

The President's Daily Brief

1 September 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

1 September 1973

PRINCIPAL DEVELOPMENTS

Chou En-lai's report to the Tenth Party Congress reaffirms China's post - Cultural Revolution foreign policy and uses the harshest terms Peking has employed to date in describing the Soviet regime. On domestic affairs, the report focuses on the Lin Piao affair and glosses over other contentious issues.

(Page 1)

Prime Minister Souvanna may soon have to decide whether to override rightist objections to the draft agreement he has worked out with the Communists or permit suspension or breakdown of the negotiations.

(Page 2)

The Tanaka government faces a political dilemma caused by the opposition's exploitation of public resentment over the South Korean kidnaping incident.

(Page 3)

The political turmoil in Chile seems to be easing.

(Page 4)

King Husayn has agreed to meet personally with the Egyptian and Syrian presidents. (Page 5)

South Vietnam is disappointed by delays in promised Japanese economic aid. (Page 6)

The USSR is about to conclude a major uranium enrichment contract with a West German firm. (Page 6)

FOR THE PRESIDENT ONLY

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CHINA

Chou En-lai's political report to the Tenth Party Congress was a reaffirmation of Peking's post - Cultural Revolution foreign policy.

The Soviet Union was clearly depicted as the principal threat to China. Using the harshest terms Peking has employed to date, Chou described the Soviet regime as fascist rather than communist. Although Chou repeated the now-standard Peking argument that the US and the USSR are contending for world hegemony, he described the Soviets as expanding their presence in the Indian Ocean and the Mediterranean, while circumstances have forced US imperialism to "decline."

Chou obviously tried to head off criticism of Peking's efforts to improve relations with the US by reminding his audience of the difference between "necessary compromises" between revolutionary and imperialist countries, and "collusion and compromise" between the USSR and the US.

Chou cautioned that US-Soviet detente is temporary and that in the long run the interests of the two powers are incompatible.

The Premier reaffirmed Peking's intentions to play a leading role in world affairs by characterizing the awakening of the Third World as a major event in contemporary history which China should exploit to form the broadest front possible against the "hegemonism" of the two superpowers.

* * *

The Lin Piao affair dominated Chou's discussion of domestic affairs. He linked Lin's "revisionism" to the Soviet Union and stressed the corrections in party policies that have been made since the ninth congress. Although he called for continuation of the campaign against the conspirators, he offered a note of reassurance by indicating that they form a "tiny" group isolated from the rest of the party and the army.

Chou announced that the long-overdue National People's Congress will be held "soon." This body will probably ratify the decisions of the party congress, decide whether there should be a new head of state, and fill top vacancies in government ministries.

The report contained only bland statements on a number of contentious domestic policy issues. This supports the impression that the abbreviated congress did not engage in a full discussion of issues that were being debated in the press even as the congress met.

FOR THE PRESIDENT ONLY

LAOS

The deadlock between Prime Minister Souvanna and right wing elements continues to delay a settlement with the Pathet Lao. Five rightist ministers have threatened to resign if Souvanna signs the draft protocol implementing the Lao agreement of February 20. At a cabinet meeting on August 30, the rightists presented a substitute draft based on Lao Army objections. Souvanna agreed to present this document to Pathet Lao negotiators, but emphasized that he was reserving the option of signing the agreement already worked out between himself and the Communists.

The Communists are not likely to make further significant concessions. If a settlement is not reached next week, the senior Communist negotiator, Phoumi Vongvichit, is planning to return to Sam Neua. Souvanna therefore may now be forced to make a choice between acting decisively to break the impasse or permitting a suspension or breakdown in negotiations. Souvanna, who returned from the royal capital of Luang Prabang on August 29, appears to believe he has the support of the King for any course of action he adopts. Should Souvanna sign the agreement, the right wing would seem to have little choice but to accept his action.

FOR THE PRESIDENT ONLY

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JAPAN - SOUTH KOREA

The kidnaping of South Korean opposition leader Kim Tae-chung three weeks ago is creating domestic political difficulties for the Tanaka government.

The opposition is skillfully exploiting popular resentment over the kidnaping. By concentrating on the government's handling of the case, opposition political parties have stalled Tanaka's legislative program ever since they returned on August 23 after a month-long boycott of the Diet.

Tanaka's dilemma is real. He must either get some action from Seoul to satisfy his leftist opposition--which appears unlikely-- or he runs the danger of being forced to take some action against Seoul on his own. Any really significant economic or political sanctions would antagonize conservative elements in his party as well as Japanese businessmen who have extensive interests in South Korea.

FOR THE PRESIDENT ONLY

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CHILE

The political turmoil seems to be easing.

--The opposition Christian Democrats have agreed to reopen a dialogue with the government. The decision came at the urging of Cardinal Silva and President Allende's new interior minister, the relatively moderate Carlos Briones.

--Shopkeepers in Santiago have ended their strikes after the economy minister, a Communist, agreed to consider their demands.

--The government has resumed negotiations with the striking truck owner-drivers.

--The widespread terrorism of a week ago has diminished.

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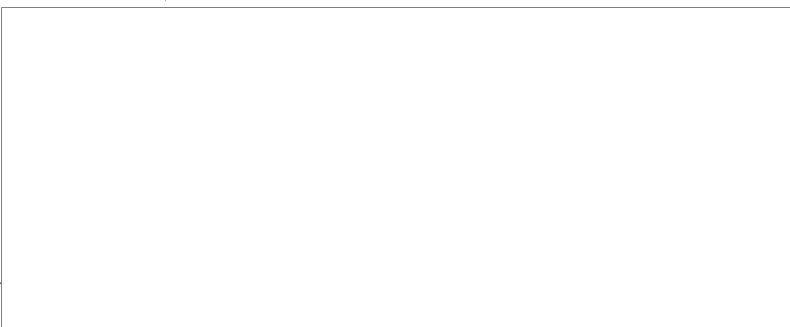
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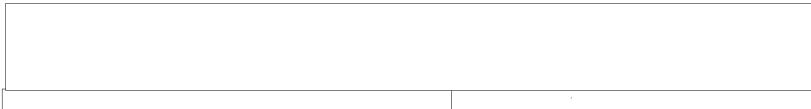
JORDAN-EGYPT-SYRIA

King Husayn has agreed to meet personally with Presidents Sadat and Assad to discuss greater political and military cooperation in the struggle with Israel. The meeting, which seems likely to take place soon after the nonaligned conference, will be a further extension of Sadat's drive toward greater Arab unity.

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Egypt, determined to improve its relations with other Arab states, hopes to bring Jordan back into the fold. If Husayn gets his way on handling the fedayeen issue, and his annual subsidy of over \$40 million is restored, he would clearly come out ahead.

FOR THE PRESIDENT ONLY

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NOTES

Japan - South Vietnam: The \$50 million in economic aid which Japan had promised Saigon this year will now be delayed, perhaps until 1974, largely for Japanese domestic political reasons. The postponement is a major disappointment to South Vietnam, which had been hoping for additional balance-of-payments assistance during the next quarter. Saigon's reserves of gold and foreign exchange are down, and commodity prices have spiraled some 40 percent since last December.

USSR - West Germany: The Soviets are close to concluding a \$10-million contract with a West German utility company under which they would enrich uranium for the rest of the decade at 5-percent less than the US price, and also guarantee to hold prices below the US level through the 1980s. Moscow would gain not only foreign exchange but political mileage. The agreement would underscore the West's energy crisis and European dissatisfaction with a recent US price increase. The Soviets already have a much smaller contract with the French and possibly another with the Italians. Further Soviet attempts to enter the European enrichment market, however, will run up against the current EC effort to increase its own uranium enrichment capabilities.

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The President's Daily Brief

3 September 1973

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THE PRESIDENT'S DAILY BRIEF

3 September 1973

PRINCIPAL DEVELOPMENTS

The UK, which has just completed a re-evaluation of its policy toward force reduction negotiations, has not changed its basic belief that force reductions could weaken Western security. (Page 1)

The Soviets have been uncomfortable about the effects of the US-USSR detente on their relations with the "third world," and have been trying to disassociate themselves from "US imperialism" in preparation for the nonaligned conference. (Page 2)

The initial complement of North Korea's observer mission at the UN, which arrives in New York today, can be expected to move into high gear in pressing Pyongyang's strategy on the debate of the Korean question. (Page 3)

FOR THE PRESIDENT ONLY

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NATO - FORCE REDUCTIONS

The UK has just completed a re-evaluation of its policy toward force reduction negotiations which it will present to the allies in Brussels this week. The US Embassy in London reports that although London has not changed its basic belief that force reductions could weaken Western security, it has been somewhat encouraged by the willingness of the US to refine its position.

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British continue to stress that the early stages of the negotiations should concentrate on exploring the other side's attitudes, not on presenting specific proposals.

--The British still have reservations concerning the size of proposed reductions of US and Soviet forces, but as long as the NATO allies pursue with determination the aim of getting the Soviets to withdraw a tank army, the UK will accept the US proposals. London believes the size of the US reduction ultimately will depend chiefly on American domestic political considerations and is prepared to accept Washington's judgment on this matter.

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[redacted] the British want NATO to insist that there be a common ceiling for both manpower and equipment.

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY**USSR - CUBA - NONALIGNED CONFERENCE**

The Soviets have been uncomfortable about the effects of the US-USSR detente on their relations with the "third world." They have been trying to disassociate themselves from "US imperialism" in preparation for the nonaligned conference which opened in Algeria yesterday.

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On the surface, the Soviets are treating the conference approvingly and as compatible with their interests. TASS, however, has acknowledged and condemned talk of "superpowers' collusion" as "fabrications of the reactionary press and Maoist propaganda." Even Brezhnev's laudatory message to the conference referred to problems posed by equating the USSR with "the big capitalist states."

Moscow's ace-in-the-hole may turn out to be Cuban Prime Minister Castro, who appears to have reluctantly agreed to put on a command performance in behalf of Moscow to debunk any rhetoric about "two imperialisms."

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Castro's mission apparently is to get the conferees to discard the "third world" concept and to accept a "two world" idea, pitting the US against Communist, nonaligned, and underdeveloped states centered around the USSR.

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Even if Castro's ploy is turned down, its introduction may well serve to take the heat off the Soviet Union during the conference.

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NORTH KOREA

The initial complement of North Korea's observer mission at the UN arrives in New York today.

It can be expected to move into high gear in pressing Pyongyang's strategy on the debate of the Korean question in the General Assembly.

--Pyongyang wants to see the UN's political and military roles terminated; several of its allies, headed by Algeria, will sponsor a resolution to this effect.

--The resolution may also call for General Assembly endorsement of the elimination of foreign military influence (i.e., US) in Korea.

--Finally, Pyongyang may seek support for its latest unification proposal.

This calls, in part, for the two Koreas to enter the UN as a single confederated state and is intended to counter Seoul's proposal for dual UN membership for the Koreas. Pyongyang claims the South Korean concept would perpetuate the division of Korea.

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The President's Daily Brief

4 September 1973

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THE PRESIDENT'S DAILY BRIEF

4 September 1973

PRINCIPAL DEVELOPMENTS

The Chinese Communist Party's new constitution is less a guideline for the future than a reflection of today's political situation in China. (Page 1)

Fighting around the Cambodian provincial capital of Kompong Cham is increasing. (Page 2)

A Soviet submarine has left Cuban waters prematurely with a damaged bow. (Page 3)

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CHINA

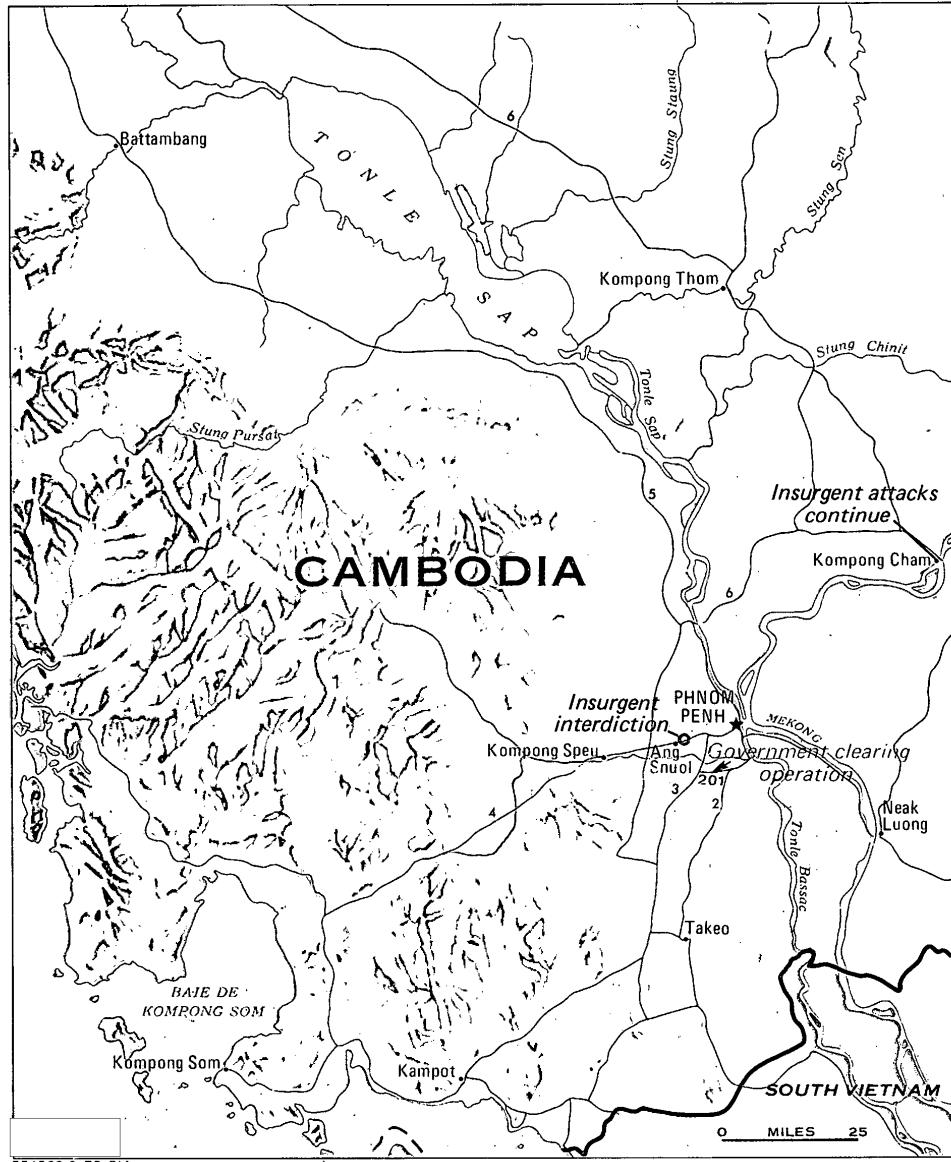
The new constitution adopted by the Chinese Communist Party at its recent congress largely reflects the political situation in China today, rather than providing a precise guideline for the future. The drafters did make an effort to prepare the party for a China without Mao by omitting previous adulation of the chairman's thought, but apparently could not reach agreement on a scheme for succession. The charter notes only that "millions of successors" must be trained.

No provision was made for re-establishing the position of secretary general, the powerful chief administrator of the party.

The omission suggests that the post is still too controversial to discuss openly; its last occupant, Teng Hsiao-ping, was purged during the Cultural Revolution for obstructing Mao's policies. It is likely that Shanghai party boss Chang Chun-chiao is now the secretary general, and it is possible that he may prefer to remain without title in the interest of avoiding controversy.

The constitution is a mixture of moderation and revolutionary rhetoric concerning domestic politics. It is susceptible of differing interpretations, especially the sections calling for many more "revolutions" in the future and daring cadre to "go against the tide," without defining the ground rules for such actions. Wang Hung-wen, the young radical from Shanghai who was elected a vice chairman of the party, interpreted the document in a speech to the congress as a militant call for continued political struggle.

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CAMBODIA

Khmer insurgent pressure against Kompong Cham is increasing. Throughout the weekend, insurgent forces shelled government positions in and around the besieged city and probed its defensive perimeter. Government troops have repelled the probes. The US Defense Attaché in Phnom Penh reports, nevertheless, that the situation at Kompong Cham is precarious.

The government is trying to bolster the city's defenses. Over 300 fresh troops have been shuttled in by helicopter during the past few days, and more reinforcements are to follow. A Cambodian Navy riverine force of 16 vessels has moved up the Mekong to provide fire and logistic support to government ground units at Kompong Cham.

West of Phnom Penh, the insurgents still hold a short section of Route 4 near Ang Snuol. To the south of Phnom Penh, units of the Cambodian Army's 3rd Division conducting clearing operations near Route 201 are still meeting resistance. Twelve miles northeast of the capital, the government has launched several small sweep operations along the Mekong's east bank to disrupt insurgent harassing attacks in that sector.

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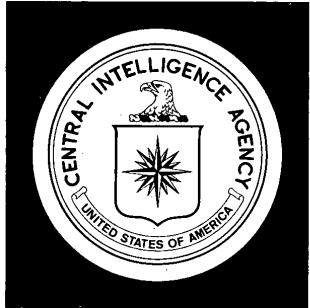
USSR-Cuba: A Soviet E-II class nuclear-powered submarine is leaving the Caribbean prematurely with a damaged bow. A light cruiser, tanker, and the rescue tug that is usually stationed in Cuba are escorting the submarine into the Atlantic. A Soviet destroyer and diesel-powered submarine remain in Cuban waters.

China-Vietnam: Peking announced this morning the arrival of a small freighter last Saturday at Dong Ha, a port controlled by the North Vietnamese in South Vietnam's Quang Tri Province. A New China News Agency broadcast described it as the first shipment to Dong Ha of aid to the Provisional Revolutionary Government of South Vietnam under terms of a 1973 "emergency supplementary free economic assistance agreement." This may be the same ship noted in an intercept that was scheduled to make a delivery between August 15 and 20 to a Communist-held area in northern South Vietnam.

Libya: Petroleum Minister Mabruk has told Western oil companies they have a month to decide how to react to 51-percent nationalization of their interests in Libya. He did not say what Libya will do if the companies refuse to go along. Mabruk stated that meanwhile they can pump and export oil at pre-nationalization rates of production, but added that 51 percent of the oil will belong to the Libyan Government. Since Sunday, a government official has been stationed at the docks insisting that a document be executed for each ship acknowledging Libya's ownership of 51 percent of the oil loaded on board.

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The President's Daily Brief

5 September 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

5 September 1973

PRINCIPAL DEVELOPMENTS

Brezhnev told [redacted] recently that the present focus of Soviet-US trade should be on concluding several modest deals. This is a shift from past Soviet emphasis on the need for early agreement on large, long-term ventures, and fits in better with Western views of the prospect for US-Soviet economic cooperation. (Page 1)

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(Page 4)

The Japanese have announced that their first two communications satellites will be placed into orbit by US rockets in 1976. Earlier they had hoped to be able to use a space booster of Japanese design.

(Page 5)

There have been more clashes between government forces and tribal insurgents in Baluchistan Province. Pakistan's neighbors--Iran, Afghanistan, and India--also have a stake in what happens there and are keeping close watch on the unrest. (Page 6)

The transcript of Prime Minister Jallud's press conference on September 2 shows that he did not say Libya would refuse to sell oil for dollars as reported in the Western press. (Page 3)

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USSR-US

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[redacted] last week, Brezhnev changed his tune somewhat in discussing prospects for Soviet-US trade. He stressed that although big, long-term projects grab newspaper headlines, primary attention should be given at present to concluding several smaller deals.

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Brezhnev's emphasis on the importance of smaller transactions is a shift from what he and other top Soviet leaders have said in the past. Earlier this year they went to considerable lengths to underscore the need for large deals of a long-term nature as the most advantageous for both sides. Brezhnev's remarks [redacted] suggest that the past few months have brought to the Kremlin a view more in keeping with Western assessments of the potential for US-Soviet economic cooperation.

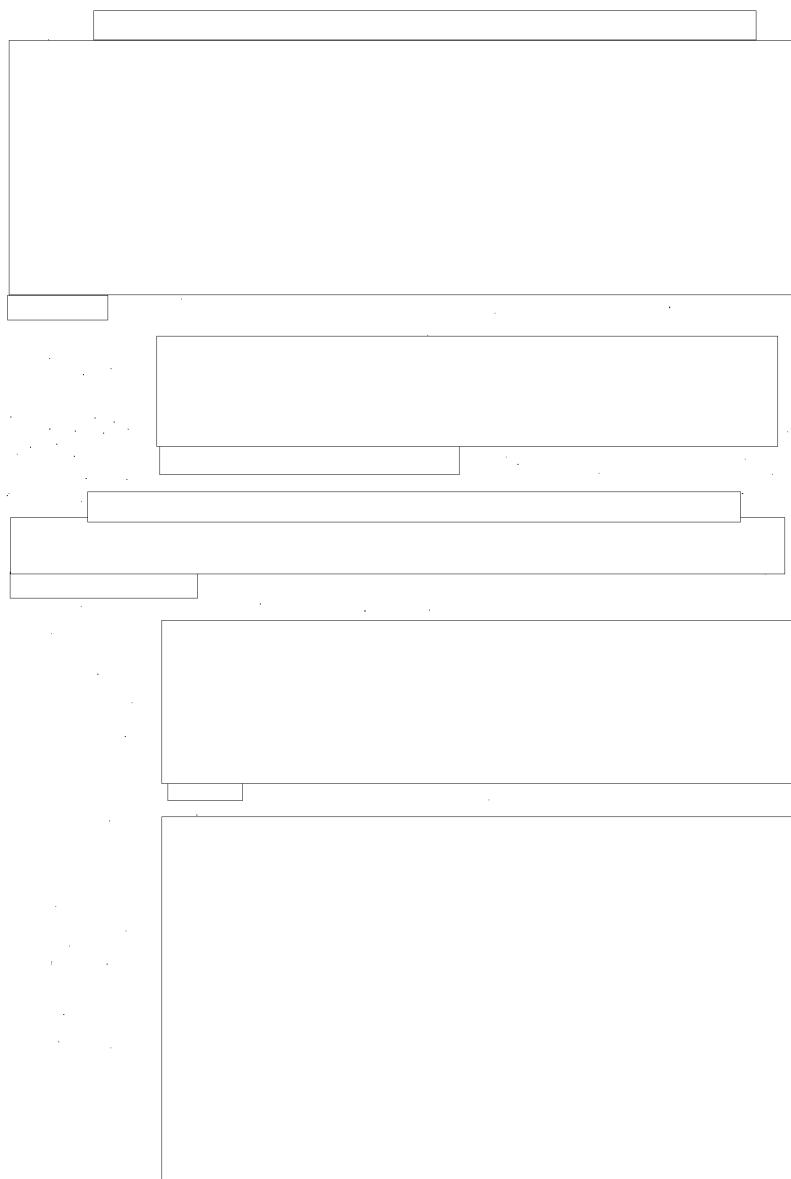
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Brezhnev used the opportunity to praise President Nixon and lament Watergate. He voiced a suspicion that opponents of Soviet-US accommodation are trying to exploit Watergate, and said he wanted to build detente so firmly that it will not be an issue in future US politics.

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USSR-EGYPT



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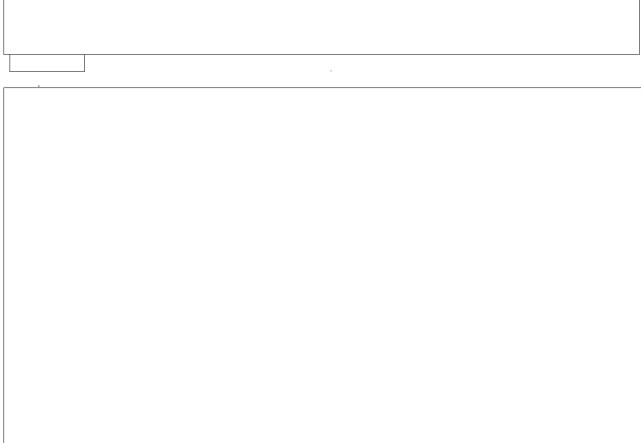
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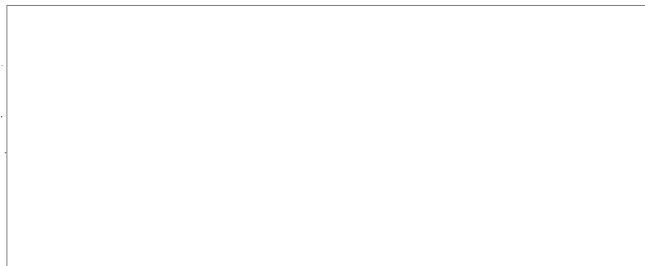
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LAOS

Prime Minister Souvanna Phouma, frustrated over rightist resistance to the draft peace agreement, reportedly plans to submit his resignation at a cabinet meeting today in order to "avoid a coup."

The threat may be a ploy to force the rightists to accept the agreement. It will worry the majority of Lao Army leaders, who now appear ready to support the Prime Minister even if he signs the protocol implementing the agreement without obtaining additional concessions.

In case the rightists are considering any "rash attempt" to prevent the signing of the protocol, however, Lao Army Commander in Chief General Bounpone has ordered the transfer of several hundred troops from the south to Vientiane, where they will reinforce strategic points in and around the city. Meanwhile, the Lao Communists continue to complain about delays in signing the document. During a press conference yesterday, chief Communist negotiator Phoumi Vongvichit blamed the rightists and suggested that the US would be able to pressure them into going along with Souvanna.

