

The President's Daily Brief

~~Top Secret~~ 2 January 1969



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THE PRESIDENT'S
DAILY BRIEF
2 JANUARY 1969

1. Middle East

The atmosphere remains charged. Israel and Lebanon are trading accusations of further incidents, including the shelling by Arab terrorists of two Israeli villages and an Israeli over-flight of southern Lebanon. The over-flight apparently prompted an emergency session of the Lebanese cabinet to consider its response to an Israeli invasion.

The Lebanese Government's days may be numbered. Newspapers are cudgeling it for failing to resist the Beirut airfield attack, and there are loud calls for Prime Minister Yafi's resignation.

An anti-Israeli demonstration scheduled for Beirut this morning could turn into an antigovernment riot. Public demonstrations have been banned, but we do not think that the army, which is ashamed of its lack of anti-Israeli punch, would stop this one if it gets started.

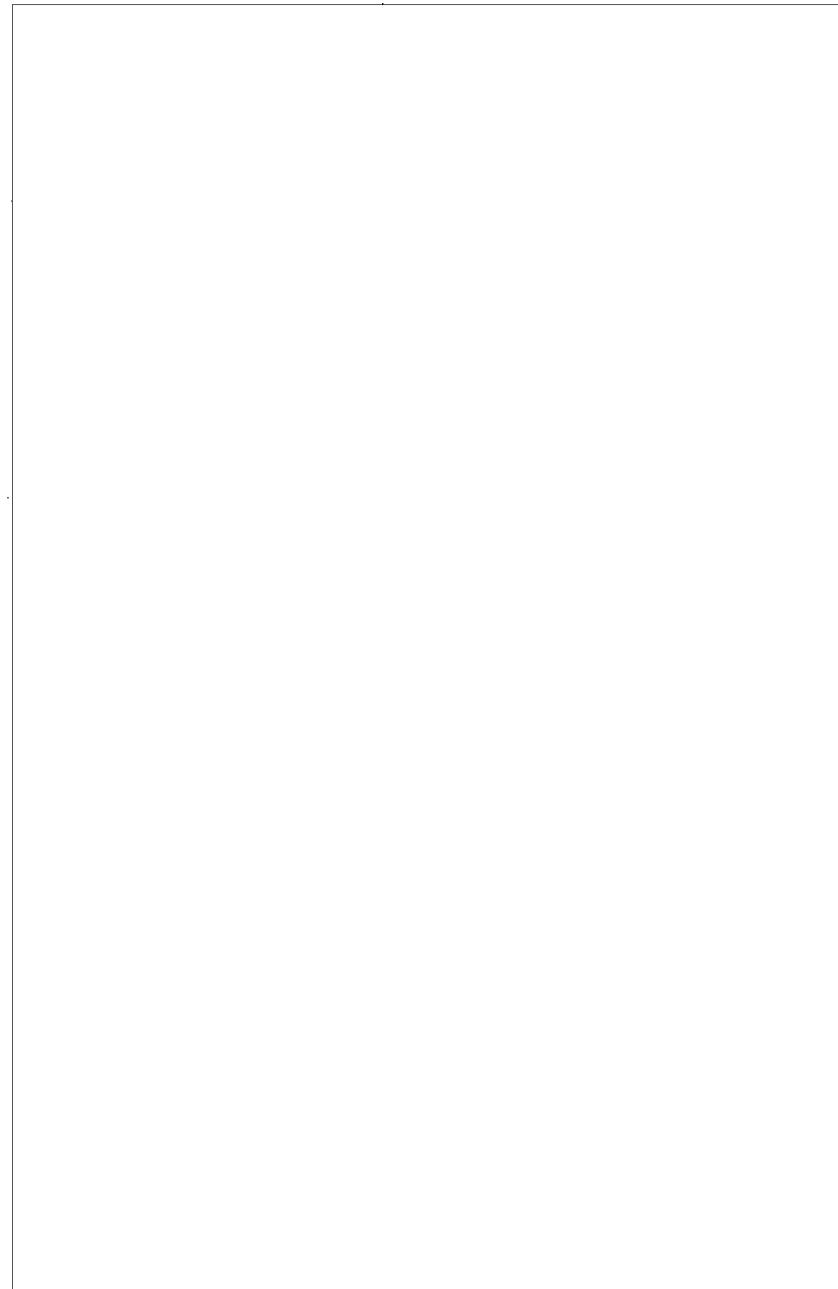
The Soviets have offered immediate military and economic assistance to Lebanon, and Egypt's Nasir has urged President Hilu to accept. Hoping to forestall strong domestic pressures for such a deal and to keep Lebanon oriented toward the West, Hilu has asked the US ambassador for military aid.

