adherents, and restricted the pro-Grivas press. One cause of the current terrorism is Makarios' attempt to purge the Cyprus church; if he pursues the purge, he will encounter continuing problems and probably violence.

Greece: The Greek Government claims that yesterday's plebiscite gave a landslide approval to George Papadopoulos' plan to establish himself as president of a new republic. Press reports based on early returns showed a "yes" vote of over 80 percent, although the vote in Athens was almost evenly divided. Prominent opposition figures have already declared that the results are fraudulent and contrary to the will of the people.

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

31 July 1973

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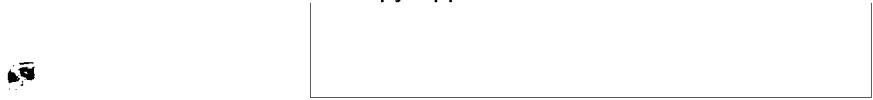


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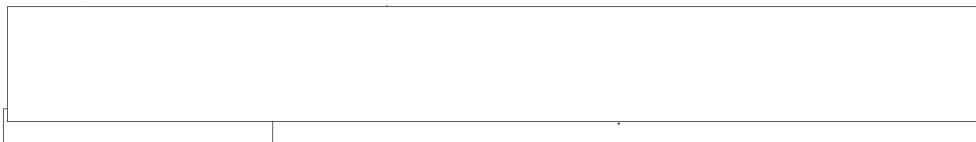
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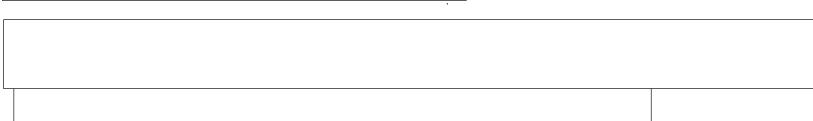
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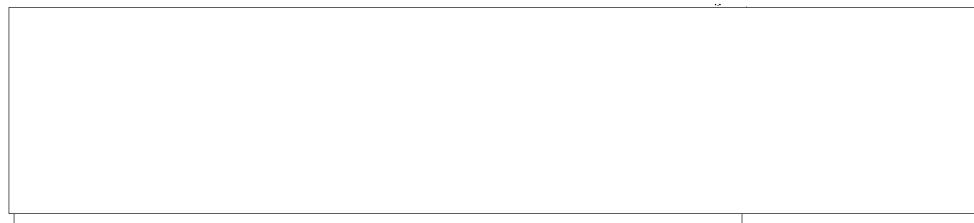
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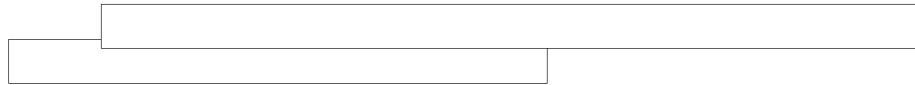
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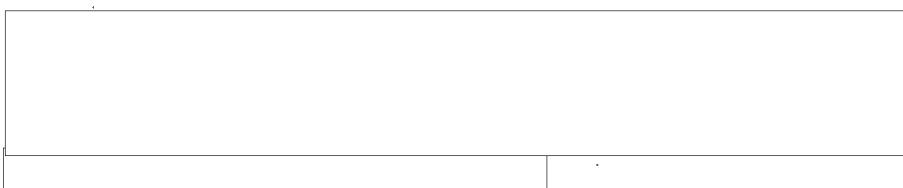
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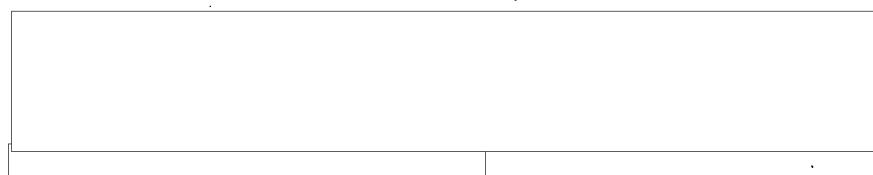
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*FOR THE PRESIDENT ONLY*

THE PRESIDENT'S DAILY BRIEF

31 July 1973

PRINCIPAL DEVELOPMENTS

Scattered fighting goes on in Cambodia, but little ground has changed hands in the past few days.  
*(Page 1)*