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JAPAN

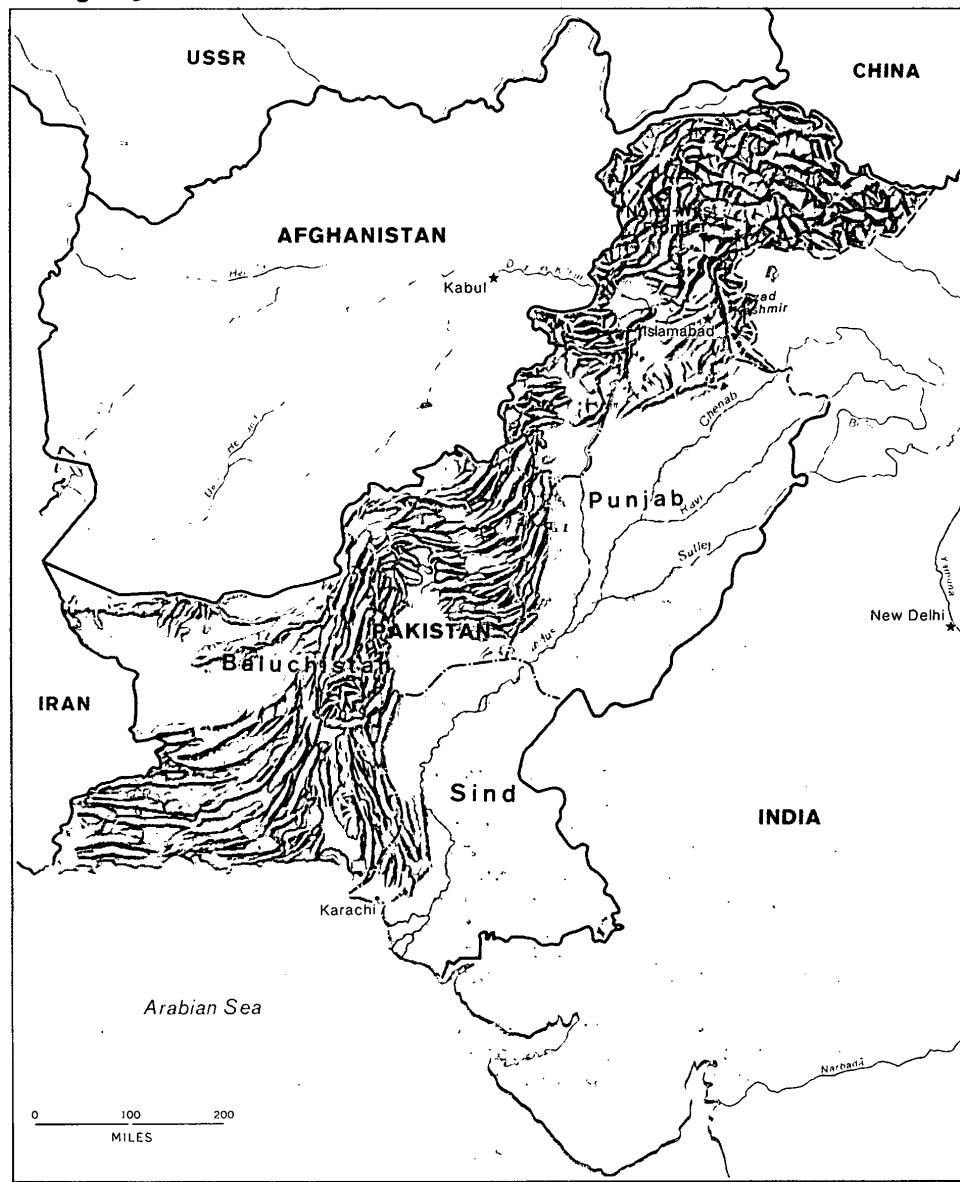
The government has announced that Japan's first two communications satellites will be placed into orbit by US rockets launched from the US in 1976.

Earlier the Japanese had hoped to use a space booster of Japanese design to launch the satellites. This apparently has proven beyond the capability of Tokyo's fledgling space program, making it necessary to turn to the US in order to avoid delay in meeting increasing domestic communications requirements. Nevertheless, the Japanese say that work on their own rocket will continue.

As for design and fabrication of the satellites themselves, the Japanese are just beginning to develop the technology. US firms will probably receive about half the money spent (\$30 to 50 million) to build the first two.

FOR THE PRESIDENT ONLY

Insurgency Continues in Baluchistan



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PAKISTAN

Clashes between tribal insurgents and the armed forces continue in Baluchistan Province.

In large part, the current clashes are an outgrowth of the continuing political struggle between supporters of Prime Minister Bhutto and the major opposition parties, which have widespread appeal among several of the important tribes in Baluchistan. Attempts to reach an accommodation between Bhutto and his opponents collapsed in late July, and the three top opposition leaders in the province were arrested on 15 August. They remain under detention.

The arrests have not led to any dramatic increase in tribal unrest, but in some areas a general deterioration in the security situation is evident and tribal opposition to the government appears to be growing.

The army reportedly now has a division at full strength, plus two independent brigades, in the province, which has a population of 2.5 million. There are also several thousand militia and paramilitary troops operating in Baluchistan.

The government presumably has adequate forces to maintain control. Increasingly serious clashes with the insurgents are probable, however, especially if no political agreement between Bhutto and the opposition is reached.

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FOR THE PRESIDENT ONLY

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Potentially more serious are the international aspects of tribal unrest in Baluchistan. The Shah, concerned with a restless Baluchi minority in Iran and fearful of further dismemberment of Pakistan, has sent several armed helicopters to assist Bhutto in the anti-insurgency effort. The Indians will be unhappy about this because New Delhi is increasingly worried that Iranian assistance to Pakistan, though small-scale now, could lead to a substantial transfer of Iranian arms that might eventually be used against India.

Meanwhile, the new government of Afghanistan, with close ethnic ties to the Baluchis, chose to protest strongly the recent arrests--a move that increased existing suspicions in Islamabad regarding Afghan intentions toward Pakistan's two frontier provinces.

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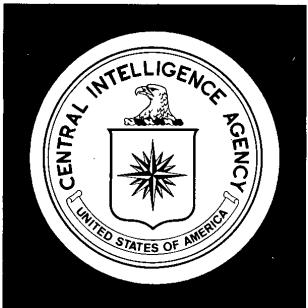
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NOTE

Libya: A review of the transcript of Prime Minister Jallud's press conference on September 2 shows that Jallud did not say Libya would refuse to sell oil for dollars as reported in the press. He did say that Libya had suffered losses by holding some reserves in dollars, but added that the solution to this problem should be worked out by OPEC. Jallud made no mention whatever of a \$6 per barrel price for oil, and he specifically confirmed that the price for Libyan oil remains \$4.90. In the past, Jallud has said that Libyan oil is "worth \$6 per barrel," which may account for the erroneous press reports.

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THE PRESIDENT'S DAILY BRIEF

6 September 1973

PRINCIPAL DEVELOPMENTS

The military situation in and around the Cambodian provincial capital of Kompong Cham deteriorated further yesterday. (Page 1)

Hanoi and the South Vietnamese Communists are seeking a cutback in the size of the ICCS in an attempt to reduce the scope of the commission's activity.

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The USSR

(Page 3)

A high-level Romanian delegation en route to the North Korean National Day celebrations will stop over in Peking for an "unofficial friendly visit." (Page 4)

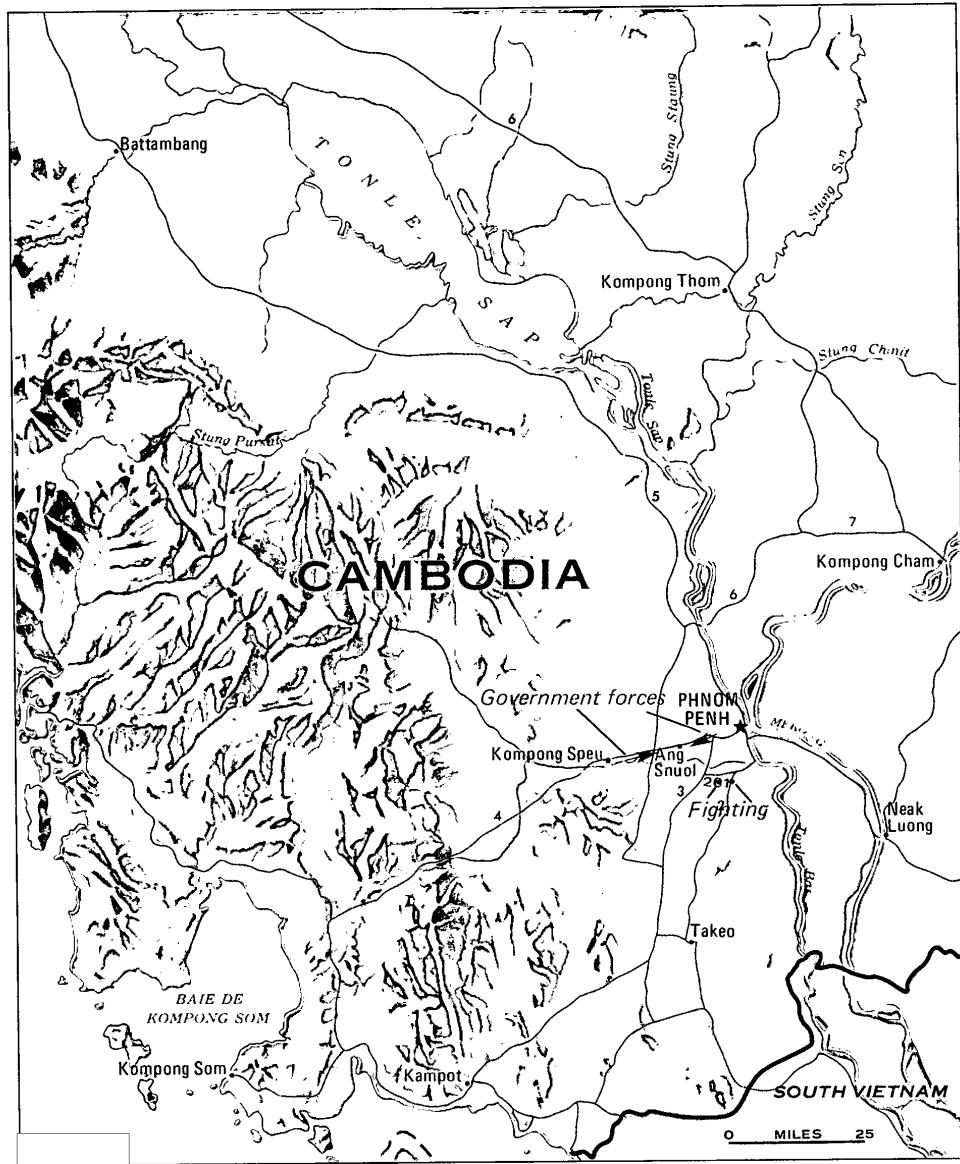
Notes on Australia's new controls on meat exports, and the latest international monetary developments, appear on Page 5.

the Soviet Union

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FOR THE PRESIDENT ONLY

CAMBODIA

The situation in and around Kompong Cham deteriorated further yesterday, when the insurgents stepped up their pressure against government positions just northwest and southwest of the isolated provincial capital. Some government forces have pulled back in disarray. At last report, some Communist elements had infiltrated Kompong Cham, and some fighting has occurred in the center of the city.

On the western outskirts of the city, government battalions trying to open a section of Route 7 have made little progress. The Communist threat east of the city has temporarily diminished as a result of effective fire support from Cambodian Navy vessels on the Mekong. This force has already expended half of its ammunition, but several vessels carrying fresh supplies are scheduled to depart from Phnom Penh today.

In the Phnom Penh area, government units have made no headway in reopening Route 4 near Ang Snuol, 15 miles from the capital. The operation has been hindered by bickering among senior commanders. Other government forces moving on Ang Snuol from the southwest, however, are making some progress in the face of light resistance. South of Phnom Penh, scattered fighting is continuing along or near several sections of Routes 2 and 201 as government elements seek to re-establish control over the two roads.

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VIETNAM

Hanoi and the PRG have sent diplomatic notes to the ICCS members proposing that they "consider immediately" a cutback in personnel.

The language of the notes suggests that Hanoi is laying the groundwork for a future demand that ICCS regional and local teams be removed, leaving only the ICCS headquarters in Saigon.

The Communists have been pushing for a reduction in ICCS activity almost since the commission's establishment, using the argument that it should be a mediating rather than an investigative body. This latest effort to reduce the scope of the commission does not necessarily mean that Hanoi is planning a major increase in military or political activity in the countryside, but it does indicate that the Communists chafe under the political and psychological inhibitions imposed by the presence of ICCS field teams.

The Communists apparently would like to reshape the ICCS before the Iranian team gets established. They probably will use the commission's recurrent financial difficulties to back up their arguments that its activities should be curtailed.

Even if this pressure fails, the ICCS is not likely to be as vigorous as it was before Canada's departure. The Iranians will need some time to get the feel of the situation. There is no indication that the Communist members of the ICCS intend to be more cooperative, although the Poles have stopped hinting that they might withdraw.

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USSR



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ROMANIA

Bucharest has dispatched a high-level delegation to the Far East, ostensibly to attend North Korean National Day celebrations on Saturday, but with a stopover in Peking billed as an "unofficial friendly visit."

The delegation includes Politburo member Emil Bodnaras, who has visited China four times since 1966--most recently in April 1972--and has met both Mao and Chou En-lai.

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[redacted] Another member of the delegation, Cornel Burtica, is the party secretary responsible for propaganda, ideology, and information.

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Among the topics to be discussed in Peking will certainly be the Soviet-inspired anti-Chinese propaganda campaign now emanating from Eastern European media. Bucharest has resisted Moscow's pressure to join in and last week effusively congratulated Mao on his re-election to head the Central Committee. Also probably on the agenda will be Bodnaras' concern that Moscow will attempt to convene an international Communist meeting to read China out of the world Communist movement.

By billing the Peking stopover as "unofficial," Bucharest avoids a final communiqué that might stimulate a hostile reaction from Moscow.

FOR THE PRESIDENT ONLY

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NOTES

Australia: Canberra probably will impose export controls on meat shipments to the US and other customers in the next few weeks in an effort to reduce domestic meat prices. Australian shipments to the US--most of which are absorbed by fast-food chains--account for nearly half of US beef imports but only a very small proportion of consumption. Japan and the UK take Australian beef of first-grade quality and will be the hardest hit by the proposed controls.

International Monetary Developments: The pound sterling came under heavy pressures on European money markets yesterday. In line with the pound's fall, the dollar depreciated about 1 percent against the joint float currencies. Dealers attribute the pound's weakness to reduced UK interest rates, anticipation of continued large trade deficits, and fears of renewed labor problems.

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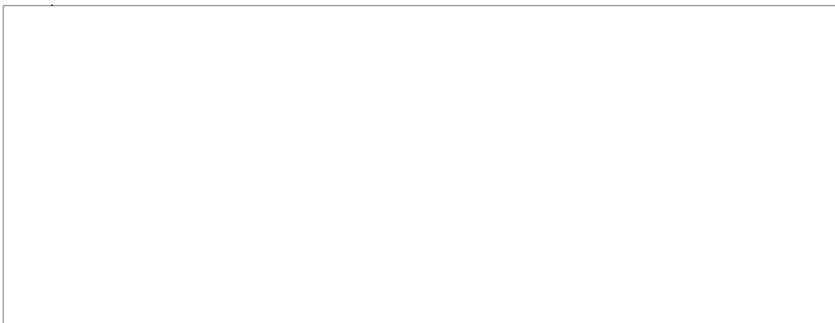
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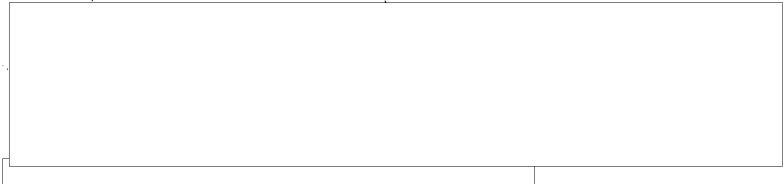


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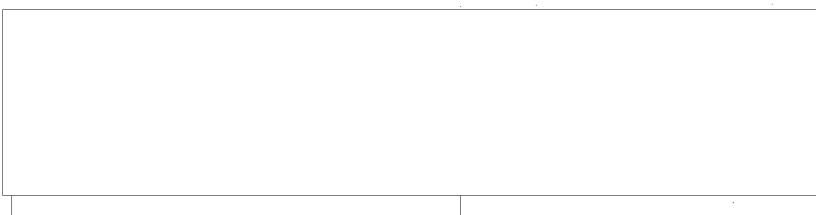
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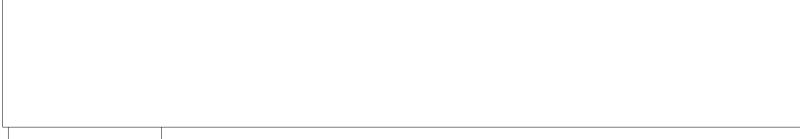
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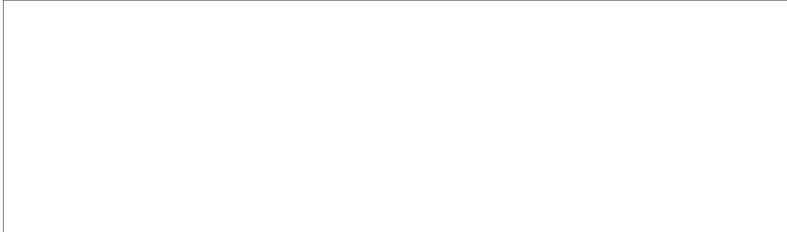
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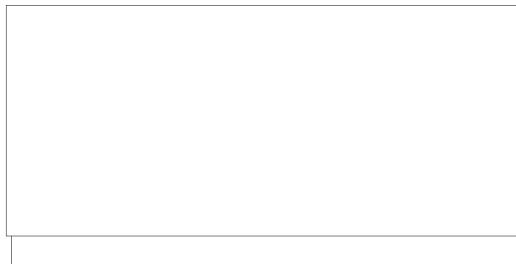
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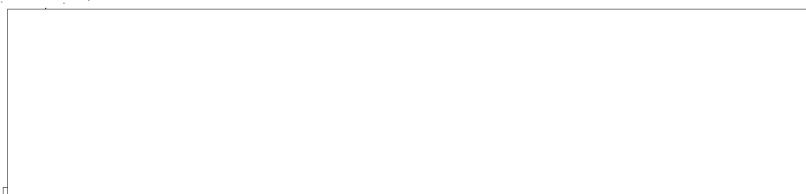
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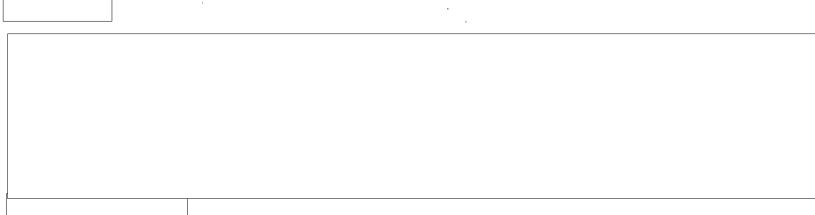
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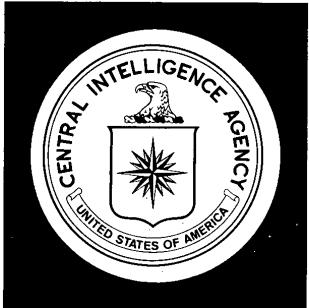
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FOR THE PRESIDENT ONLY

Top Secret



The President's Daily Brief

7 September 1973

45

Top Secret 25X1

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

7 September 1973

PRINCIPAL DEVELOPMENTS

In Cambodia, Kompong Cham remains under strong Communist pressure, with the insurgents attacking government lines from three directions. (Page 1)

Pressure on sterling eased yesterday after the British Government announced it would guarantee Commonwealth countries that hold sterling reserves against exchange losses. The sterling rally helped the dollar make up most of the week's losses against West European currencies. (Page 2)

Italian police confiscated two SA-7 surface-to-air missiles from fedayeen operatives arrested near Rome who reportedly were planning a missile attack on an Israeli El Al airliner. (Page 3)

In Chile, after a lull of several days, anti-government protests are on the increase again. (Page 4)

The Bonn government will consider next week its position on NATO burden-sharing and bilateral negotiations for a new two-year agreement to offset the costs of stationing US forces in West Germany. (Page 5)

25X1

There are signs that the informal agreement reached last March among Japanese opposition parties to bring down the ruling Liberal Democrats is founders. (Page 5)

FOR THE PRESIDENT ONLY



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554586 9-73 CIA

FOR THE PRESIDENT ONLY

CAMBODIA

Kompong Cham remains under strong Communist pressure. As the battle for the city enters its third week, the insurgents are attacking government lines from three directions. Only a few insurgents managed to infiltrate the center of the city on September 5, but not all of them have yet been rooted out.

Government paratroops have set up a new defensive line across the southern section of the city to prevent further infiltration in that area. Other government forces moving along Route 7 toward Kompong Cham made slight headway yesterday, while two paratroop battalions at the airfield northwest of Kompong Cham are making their way back to the city to help shore up its defenses. In the meantime, 300 additional reinforcements have arrived by helicopter from Phnom Penh.

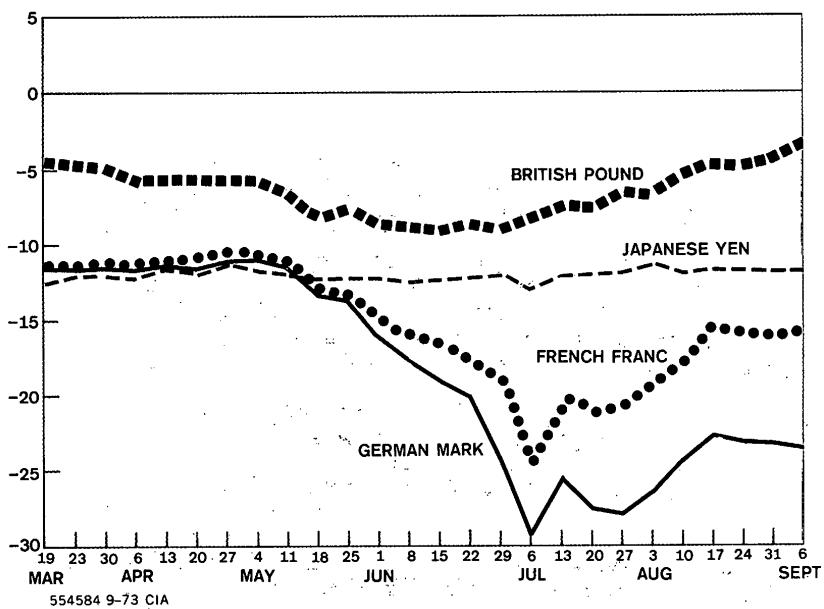
There are now between 5,500 and 6,000 troops defending Kompong Cham. Insurgent forces are estimated at between 4,000 and 5,000 troops.

Yesterday, the Khmer Communists again attacked Route 5 and stopped all traffic on the road about 35 miles northwest of Phnom Penh. A clearing operation apparently is underway. Route 4 is still closed 15 miles southwest of the capital.

Overland access between Phnom Penh and the port of Kompong Som has been blocked since August 26.

FOR THE PRESIDENT ONLY

**PERCENT CHANGE SINCE 2 JANUARY 1973
IN THE VALUE OF THE US DOLLAR RELATIVE
TO SELECTED FOREIGN CURRENCIES**



FOR THE PRESIDENT ONLY

INTERNATIONAL MONETARY DEVELOPMENTS

Pressure on sterling eased yesterday after the British Government announced it would guarantee Commonwealth countries that hold sterling reserves against exchange losses. The pound fell yesterday morning to \$2.38--its lowest point since early February--before recovering to close at \$2.42.

Factors in the sterling drop are:

- the announcement earlier this week of a substantial second-quarter trade deficit;
- expectation that August trade figures will show a further deterioration;
- money market concern over London's commitment to an expansionary fiscal policy; and
- labor difficulties.

Sterling sellers converted their holdings into West European currencies, and these currencies gained relative to the dollar. The sterling rally late yesterday, however, helped the dollar make up most of the week's losses against West European currencies.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

FEDAYEEN

Italian police confiscated two SA-7 (Strela) surface-to-air missiles from fedayeen operatives arrested near Rome on September 5. Italian investigators have said that the five Arabs arrested had planned a missile attack on an Israeli El Al air-liner that day--the anniversary of the Munich massacre.

The Soviet-manufactured SA-7 is a hand-held weapon fired from the shoulder and could be directed against low-flying aircraft in the take-off or landing stage within a two-nautical-mile range. The missile is capable of being fitted with an infrared homing device. If the fedayeen have an assured source of supply of SA-7s, their capability to attack military and civilian aircraft will be significantly enhanced, and such a hit-and-run operation will involve less risk of capture than in-flight hijackings.

At this time it is not known how the Arabs arrested in Rome acquired their Strelas or how many are available to the fedayeen. It is unlikely that the Soviet Union has supplied them directly. Egypt, Syria, and Iraq possess the rockets in their arsenals; however, these countries have been reluctant in the past to equip fedayeen with sophisticated weaponry.

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CHILE

After a lull of several days, anti-government protests are rising again. Another series of short strikes has been called by assorted professional and commercial groups. The opposition Christian Democrats are again talking of launching impeachment proceedings against members of the President's cabinet. The lengthy truckers' strike seems as far as ever from settlement.

President Allende does seem to have headed off one dispute with the navy; he got his coalition leaders publicly to deny that they had accused the navy of subversive activity against the government. Still unresolved, however, is the navy's attempt to strip Socialist leader Altamirano of his congressional immunity and charge him with inciting mutiny in naval ranks.

Army and air force leaders, meanwhile, are acting with unaccustomed unanimity in their efforts to avoid being manipulated by either pro- or anti-government elements. They are concentrating on joint raids against illegal arms caches held by extremists both of the left and the right.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTES

West Germany: The Bonn government will consider on Monday the German position on NATO burden-sharing and the imminent bilateral negotiations on a new two-year agreement to offset the costs of stationing US forces in West Germany. Finance Minister Schmidt confirmed to Senator Mondale earlier this week that Bonn's package will fall short of US expectations and will offer no significant increases in the key elements of the current agreement. In addition, West German officials are taking the position that the US should not expect Bonn to make other contributions--beyond the offset package--to the burden-sharing effort, since other alliance members are unlikely to agree to any meaningful contributions.

25X1

Japan: There are signs that the informal agreement reached last March among the opposition parties to bring down the ruling Liberal Democrats is fading. On a national level, the moderate Komeito and the Socialists are increasingly criticizing Communist policies as extremist. In two key cities, Tokyo and Kyoto, opposition party alliances with the Communists have recently been broken. In the months ahead the Communists will likely be as much of a target for criticism as the Liberal Democrats, and this will benefit Premier Tanaka's party in next year's elections to the Upper House. The Komeito and Socialists apparently began to reassess their alliance with the Communists after the stunning Liberal Democratic electoral upset in Tokyo last July. They apparently concluded that the general election last year had created a misleading impression of Communist strength.

FOR THE PRESIDENT ONLY

Top Secret



The President's Daily Brief

8 September 1973

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THE PRESIDENT'S DAILY BRIEF

8 September 1973

PRINCIPAL DEVELOPMENTS

25X1

[redacted] Cambodia,

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(Page 1)

The North Vietnamese are building roads in Laos that will enable them to resupply their forces in South Vietnam and Cambodia virtually without regard to the weather. (Page 2)

EC political directors, in preparation for President Nixon's visit to Europe, made some progress this week toward a draft declaration on US-EC relations.