On the Israel-Jordan frontier, there have also been more incidents. Both sides are claiming increased attacks on settlements in the border area, and skirmishing appears to be more or less continuous since 31 December. As a result, the US might expect a call for arms aid from Jordan too.

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2. South Vietnam

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3. Vietnam

During December the rate of infiltration into South Vietnam from the North was the second highest ever noted.

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4. Cuba

Castro today marks the tenth anniversary of his rise to power. There will be a "biggest ever" rally in Revolutionary Square, on the scale of a million persons. Castro himself plans a major address but has given no hint of its contents.

5. Communist China

We believe China has produced its first jet medium bomber.

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The TU-16 will probably be the mainstay of the Chinese bomber force in the future. It will be several years, however, before significant numbers can be produced and deployed to operational units.

6. Indonesia

The economy is looking up, reflecting general progress toward stability. For the first time in memory, basic commodity prices fell during the Muslim holidays in December.

While inflation over the past year has averaged about two percent a month, this is a far cry from the runaway situation of 1967. The success of the government's five-year economic development plan, to begin in April, will largely hinge on continued progress in price stabilization.

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7. Yugoslavia -
Soviet Union

Belgrade and Moscow are making efforts to maintain good economic relations despite their political squabbles. They have just agreed to an increase in trade of almost 30 percent for 1969 over the planned level of 1968. This will probably prove optimistic, given the reluctance of Yugoslav importers to take on Soviet goods of poor quality and high price.

8. Kuwait



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FOR THE PRESIDENT'S EYES ONLY

- 1.) Special Daily Report on North Vietnam
- 2.) North Vietnamese Reflections of US Political Attitudes

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Special Daily Report on North Vietnam
for the President's Eyes Only

2 January 1969

I. NOTES ON THE SITUATION

Ho Chi Minh's New Year Message: Short, but with a few words for nearly everyone concerned, including the "progressive people of the United States," Ho's New Year message was dedicated to war. It included cordial best wishes of "solidarity, struggle and success to our compatriots, fighters, and cadres...in both North and South Vietnam." If anyone was omitted, it was Hanoi's negotiators in Paris, who apparently could be lumped under the category of "our fellow countrymen living abroad." In fact, not a word was devoted to the Paris talks. Instead, Ho dedicated last year's "glorious victories" to still bigger ones this spring. He exhorted all to "fight so the Yanks quit and the puppets topple," and held out the prospect of achieving a "north and south reunited."

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North Vietnamese Balancing Act Between Moscow and Peking: On 21 December, Hanoi's daily paper, Nhan Dan carried side by side the contradictory Soviet and Red Chinese messages of congratulations to the Liberation Front on its eighth anniversary. Moscow offered "sympathy and support for...a political solution...in line with the principles of the 1954 Geneva Agreements." Peking stressed that final victory would be won "by persisting in the people's war." The paper's editorial quoted from both messages without favoring either one.

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More [redacted] Observations from Hanoi: [redacted]

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[redacted] over 100,000 youngsters were in the capital in early December in defiance of the evacuation regulations. Some of these children living in the city

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bicycle up to 25 kilometers outside Hanoi for primary education. The high school and college students are less fortunate. Their classrooms are much further away, and if they wish to continue their education, they must remain in the countryside.

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Foxhole shelter liners were still being manufactured in Hanoi in large numbers, up to 1,000 on one street alone. Local "security forces" engaged in a civil defense exercise featuring street fighting along three of the main streets of the capital. This was the first exercise of its kind [redacted]

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[redacted] noted in the past two months. Air raid alerts were infrequent and antiaircraft fire was light. [redacted] at a loss to explain the apparent random firing of surface-to-air missiles during the day, at a rate of perhaps a dozen a week, when no alert had been sounded. [redacted]

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[redacted] these could be shots at high-level reconnaissance planes, testing of weapons or crews, or the deliberate using up of old-style missiles so that the newer type supplied by the Soviets might be brought into use.

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There appears to have been a vast southward movement of gasoline carriers, storage tanks on trailers, and underground storage tanks during the daylight hours. A significant increase in the amount of timber transiting the city in a southerly direction was also noted. [redacted] there was practically no road transport in Hanoi after dark.

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Moscow to Hanoi Air Service: The Soviet Union has begun laying the groundwork for a commercial airline route to Hanoi which will skirt China.