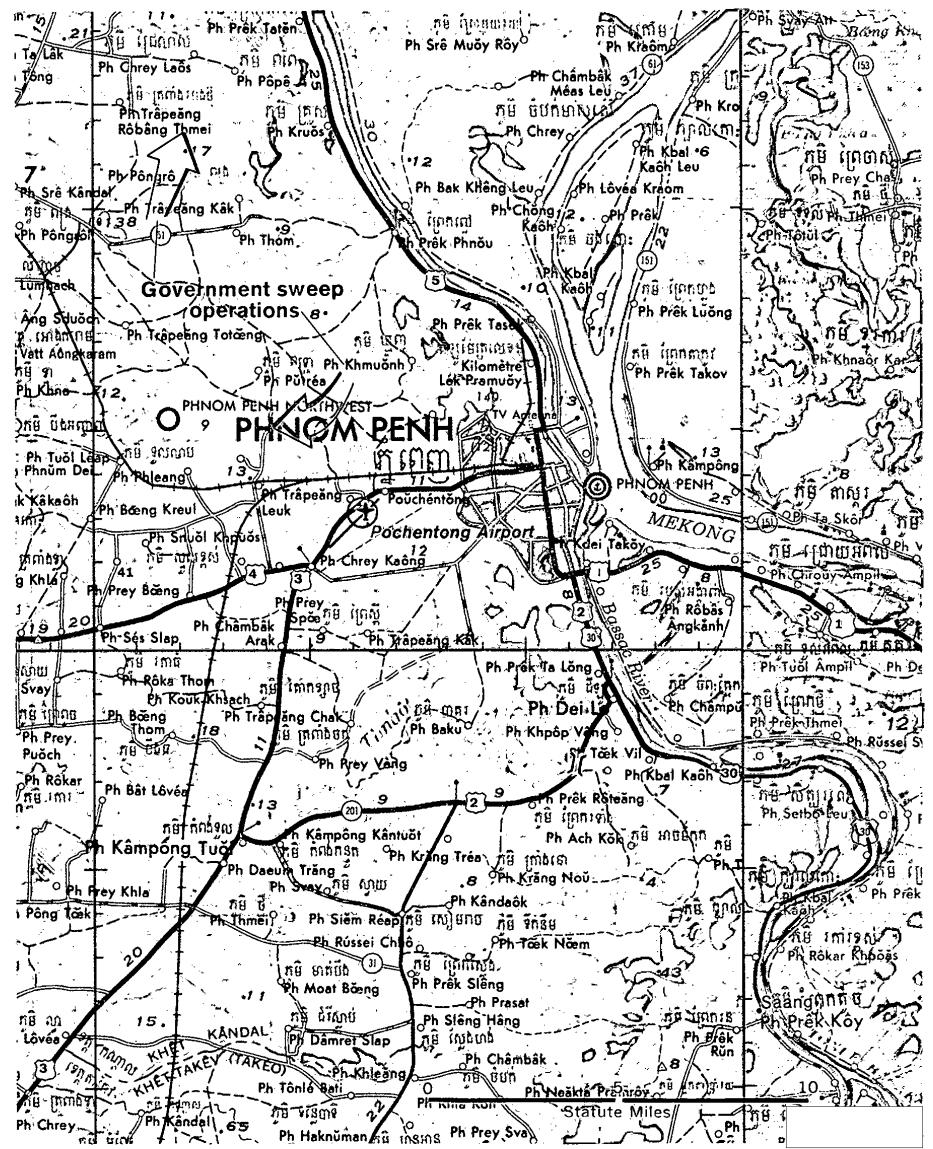
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Notes on the harvest in China, on political uncertainty in Argentina, and on France's nuclear testing appear on *Page 3*.

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## Phnom Penh



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**CAMBODIA**

Scattered fighting continues, but little ground has changed hands in the past few days. Government forces have been fending off insurgent probes a few miles south of Phnom Penh and have begun sweep operations northwest of Pochentong Airport.

Shelling over the weekend briefly halted convoy traffic on Route 4. This key highway is now open, however, as are the capital's other key lines of communication--Route 5 and the Mekong River.

*As for the mood in Phnom Penh, there are mixed signals from high government and military officials. Some profess cautious optimism that the army can hold on after August 15, and a few still have hopes that US air support will continue after the deadline. Others, including several ranking field commanders, expect a sharp decline in the army's performance without US air support.*

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**NOTES**

China: Official figures released in Peking yesterday confirm earlier indications that China's initial harvest of summer grains was equal to the one last year. Peking had hoped for a larger harvest to make up for poor results last fall. Preliminary reports on the early rice crop--now being harvested-- suggest it too may be no better than last year. China's over-all grain supply position, including import requirements, will thus depend heavily on the coming fall harvest. Changes in cropping patterns will result in an unusually late fall harvest, however, making the crop more vulnerable to weather problems.

Argentina: Governmental decision-making has been stalled, and there is growing uncertainty in the country as to what to expect for the future. Peron has still not named a vice presidential running mate. Recent reports throw doubt on earlier signs that he would pick Radical Party leader Balbin. There is now talk that Peron will turn to a "new face," but so far there has been no indication that he has made a selection that he can sell to his diverse movement. Peron is said to be planning a speech today or tomorrow that may throw some light on his intentions.

France: The second nuclear test of the 1973 series detonated on Saturday

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The next French test is expected in about three weeks.

*Top Secret*