(Page 3)

25X1

[redacted] Chile

25X1

[redacted] (Page 4)

25X1

Libya has laid a minefield outside its territorial waters. (Page 5)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CAMBODIA



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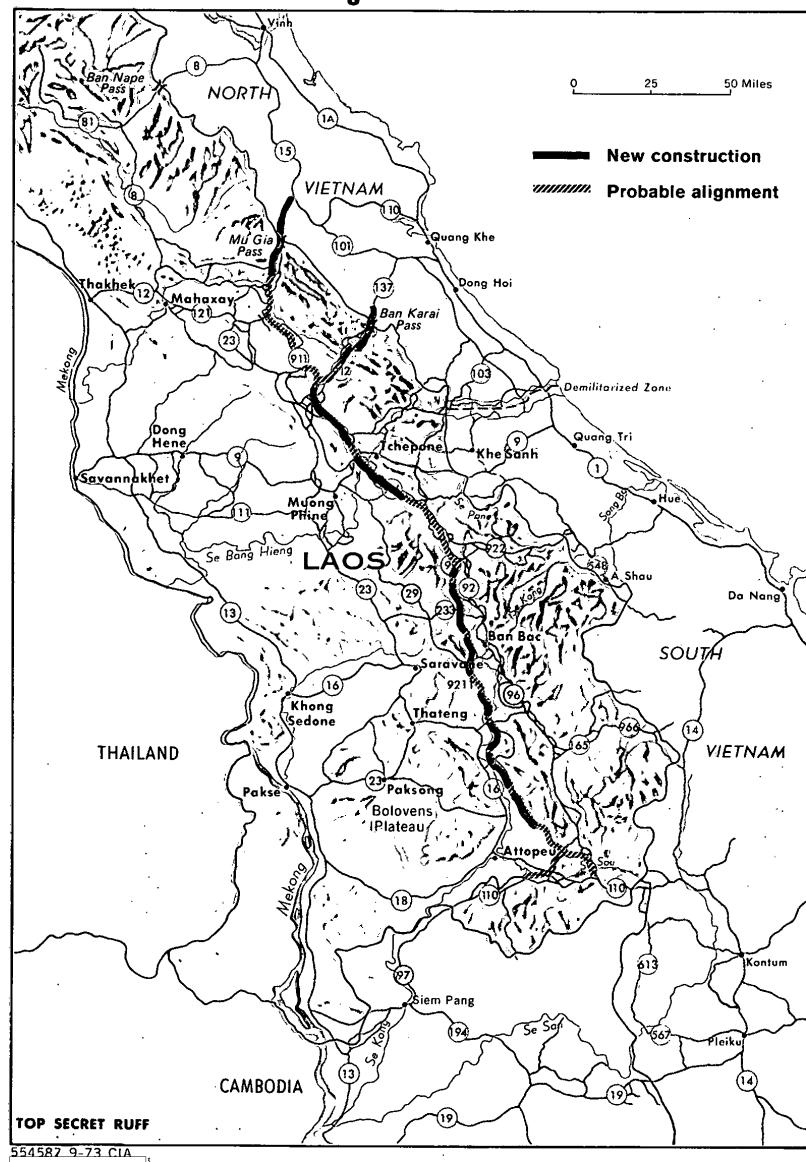


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FOR THE PRESIDENT ONLY

North Vietnamese Building New Road



TOP SECRET RUFF

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FOR THE PRESIDENT ONLY

INDOCHINA

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[redacted] messages from engineer units show that construction of a new, high-speed, all-weather road south through the Laotian panhandle is progressing at more than a dozen sites. Since March, about one third of the total mileage between the two entry points in North Vietnam and the probable end-point in Cambodia has been constructed.

The widespread construction suggests that, far from abandoning the Ho Chi Minh trail, the North Vietnamese may be preparing for another substantial dry-season logistical campaign. Supply shipments would not only augment or replace existing military stores, but would probably contain nonmilitary supplies for Communist-held areas. The road will not be sufficiently complete to carry traffic before the first of the year, however.

Like the new north-south routes along the western border of South Vietnam, the Laos corridor is a two-lane road and well drained for speedy travel and year-long use.

When completed, the two systems will give the Communists increased flexibility and mobility for their widely scattered military forces in Indochina. Links will probably be developed between the two corridors. This means that during the Laotian rainy season the south would be accessible via the route through western South Vietnam; during the winter rainy period in Vietnam the Laotian panhandle corridor would be open.

Once the roads are operational, Hanoi will probably give first priority to improving the lines of communication among the major military strongholds for easier unit rotation and replacement of troops and equipment.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

EUROPEAN COMMUNITIES - US

Representatives of the member states of the European Communities met in Copenhagen this week at the working level. According to the US Embassy in Denmark, they made progress toward an agreed draft declaration on US-EC relations, calling for close links between the two.

The draft will be presented to the EC foreign ministers, who will begin their meeting next Monday. If it is approved, EC Council President Andersen will want to discuss the paper with Secretary Kissinger, possibly at the UN in New York.

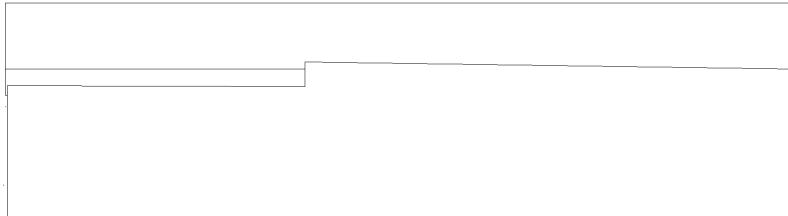
There is no certainty, however, that the draft will be approved by the ministers. Danish and West German officials have implied that French Foreign Minister Jobert may not be as "businesslike" as his subordinates. The French have emphasized that their price for going even this far is an understanding that there would be no permanent machinery created between the EC and the US.

Arrangements for President Nixon's visit to Europe apparently went no further than an "exchange of views."

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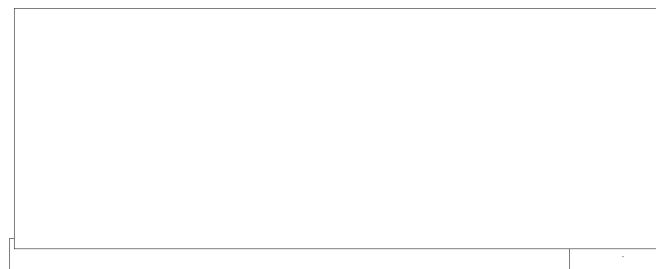
CHILE



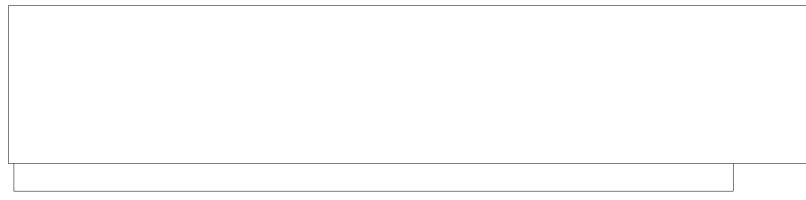
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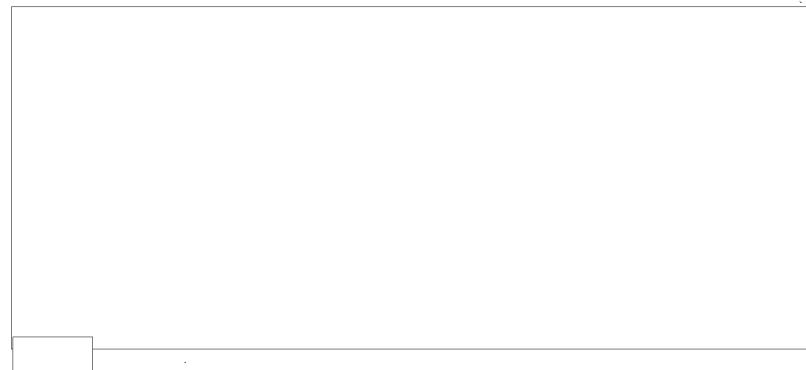


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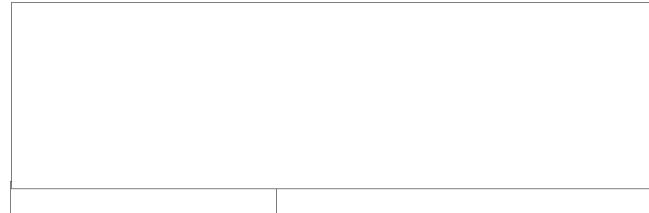
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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTE

Libya: Libya announced on September 4 that a minefield has been laid in the Mediterranean northwest of Tripoli. It covers approximately 300 square miles and is outside Libya's proclaimed 12-mile territorial limit. Other minefields were laid in June by the Egyptian naval contingent in Libya; these were northeast of Tripoli, but within Libya's territorial claim.

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The President's Daily Brief

10 September 1973

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THE PRESIDENT'S DAILY BRIEF

10 September 1973

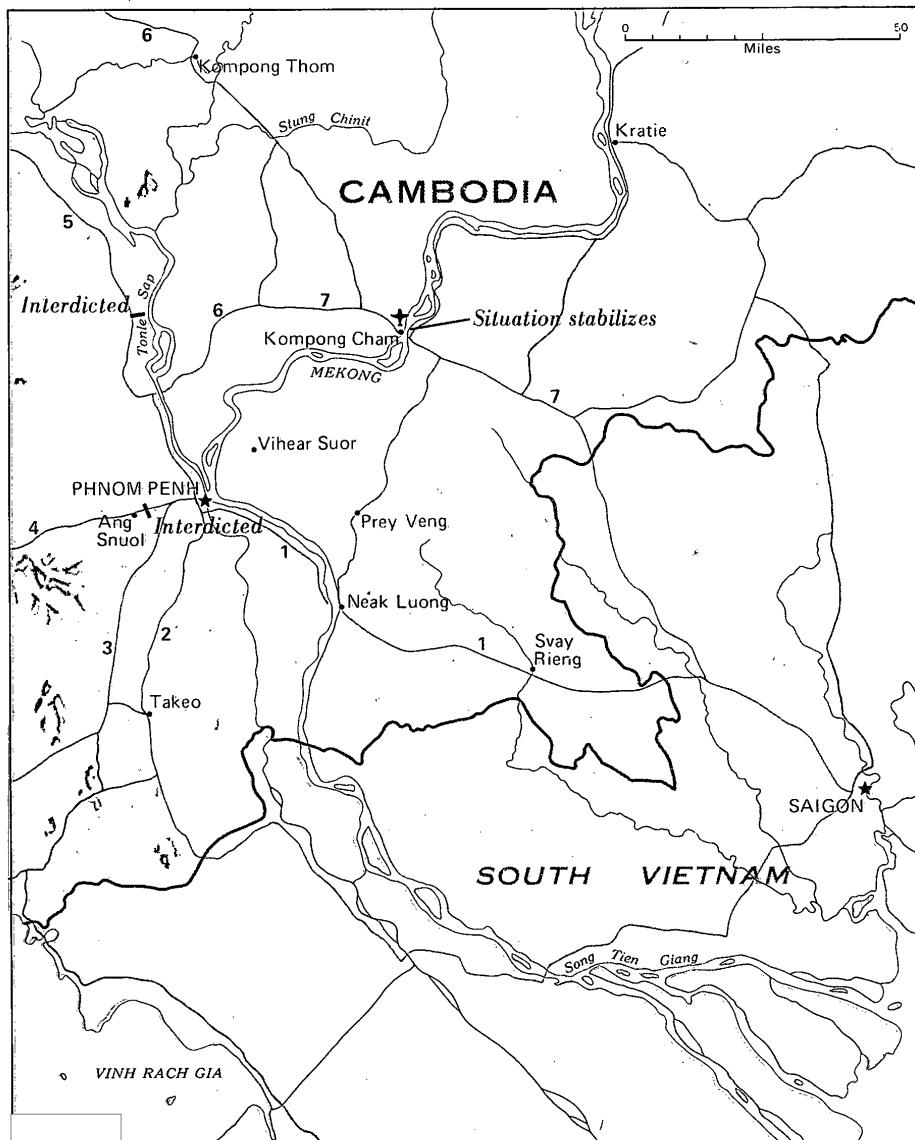
PRINCIPAL DEVELOPMENTS

In Cambodia, the situation at Kompong Cham has stabilized as government units recaptured several positions on the city's outskirts and held off Communist counterattacks. (Page 1)

Santiago remains tense as Chilean President Allende continues to search for a way to return to the political offensive. (Page 2)

Premier Castro has announced Cuba is breaking diplomatic relations with Israel. (Page 2)

FOR THE PRESIDENT ONLY



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554589 9-73 CIA

FOR THE PRESIDENT ONLY

CAMBODIA

The situation at Kompong Cham has stabilized. Khmer Communist gunners continue to shell the city, but government units over the weekend recaptured several positions on Kompong Cham's outskirts and held off Communist counterattacks. A Mekong River convoy carrying supplies and 150 reinforcements arrived at the provincial capital on September 8. Over 1,000 additional reinforcements are aboard another convoy scheduled to reach Kompong Cham early today. Once these troops are available, government commanders are planning to launch counterattacks. Intercepted messages indicate that as of September 7 the insurgents were still confident that they would "liberate" Kompong Cham; preparations had already been made to remove captured supplies and equipment from the city.

Elsewhere, Cambodian Army forces have begun moving against insurgent units holding a stretch of Route 5 some 35 miles north of Phnom Penh, but the highway remains closed. Route 4 also remains cut near the village of Ang Snuol, 15 miles west of Phnom Penh. Government commanders intend to use fresh troops to spearhead the clearing operations along Route 4. To the northeast of Phnom Penh, efforts are planned to relieve isolated government positions in and around the village of Vihear Suor.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

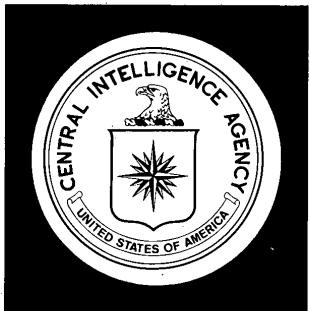
NOTES

Chile: The situation in Santiago remains tense as President Allende continues to search for a way to return to the political offensive. More professional and commercial groups have gone on strike. There is no further information on the appointment of a new navy commander.

Cuba-Israel: Premier Castro has announced that Cuba is breaking diplomatic relations with Israel. The move apparently is in response to a statement in the final resolution of the Nonaligned Conference in Algiers that "welcomes" such action.

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The President's Daily Brief

11 September 1973



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THE PRESIDENT'S DAILY BRIEF

11 September 1973

PRINCIPAL DEVELOPMENTS

Lao Prime Minister Souvanna Phouma's chances are good for gaining cabinet approval to sign the agreement with the Communists this Friday. (Page 1)

A North Vietnamese military recruitment campaign which began last month could provide some indication of Hanoi's intentions in South Vietnam for the next dry season, which runs from October to May. (Page 2)

25X1

The Soviet Union's Ryad program to develop a series of third-generation computers is at least three years behind schedule. (Page 4)

Notes on Iceland, China, and Norway appear on Page 5.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

LAOS

Prime Minister Souvanna Phouma has scheduled a cabinet meeting for today at which he intends to press for approval to sign the agreement with the Communists on September 14.

His chances of gaining approval appear good; the two ministers who had voiced the principal opposition to signing dropped their objections yesterday.

The waning of rightist opposition has resulted from several days of adroit maneuvering on Souvanna's part. [redacted]

Souvanna arranged two meetings between Lao Army generals and Pathet Lao representatives to discuss the military portion of the protocol. Although the meetings produced no substantive Communist concessions, they seem to have allayed the generals' apprehensions about Communist interpretations of the agreement. One of Souvanna's most vocal military critics, Army Deputy Commander in Chief General Kouprasith, and several other influential officers have now pledged their support to the Prime Minister.

During the course of seven months of negotiations, Souvanna has been close to signing several times but was forced to back down at the last moment. This could happen again, but the odds for signing are better this time.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NORTH VIETNAM

Hanoi apparently began a substantial military recruitment campaign in August which, if past patterns are followed, will continue through this month.

Recent North Vietnamese propaganda has reminded the population that military conscription must continue "in peacetime," as well as "in wartime or emergency cases." More conscription messages were noted in North Vietnamese civil communications during August than in all of the previous six months. The total is comparable to that of January 1973, when Hanoi completed its large winter induction cycle. After January, most young men reaching draft age apparently were assigned to civilian reconstruction jobs.

The extent and duration of the current conscription drive could provide some indication of Hanoi's intentions in South Vietnam for the next dry season, which runs from October to May. If a heavy pace of inductions is continued during September, it will provide Hanoi with a large pool of manpower which could be ready for infiltration as early as November. Allowing for time to travel south and for integration into existing forces, these troops could be committed to combat around the turn of the year.

If conscription tapers off in September, however, it would mean a relatively small induction drive. This, coming on the heels of unusually small recruitment campaigns in the spring and summer, would suggest that Hanoi has no plans for large-scale fighting in the first few months of 1974.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

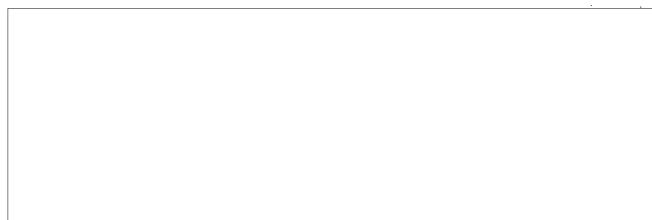
CHILE



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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR

After more than six years of work, the Soviet Union's Ryad program to develop a series of third-generation computers is at least three years behind schedule, and large-scale production is not likely for several years. The Soviet goal apparently had been to produce 3,000-5,000 Ryads per year by 1975. Only a few hundred machines actually will be produced by then.

As a result, the Soviets have abandoned plans to phase out production of the Minsk-32--an obsolete second-generation computer. The Minsk-32 will be the foundation of the automated management systems to be set up during 1973-75.

By modeling Ryad computers after the IBM-360 series, the Soviets had hoped to save both time and money and make use of the large stock of IBM software. The program has been hampered by shortages of high-quality components, out-of-date production and testing techniques, and ineffective direction and coordination.

Western help will be critical in determining how fast the Soviet Union can mass-produce reliable Ryad models. The US, France, the UK, and Japan already have supplied machinery and technology to manufacture key Ryad components. Moscow now is seeking to purchase complete automated plants for the manufacture of key components, such as integrated circuits and disc drives.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTES

Iceland: The cabinet probably will approve resolutions today calling for a review of Icelandic participation in NATO and--in the event of further incidents at sea--a break in diplomatic relations with London. The hardened attitude toward the British stems from recent rammings--one resulting in the death of an Icelandic seaman--and British reconnaissance flights over the disputed fishing area. Growing tensions and the resultant public pressure in Iceland may make compromise difficult in negotiations later this month on retention of US forces at the Keflavik base.

China: Officials of the China National Textile Import and Export Corporation have indicated they expect the US to become Peking's major cotton supplier. Representatives of at least three major US cotton exporters have either traveled or been invited to China in recent weeks to negotiate sales of cotton from the 1974/75 and 1975/76 crops. The Chinese have so far purchased about one-eighth of the amount committed for export from the 1973/74 crop and would like to buy more. Regular sales of large quantities to China would require an expansion of US cotton acreage and ginning capacity.

Norway: The returns in Norway's two-day election are so scattered that a permanent stable government may be difficult to achieve. Although it lost some seats, the Labor Party, Norway's largest, is still the best bet to form a government either alone or in coalition with the Socialist Electoral Alliance--the Communist Party, the Socialist People's Party, and the anti-EC Laborites. Even if the final tally should give the non-socialists a majority, it is doubtful that this diverse group could cooperate to form a government.

FOR THE PRESIDENT ONLY

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The President's Daily Brief

12 September 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

12 September 1973

PRINCIPAL DEVELOPMENTS

Chile's President Allende is dead and the armed forces, together with the carabineros, are working to consolidate their successful coup. (Page 1)

The Soviets have suddenly stopped jamming some US, British, and West German radio broadcasts. (Page 2)

The Japanese have told the reluctant Soviets that they want to discuss the Northern Territories during Prime Minister Tanaka's trip to Moscow. (Page 3)

West Germany plans to negotiate directly with the Soviets on issues holding up the renewal of Bonn's ties with Moscow's allies. (Page 4)

The Soviets have trained Iraqi air crews for the TU-22 medium bomber. (Page 5)

The nonaligned conference broke little new ground and demonstrated no new unity. The Soviets lost ground to the Chinese. (Page 6)

As a result of a major reshuffle of the armed forces leadership, General Krit Sivara has become an important political power in Thailand. (Page 7)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CHILE

The armed forces, with the help of the national police, have assumed control of Chile. A four-man junta, composed of the chiefs of the armed services and the carabineros intends to govern with advice from civilians. The junta's plans for political reform indicate that such civilians will be businessmen and professional guild leaders responsible for recent anti-government shutdowns, rather than political leaders who had opposed Allende. The new rulers have declared Congress to be in recess.

The three military members of the junta only recently assumed command of their respective services, replacing chiefs ousted for various reasons. They are all respected and experienced leaders. The acting national police chief has much closer relationships with the military than do most top carabinero officers.

President Allende is dead, but reports that he committed suicide have not been confirmed. The junta is taking precautions not to be blamed for Allende's death, and is arranging for a private family burial in his native Valparaiso today. [redacted]

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[redacted]
25X1

There was no massive worker support for Allende in the face of the well-organized military coup. Some of his armed followers in the slums of Santiago fought the troops, and there was extensive and effective sniper fire directed against the attackers on the presidential palace. Military raids early yesterday on factories held by armed workers, however, deterred a strong leftist reaction. Junta leaders are concerned about the possibility of disorder in Valparaiso today [redacted]

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Many supporters of the Allende administration were taken by surprise and may be lying low until chances for retaliation are better.

The only strong reaction from among Latin American governments has come from Cuba. The Castro government has charged that its embassy was attacked by Chilean forces and has complained because the Chileans tried to stop by force a Cuban ship hastily leaving Valparaiso yesterday. The junta has announced it will break relations with Havana.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR

On September 10 the Soviet Union stopped jamming VOA broadcasts in Russian and minority languages. Jamming of Russian-language programs of the BBC and Deutsche Welle also ceased. Radio Liberty and Radio Free Europe are still being jammed.

This is the first break in jamming since it was resumed during the invasion of Czechoslovakia. It coincides with the letup in the propaganda campaign against Sakharov and other Soviet dissidents which has provoked extensive protest in the West.

At least for the moment, the regime has swung from public excoriation of Sakharov and other dissidents to conciliatory moves aimed at quieting the outcry in the West and avoiding serious problems at CSCE, which reopens on September 18.

The swings in Soviet policy reflect the leadership's difficulty in balancing efforts toward detente abroad and discipline at home. They may also indicate uncertainty or disagreement over priorities in pursuing these two objectives.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

JAPAN-USSR

Prime Minister Tanaka yesterday was quoted in the Tokyo press as warning the Soviets that progress must be made on the Northern Territories issue if his visit to Moscow next month is to be a success and economic pacts are to be signed. Tanaka suggested that he might come home "empty handed" if he cannot make progress on the Northern Territories issue, thus preparing the Japanese public well in advance.

The Prime Minister's tough stand may be intended in part to prod the Soviets to conclude the drawn-out negotiations on the agenda for Tanaka's visit. The Soviets have so far refused to agree that Brezhnev will even discuss the Northern Territories, thus casting a cloud on Japanese hopes. Continued Soviet occupation of these four islands north of Hokkaido is especially resented by the Japanese since the US returned Okinawa in 1972.

Tanaka's position probably also reflects disenchantment with the prospects for Japanese participation in Siberian economic development opportunities. After months of discussions on building a pipeline for the Tyumen oil project,

[redacted] only 25 million tons of oil per year would be available to Japan, not the 40 million tons the Japanese had hoped for.

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

WEST GERMANY - USSR

Special Minister Egon Bahr has restated Bonn's contention that progress in the deadlocked negotiations with several East European states is dependent upon reaching an understanding with Moscow on the Berlin agreement.

Bonn's negotiations on the establishment of diplomatic relations with Czechoslovakia, Hungary, and Bulgaria remain stalled over the issue of whether West Germany can represent the interests of West Berlin institutions. The Soviets now admit that they have instructed the East Europeans not to give in.

Bahr stated that arrangements have been made for him to begin negotiations with Soviet Ambassador Falin, who is expected to return to Bonn later this month.

25X1

[redacted] Foreign Minister Scheel might also discuss the Berlin issue with Foreign Minister Gromyko at the UN General Assembly.

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Soviet officials, including Deputy Foreign Minister Kuznetsov, reportedly suggested to West German representatives earlier that the scope of the negotiations be broadened to include other problems hampering their relations.

It is possible that the Soviets only wish to use the meetings to complain about alleged West German violations of the Quadripartite Agreement. If they are willing to discuss implementation of the agreement with Bonn directly, however, this will signal a change in their tactics, if not policy. Moscow previously has declined to discuss Berlin-related matters with Bonn, on the grounds that Berlin is a political entity independent of West Germany.

The revelation by Bahr and the Foreign Office representative of Bonn's plans is in part an attempt to pressure the Western Allies to intervene with Moscow. Earlier requests by the Foreign Office that the Allies consider an approach to Moscow were turned down as premature. Bahr last week bluntly remarked that since the Allies are not willing to talk to Moscow, he will do so himself.

FOR THE PRESIDENT ONLY

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USSR-IRAQ

Four Soviet transports that flew from the USSR to Baghdad over the past few days probably took Iraqi Air Force personnel home from training in the USSR.

Some of these personnel may have learned to fly and service the TU-22 medium bomber.

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Although the Soviets have not yet exported TU-22s, it is likely that they will give some to Iraq soon.

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NONALIGNED CONFERENCE

After a day's extension, the meeting broke up Sunday in a cloud of clichés, with several leaders--including King Faysal--scrapping their plans to speak. The final resolutions largely repeated the work of the previous three nonaligned conferences, condemning US policies in Israel and Indochina as well as colonialism and apartheid.

The US nevertheless came off reasonably well; most speakers attacked a nameless imperialism and colonialism. The Soviets seem to have lost ground with the nonaligned movement, most of whose members lumped the USSR with the US as rich, powerful, and menacing states. Fidel Castro's overenthusiastic espousal of the Soviet position backfired against both the USSR and Castro. The Chinese stayed in the background, while their views on big-power hegemony gained ground.

The Middle East resolution had been somewhat watered down. It nevertheless demanded immediate, unconditional withdrawal from the occupied Arab territories, condemned the US--and unnamed other powers--for giving support to Israel, and called on the nonaligned states to work on measures for a full boycott of Israel: diplomatic, economic, military, and "cultural." Only Cuba actually broke relations with Israel, but Tel Aviv was more isolated than ever; no one was willing to speak out publicly in its support.

In addition, the assembled leaders

--supported peaceful reunification of Korea and withdrawal of all foreign troops;

--backed Puerto Rican independence and Panama's claim of sovereignty over the Canal Zone;

--unanimously stood behind African liberation movements, and sharply criticized various Western countries, as well as South Africa and Japan, for supporting colonialism and racism in Africa; and

--recognized the right of every state to nationalize its own resources, as well as the right of developing countries to break agreements imposed by force.

Although the leaders reportedly established a special fund to promote the economic and social development of nonaligned states, they failed to set up a permanent secretariat to make their collective views known to the great powers. The Algiers meeting did, nevertheless, focus attention for a time on third world concerns.

FOR THE PRESIDENT ONLY

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THAILAND

In a major reshuffle of the armed forces leadership, General Krit Sivara, who has been the number two man in the army under Field Marshal Praphat, moves up to become commander-in-chief.

A number of loose ends remain to be sorted out. For one thing, Prime Minister Thanom may step down from the largely honorific position as supreme commander, in favor of Praphat. Thanom and Praphat, however, evidently will retain their positions as prime minister and deputy prime minister, respectively, and thus will continue to exercise the real power. Krit's promotion also opens up more room at the top, which should ease the growing unrest among senior officers over long delays in advancement.

While it is not a foregone conclusion that Krit is the designated heir-apparent to the Thanom-Praphat regime, he is now clearly the front-runner. He will probably have to contend, however, with Thanom's politically ambitious son, Colonel Narong.