The Soviets have never had a commercial air route to Hanoi. Until this year they sent an occasional unscheduled military flight via China.

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During the past few months, it has become increasingly clear that North Vietnam is bent on enlarging international air passenger service to Hanoi. Air traffic between Hanoi and Peking has recently been expanded from two flights per week to three, with the usual stopover at Canton. Beginning the first of this year, civil air traffic between Phnom Penh and Hanoi is to be renewed by Royal Air Cambodge after a three-year lapse.

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II. NORTH VIETNAMESE REFLECTIONS OF US POLITICAL ATTITUDES ON THE WAR

There is nothing of significance to report today.

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The President's Daily Brief

~~Top Secret~~ 3 January 1969



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THE PRESIDENT'S
DAILY BRIEF
3 JANUARY 1969

1. Israel -
Arab States

Israeli aircraft are regularly overflying southern Lebanon, ready to retaliate if there are further guerrilla attacks. Yesterday the Israelis once again called in aircraft to bomb villages in northern Jordan following a shelling incident on the border.

2. Soviet Union -
Middle East

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3. South Vietnam

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4. France

Political and economic uncertainties last year further slowed development of De Gaulle's nuclear force de dissuasion. The US Intelligence Board this week approved a national intelligence estimate which re-evaluates the program's prospects. The following are the conclusions:

--Of the three weapons systems which are to comprise the force--medium-range bombers, IRBMs, and Polaris-type submarines--only the bombers are operational. Their range and performance, however, give them a very limited capability against the Soviet Union.

--The small IRBM force of 27 missiles originally was to begin replacing the bombers in 1966, but we now believe the first missiles will not be operational until late 1970 at the very earliest. The first Polaris-type submarine will probably become operational in late 1971 or 1972, and additions to the fleet of missile subs will probably be made at about two-year intervals thereafter until the French have four or five boats.

--The recently announced cancellation of Pacific nuclear tests in 1969 means the French are unlikely to have thermonuclear warheads before 1973, and then only if testing is resumed in 1970.

--De Gaulle will be extremely reluctant to stretch out the development of his nuclear force any further than he already has, but he would probably be forced to do so by new economic difficulties.

5. Soviet Union

Satellite photography [redacted] 50X1

[redacted] shows the Soviets' biggest space booster back on its launch pad. The booster, which has been photographed on its pad several times [redacted] 50X1 was returned to the nearby checkout building [redacted] Assuming the checkout turned up no major difficulties, the first flight test could occur within the next few months. 50X1

6. Peru -
Soviet Union

[redacted] 50X1
Lima and Moscow have agreed to open diplomatic relations. Since the military government took over in October, it has established diplomatic ties with Rumania and Yugoslavia and has signed trade agreements with Czechoslovakia, Poland, and Hungary.

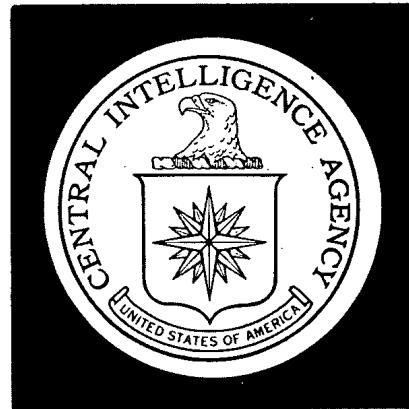
7. Sweden -
Middle East

[redacted]

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3 January 1969

Special Daily Report on North Vietnam
for the President's Eyes Only

3 January 1969

I. NOTES ON THE SITUATION

Foreign Shipping During November: Seaborne imports to North Vietnam decreased by 14 percent--from 164,000 tons in October to 141,000 tons in November--despite an increase in foreign ship arrivals from 34 to 42. A drop in dry cargo deliveries by Soviet ships from the Black Sea accounted for most of this decline. Deliveries of foodstuffs (68,000 tons) were higher than in October, while those of petroleum (24,000 tons), fertilizer (4,000 tons), and general and miscellaneous cargo dropped sharply from October rates. Timber deliveries (8,000 tons) were at a record level.

Seaborne exports climbed to 74,000 tons in November, 59 percent above the volume in October. Coal exports of 62,000 tons were the highest in six months, and exports of general and miscellaneous cargo of 12,000 tons were the highest in 17 months. No seaborne imports of arms or ammunition were detected during November. Projected seaborne imports for December show an increase to about the monthly average in January--November--160,000 tons.