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The President's Daily Brief

13 September 1973

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THE PRESIDENT'S DAILY BRIEF

13 September 1973

PRINCIPAL DEVELOPMENTS

The chiefs of the Chilean armed services and carabineros formally took the oath of office last night and named a military cabinet. The junta has not yet been able, however, to overcome all armed resistance, which has been particularly stiff in industrial sections of the capital. (Page 1)

The decision by EC foreign ministers to pursue preparations for an EC-US declaration was made possible by a more positive French attitude. The West Europeans will now accelerate efforts to work out common positions on a number of issues. (Page 3)

The Soviets have asked Japan to help them finance further oil exploration efforts in the Tyumen area. The request adds to suspicion that there is not enough oil there to keep the Japanese interested in the pipeline project. (Page 4)

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The pressure is temporarily off Kompong Cham as Cambodian insurgents regroup to fight another day. (Page 6)

Moscow's recent overture to establish relations between CEMA and the EC has met a cool reception from the West Europeans, who see in it another Soviet attempt to keep the wraps on Eastern Europe. (Page 7)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CHILE

The chiefs of the armed services and carabineros formally took the oath of office last night and named a military cabinet. Army commander Pinochet is President of the governing junta.

Pinochet will probably remain President for at least a year, according to a message from the US Embassy in Santiago. He has indicated privately that the junta has a "fundamental desire" to improve relations with Washington, and he has already made general requests for food, military equipment, and debt relief.

In its effort to quash all opposition, the junta reportedly plans to outlaw the parties that supported Allende. The military has already assumed control over all public administration and the judiciary, and is moving quickly to organize transportation so as to facilitate delivery of critically scarce food and other commodities. The leader of the truckowners confederation has endorsed the coup and announced an end to the transportation strike.

Despite military efforts to play down continued opposition to the coup, it is clear from some of the junta's own radio broadcasts that it ran into considerable armed resistance yesterday and expects more trouble today. Armed groups occupying factories in industrial sectors of Santiago have made effective use of rocket launchers, mortars, and machine guns against military attackers, and there have been more casualties on both sides than the military is prepared to admit. Yesterday the junta shortened the deadline for surrendering arms and decreed summary execution of those who do not comply.

Last night the junta extended the curfew until after midday today to facilitate continuing military operations against the leftist holdouts. [redacted]

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[redacted] 25X1

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[redacted] it may take two more days to put down
resistance by well-armed groups in the capital.

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Meanwhile, the junta has obtained statements
of backing--notably from the Christian Democratic
Party and the President of the Supreme Court--and
expects further pledges of support from other Chilean
parties and institutions soon.

FOR THE PRESIDENT ONLY

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WESTERN EUROPE

The EC foreign ministers' decision in Copenhagen to pursue preparation for an EC-US declaration was achieved because the French took a more positive attitude.

Although Paris continues to be wary of establishing a permanent dialogue between the community and the US, it probably felt uncomfortable when faced with the desire of its partners to produce a forthcoming response to Washington's initiative. The French may also have been concerned that continued stubbornness on their part might work against their overriding desire to keep the Germans contained within a West European framework. This lends credence to reports that President Pompidou may take some positive initiative, presumably on European political cooperation. The Nine will, in any event, now accelerate their political consultations toward developing a distinct "European identity"--common positions on a wide variety of foreign policy questions.

In NATO, meanwhile, Secretary General Luns this week tried to use the EC agreement to spur efforts of the North Atlantic Council to produce a draft NATO declaration on Atlantic principles. The French are clearly in no hurry in this forum, however. During a discussion of deadlines for national contributions to the NATO drafting effort, the French ambassador said that as far as he is concerned, "the later the better."

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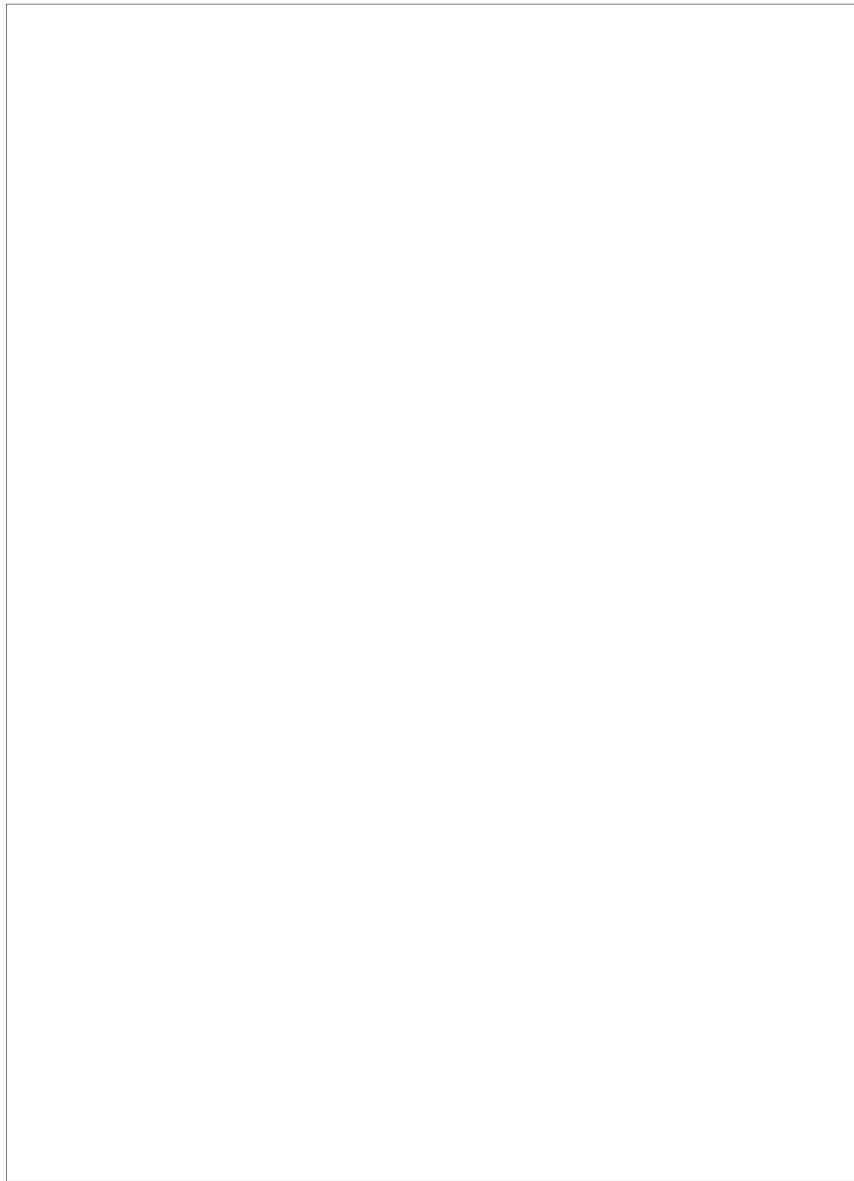
USSR-JAPAN

The Soviets, who have just been warned publicly by Prime Minister Tanaka that progress on the Northern Territories issue must precede any serious economic discussions, have asked the Japanese for an additional \$300 million credit to finance oil exploration efforts in the Tyumen area. Japanese oil interests say that the Soviets believe that this additional exploration should not interfere with the construction of the proposed 2,500-mile pipeline from Tyumen to the Far East. Occidental Petroleum's Armand Hammer claims that the Soviets actually prefer to delay construction to the pipeline, however, at least until more reserves are confirmed at Tyumen.

It appears that Dr. Hammer's reading of Soviet intentions is the correct one. Rising Soviet and East European oil consumption may require full use of Tyumen oil for the next 20 years. Soviet Deputy Foreign Trade Minister Ossipov said recently that this is the basis of some opposition in the Soviet leadership to any foreign participation in the development of Siberian oil resources.

For their part, the Japanese are still shocked by the recent Soviet proposal to reduce exports from Tyumen from 40 to 25 million tons a year. Moreover, the Soviet request for additional exploration credits further feeds their doubts about the size of exploitable reserves at Tyumen and thus about the overall economic viability of the projected pipeline.

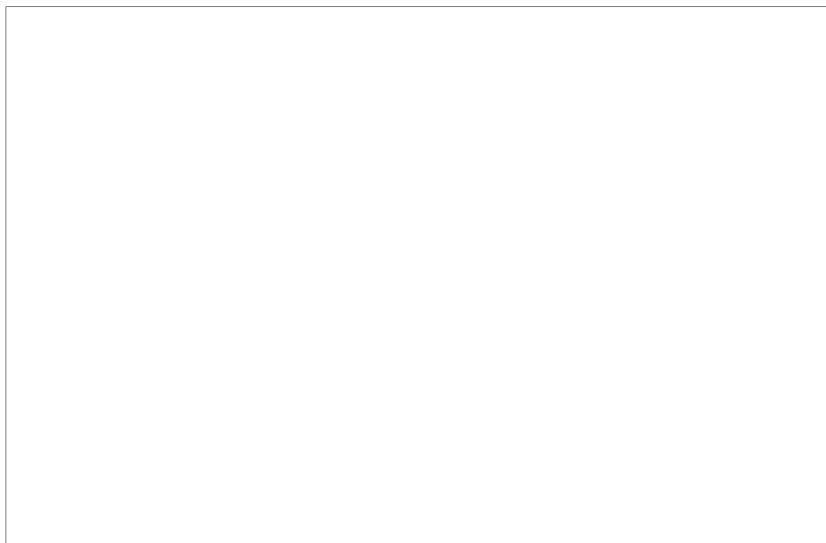
In fact, estimates of Soviet oil and gas reserves frequently are exaggerated, and exploitable reserves often are not as extensive as claimed.



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CAMBODIA

The pressure on Kompong Cham has eased over the past few days. The insurgents have confined their actions to sporadic shellings of government positions, and have offered little resistance to government operations south and southwest of the city.

These operations have given the government maneuvering room. In addition, over 2,000 reinforcements have arrived since last week, and Mekong River convoys have brought in badly needed munitions. The last convoy ran into heavy shore fire as it approached Kompong Cham, however, and future resupply efforts may be more difficult.

The Communists are regrouping. They still have a considerable force in the vicinity of Kompong Cham, and continue to stress in their propaganda their intention to "liberate" the city.

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NOTES

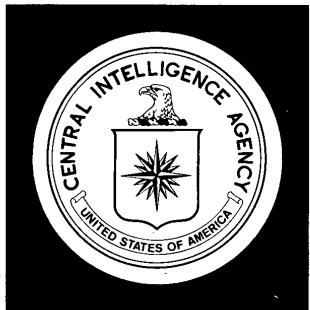
EC-CEMA: Senior British and EC officials are reacting coolly to the recent Soviet move to establish relations between the EC and CEMA. In a conversation with a US official, the British Ambassador to the EC has said that both his government and the French are dubious about responding to the Soviet proposal because they believe its bloc-to-bloc approach would act as a constraint on the Eastern European countries. The British Ambassador predicted that the Nine are likely to move slowly, neither rebuffing the CEMA initiative when they discuss it at next week's EC Council meeting nor doing anything to promote its success.

China: The harvest of early rice--the first of three rice crops harvested in China each year--is disappointing. The acreage planted declined this year, and yields were depressed because of low temperatures, flooding, and insect infestation throughout much of south China. Any substantial increase in rice output will have to come from the intermediate and late rice crops, which together account for about 60 percent of the annual output.

South Africa: The clash on Tuesday night between rioting black miners and the police, in which ten workers were killed and a dozen wounded, was the bloodiest racial incident in South Africa since the "Sharpeville massacre" of 1960. The violence contrasts sharply with restrained police handling of strikes by black workers in recent months, but there is no indication that the Vorster government has shifted to harsher methods against strikers. Nonetheless, the incident is certain to trigger a new round of strong foreign attacks on Pretoria's racial policies, especially by other African countries.

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14 September 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

14 September 1973

PRINCIPAL DEVELOPMENTS

In Laos, the protocol to implement the peace agreement has been signed, but there may be some delay in carrying it out. (Page 1)

The Israelis claim they downed 13 Syrian MIGs yesterday in the first aerial engagement between the two countries since last January. (Page 2)

The junta in Chile is still encountering small pockets of armed resistance in Santiago, but elsewhere the country reportedly is returning to normal. The junta has been too preoccupied with security to consider government policy and organization. (Page 3)

Soviet officials have sought to mask any anxieties they may have about the impact of the Chinese party congress on Sino-Soviet relations. (Page 5)

The allies, now preparing for force reduction talks that begin in Vienna next month, remain divided on a number of major points. (Page 6)

Thai Prime Minister Thanom has notified Nationalist China that a new Thai ambassador will be sent to Taipei. This will be regarded by Peking as a setback in its efforts to normalize relations with Bangkok. (Page 7)

Notes on [redacted] Scud missile equipment at the Soviet port of Nikolayev, and on [redacted]

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[redacted]
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There are also notes on preparations for a major North Vietnamese transportation effort through Laos [redacted]

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FOR THE PRESIDENT ONLY

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LAOS

The protocol to implement the February peace agreement has been signed, but there may be some delay in carrying it out.

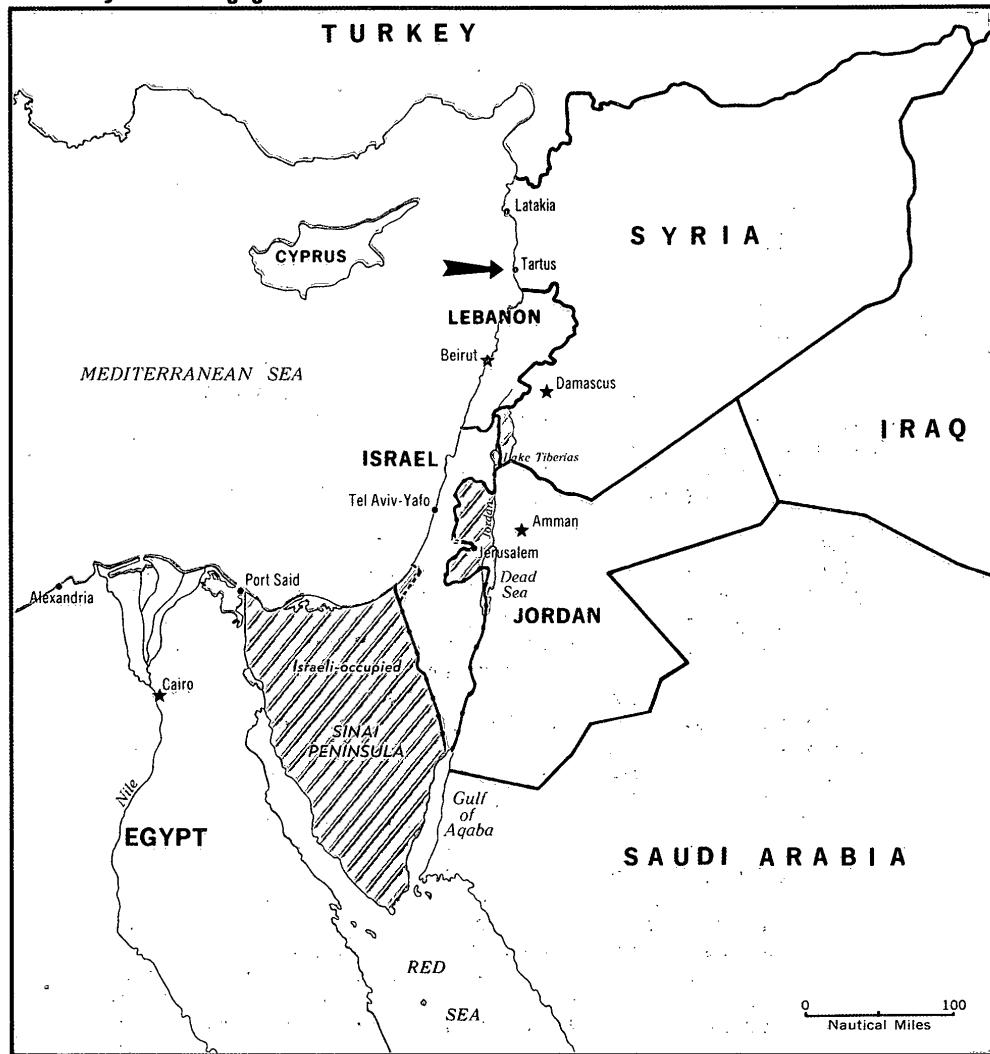
The coalition government authorized by the protocol will not come into being until it is invested by the King, and that cannot happen until the rightist-dominated National Assembly approves the protocol. Prime Minister Souvanna anticipates no major problems with the assembly. As a precaution, however, he is planning a parliamentary maneuver designed to gain de facto approval without a formal vote by the deputies.

Neither will key military provisions of the protocol go into effect until investiture is complete. The 60-day period for the removal of all foreign forces from Laos, for example, will not begin until the government is formally organized. Moreover, the neutralization of Vientiane and Luang Prabang--which involves the withdrawal of troops from both cities and the establishment of a joint security force--very likely will be subject to the same delay.

Some military provisions of the protocol, however, such as setting up boundary markers in the countryside, may be implemented before a new government is formed, and planning for others may begin in the interim.

FOR THE PRESIDENT ONLY

Israeli-Syrian Air Engagement



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ISRAEL-SYRIA

In yesterday's dogfight in the vicinity of the Syrian port of Tartus, the Syrians apparently lost 13 MIG-21s and the Israelis one Mirage. According to the Israelis, their aircraft were on a reconnaissance mission over Syria and were intercepted; in the ensuing engagement, nine Syrian and one Israeli aircraft went down. The Israelis say that their efforts to rescue a downed pilot brought on a second engagement in which they got four more Syrian MIGs.

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Damascus

has acknowledged that eight of its planes were hit.

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The Israelis occasionally fly reconnaissance missions over the Syrian ports of Tartus and Latakia. The current mission may have been an attempt to determine whether the Soviets have delivered any Scud surface-to-surface missiles to Syria;

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such missiles may have been given to Egypt.

It is not clear why the Syrians decided to challenge the Israeli incursions, something they had not done since January, when it cost them six planes. Their heavy losses this time may cause them to think twice in the future.

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CHILE

The military junta continues to encounter small pockets of armed resistance in industrial sectors and low income areas of Santiago, but elsewhere the country reportedly is returning to normal. Military leaders expect that it will take several days before the city is completely pacified. Arrests and casualties are numerous, and Chilean authorities have been calling urgently for blood donors, medicines, and sanitary materials.

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[redacted] the junta has been too preoccupied with restoring order to consider government policy and organization. A major concern at the moment is to ensure the distribution of food and fuel throughout the country.

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In an effort to portray an image of normalcy, the government-controlled radio network is broadcasting numerous messages of support from civic, industrial, and professional groups, and denying reports of damage or sabotage of public services. These efforts apparently are also aimed at countering reports being broadcast from a radio transmitter operated by followers of the late President. One such report alleges that former army commander General Prats is leading a column from the south to attack the junta's forces in Santiago. The existence of such a column remains unconfirmed, and Prats is at his home in the capital, according to a government spokesman.

* * *

International reaction to the coup continues to be largely critical. Protest demonstrations have been organized in major cities, and several Latin

FOR THE PRESIDENT ONLY

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American countries have declared three days of official mourning for the death of Allende. Brazil and Uruguay, however, have recognized the new government. At the UN, the Cuban Ambassador has formally requested an urgent meeting of the Security Council to consider the attack on the Cuban Embassy in Santiago by the Chilean military.

The USSR has reacted by issuing a statement in the name of the Central Committee sharply denouncing the coup. The statement expresses "full solidarity" with leftist forces in Chile and "firm confidence" that they will continue the struggle. It is doubtful, however, that the Soviets see much prospect that the military take-over will be reversed. [redacted]

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[redacted]
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The reaction of Moscow's closest East European allies has been relatively restrained thus far. The two Balkan mavericks--Yugoslavia and Romania--have weighed in with strong condemnations of the coup.

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USSR-CHINA

Soviet officials have sought to hide any anxieties they may have about the impact of the Chinese Tenth Party Congress on current Sino-Soviet relations. In two recent conversations with US Embassy officers, Soviet officials took the line that the congress marked a victory for Chou En-lai, and that Chou is better than an unknown quantity.

The officials did not mention Chou's strong attacks on Moscow during the congress or Peking's careful endorsement of Sino-American rapprochement. Instead, Viktor Trifonov--a Foreign Ministry China specialist--professed to regard as a positive development the fact that Chou had "left the door open" to the normalization of Sino-Soviet relations, and that for the first time this position had been endorsed by the Chinese party. When asked about signs that the USSR might declare that China is no longer a socialist state, Trifonov denied any such intention.

In an effort to encourage caution in the US attitude toward China, Trifonov argued that the congress had touched off a new round of domestic political infighting. He said that Chou's authority probably is unimpaired, but the prospects for continuing his policies are not bright once he passes from the scene. Trifonov claimed that leftist radicals now have the edge among the party vice-chairmen and the politburo's standing committee.

This line suggests the Soviets are concerned that even the appearance of further deterioration in Sino-Soviet relations will be exploited by the US.

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NATO - FORCE REDUCTIONS

The allies, now preparing for the force reductions talks that begin in Vienna next month, remain divided on a number of major points.

At the September 12 meeting of the North Atlantic Council, the West Germans argued that the concept of imposing a "common ceiling" on NATO and Warsaw Pact ground forces in central Europe should be introduced early in the negotiations, but that two negotiating phases are necessary to achieve this force reduction goal. The West Germans maintain that the allies should call early for explicit agreement to hold a second phase, making clear that the second phase would primarily involve European rather than US and Soviet forces.

The UK--which has now taken a position somewhat closer to that of the US--has warned that it would be dangerous to try to specify the contents of the second phase. Although the British accept for internal Alliance use the "common ceiling" figure of 700,000 troops, they hope it will not be necessary to mention the figure during the first phase of the actual negotiations. The British think it is a mistake to specify--as the US would like--a two- to four-month duration of the initial round of talks, since experience shows they might drag on a good deal longer.

Turkey, supported by Greece and Italy, continued to voice its fears that force reductions in central Europe could permit Warsaw Pact forces to threaten NATO's southern flank. The Turks have said they may hold up agreement on an allied position if they do not get satisfaction on these points.

NATO has set September 30 as the target date for settling these disagreements. Discussion could continue longer, however, since the force reduction talks themselves do not open until October 30.

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THAILAND-TAIWAN-CHINA

Thai Prime Minister Thanom, reversing an earlier cabinet decision, has notified the Nationalists that a new Thai ambassador will be sent to Taipei.

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[redacted] the reversal represents an effort to maintain a balance between the "two Chinas." The Thai leaders evidently believe the improved relationship which Bangkok has developed with Peking over the past 18 months can be maintained.

Prime Minister Thanom has consistently had more doubts than other Thai leaders as to the wisdom of improving relations with Peking at Taipei's expense. His views may have been reinforced by the findings of a Thai Foreign Ministry delegation that visited China recently. The Chinese apparently were unwilling to comply with Thanom's demand that they abandon all assistance to Thai insurgents.

More important, Thanom is not under the same pressure he was a year ago when a bandwagon psychology was pushing most Southeast Asian countries toward early recognition of China.

Peking would regard the retention of a Thai ambassador in Taipei as a setback to the normalization of relations with Bangkok, which China has regarded as proceeding smoothly.

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NOTES

USSR-Egypt:

[redacted] the Black Sea port of Nikolayev indicates that equipment for the Scud--a surface-to-surface missile with a range of 160 nautical miles--[redacted] is still in place.
Some of it has not even been moved.

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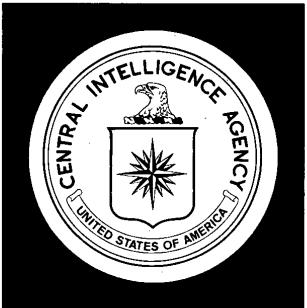
Indochina: Preparations are under way for a major transportation effort from North Vietnam through Laos soon after the dry season begins next month. A major logistic unit just north of the Ban Karai Pass in North Vietnam reported on August 30 that it had received over 1,200 tons of munitions since the middle of the month--an unusual amount for this time of year. Recent intercepts indicate that two Communist transportation regiments are moving from South Vietnam to the main north-south road corridor through the Laos panhandle.

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THE PRESIDENT'S DAILY BRIEF

15 September 1973

PRINCIPAL DEVELOPMENTS

Egypt's President Sadat [redacted] provided Libya with six Soviet SA-7 surface-to-air missiles; Qadhafi, in turn, gave two missiles to Fatah with orders to shoot down an Israeli airliner, and it was these that were recently confiscated from Palestinian commandos near Rome. (Page 1)

An Egyptian cabinet shuffle may be coming soon that would return to office two recently ousted moderates. (Page 2)

Some Israeli leaders think the US is on the verge of a new effort to break the impasse in the Middle East and believe Tel Aviv should not automatically oppose such a move. (Page 3)

[redacted] Soviets [redacted] submarines [redacted] (Page 5)

Although some armed opposition continues in Chile, the government is starting to give more attention to the critical economic situation. Any easing of the junta's tough attitude toward leftist extremists is unlikely. (Page 6)

In Argentina, disagreement on how to deal with the new Chilean Government emphasizes the deep rift between left and right that is one of Peron's major concerns. (Page 7)

A note on the Egypt-Jordan-Syria summit appears on Page 8.

FOR THE PRESIDENT ONLY

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EGYPT-LIBYA-FEDAYEEN

[redacted] President Sadat [redacted] provided Libya with six Soviet SA-7 Strela surface-to-air missiles-- including the two recently confiscated from Palestinian commandos near Rome airport. [redacted] Qadhafi asked for the weapons for use by the Libyan military, but later gave two missiles to Fatah with orders to shoot down an Israeli airliner in retaliation for the Libyan civilian plane shot down by the Israelis last February. [redacted]

[redacted]

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EGYPT

A source considered reliable by the US Interests Section in Cairo says that a cabinet shuffle may be in the works which would bring back two recently ousted moderates. One is Sayyid Marai, who was dismissed as secretary general of the Arab Socialist Union early this year and would be named prime minister before the month is out. At the same time, Sadat would announce the reappointment of General Sadiq as minister of war; he was dropped last October. The cabinet changes, the source claims, would be accompanied by the announcement of a shift in the country's orientation from socialism to "democracy."

Marai was ousted largely because he did not support the sweeping purge carried out in the ASU in February and March; he was never under much of a cloud and has since served as a presidential assistant. Sadiq, fervently anti-Soviet, was tossed out at a time when Sadat was pressing hard to obtain more advanced military equipment from the Soviets. More recent statements indicate that Sadat has now dropped that for the time being, clearing the way for Sadiq's return--a move that would be popular with younger army officers.

The rehabilitation of these men--both pro-Western and anti-socialist--would correspond with other measures Sadat is trying in efforts to move Egypt away from socialism and to balance Cairo's relations with both East and West.

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ISRAEL

Some Israeli leaders think the US is on the verge of a new effort to break the impasse in the Middle East. Two articles this week in the Israeli press--

[redacted] show that the defense minister expects an initiative within the next few months. Dayan apparently believes the international climate is swinging in favor of the Arabs and that Tel Aviv should not automatically oppose a US move, which may be the least of the evils Israel can expect.

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Most Israeli leaders have reacted vociferously and negatively in the past to any hint that the US might back a new peace initiative. Now they probably reason that, given the leverage that the oil shortage provides the Arabs, a seemingly receptive attitude will buy them more time in the long run--perhaps enough to enable them to develop their own capacity to manufacture weapons, leaving them more or less immune to US pressure.