Ship congestion at Haiphong continued to decrease in November but was still far greater than the low of May 1968. The average number of dry cargo ships in port per day dropped from 33 in October to 29 in November, compared with 16 in May. The average layover time for departing dry cargo ships fell from 35 days in October to 30 days in November, compared with 14 days in May. The cargo discharge rate at Haiphong in November remained well below the high rate achieved in July, probably because of a reduction in berthing capacity stemming from silting alongside the transit and fishing wharves.

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Pham Van Dong Interview: The premier took a tough stand on terms for a Vietnam settlement during an interview with a TASS correspondent in Hanoi yesterday. He stuck routinely to Communist insistence

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that a peaceful settlement meant US and allied troop withdrawal leaving the South Vietnamese people free to resolve their domestic questions in accordance with the Front's political program.

According to an account of the conversation broadcast by the TASS international service, Dong pushed the demand for a "peace cabinet" in South Vietnam. He said it would be formed following the mass overthrow of the present Saigon government. It would then start negotiations with the Front which would result in a coalition government.

He indicated bitter fighting was ahead since the US persists in its "aggressive designs" despite having been "defeated." He claimed that the US had threatened to resume full-scale bombing in the North and daily violated the "security and sovereignty" of North Vietnam.

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Explosive Shipments: The Soviets are still sending large quantities of explosives to North Vietnam. Some 75 tons were sent during the first week of December alone. [redacted]

[redacted] Three rail cars loaded with explosives destined for Vietnam were held at the Chinese border because the necessary documentation had not been given the Chinese.

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Agricultural Situation: A 27 December Nhan Dan article points out that "unsatisfactory carrying out" of several interrelated tasks for the tenth month crop "led to a careless and perfunctory fulfillment . . . , a low crop output, and part of the acreage being left uncultivated." The same difficulties are said to be developing for the fifth month crop because of weather problems and poor organization of farm labor.

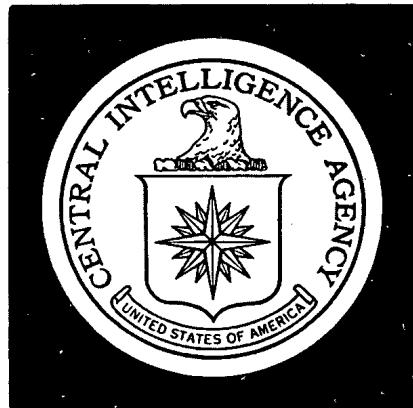
Inefficient organization of farm labor has contributed to agricultural production losses since 1965.

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II. NORTH VIETNAMESE REFLECTIONS OF US POLITICAL ATTITUDES ON THE WAR

There is nothing of significance to report today.

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THE PRESIDENT'S
DAILY BRIEF
4 JANUARY 1969

1. Soviet Union

A launch "window" for Venus will be open soon and the Russians probably will take advantage of it to attempt two or three probes to the planet. The best day will be about 13 January, but the launches could be made several days on either side.

The Soviets may try a repeat of their Venus 4 mission. This probe, while not a complete success, sent back data on the Venusian atmosphere before it hit the planet in October 1967.

From their present positions, the Soviet space support ships could back up a Venus shot and other space events as well.

2. Commonwealth Conference

Harold Wilson is in for rough going when the Commonwealth prime ministers meet from 7 to 15 January in London. Part of the problem is that the Commonwealth no longer has much in common--Australia and Swaziland, for example, share few interests while India and Pakistan share only enmity. But British policies will draw most of the brickbats thrown. This year's divisive issues include Rhodesia, Nigeria, and Britain's immigration policy.

The African prime ministers will charge Wilson with renegeing on agreed Rhodesian policy, and those who back Biafra will assail Britain's support for the federal side.

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3. Pakistan

Trouble is expected in Karachi this weekend when outspoken Ayub critic Asghar Khan arrives for a four to six weeks' stay. Numerous antigovernment activities are planned to welcome Asghar, the popular ex-air force chief who entered opposition politics in mid-November.

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Soviet Defense Minister Grechko visits Pakistan later this month. The result probably will be Pakistan's first military aid agreement with the Soviet Union. Tanks are expected to be one item covered.

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4. NATO

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5. Israel-Jordan

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Insurrection Flares in Disputed Guyana Region



*Late Information Indicates That Lethem
Is Back Under Government Control*

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6. Guyana

Their official denials notwithstanding, the Venezuelans are supporting an insurrection which broke out in a remote corner of southwest Guyana this week. Another attack may be coming further north.