Prime Minister Meir's Labor Party platform, adopted earlier this month with little opposition, signals unmistakably that the Israelis intend to tighten their grip on the occupied territories. It calls for the expansion of Jerusalem's boundaries, at least three dozen new settlements in the Arab territories in addition

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to the present 50, and accelerated government and private acquisitions of Arab lands. The platform was primarily Dayan's doing and reflects his belief that the West Bank is Israel's "homeland," while Gaza should be kept to block any future Egyptian threat. There has never been any question in Dayan's mind about the retention of the Golan Heights, Sharm ash-Shaykh, or East Jerusalem.

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CHILE

Although some armed opposition continues, the government is starting to give more attention to the critical economic situation. Banks are scheduled to reopen Monday, and a new system for distribution of commodities has been established.

The dissolution of Congress and the proscription of military contacts with politicians indicate that an early call for elections is unlikely.

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Easing of the tough attitude toward leftist extremists is unlikely. The military is convinced that the coup came just in time to preempt plans by extremists for widespread armed violence.

Failure to respect diplomatic norms in its effort to search out leftists could cost the junta needed international support. The government may be seriously considering a raid on the North Korean Embassy to capture persons seeking asylum.

The UN Security Council meets on Monday to hear Cuba's complaints of Chilean attacks against its embassy.

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ARGENTINA

Disagreement on how to deal with the new Chilean Government emphasizes the deep rift between left and right in Argentina that is one of Peron's major concerns.

The principal immediate questions are whether Argentina should recognize Chile's junta and whether medical supplies should be shipped to Santiago. Beyond these matters, however, leftists--including Peronist youth--have seized on the Chilean issue to stir up nationalist and anti-US sentiment. [redacted]

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[redacted] The left is also playing on fears that the junta may undertake the "Brazilianization" of Chile and complete the "encirclement" of Argentina.

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Military leaders, on the other hand, are moving to cement relations with their Chilean counterparts to forestall any Chilean drift toward Brazil. [redacted]

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Peron publicly has paid lip service to the leftist point of view by condemning the coup and suggesting US complicity. [redacted]

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NOTE

Egypt-Jordan-Syria: The tripartite summit meeting in Cairo resulted in the restoration of diplomatic ties between Egypt and Jordan--a victory for King Husayn's firmness in dealing with Sadat. The possibility of restoring relations with Syria snagged, however, when Asad insisted on the readmission of some fedayeen to Jordan--even under Jordanian Army control--and Husayn refused. Husayn did accept the "principle" of a unified Arab command under an Egyptian commander, but he made it clear that his army would remain under Jordanian control at all times and would not participate in any resumption of fighting.

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THE PRESIDENT'S DAILY BRIEF

17 September 1973

PRINCIPAL DEVELOPMENTS

There are signs that phase II of CSCE will be a lot more contentious than the Soviets would like. They will come under fire for repressing dissidents and resisting freer exchange. This phase is likely to drag on into next year despite Moscow's wish to wrap it up more quickly. (Page 1)

The discovery of guerrilla camps and arms caches in Chile has given the junta useful evidence that, before the coup, leftists had been planning early attacks on the military. The junta's brisk moves in administrative and economic matters should help it bring about a semblance of normalcy soon and win wider support. (Page 3)

In Cambodia the focus of military action has shifted away from Kompong Cham; there is evidence that the insurgents intend to attack two other provincial capitals. (Page 5)

Notes on yesterday's elections in Sweden [redacted]

[redacted] appear on Page 6.

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CSCE

Stage II of the Conference on Security and Cooperation in Europe, which opens tomorrow in Geneva, is likely to be more contentious than the Soviets would like. Some Western countries seem prepared to criticize the heavy-handed drive against Soviet dissidents and Moscow's resistance to freer exchange. The Dutch Foreign Minister, for example, has stated publicly that his government is "extremely alarmed" by the USSR's repressive actions, and intends to raise the matter in Geneva.

Moscow's recent tactics suggest considerable worry that it is in for a beating on this issue. The rather strong reaction in the West to the anti-dissident measures has already persuaded the Soviets to ease up a bit, and they have tried to limit the damage by taking the conciliatory step of ending the jamming of most Western broadcasts.

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There is considerable feeling in Western Europe that if detente is to have any concrete expression, it must be in the area of greater East-West contacts. Moscow has already been surprised by Western firmness and unity on this issue. Significant Soviet concessions in this sensitive area will come only slowly and painfully, if at all. It is a good bet, however, that the USSR will have to show some flexibility if it wants CSCE to conclude successfully.

Moscow's chief aim is to secure formal multilateral endorsement of post-World War II frontiers and ratification of the division of Germany. West European countries are prepared to accept the principle of "inviolability of frontiers" in some form, but some will try to hammer out wording that will allow for peaceful border changes in the future.

(continued)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

At this session East and West will have to tackle the substance of troublesome issues they have not really addressed so far. The West Europeans are prepared to argue long and forcefully for their points of view, and phase II is likely to drag on into next year despite Moscow's wish to wrap it up more quickly.

FOR THE PRESIDENT ONLY

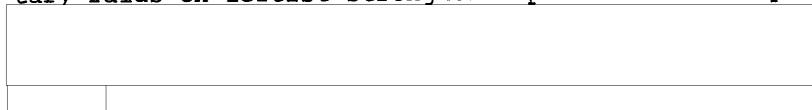
FOR THE PRESIDENT ONLY**CHILE**

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The discovery of guerrilla camps and arms caches in Santiago and some southern provinces provides the military with useful evidence that Chilean, Cuban, and other Latin American revolutionaries were preparing to "eliminate the armed forces," probably in retaliation for military raids on leftist strongholds prior to the coup.

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Despite junta president General Pinochet's claim that fewer than 100 Chileans have died in the violence, [] other junta officials, estimate that at least 4,000 people had been killed by September 13. The armed forces have been surprised at the heavy resistance encountered in the crowded Santiago slums. They have postponed air and artillery attacks in order to avoid killing innocent civilians living there. The junta is backing up its increasingly hard anti-Marxist line, however, with extensive arrests, summary execution of armed resisters, and plans for execution, imprisonment, or exile of key Allende supporters.

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The military government is annoyed at the stance of the Christian Democratic Party, despite the party's mild statement of support for the junta. The party has taken sharp exception to the dissolution of Congress, where it had the largest representation.

The junta's brisk moves in administrative and economic matters should soon help to bring about the semblance of normalcy that the armed forces

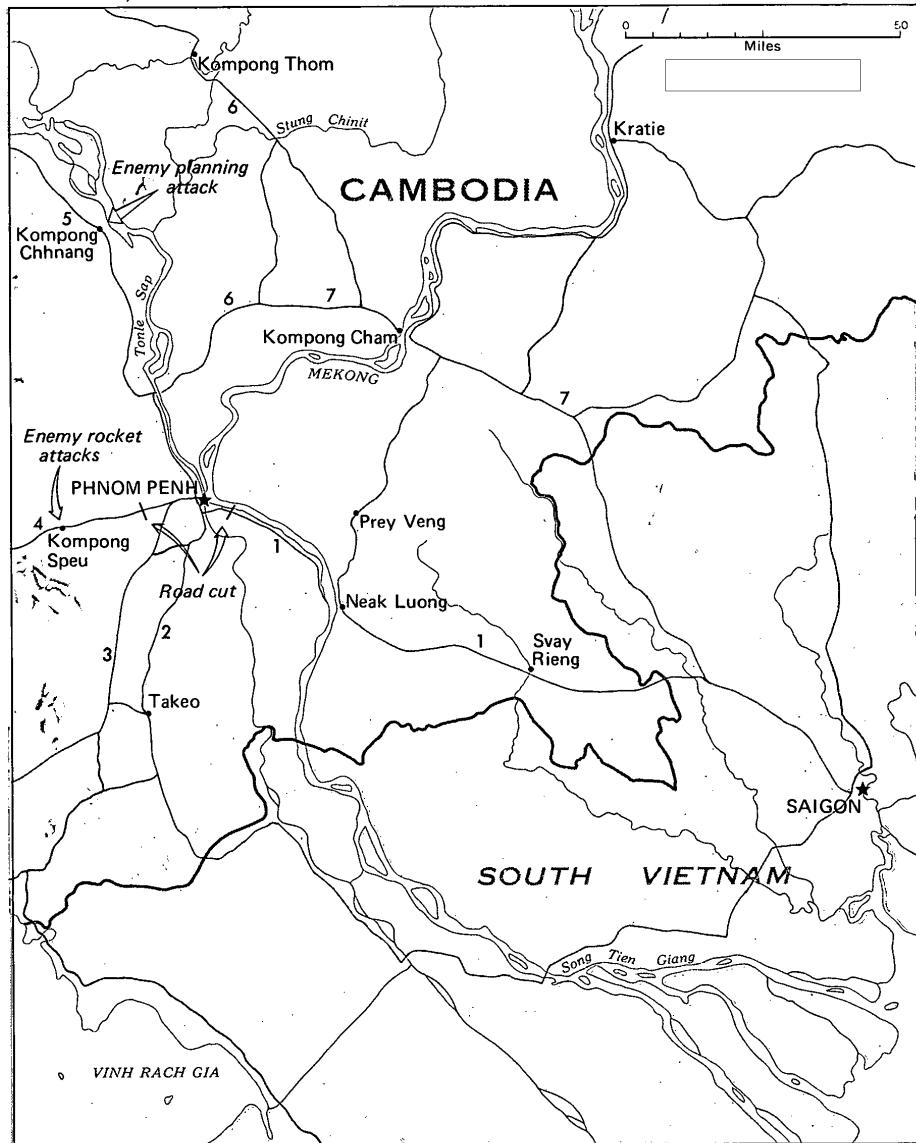
FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

want. The military is reversing many of the most deeply resented agricultural and distribution policies of the Allende administration.

If the junta can ease urgent shortages and cope with other immediate economic problems, it will be tolerated if not acclaimed by the large Chilean middle class that had been taking the brunt of the squeeze. This could include the labor elites, such as the copper workers. On the other hand, the lowest paid workers, who under Allende fared better than ever in their history, will be more receptive to leftist urgings to oppose the new government.

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CAMBODIA

Over the weekend the focus of Communist military activity shifted away from Kompong Cham when neither side made any headway.

Southeast of Phnom Penh the Communists have once again cut Route 1 and have rebuffed government efforts to reopen the road.

The Communist command also appears bent on expanding its campaign against other key provincial capitals. An intercept tells of plans to shell Kompong Speu and Kompong Chhnang so as to force the civilian population to flee to insurgent-controlled areas. Kompong Speu has already come under sporadic rocket and mortar fire, and insurgent leaders are discussing the possibility of moving a light artillery piece into the Kompong Chhnang area to support a planned attack on the city.

The Communists probably have no illusions of occupying either city at this time. The timing of the attacks does suggest, however, that they want not only to distract government forces from reopening Routes 4 and 5 but, more importantly, to divert crucial government reserves from the defense of Kompong Cham.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTES

Sweden: Olof Palme apparently will remain Prime Minister for another three years, even though voters moved to the right in yesterday's elections. According to the latest returns, Palme's Social Democrats lost six seats in parliament, reducing their total to 157. The Communists, however, won an additional two seats for a total of 19, enabling the Communist - Social Democratic voting bloc to retain a slim 176 to 174 majority. Palme will have to try to reverse the trend away from his party. Sweden's behavior on international issues in the months ahead is likely to depend largely on which former supporters he attempts to recapture--those that have moved toward the center, or others that have strayed further to the left.

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The President's Daily Brief

25X1

18 September 1973

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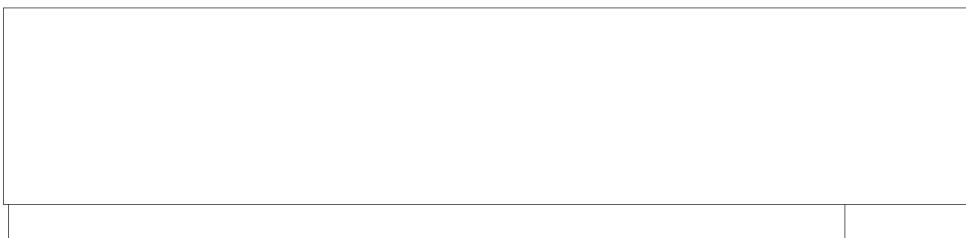
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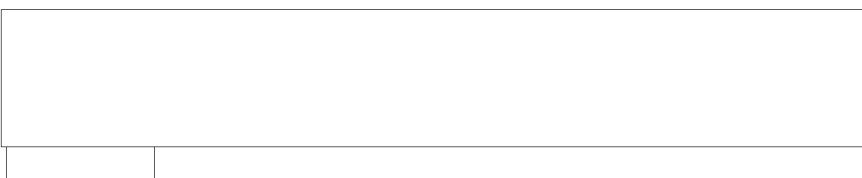
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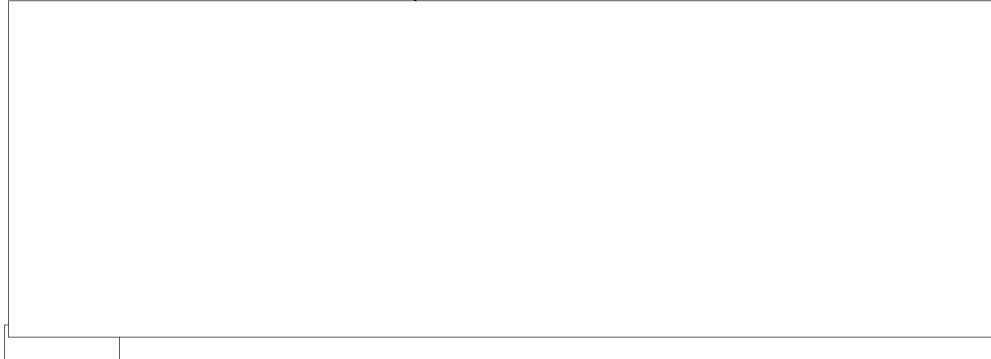
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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

18 September 1973

PRINCIPAL DEVELOPMENTS

According to Jordanian Prime Minister Rifai, the Jordanians made no concessions at the tripartite summit in Cairo and were the big winners. (Page 1)

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A high Afghan official claims that Moscow has endorsed Afghan views on developments in bordering tribal areas of Pakistan and Iran. (Page 2)

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Syria

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(Page 3)

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West German

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(Page 4)

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In Chile, sporadic attacks on security forces continue, but there are indications that the government feels it has the security situation under control.
(Page 5)

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FOR THE PRESIDENT ONLY

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JORDAN-EGYPT-SYRIA

Jordanian Prime Minister Rifai told Ambassador Brown last weekend that the Jordanians see themselves as the big winners at the tripartite meeting at Cairo. Husayn made no concessions, and although relations with Syria were not re-established, President Asad promised to go back to Damascus and see what he could do.

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The three agreed that tripartite talks would continue, next in Damascus, then in Amman, although no dates were set. The three countries would also hold talks occasionally dealing with military subjects, but they would merely be talks--there would be no unified command and no stationing of Syrian or Egyptian forces in Jordan. Husayn made it clear that nothing of the sort could even be "considered" until financial arrangements had been worked out--a not-very-subtle reference to the renewal of the Kuwaiti subsidy.

Asad refused to endorse Resolution 242; he made it clear that in his opinion Syrian adherence would not make the slightest difference to the situation in the Middle East, but that when real peace efforts get under way "Syria will be there."

Both Sadat and Asad were critical of the US, saying that Washington had no wish to see peace in the Middle East if that might mean any trouble with Israel or with pro-Israeli Americans. They were even more critical of the Soviets

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Both Egypt and Jordan have come out of the conference ahead, even though the gains were largely psychological. Sadat's rapprochement with Husayn is an essential element in his effort to forge greater inter-Arab cooperation; he can also use his relationship with Jordan to deflect pressure toward war coming from Qadhafi and other extremists. Husayn, meanwhile, has finally broken out of a period of isolation that lasted nearly three years--though the resumption of relations with Damascus and the restoration of the Kuwaiti subsidy may still be some time off.

FOR THE PRESIDENT ONLY

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AFGHANISTAN-USSR

The Afghan Deputy Foreign Minister, who accompanied presidential adviser Naim Khan to Moscow last week, told Chargé Lewis on Saturday that the trip covered both political and economic issues, and that the Soviets were "friendly, understanding, and helpful." The discussions included "menacing" Iranian activities in Iranian Baluchistan as well as political trends in the two Pakistani provinces bordering Afghanistan.

The official claimed that the Soviets endorsed Afghan views on these problems. He implied that Moscow had assured Kabul of full diplomatic support in the event there is a dispute between Afghanistan and Iran or Pakistan over frontier problems.

Despite this continuing support for the Afghans, there is evidence that the Soviets would like to prevent further instability in this area along the USSR's southern flank. [redacted]
[redacted]

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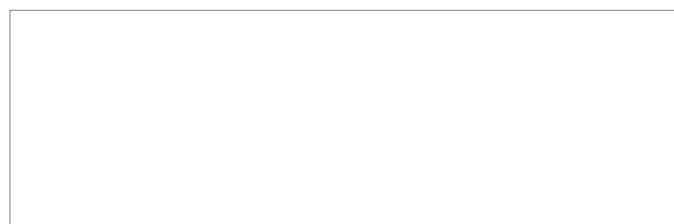
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SYRIA

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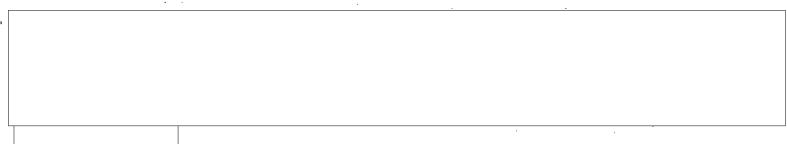
WEST GERMANY



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CHILE

Sporadic attacks on security forces continue, but no new major assaults on military installations have been reported. The junta government plans to allow some quiet independence day ceremonies today to emphasize that the situation is returning to normal.

In Santiago, junta forces are tightening the ring around extremists who have taken refuge to the outlying slums. The interior minister claims that at least 4,000 "suspects" are now being detained in the capital alone. Elsewhere in the country the continuing search for arms caches is encountering little resistance.

The junta is weeding out the Allende government's appointees from state enterprises and other official positions, and replacing them with active and retired military officers as well as independent civilians. Several Christian Democrats have been brought into the government, including the minister of justice and three subsecretaries in other ministries.

Christian Democrats face a dilemma in their relations with the junta. They hope to staff middle-level positions in an effort to influence policy, but at the same time wish to avoid close identification with the government. Party leaders already fear reprisals from the extreme rightists being recruited by the junta, and now reportedly believe that cooperation with the new regime might subject them to retaliation from leftist extremists. Former President Frei is considering going into exile until the direction of the new government clarifies and the security situation stabilizes.

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NOTES

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The President's Daily Brief

19 September 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

19 September 1973

PRINCIPAL DEVELOPMENTS

King Husayn hopes his amnesty toward convicted, detained, or wanted fedayeen--announced yesterday--will induce Syria to restore relations with Jordan and open the way for a resumption of Kuwait's annual subsidy. (Page 1)

The dollar weakened against major European currencies following the revaluation of the Dutch guilder last weekend but remains significantly stronger than it was in July and early August. (Page 2)

In Chile, attacks on security forces seem to be tapering off, and the junta plans to begin its economic restructuring effort in earnest today. (Page 3)

Chinese

(Page 4)

Notes on USSR-Egypt and Cambodia appear on Page 5.

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

JORDAN-FEDAYEEN

King Husayn's announcement yesterday of a general amnesty for all convicted, detained, or wanted fedayeen, whether in or out of Jordan, was reportedly prompted by his belief that he has been too dogmatic and negative since the 1970 civil war--a mood induced by his meeting with Sadat and Asad in Cairo last week. He still has no intention of allowing the commandos to establish actual bases, nor does he intend to take part in any Arab military "adventures." In fact,

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[redacted] his gesture will weaken the fedayeen, since it may lead to in-fighting and possibly even reprisal assassinations against those accepting the offer.

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Husayn is obviously hoping that this move will give Asad the excuse he needs to restore relations with Jordan; he has apparently become convinced that his continued adamant position could undermine Asad at home. He may be responding, too, to pressure from Sadat to help Asad remain in power

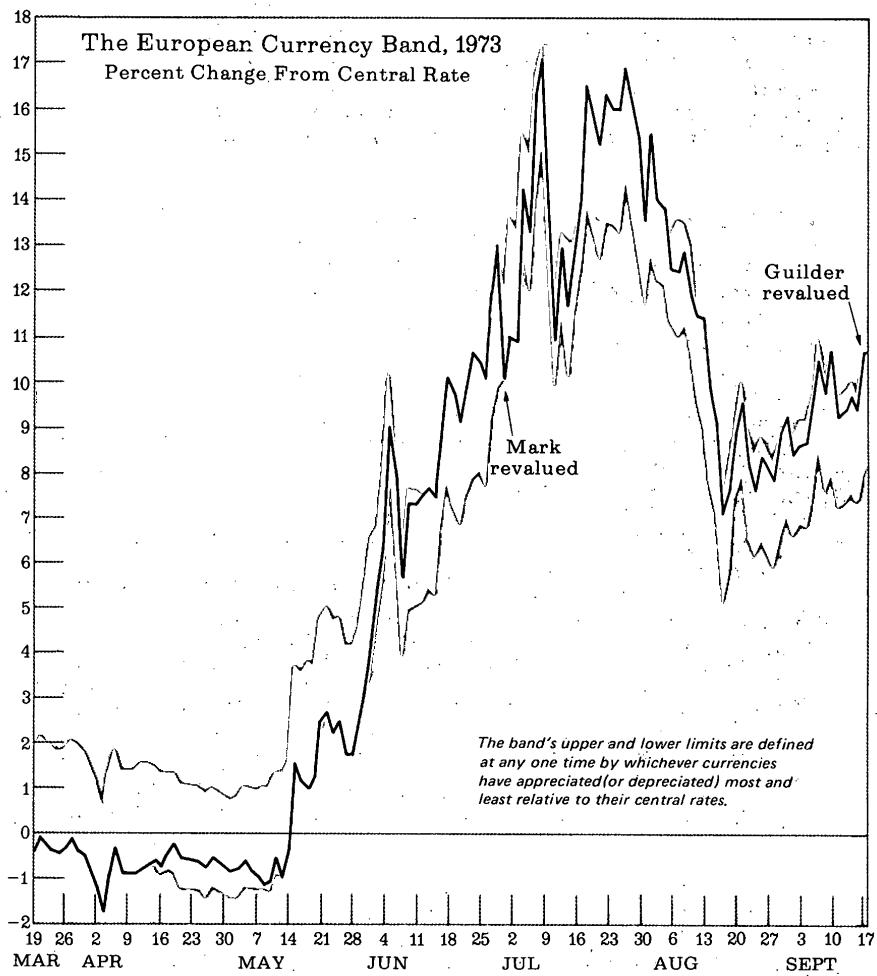
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Husayn also hopes that the amnesty will open the way to a resumption of Kuwait's annual subsidy. In this he is probably mistaken. If anything, Kuwait has recently hardened its line on the subsidy; a government spokesman told the press last Sunday that restoration of relations with Egypt and Syria would not be enough, and that the PLO itself would have to approve. Such approval is unlikely to be forthcoming. PLO propaganda organs in Lebanon have begun a concerted campaign against any Arab rapprochement with Jordan, and Asad moved this week to shut down Fatah outlets in Syria that had condemned the Cairo meeting.

Husayn could find himself hard put to sell the amnesty to his army, which is vehemently opposed to the slightest sign of conciliation toward the fedayeen, and dead set against allowing any of them back into the country.

FOR THE PRESIDENT ONLY



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INTERNATIONAL MONETARY DEVELOPMENTS

The dollar weakened somewhat on Monday and Tuesday against the major European currencies following the revaluation of the Dutch guilder last weekend. The dollar is significantly stronger than it was in July and early August, however, and the Bundesbank reportedly has no plans to support it unless the dollar rate falls to 2.40 marks. The dollar closed at over 2.41 in Frankfurt yesterday.

Traders shifted into marks and Belgium francs anticipating that these currencies would appreciate and possibly even be revalued in the wake of The Hague's decision. The renewed strength of the German and Belgian currencies required increased intervention by major European central banks to maintain the European joint float. The French and Norwegian central banks, whose currencies are now at the bottom of the float, are selling the strong currencies while the German and Belgian central banks have been buying French francs and Norwegian crowns.

The EC commission publicly criticized The Hague for acting without prior EC consultation, although it recognized the domestic economic justification for the revaluation. [redacted]

[redacted] fear that the Belgian Government--despite its intentions to maintain the franc's parity--may be forced to revalue.

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CHILE

Attacks on security forces seem to be tapering off. Santiago and the provinces were quiet yesterday, although arrests of extremists and raids in search of weapons reportedly have increased.

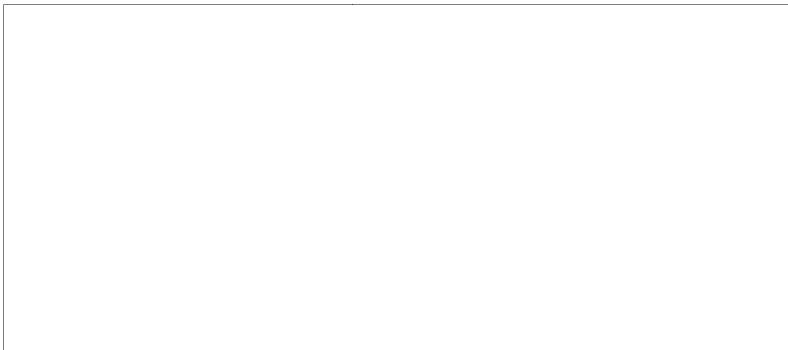
The regime now says that many of the 5,200 persons under arrest will be freed after interrogation. It claims the arrests were required to prevent the escape of persons suspected of armed resistance or sabotage. These individuals will be tried by military courts.

The junta plans to begin its economic restructuring effort in earnest today, the first regular work day since the coup. Government workers have been told that if they do not appear today, they will lose their jobs. Apparently in an effort to avert labor problems by giving workers a sense of participation, the government is considering turning over 50 percent ownership of state-owned enterprises to workers and selling the remainder to the public. Companies taken over by the Allende government, but not legally owned by the state, reportedly will be returned to their owners.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CHINA



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NOTES

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USSR-Egypt: [Redacted]

UN-Cambodia: Phnom Penh's prospects for retaining its seat at the United Nations have been strengthened by Japan's agreement to serve on the credentials committee of the General Assembly. Probably joining Japan and the US to validate Phnom Penh's credentials would be Nicaragua, Uruguay, and Greece. Objections are expected from China, Tanzania, and the Central African Republic, with an abstention from the USSR.

FOR THE PRESIDENT ONLY

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The President's Daily Brief

20 September 1973

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THE PRESIDENT'S DAILY BRIEF

20 September 1973

PRINCIPAL DEVELOPMENTS

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[REDACTED]

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Supporters of the ousted Allende government are
organizing in exile, and the junta suspects they
may be regrouping in Chile as well. (Page 2)

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The outlook for stability in European currency
markets is clouded. (Page 3)

Kuwait may purchase French rather than US inter-
ceptor aircraft. (Page 4)

China

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[REDACTED] the Soviets have
resumed work on what is probably their second air-
craft carrier. (Page 6)

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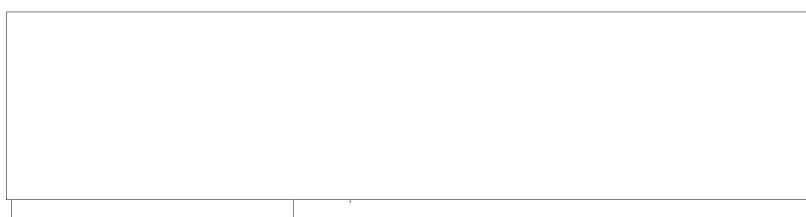
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USSR



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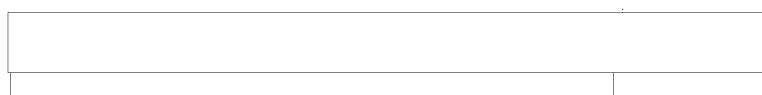


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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CHILE

The daytime calm in Santiago is still being supplanted at night by the sound of shooting and reports of heavy firefights in the suburbs. The military have been surprised by the number of weapons uncovered and are convinced that many more are in the hands of leftist extremists. The government is concerned by its failure to locate some prominent supporters of the ousted Popular Unity regime.

The army estimates that thousands of militant Marxists remain at large and believes that several hundred may be organizing in a rural area [redacted] well suited for guerrilla activity.

As of now, most visible antigovernment activity is taking place outside Chile. A "patriotic front" of Chilean exiles has been formed in Buenos Aires.

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[redacted] Other Latin American leftists are talking of sending "international brigades" to help fight the junta. A group of Popular Unity leaders is gathering in Rome and could try to form the nucleus of a government-in-exile seeking international support.

So far, such activity is in the talking stage, but it could turn to action if a significant leftist insurgency should develop within Chile.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

INTERNATIONAL MONETARY DEVELOPMENTS

International traders, responding to rumors of a new European currency realignment--including a French devaluation--brought heavy pressure on the franc yesterday. The French, and to a lesser extent other EC central banks, intervened to the tune of more than \$400 million in order to support the franc.

Central bank intervention was far less than reported in some press stories. The rumors about realignment are feeding on the uncertainty created last weekend by the revaluation of the guilder, the announcement of France's first monthly trade deficit in over a year, and uneasiness over the rate of French inflation.

The outlook for stability in European currency markets is clouded; at a minimum continued central bank intervention will probably be required.

Foreign exchange dealers believe that the Belgians will feel constrained to revalue. A large portion of Belgium's trade is with Germany and the Netherlands, and both governments have revalued recently.

Belgian revaluation could ease pressures on France to devalue, but at the same time, it could add to pressures for revaluation of the mark.

The dollar has gained back some of the ground lost earlier this week.

The fact that the US balance-of-payments deficit for the second quarter was the smallest since 1970 helped the recovery.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

KUWAIT-FRANCE

The US Embassy in Beirut has acquired information that the Kuwaiti Air Force wants the government to purchase a squadron of Mirage interceptor aircraft. French defense officials reportedly are now in Kuwait to submit a final proposal for sale of the aircraft.

The Kuwaitis have been anxious to modernize their air force since the Iraqi incursion into Kuwait last May. Among the aircraft under consideration are US-produced F-5 interceptors and A-7 ground-attack fighters as well as the French-built Mirages. No contracts have yet been signed.

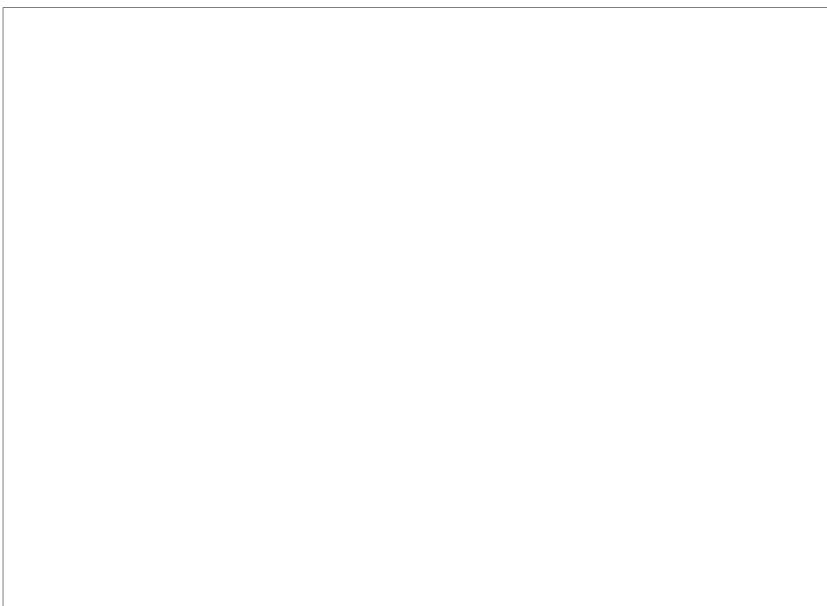
France has been vigorously trying to capture a greater share of the arms market in the Middle East. If the Kuwaitis purchase the Mirages, they would have little need for the F-5 interceptors. Among Kuwait's problems with buying US planes are the restrictions placed by the US on the transfer and use of such aircraft.

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CHINA



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NOTE

USSR: [redacted] after
a pause, the Soviets have resumed work on what prob-
ably is their second aircraft carrier. The ship is
still in the initial stages of construction and may
not be ready for launching until 1975. The Soviets'
first carrier, which was launched in December 1972,
is still fitting out. This work could be completed
next year. Crews will have to acquire operational
experience with shipborne helicopters and vertical
and short takeoff-and-landing aircraft, however, be-
fore the ship will be ready for action.

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The President's Daily Brief

25X1

21 September 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

21 September 1973

PRINCIPAL DEVELOPMENTS

Intercepted messages show that North Vietnamese preparations to move men and materiel southward during the 1973-74 dry season are well advanced.
(Page 1)

Cambodian insurgents are having supply problems. Sihanouk has blamed Hanoi for withholding arms, but there is evidence that some Vietnamese aid is still reaching the insurgents. *(Page 2)*

The East Europeans have been lobbying behind Moscow's back to scuttle the Soviet proposal for a CEMA-EC dialogue that would interfere with bilateral economic relations between the countries of East Europe and the EC. *(Page 3)*

[redacted] Soviet [redacted]

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[redacted]

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Soviets [redacted]
Iraq [redacted]

(Page 5)

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King Husayn plans to follow up his announcement of amnesty for the fedayeen with an offer to establish a "dialogue" with the PLO. He seems delighted with the reception given his amnesty move, but there is grumbling about it among officers in the Jordanian Army. *(Page 6)*



Seoul has offered Tanaka a plan that could end the controversy over the kidnaping of a South Korean opposition leader in Japan last month. *(Page 7)*

Heavy intervention by the German and French central banks was required again yesterday to maintain the European joint float. The dollar dropped back to its lowest levels since August 9. *(Page 8)*

Notes on USSR-Egypt, USSR-Cuba, Argentina, and Japanese oil policy appear on pages 9 and 10.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NORTH VIETNAM

The North Vietnamese appear to be well along in their preparations for moving men and materiel southward during the 1973-74 dry season, which normally begins in October.

Recent intercepts show that way stations in the panhandle have been told that troops will soon be moving south. One message, from a major logistics authority in southern North Vietnam, shows that one infiltration group was to move through the Vinh area each night beginning on September 19. The message did not indicate the scope or duration of the troop movement.

Hanoi probably does not have enough trained replacement manpower on hand to sustain a flow of one group per day for more than a month. The North Vietnamese could augment this flow, however, by sending regular combat units south.

The troops being sent probably were inducted last winter; many of these recruits have already infiltrated south or have been used to rebuild understrength combat units that returned to North Vietnam. Hanoi inducted few men between February and July, and those recruited in a drive that began last month will not be ready for infiltration until late fall.

On the materiel side, intercepts show that some 6,800 tons of munitions have been moved into storage areas north of the Demilitarized Zone since early July. Another 1,300 tons of ordnance have been stockpiled near the Ban Karai Pass, a major entryway into southern Laos.

This materiel, which includes ammunition for almost every weapon in the Vietnamese Communists' arsenal, is sufficient to sustain heavy fighting in South Vietnam for approximately six months. The Communists already have large stocks of weapons and munitions on hand in the South.

FOR THE PRESIDENT ONLY

CAMBODIA - NORTH VIETNAM

During press interviews this week in Algiers and Peking, Sihanouk maintained that victory over the Lon Nol government will be delayed for "many years" unless his Communist backers give the insurgents more material assistance. He claimed that Hanoi is unwilling to transport Chinese-supplied arms to Cambodia, and that the Vietnamese Communists had moved their Cambodian arms caches to South Vietnam, thereby denying them to the insurgents. Sihanouk said he had made demarches to his allies on the supply problem to no effect.

Sihanouk is in part using Hanoi as a scapegoat to explain the insurgents' failure to take Kompong Cham. Nonetheless, since last January he has been asserting that the Vietnamese have cut off arms and ammunition supplies. In early September, Sihanouk stated publicly that Hanoi had signed an agreement under which the insurgents would be supplied with materiel from Viet Cong stocks, and Hanoi would be reimbursed by the Chinese. He is now implying that this agreement is not working properly.

Insurgent messages and other sources have indicated that insurgents have supply problems in some areas, but the causes are unclear. There is evidence that some Vietnamese aid is still reaching the insurgents.

If Hanoi actually is unwilling to give the Khmer insurgents enough materiel to sustain military activity at a high level, it would indicate that the North Vietnamese are relatively satisfied with a status quo in Cambodia that protects their western flank while they concentrate on South Vietnam. At a minimum, Hanoi may see some advantage in appearing to act with restraint in Cambodia.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

EASTERN EUROPE - EC

East European ambassadors have been calling on Danish officials in an attempt to undercut Moscow's recent overture to establish official contacts between CEMA and the EC. Late last month the Soviet Secretary General of CEMA approached the Danes, who chair EC bodies for the rest of the year, with a proposal that CEMA and the EC appoint delegates to begin negotiations. As soon as he left town the East Europeans began insisting that he had acted without their concurrence, and expressed their strong distaste for bloc-to-bloc dealings.

This unusual display of defiance behind Moscow's back shows how much danger the East Europeans see in the latest Soviet attempt to limit their freedom of maneuver. Their actions also reflect the value they place on developing bilateral ties with the EC.

Romania has already worked out arrangements that will enable it to benefit from the EC's generalized trade preference scheme. [redacted]

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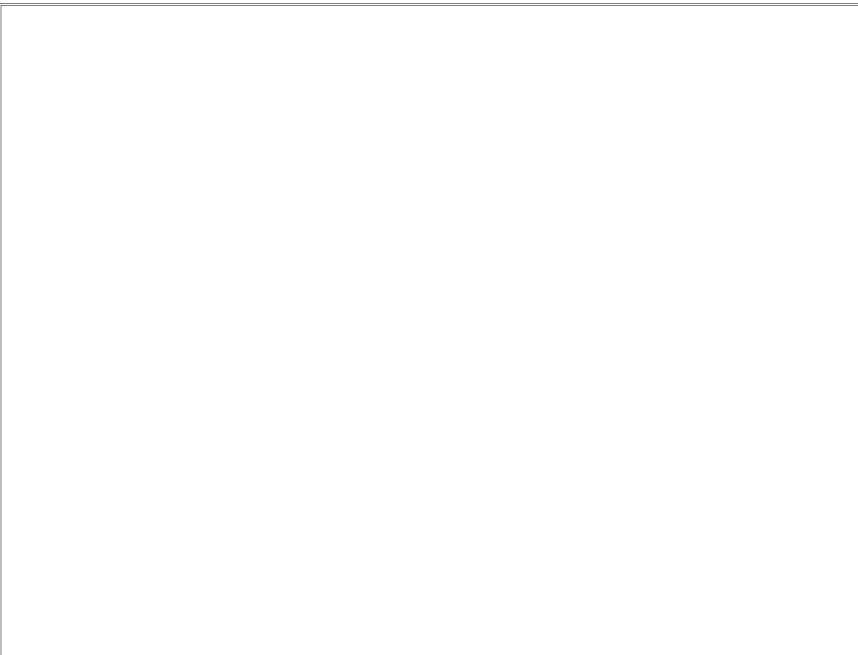
Other East European countries share Bucharest's interest in expanding bilateral economic ties with the West, and they represent Moscow's own efforts to achieve this same objective while reining in the East Europeans. They clearly are no less eager than Moscow to pursue the economic advantages of detente--at times, as in their approaches to the Danes, at the risk of incurring Soviet wrath.

West European officials have reacted coolly to Moscow's proposal for CEMA-EC dialogue. Yesterday the EC Council decided to tell the USSR merely that the EC will study the suggestion, and that CEMA may contribute to the study if it wishes.

FOR THE PRESIDENT ONLY



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FOR THE PRESIDENT ONLY

USSR

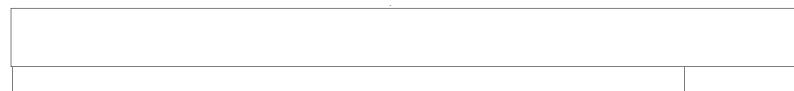


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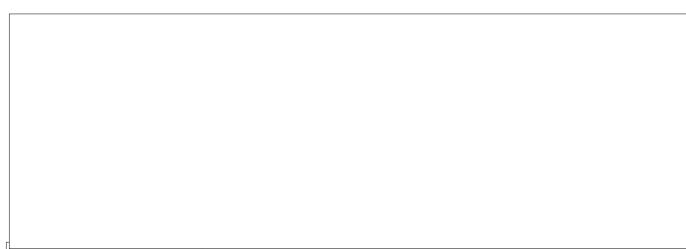
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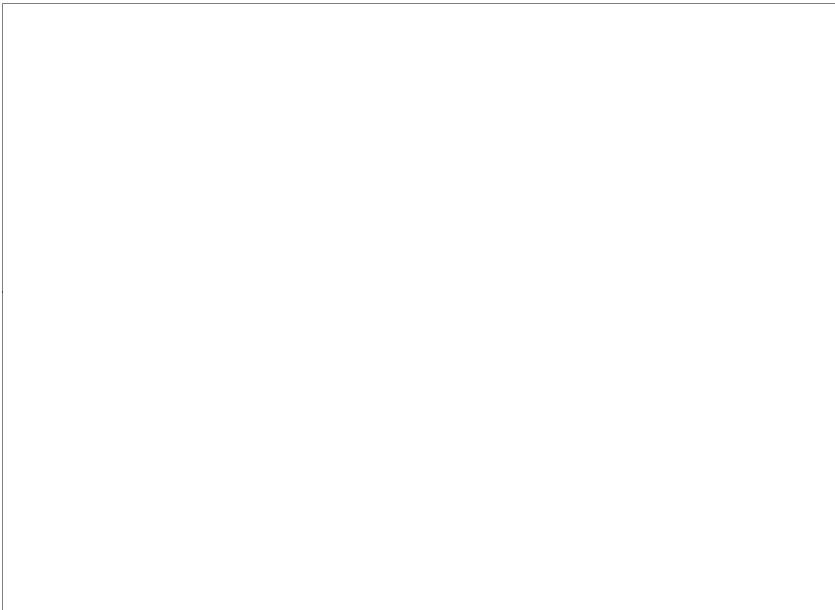
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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

IRAQ-USSR

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

JORDAN-FEDAYEEN

King Husayn intends to follow up his announcement of amnesty for the fedayeen with an offer to establish a "dialogue" with the PLO. He has told Ambassador Brown that Jordan is now internally secure, has renewed relations with Egypt and will probably do the same with Syria soon, and can afford to make dramatic gestures. The King is evidently delighted with the reception given his amnesty offer, particularly in the West Bank, and told Brown that cables of congratulation had been pouring in spontaneously. He is sure that the amnesty will have a significant impact on Syria; Asad has already welcomed the move.

25X1

The King is assuming that a follow-up offer of a dialogue to the PLO can be kept secret while preparations are being made. His idea is that the PLO will automatically reject the move, thus further splitting the resistance movement--as, in his view, the amnesty action has already done.

Ambassador Brown points out that the King is incorrect in assuming that everyone is praising his amnesty policy. The Bedouin are already grumbling that the Palestinians have the King under their thumb; the Crown Prince hastily left for Morocco so as to be out of town when the news broke; field-grade officers of the Jordanian Army have already expressed their unhappiness to US officials, though the top levels have been given reassurances by Husayn. Brown also points out that news of the dialogue offer will almost certainly leak in short order. Husayn is nevertheless gambling that he will pull it off.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

SOUTH KOREA - JAPAN

The Koreans have offered Prime Minister Tanaka a plan for defusing difficulties caused by the kidnaping of a South Korean opposition leader by Korean agents in Japan last month. Tanaka, in an attempt to placate his leftist opposition, had threatened to cut off economic aid unless Seoul took some action.

[redacted]

25X1

The Koreans have now responded. They are prepared to offer the necessary public apology--but no admission of government complicity--and undertake a joint investigation into the criminal aspects of the case.

[redacted]

25X1

Tokyo is likely to accept. The threats of economic sanctions were probably made most reluctantly; any significant action against Seoul would antagonize conservative [redacted]

[redacted]

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

INTERNATIONAL MONETARY DEVELOPMENTS

Heavy intervention by the German and French central banks in European markets was required again yesterday to maintain the European joint float. Total intervention by European central banks so far this week amounts to at least \$1.5 billion.

The Bundesbank's purchases of French francs reportedly amount to the equivalent of over \$800 million, including \$400 million yesterday. The Bank of France has continued to sell a similar amount of the stronger float currencies--mostly marks. Yesterday Paris also raised the French bank rate to 11 percent, the highest since World War II and close to rates elsewhere in Europe. This helped ease pressures on the franc.

There is no indication that either Bonn or Paris is nearing its intervention limit and is preparing to alter its currency's exchange rate. The Europeans probably hope that some indication of progress toward monetary reform at the annual IMF meeting opening in Nairobi on Monday will ease market pressures.

Some of the uncertainty rubbed off on the dollar, which yesterday dropped back to its lowest levels since August 9. The Bundesbank intervened in small amounts to support it.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTES

USSR-Egypt: Press reports that Soviet party chief Brezhnev and Egyptian President Sadat are meeting in Bulgaria cannot be confirmed.

[redacted] 25X1

Cairo, however, has publicly denied the reports, which first appeared in the notoriously unreliable Beirut press, and announced that Sadat met with university students in Cairo yesterday. Moscow has reported that Brezhnev and Bulgarian party chief Zhivkov--each supported by large retinues--discussed bilateral matters yesterday at a Bulgarian retreat some distance from the coastal city of Varna. In Cairo, meanwhile, the Soviet ambassador met with Sadat's national security adviser on September 20. Both men would have been expected to participate in a meeting of their principals.

USSR-Cuba: [redacted]

[redacted] 25X1

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Argentina: Only Peron's margin of victory is in doubt in Sunday's presidential election. Anything over 50 percent would avoid the formality of a runoff and provide him with a strong mandate. The US Embassy expects he will win 55 to 60 percent of the vote. The government's announcement Wednesday night implicitly recognizing the Chilean junta has introduced the only possibly unsettling element into the campaign. Despite widespread leftist demonstrations against the coup, however, most Argentines probably believe recognition will help maintain traditional Argentine-Chilean friendship and keep Chile from being drawn into the orbit of arch-rival Brazil.

(continued)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

Japan: Tokyo may be changing its position in the current talks on a proposed worldwide emergency oil-sharing plan. Ministry of International Trade and Industry officials now say that, contrary to the impression given US officials earlier this month, Japan is not committed to a compromise on the method of allocation. Tokyo favors a quota based on oil consumption rather than oil imports, which the US prefers. The Japanese also say they will not join the oil-sharing group if it is hostile to any of the oil-producing nations, including Libya. They are clearly worried about aligning themselves with a consumer bloc which might provoke the exporting countries.

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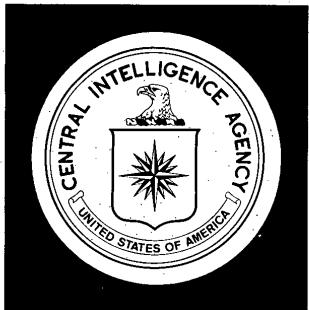
Japan-Iraq: [redacted]

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The President's Daily Brief

22 September 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

22 September 1973

PRINCIPAL DEVELOPMENTS

Belgrade [redacted]

Moscow [redacted]

Romania [redacted]

(Page 1)

The Soviet Navy is testing a new weapon that employs a missile to deliver a payload to a target up to 20 nautical miles away. (Page 2)

Neither Italy nor Libya evidently intends to make a major incident out of yesterday's attack by Libyan jet fighters on an Italian naval escort craft off the Libyan coast. (Page 3)

Several former close associates of Afghan president Daud have been arrested, possibly as a result of a continuing power struggle between Daud and the younger officers who brought him to power. (Page 4)

25X1

Iraqi government forces reportedly have launched heavy attacks on several Kurdish villages. (Page 5)

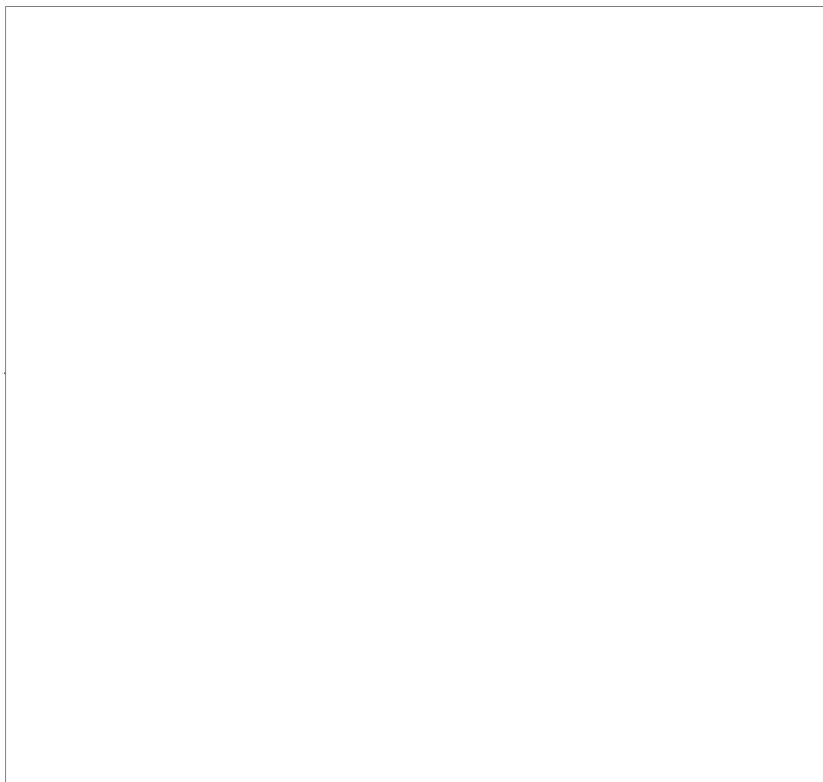
Notes on [redacted] USSR-Chile, [redacted]
and International Monetary Developments appear on
Page 6.

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

YUGOSLAVIA-ROMANIA-USSR



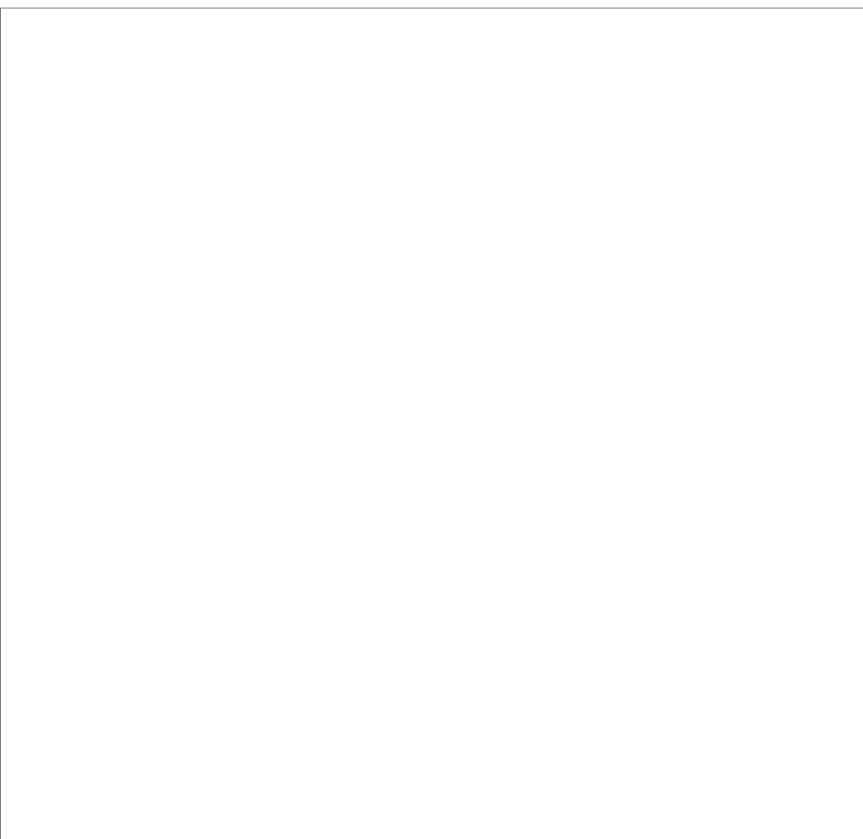
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FOR THE PRESIDENT ONLY

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FOR THE PRESIDENT ONLY

USSR



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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

ITALY-LIBYA

Rome has indicated that it will not retaliate for an attack yesterday by Libyan jet fighters on an Italian naval escort craft in view of a quick Libyan apology. According to the Italian Government, the ship was accompanying several Italian fishing boats some 30 miles off the Libyan coast. Earlier in the week Libya had seized several Italian trawlers.

Neither country would have much to gain from turning the attack into a major incident. Italy's oil development program in Libya is just beginning to pay off in rapidly expanding production. Libyan crude may account for as much as 30 percent of Italian state oil company production this year. The new Rumor government expects a domestic oil shortage this winter, and would have no way of making up for the loss of the Libyan supply.

The Libyans, for their part, are pushing Italy for technical assistance needed to operate the nationalized oil facilities. Also, Italy's recent sales of armored personnel carriers have made it a major source of Libya's ground forces equipment, along with the USSR and Czechoslovakia.

FOR THE PRESIDENT ONLY

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AFGHANISTAN

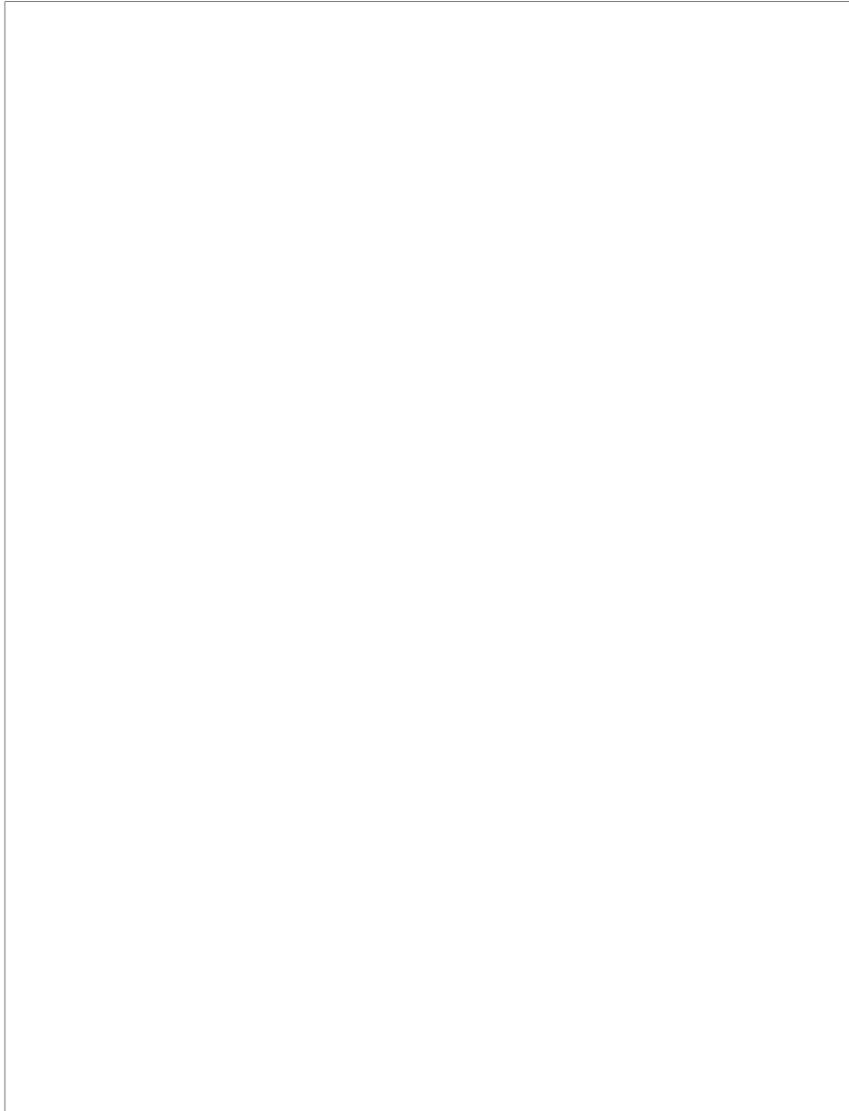
Radio Kabul announced on Thursday that a former prime minister, a retired air force chief of staff, and an ex-provincial governor--all at one time close associates of President Daud--have been arrested for "anti-government activities." According to reports that have reached the US Embassy in Kabul, a large number of civilians and military personnel were also arrested.

The government has not yet specified the charges against those who were arrested, and the arrests may be related to the continuing power struggle between Daud and the younger officers who brought him to power. The arrests are not likely to resolve this conflict, and the instability that has characterized the Afghan Government since the coup is likely to continue.

FOR THE PRESIDENT ONLY

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IRAQ: Government Attacks Kurds in the North



FOR THE PRESIDENT ONLY

IRAQ

Following a period of sporadic clashes with Kurdish units over a wide area of northern Iraq, government forces reportedly launched attacks supported by tanks and artillery on several Kurdish villages last week, forcing their inhabitants into the mountains to the north.

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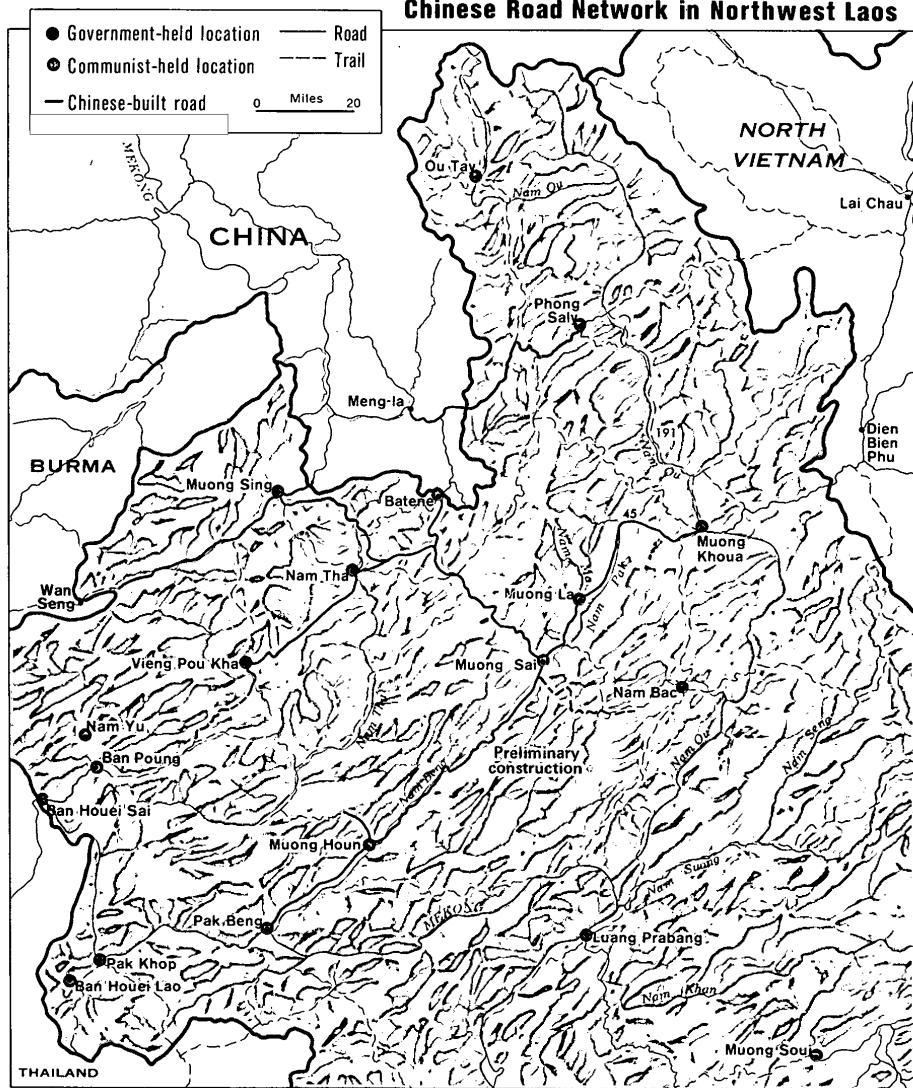
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Mulla Mustafa Barzani, long-time leader of the Kurdish rebels, has about 30,000 men under arms and has placed some of them on alert. The Kurds believe that Baghdad may be trying to reduce the area under Kurdish control before next March, when--according to the 1970 ceasefire agreement--the country's two million Kurds are supposed to be granted a substantial degree of local autonomy. Government officials are said to be working on a new autonomy plan.

Limited fighting will probably continue intermittently in the absence of an agreement, but the onset of winter in October will preclude major operations until spring. Heavy fighting might well break out again at that point if Baghdad reneges on its commitment to grant the Kurds autonomy.

FOR THE PRESIDENT ONLY

Chinese Road Network in Northwest Laos



554634 9-73 CIA

FOR THE PRESIDENT ONLY

NOTES

China-Laos: Chinese roadbuilding forces evidently will remain in northern Laos for at least another year.

25X1

In addition to any plans for further extending the road network, widespread damage caused by heavy rains in the past few weeks will require substantial repair work when the dry season begins. Chinese forces in Laos now total about 29,000.

USSR-Chile: Moscow yesterday suspended diplomatic relations with Chile, possibly in response to the junta's decision to ban all Marxist parties. East Germany immediately cut ties also; Romania's Ceausescu had already stated that his government would not recognize the junta. Soviet ships carrying badly needed wheat to Chile now will be diverted, and the East European allies probably will follow suit on their own grain contracts as well as on relations.

25X1

International Monetary Developments: Speculation against the European joint float subsided and the dollar staged a strong recovery in European money markets yesterday. Official intervention nevertheless remained substantial, particularly by the Bank of France, which spent about \$300-350 million worth of the stronger European currencies in buying francs. The Bundesbank purchased only about \$60-80 million in French francs, but also provided some early support to the dollar. The franc remains at the bottom of the float and is still vulnerable to speculative pressures.

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The President's Daily Brief

24 September 1973

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THE PRESIDENT'S DAILY BRIEF

24 September 1973

PRINCIPAL DEVELOPMENTS

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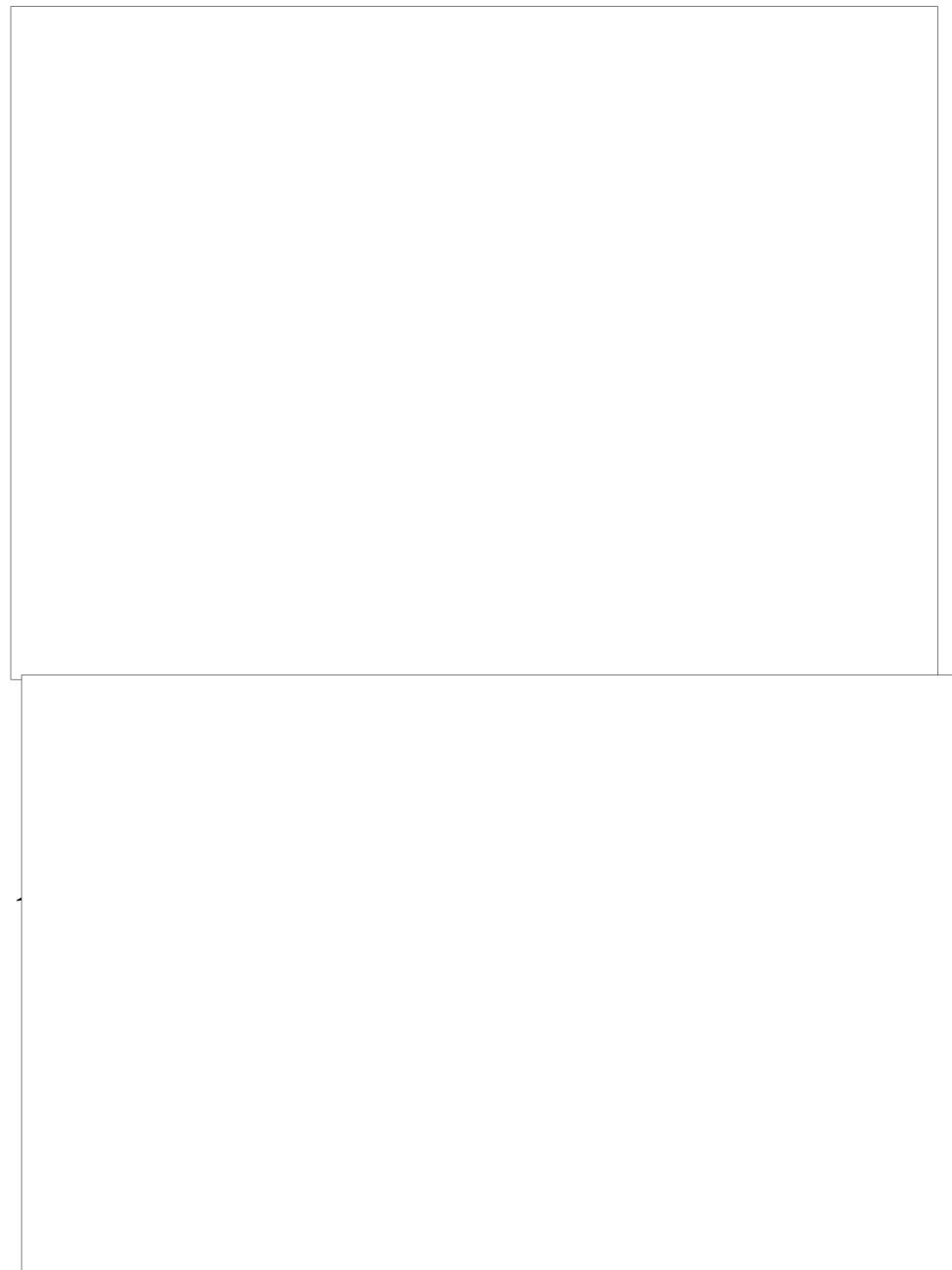
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The fedayeen fear they are being abandoned by Egypt and Syria, now that these states have reached a rapprochement with Jordan. (Page 2)

We review the military situation in Cambodia on Page 3.

West Germany's Foreign Minister has accepted Gromyko's invitation to visit Moscow for talks on Berlin. (Page 4)

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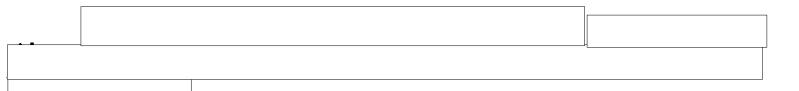


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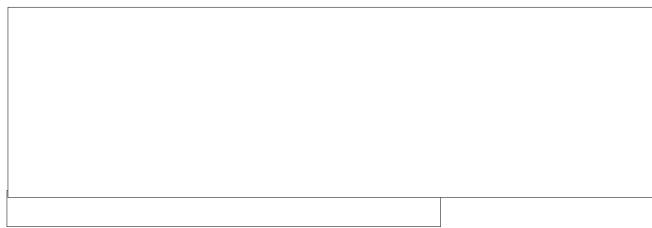
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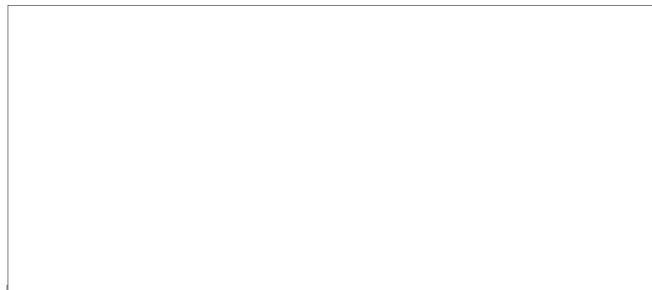
CHINA



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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

MIDDLE EAST

Egypt's and Syria's rapprochement with Jordan have led the fedayeen to conclude that their interests are being abandoned by those governments and that Syria is moving to bring the fedayeen under its control.

The failure of Presidents Sadat and Asad to get King Husayn to allow the fedayeen to return to Jordan brought vehement protests from the fedayeen, grouped under Yasir Arafat's Palestine Liberation Organization (PLO). As a result, Egypt is now cool to the PLO and Syria has imposed sanctions on fedayeen in its territory who do not belong to the Syrian-sponsored fedayeen group, called Saiga.

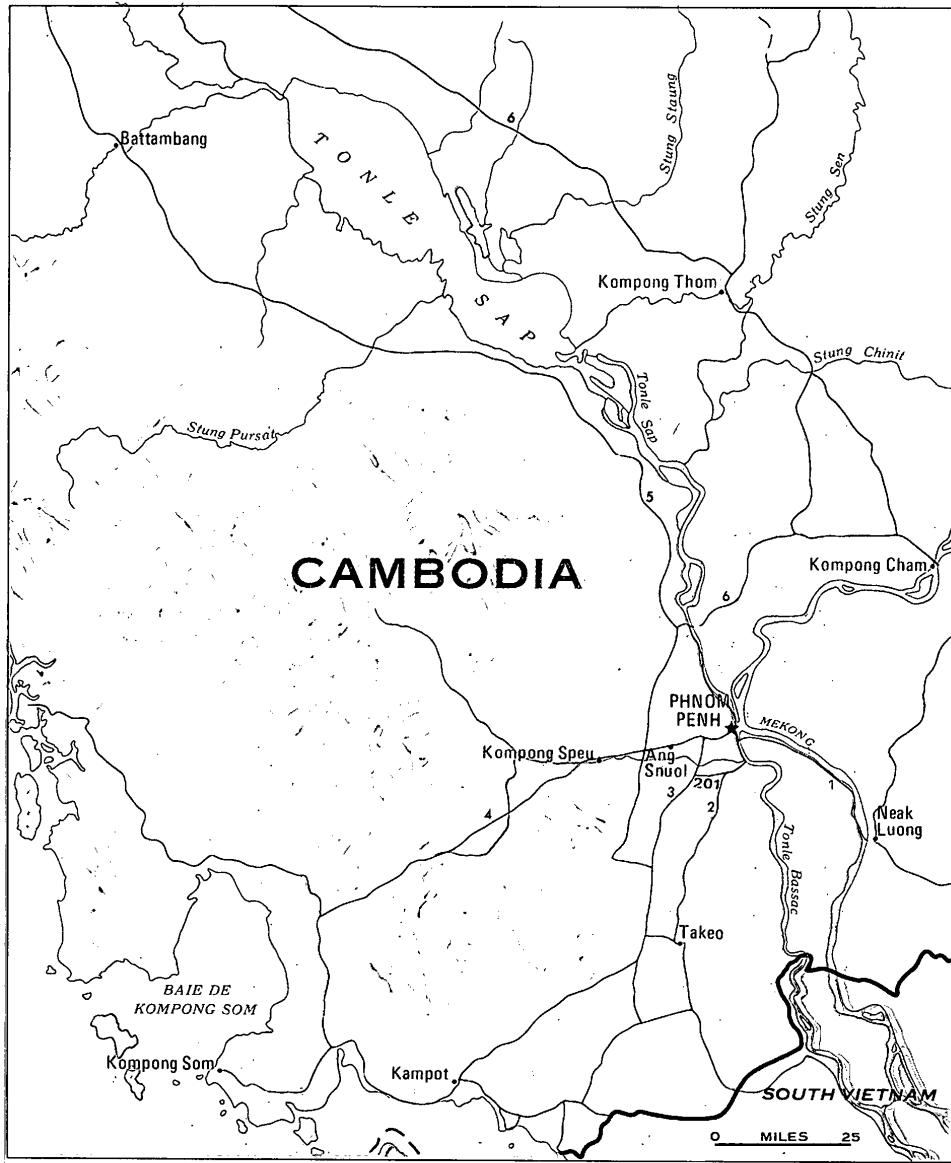
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PLO leaders on Saturday completed a two-day meeting to assess their situation and to try to avert further splits within the movement.

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Such a papering-over of differences leaves the situation much as before the leaders' meeting, with the PLO divided, and enmity between the two largest fedayeen groups, Fatah and Saiga, undiminished. The leaders' demand that the fedayeen be allowed to re-enter Jordan suggests that Husayn's kingdom will once again become a target of guerrilla attacks.

FOR THE PRESIDENT ONLY



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FOR THE PRESIDENT ONLY

CAMBODIA

Insurgent forces have made no major ground attacks on Kompong Cham in over two weeks, although they are still shelling the city daily. They have offered only moderate resistance to government troops who have strengthened defensive positions west and north of the city. Convoys on the Mekong continue to deliver supplies, and conditions in the city are starting to return to normal.

Antigovernment units withdrew from Route 1 southeast of Phnom Penh last week and have not returned to the attack. A recent intercepted message shows they have run low on ammunition in this sector. Meanwhile, flooding has apparently forced insurgents to abandon positions near Ang Snuol on Route 4, and military convoys have begun moving between the capital and the port of Kompong Som for the first time in over three weeks.

The Cambodian Army is planning to bring in fresh troops and armor in an attempt to reopen Route 5 where it is cut about 30 miles north of Phnom Penh. Six insurgent battalions are deployed along this highway [redacted]

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTE

USSR - West Germany: West German Foreign Minister Scheel has accepted Gromyko's invitation to visit the USSR between October 30 and November 5. Prior to the visit, middle-level officials from both countries will meet to review the questions concerning Berlin that are disturbing bilateral relations and affecting Bonn's ties to Eastern Europe.

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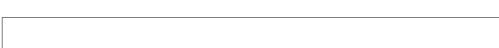
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The President's Daily Brief

25 September 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

25 September 1973

PRINCIPAL DEVELOPMENTS

Brezhnev's public castigation yesterday of Peking shows that Moscow has virtually no hope for improvement in relations in the wake of China's Tenth Party Congress. He took particular pains to deny China's contention that the USSR has aggressive designs on it. (Page 1)

In Chile, the new government has begun to confront economic problems. A discussion of its initial decisions and their probable effects appears on Pages 2-3.

King Husayn's amnestying of fedayeen has infuriated many East Bank Jordanians, but most of the army apparently will go along with the move as long as the King makes no more concessions. The amnesty probably will not pry loose the suspended subsidy from Kuwait. (Page 4)

There is increasing concern among EC officials that the community may face a crisis this fall because of conflicting views on how fast economic and monetary union should be achieved. (Page 5)

The USSR is getting ready to launch a Soyuz space-craft--possibly within the next week. There are some tenuous signs that it will be manned. (Page 6)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR-CHINA

Brezhnev's sharp attack on Peking during a speech in Tashkent yesterday suggests that Moscow sees virtually no hope for improvement in Sino-Soviet relations in the wake of China's Tenth Party Congress.

Referring directly to the congress, Brezhnev condemned the "frenzied anti-Sovietism and absurd concoctions" that have followed it. He singled out China's charges that Moscow has aggressive designs on it, protesting that "the whole world knows how utterly false" these are. Brezhnev speculated that "internal motives" may explain why Peking continues to take this line. Perhaps, he said, the Chinese leaders are using the "specter of a nonexistent threat" in order to scare their own population.

In defending Soviet intentions Brezhnev also revealed that last June the USSR again offered to conclude a nonaggression treaty with China, and contended that the Chinese "did not even take the trouble to answer."

Brezhnev's unusually blunt remarks add to the mounting Soviet political offensive to ostracize China. His tone also shows how much sting there is in Chinese charges of Soviet military intimidation.

Available evidence does not substantiate allegations that the Soviets are planning a military move against China. [redacted]

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[redacted] *Although the USSR continues to flesh out forces already there, if the trend this year continues there will be less change in the Soviet border force in 1973 than in any year since the build-up began eight years ago.*

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CHILE

Despite continued preoccupation with security, the junta's economic policy is taking shape. The new government is concentrating on reviving production, controlling government finances, and securing foreign credit and investment. Nationalized industries will remain in government hands. The junta is anxious to resolve the dispute with US firms over compensation, however, and US technical advice will be requested on a contract basis.

The new regime has told industrial workers that their economic gains are secure, and a profit-sharing program has been promised. There will be little tolerance of politicized labor activity, however, and the government is in the process of ridding the state sector of leftist militants.

The junta has announced a program to bring government finances under control in an initial step to arrest inflation. It has frozen the money supply and declared that public enterprises must become self-financing. Price controls on agricultural products probably will be lifted as an inducement to increase output, and peasants on legally expropriated lands will be given individual title.

These moves will bring higher prices initially, but if the regime can reduce the public sector deficit sharply and stem the growth in money supply, inflation should eventually decrease. There are also likely to be strict controls over wages and expenditures, which would produce a reduction in workers' real purchasing power. This result would be partly offset initially by an increased availability of goods, but in the longer run, rehabilitation of the economy and the promised "preservation of workers' gains" will to some extent be incompatible.

(continued)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

The junta wants to postpone the next meeting of the "Paris Club" of Chile's creditors until a high-level international commission can be put together to prepare an impartial report on the nation's economic condition. The government also hopes that a scheduled Interamerican Committee for the Alliance for Progress country report on Chile can be completed in time for use at the meeting. In the meantime Brazil is preparing to extend significant economic assistance.

The response to Chile's open door to private foreign investment may be sluggish. Investors with a stake in Chile may be willing to return, but the junta will probably find it considerably harder to attract new venture capital.

FOR THE PRESIDENT ONLY

JORDAN-FEDAYEEN

King Husayn's amnestying of imprisoned and exiled fedayeen has infuriated many East Bank Jordanians, but most of the army has apparently accepted the King's rationale and will support the move as long as the King makes no more concessions. So far, only a few fedayeen have trickled back into the country, after spending a day or more undergoing border security checks.

Damascus has welcomed the amnesty, but President Asad remains noncommittal about resuming diplomatic ties. He may believe he needs more time or a more substantial gesture from Husayn before he can overcome opposition to the rapprochement from radical elements in Syria.

There is no indication that the amnesty will pry loose the suspended subsidy from the Kuwaitis. Their first reaction, in fact, was one of anger; they regarded themselves as under pressure to release the five terrorists who temporarily took over the Saudi Embassy in Paris earlier this month.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

EUROPEAN COMMUNITIES

EC officials believe that an internal community crisis could develop this fall, largely because of conflicting views on how fast economic and monetary union should be achieved.

Germany, France, and the Netherlands want to delay implementing the union's second stage well beyond the beginning of 1974. The second stage includes measures for closer policy coordination and a start toward pooling of monetary reserves. Paris maintains that, contrary to the general understanding, the EC summit last October made no commitment to inaugurate the second stage "automatically" next January. Bonn wants the first stage measures to be consolidated before moving ahead. Also, the unlikelihood of Britain and Italy joining the floating band of EC currencies provides further argument for delaying such major steps toward union.

An impasse on this issue could hold up progress on such other matters as a new policy for development of economically depressed regions. This includes a community fund that would especially help Britain, Italy, and Ireland. In turn, failure to set up a regional fund would be a severe blow to already faltering public support in the UK for participation in the EC.

Despite these major difficulties, the Nine will seek to avoid an internal crisis in the hope of presenting a common front in their relations with the US, as well as with the East. They may well seek a compromise lumping together some agricultural, labor, and industrial questions in order to preserve some forward momentum.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTES

USSR: Preparations are now under way for launch
of a Soyuz spacecraft--possibly within the next week.

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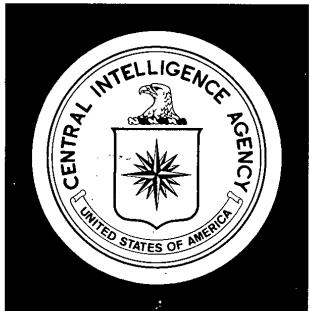
[redacted] There are some tenuous indications that
the spacecraft will be manned. The Soviets have not
had a manned space mission since the ill-fated Soyuz
11 in 1971, when three cosmonauts died during re-entry.

25X1

Australia: The Labor government's loss of an
important by-election--which it had regarded as a
major test--will reinforce Prime Minister Whitlam's
doubts about calling national elections. By-elections
usually favor the opposition party, but the Liberal
margin of victory was unexpectedly large. Although
the Liberals spent five times as much as Labor on
the contest, they probably won the bulk of the vote
by hammering on the inflation issue--an issue of
equal concern to the national electorate, and one on
which the government has no convincing defense.

FOR THE PRESIDENT ONLY

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The President's Daily Brief

26 September 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

26 September 1973

PRINCIPAL DEVELOPMENTS

The head of the Peronist-controlled General Labor Confederation was apparently assassinated by an extreme leftist group behind much of the violence in Argentina. The killing will reinforce Peron's determination to eradicate terrorism. (Page 1)

The Saudis agreed last week to buy Soviet-made military equipment from Egypt for delivery to Yemen (Sana). Moscow--which backs the Yemen (Aden) regime--will be unhappy, but probably cannot complain too loudly. (Page 2)

The workers' strike at the largest oil refinery in Iran has cut output in half, and may prompt direct intervention by security authorities. (Page 3)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

ARGENTINA

Jose Rucci, head of the powerful Peronist-controlled General Labor Confederation, was assassinated in Buenos Aires yesterday. According to the country's official news agency, the murder was the work of the People's Revolutionary Army (ERP).

The ERP is an extreme leftist group which has been defying the Peronists with a relentless campaign of kidnapings and other violence. The government's first act following Peron's election was to outlaw the ERP; killing Rucci was presumably both retaliation and protest.

The assassination is likely to have a strong impact on the regime, not only because of Rucci's key position but because of his closeness to Peron. The incident will reinforce Peron's determination to eradicate terrorism.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY**SAUDI ARABIA - EGYPT - YEMEN (SANA)**

Saudi Arabia agreed last week to buy Soviet-made military equipment from Egypt for delivery to Yemen (Sana). The package is valued at about \$80 million and includes 16 Sukhoi and 18 MIG-17 aircraft, along with a variety of ground forces equipment.

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Although its military forces will have trouble absorbing the new equipment, this influx of weaponry will reduce Sana's growing sense of vulnerability to the regime in Aden, which has been receiving Soviet supplies steadily since 1968.

Cairo's agreement to provide items from its inventory stems largely from a desire for closer relations with Jidda and the expectation of greater Saudi military and financial assistance. The Egyptians are also interested, however, in buttressing Sana's military position against Aden's stronger forces.

The deal could cause further problems in an already difficult Egyptian-Soviet relationship. Cairo is willing to take this risk, however, and has apparently made no secret of its intentions

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Moscow cannot complain too loudly. The Soviets have been urging Egypt toward greater inter-Arab cooperative efforts, and they have attempted to maintain a facade of friendship with Sana.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

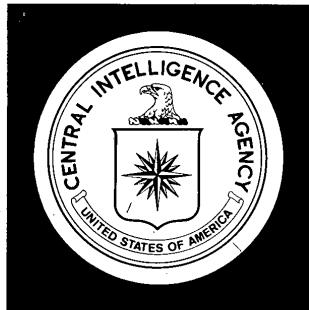
IRAN

The workers' strike at the government-owned Abadan oil refinery--the country's largest--is now in its fourth day and has brought output down by over half. The workers, prodded by inflation, are asking for a 20-percent wage increase; the government will not go beyond a 10-percent nationwide hike granted before the strike began.

Management may try to appease the workers by lowering the cost of items purchased at the company store or by giving subsidies in cash. Should the carrot fail, however, Tehran is likely to turn to the stick; the Shah is anxious to keep the strike from spreading and to maintain oil exports at the present level. This could mean direct intervention by security authorities to break the strike.

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The President's Daily Brief

27 September 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

27 September 1973

PRINCIPAL DEVELOPMENTS

Prime Minister Souvanna Phouma and Pathet Lao negotiator Phoumi Vongvichit are grappling with the practical problems of implementing the September 14 protocol. (Page 1)

In Chile, the junta has rebuffed efforts by some Christian Democrats to persuade the military to modify its activities. (Page 2)

The reported appointment of more leftists to high government positions in Afghanistan would appear to weaken President Daud's position vis-a-vis his opponents--the left-wing military officers who staged the coup and who are on the ruling Central Committee. (Page 3)

The arrest of labor leaders in Bolivia apparently is a move to prevent the formation of any coalition between these political independents and the opposition parties while President Banzer is in the US next month. (Page 3)

Tokyo is considering the relaxation of controls on the inflow of foreign funds. (Page 3)

The strike at Iran's Abadan oil refinery ended yesterday without violence. (Page 3)

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LAOS

Prime Minister Souvanna Phouma and Pathet Lao negotiator Phoumi Vongvichit are grappling with the practical problems of implementing the September 14 protocol.

The Communists appear genuinely interested in working toward rapid implementation. Within 24 hours of the signing of the protocol, Phoumi was moving to iron out details.

Before leaving Vientiane last week for Sam Neua, presumably for fresh instructions, Phoumi asked the Soviet and British embassies to reactivate the International Control Commission machinery to help set the protocol into operation. The Communists have not yet provided a list of their nominees for the cabinet, but Phoumi probably will bring such a roster with him when he returns from Sam Neua.

The Communists are insisting on adequate security arrangements before their personnel arrive. The first step in this process is the positioning of Pathet Lao police and military units in Vientiane. The first contingent of these forces reportedly is to arrive in Vientiane on October 8 aboard a Soviet transport.

Souvanna is lobbying among key National Assembly deputies to ensure approval of the peace agreement and the new coalition government. Obstructive tactics from some rightist politicians may delay formal investiture of the government, but Souvanna seems likely eventually to have his way.

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CHILE

The junta has rebuffed efforts by some Christian Democrats to persuade the military to modify its activities.

Although disheartened by the junta's response, the party is likely for the time being to continue its support of the government.

Military repressiveness may well invite further internal problems and increased international criticism.

The junta is concerned about its international image and is making efforts to improve it. At the same time, however, it is determined to prevent the left from regaining power. This policy was further evidenced by the banning of all Marxist parties and yesterday's decree "recessing" remaining political organizations as a means of promoting "national unity."

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NOTES

Afghanistan: Significant numbers of sympathizers and members of Parcham, the larger of two pro-Soviet factions in the Communist Party of Afghanistan, reportedly are among recent appointees to high government positions. These include top posts in education and economic development. Earlier reports had indicated that several persons on the ruling Central Committee and in the cabinet may be members of Parcham. An increase in this group's influence at key levels of the government would appear to weaken President Daud's position vis-a-vis his opponents--the left-wing military officers who staged the coup and who are on the Central Committee.

Bolivia: Widespread arrests of labor leaders have led to a strike by 40,000 workers. The government claims that those seized were involved in a subversive plot, but their main crime appears to have been persistent advocacy of wage hikes. The detentions appear to be a move to prevent the formation of any coalition between the politically independent union leaders and the opposition parties while President Banzer is in the US next month. In the long run, the arrests will probably weaken Banzer's already sagging government.

Japan: Tokyo is considering the relaxation of controls on the inflow of foreign funds. Monetary officials are confident that this can be done without stimulating speculative inflows. They base their thinking on a decline in foreign exchange reserves, six months of balance-of-payments deficits, foreign and domestic pressure for easing exchange controls, and stability on Tokyo's foreign exchange market since March. Any policy changes will come gradually, however, and the results will be closely monitored by Tokyo. A first step could be the removal of restrictions on investment in Japanese stocks by foreigners.

Iran: The strike at the government-owned Abadan oil refinery--the country's largest--ended yesterday without violence. Apparently included in the government's offer was an increase in the workers' daily food allowances.

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28 September 1973

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28 September 1973

PRINCIPAL DEVELOPMENTS

The Soviets appear to be testing changes made in their Soyuz spacecraft since 1971, when three cosmonauts were killed during re-entry. (Page 1)

France [redacted] 25X1
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(Page 2)

One US citizen was wounded during a terrorist strike in Eritrea yesterday [redacted] 25X1
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(Page 3)

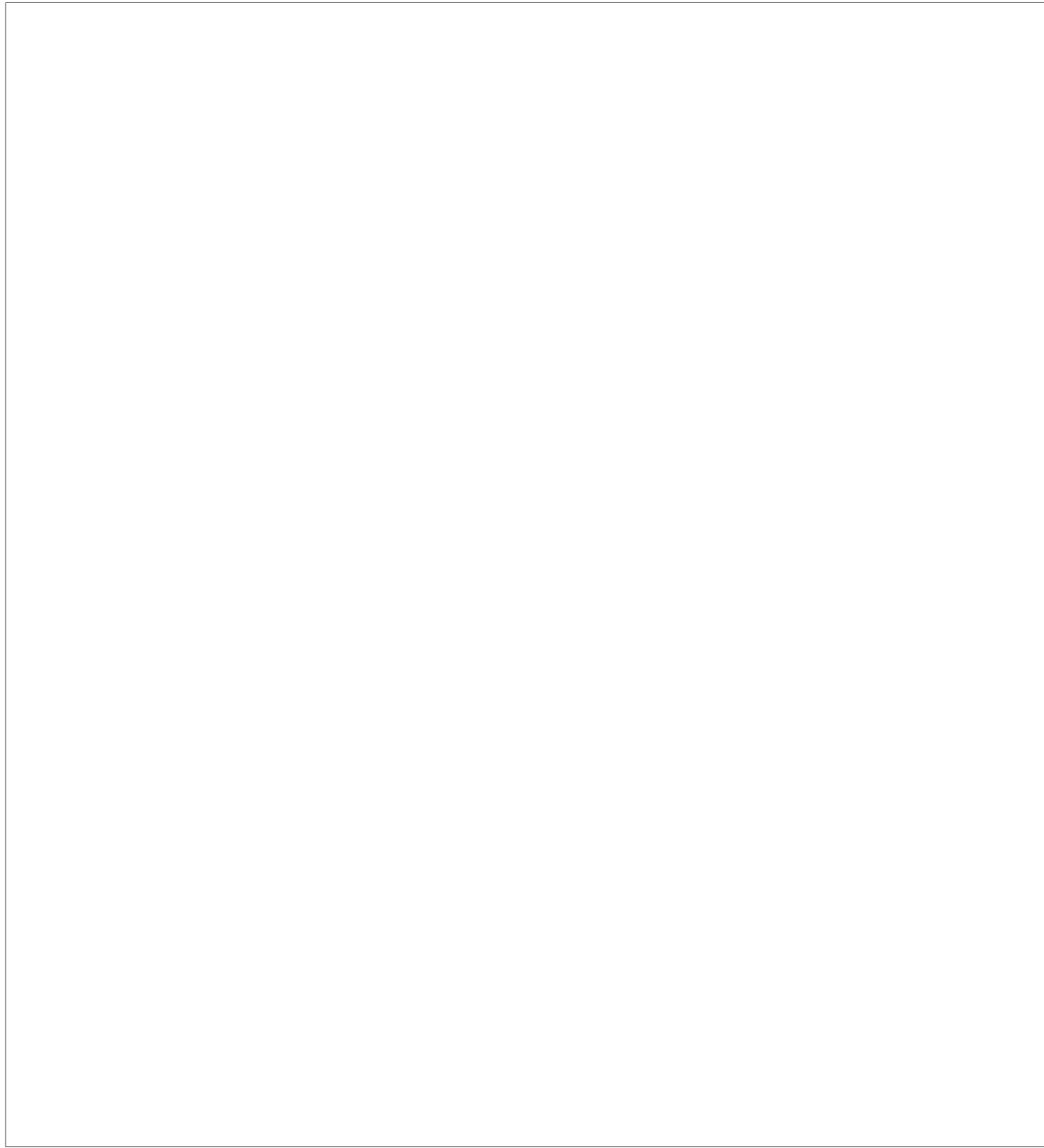
Iceland has told the UK to withdraw from its waters by October 3, or face a break in relations. (Page 4)

Harold Wilson, chief of the British Labor Party, may be thinking of softening his party's opposition to participation in the EC. (Page 5)

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USSR

With yesterday's launch of a Soyuz spacecraft, Soviet cosmonauts have returned to space after an interval of more than two years. TASS announced that the Soyuz and its two passengers will spend two days in earth orbit and will conduct scientific experiments as well as checks on their own operations.

The Soviets presumably are primarily interested in testing changes made in the spacecraft since June 1971, when three cosmonauts aboard Soyuz 11 died during re-entry. An unmanned Soyuz launched last June apparently was also a test of modifications to the spacecraft.

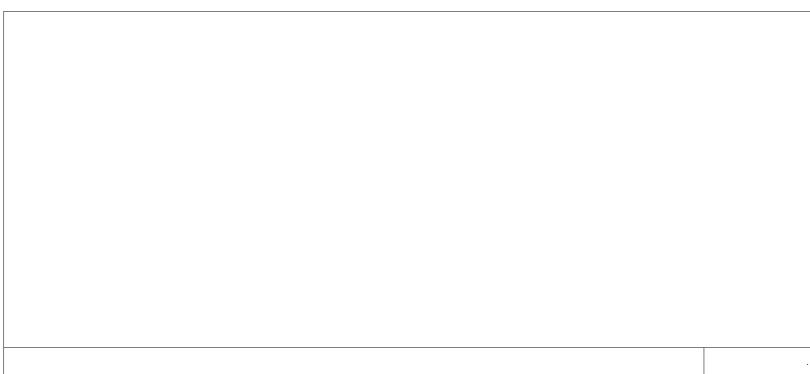
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FRANCE



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ETHIOPIA

Yesterday terrorists of the Eritrean Liberation Front (ELF) fired on government buildings in Asmara for about an hour. A small number of soldiers and civilians were killed; several were wounded, including one US citizen.

The attack occurred on Ethiopia's most important religious holiday and was intended to embarrass the government. The ELF had distributed leaflets the day before implying that an attack would be made.

Recently there has been an upsurge in ELF activity, including the ambush of the deputy commander of Ethiopian troops in Eritrea, indicating that the insurgents may be emerging from a fratricidal rift that has been in progress for two years. The rebels are not yet united, but their ranks have been augmented by disgruntled students, and sympathetic Muslim states continue to provide arms and money.

Even as happened yesterday, the ELF so far has avoided US interests in Eritrea
[redacted] and 2,000
US citizens residing in the province.

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ICELAND-UK

As a result of last week's incident at sea, Reykjavik decided yesterday to break diplomatic relations if London does not withdraw its frigates by October 3 from waters claimed by Iceland.

The British will probably attempt to temporize. Following NATO Secretary General Luns' personal intervention in the dispute earlier this month, the British did acknowledge that they needed to be more flexible.

The ultimatum will expire on the same day that Icelandic Foreign Minister Agustsson arrives in Washington to begin formal negotiations on the future of the US-manned Icelandic Defense Force. The hardening of positions in the cod war will make Agustsson's efforts to preserve the Force--even on a reduced scale--more difficult than ever.

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UK

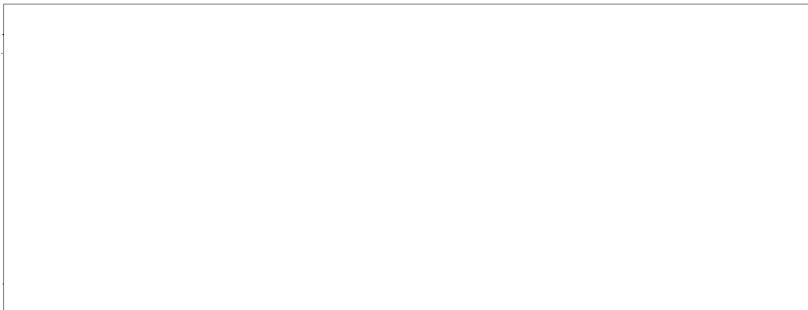
Labor Party leader Harold Wilson met in London late last week with a delegation of French Socialists led by Francois Mitterrand--the first in a series of talks he plans with other European socialist parties. The two men discussed Wilson's pledge to "renegotiate" the terms of EC entry if his party comes to power. Wilson said that a future Labor government would make every effort to reform and reduce the common agricultural policy (CAP) and would try to get a better deal on other agricultural issues. Mitterrand responded that he was "sympathetic" because CAP also hurt French industrial workers; it was up to each member of the EC to set its own priorities and fight for them.

Wilson meets next month with the Dutch and the Germans, who are more pro-EC than his party. He probably hopes that holding these talks will strengthen the position of moderates at the party's annual meeting next week, where left-wing and anti-EC forces are likely to attract more support than they did last year. The recent convention of the Trades Union Congress voted to reject participation in EC institutions now and to continue opposition to EC membership.

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The President's Daily Brief

29 September 1973

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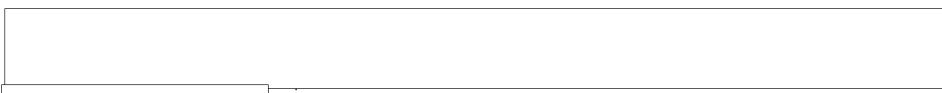
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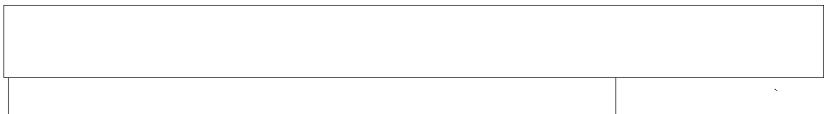
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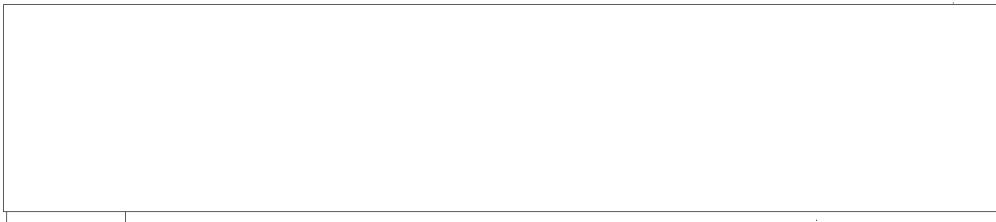
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THE PRESIDENT'S DAILY BRIEF

29 September 1973

PRINCIPAL DEVELOPMENTS

The Soviets are unhappy with what they consider Egypt's drift to the right, and have let Cairo know. In a major speech yesterday, Sadat defended his policies and left the door open for fresh diplomatic efforts to break the Arab-Israeli impasse. (Page 1)

New Delhi's announcement that the USSR will provide 2 million tons of foodgrains will help ease worry in India over food shortages. (Page 3)

In Burma, the army is preparing a move against Communist rebels in the northeast who are supplied and in part directed by the Chinese. (Page 4)

Notes on Portuguese Guinea, Saudi Arabia, and Pakistan appear on Page 5.

FOR THE PRESIDENT ONLY

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USSR-EGYPT

In mid-September the Soviets registered with
Cairo their disapproval [redacted]

[redacted] The USSR
[redacted] stressed that closer ties with "re-
actionaries" hinder "progressive forces" in the area.
In reply, the Egyptians told the Soviets to mind
their own business.

This is the latest sign that Moscow has decided it cannot remain silent as Cairo's policies evolve in a direction the Soviets dislike. Shortly after his return from Moscow last week, Ambassador Vinogradov met with President Sadat and his adviser Hafiz Ismail, apparently to discuss recent strains in relations.

Cairo's improving ties with Saudi Arabia and Jordan are symptomatic of a trend away from the left which extends to domestic policy as well. Soviet officials in Cairo have also been openly voicing displeasure over Egyptian attempts to increase the role of the private sector and attract Western capital. A Soviet broadcast after the Sadat-Vinogradov meeting was unusually explicit in referring to current tensions. It condemned "certain functionaries in the Arab World" who disparage Soviet aid, accuse Moscow of colluding with the US, and open the door to foreign capital.

The Egyptians have complaints of their own with respect to Moscow's sniping and its lackluster political and military support. Continued Soviet criticism may prompt Cairo to attack the Soviets more openly in the future, but for now the Egyptians seem determined to avoid a rancorous exchange.

(continued)

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In a major speech yesterday, Sadat did not mention the USSR. He took considerable pains to defend Egypt's moves away from socialism, but the Soviets will take little reassurance from what he said.

Sadat carefully avoided closing the door on fresh diplomatic efforts to break the Arab-Israeli impasse. After commenting negatively on US support for Israel in the past, he noted approvingly that Secretary Kissinger "says he wants to hear the Egyptian viewpoint." Pointing out that the Secretary is saying "good and sweet things," Sadat expressed cautious hope that these will not be used to "freeze our cause again."

At the end of his speech, Sadat called attention to the fact that he had deliberately avoided rhetoric on "the battle." Although he reasserted Egypt's determination to win back its lost territory, he made no threats and said nothing to suggest that Cairo has a military option under active consideration.

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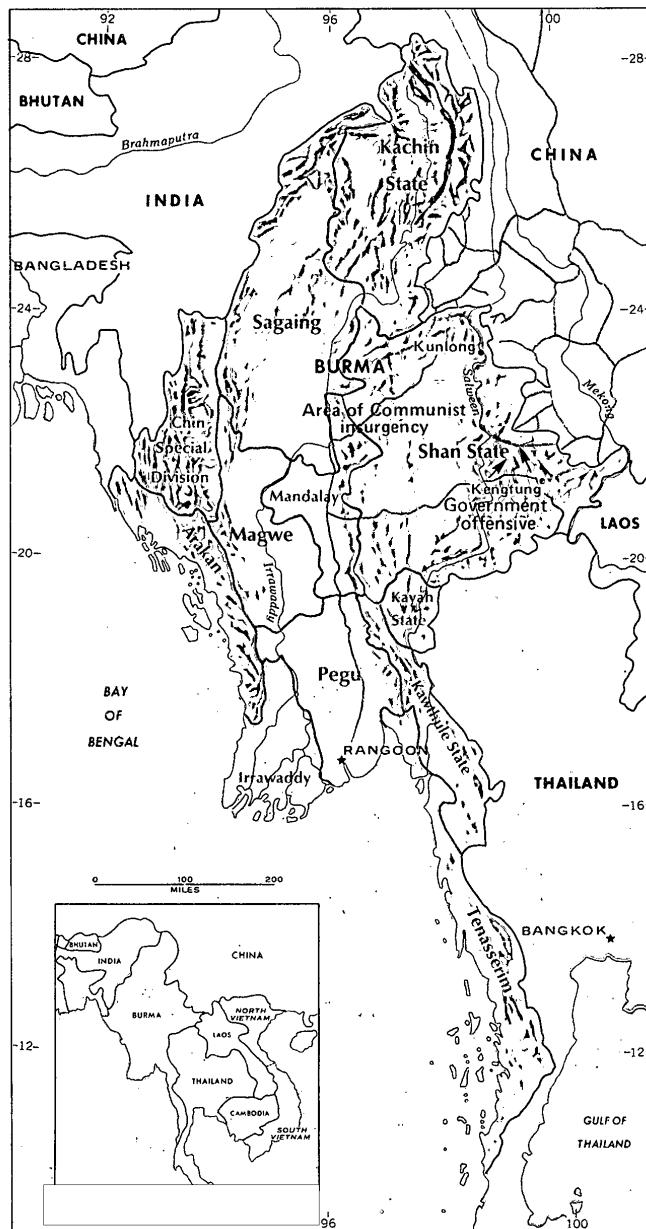
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USSR-INDIA

Indian Food Secretary Joneja announced yesterday that the USSR will provide India with 2 million tons of foodgrains "on a loan basis." He said Brezhnev had made the offer in a letter to Prime Minister Gandhi, who expressed "warm appreciation for this friendly gesture." Joneja added that shipment of the grain will start immediately. He did not disclose the terms of payment. In a smaller deal with Bangladesh in July the Soviets requested repayment in kind.

This year's excellent harvest helps make it possible for the Soviets to sell grain to countries like India in addition to the USSR's traditional customers. It is not known how much Soviet grain will arrive in India before the main Indian harvest in November. Nevertheless, the announcement of the Soviet deal, the arrival of other grain imports already on the way, and the favorable prospect for India's fall crop will help ease pre-harvest tension.

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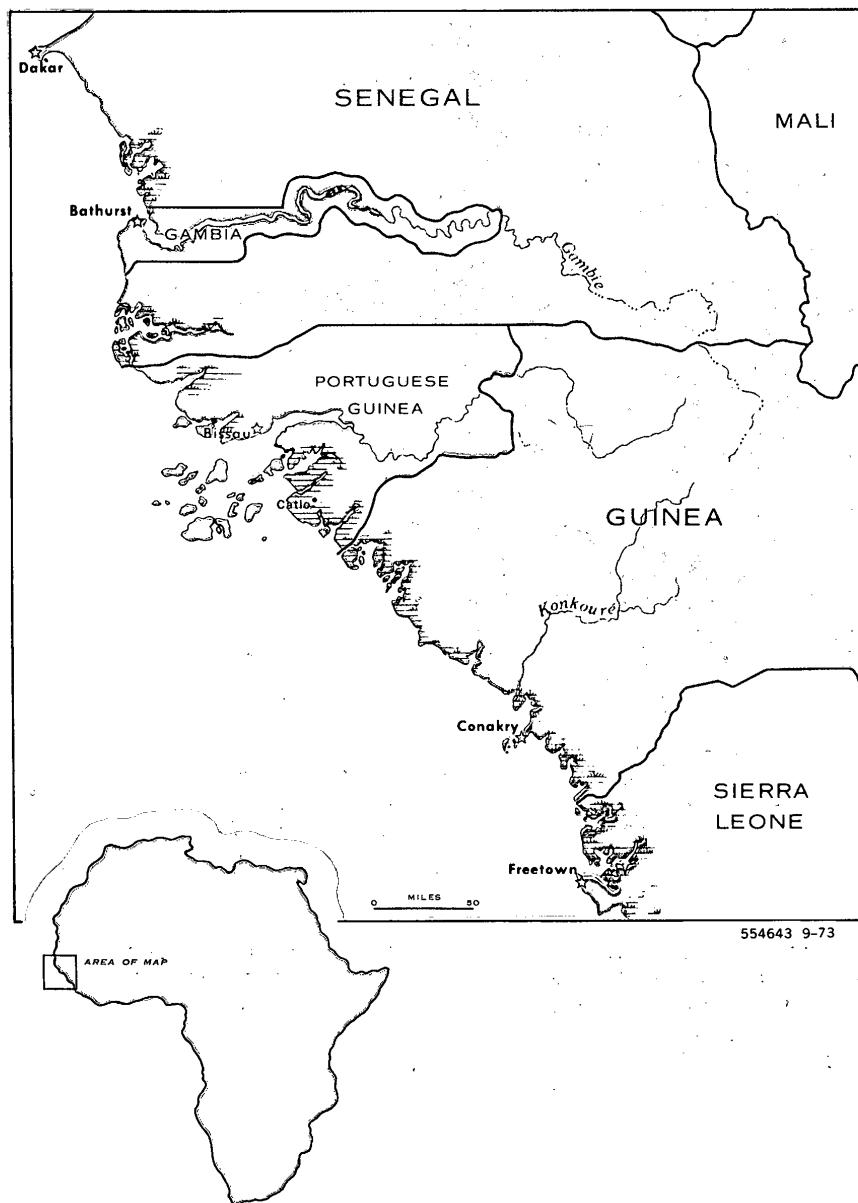
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BURMA

The army is readying a 5,000-man force to move against the Burmese Communists, who have been extending their influence in Shan State for the past six months.

Senior officers have long been frustrated by their inability to block the growth of the rebel movement, which is supplied and in part directed by the Chinese. Up to now, however, the army command has ruled out major ground operations in the remote border area, largely out of fear of provoking Peking, although prospective military problems have also been a factor. Supply lines will be extended; the terrain is rugged, the population inhospitable, and the insurgents--now numbering upwards of 5,000--well-armed.

The Communists are matching the government build-up with one of their own and could decide to take the offensive. A defensive posture is more likely, however, since Rangoon will probably be unable to sustain a large-scale operation in this area for long.



FOR THE PRESIDENT ONLY

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Portuguese Guinea: The insurgents have finally made their long-planned declaration of an independent state of "Guinea-Bissau," following a "national popular assembly" that met inside the territory earlier this week. The rebels hope the move will bring new pressure on the Portuguese to leave. The Portuguese still control all the important areas of the new "state." The rebel government has already been recognized by Yugoslavia and a number of Arab and African states. The USSR, which has long provided the rebels with arms and money, will almost certainly follow suit.

Saudi Arabia - France - West Germany: Paris apparently has agreed to sell the Hot and Milan anti-tank missile systems to Saudi Arabia and may also sell the Hot system to Kuwait. In accordance with a Franco-German agreement on the export of equipment jointly developed and manufactured by the two countries, the French Government has requested Bonn's concurrence on the sale to Saudi Arabia. West Germany is likely to approve the application.

Pakistan: Wali Khan, leader of Pakistan's largest opposition party, the National Awami Party, was fired on by unknown assailants yesterday but escaped injury. As spokesman for most of the country's Pushtun tribesmen of Northwest Frontier Province, Wali Khan could use the incident to rouse further tribal unrest.

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