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[redacted] One of the ranchers, who gave himself up yesterday, has admitted receiving Venezuelan help. Last night Venezuela's foreign minister again denied complicity and suggested Brazilians might be the culprits.

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The ranchers, some of whom are US citizens, are a particularly rough crew with a flair for violence and a long-standing grudge against the government. They have been compared with some of the New Mexico ranchers of the 1880's.

Government forces have retaken the town the ranchers and their Indian cohorts seized Thursday, but well armed rebels are still loose in the countryside.

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Special Daily Report on North Vietnam
for the President's Eyes Only

4 January 1969

I. NOTES ON THE SITUATION

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Japanese Resume Shipping to North Vietnam: The first regular Japanese shipping to North Vietnam since the US bombing began in March 1965 may resume this month.

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Since March 1965, only one Japanese vessel has stopped in North Vietnam--in May 1968. Further stops were canceled following informal US representations and pressure by the Japanese Government.

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Conditions in Hanoi:

[redacted] no significant numbers of evacuees have been permitted to return to the city. [redacted] the current population of Hanoi is about 600,000 and that about 400,000 evacuees were still in the countryside. These figures are in the ball park of the estimated evacuation of Hanoi at the height of the bombing. There have been other reports, however, of a significant drift back into the city.

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[redacted] black marketing is rife in Hanoi and [redacted] since the 1 November bombing halt, foreign manufactured products have begun to show up in this channel in significant volume. The black market is now so extensive [redacted] that the authorities no longer attempt to control it. This is probably an exaggeration. The black market is, nevertheless, a very real feature of the North Vietnamese economy. The top levels of the leadership have issued dire warnings about its extent and its continued existence.

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II. NORTH VIETNAMESE REFLECTIONS OF US POLITICAL ATTITUDES ON THE WAR

There is nothing of significance to report today.

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THE PRESIDENT'S
DAILY BRIEF
6 JANUARY 1969

1. Middle East -
Israel

Danger of another major military clash is still high, even though there has been a decrease in armed conflict along Israel's borders during the past few days.

The Lebanese Government is convinced that Israel will attack Lebanon, and perhaps Jordan too, prior to 20 January. Many Lebanese believe the Israelis are deliberately stirring up Arab terrorists in order to create a pretext for an invasion.

Lebanese authorities are discouraged. They know they cannot defeat the Israelis and they cannot guarantee complete control of the terrorists. Jordanian authorities, nevertheless, managed to head off a terrorist shelling of the Israeli port of Eilat which had been planned for early January.

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General De Gaulle yesterday offered France's "total support" for Lebanon,

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[redacted] but De Gaulle has enough problems at home to preclude any French military commitment as part of an offer to sell arms and to give psychological support.

The Lebanese foreign minister has again appealed for a gesture of support from the US.

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2. Middle East

The Soviet "timetable" proposal for an Arab-Israeli settlement has generated considerable diplomatic activity.

In Cairo yesterday, the Egyptian Foreign Ministry briefed all Arab ambassadors on it and on world reaction to it.

At the same time, in Moscow, United Nations mediator Gunnar Jarring told Ambassador Thompson that after conferring with Soviet Deputy Foreign Minister Semenov, he is convinced that the proposal is a serious one. He said that the Soviet Union intends to inform other governments about its proposition in an effort to mobilize worldwide support.

The French plan to have their position on the paper ready by this coming weekend. Foreign Minister Debré will discuss it with Soviet Deputy Premier Kirillin this week.

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3. Soviet Union

The first Soviet interplanetary probe toward Venus during this current favorable launching period is apparently designed to descend gently onto the planet in mid-May. Unlike Venus-4, which in October 1967 was the first Soviet shot to hit the planet, this probe probably has improved instruments to insure transmission of Venusian atmospheric data during its descent.

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4. Czechoslovakia

The army will probably maintain the combat alert begun yesterday until 11 January.

During this period the political future of Josef Smrkovsky, the popular President of the National Assembly, will be decided. Smrkovsky's retention as chief of the parliament is opposed by the party's conservatives and by the Soviets. Both object to his liberal politics.

On 5 January, Smrkovsky hinted in a nationwide televised speech that he might be downgraded. He said he would abide by the results of discussions by ranking party leaders in the next few days, which could mean that a formal announcement of his removal is close at hand.

The military alert is almost certainly a precautionary move, in view of well publicized threats of strikes and demonstrations by workers and young people if Smrkovsky should be forced out. So far there have been no reports of trouble. Today we expect to see a mushrooming of popular support for Smrkovsky.

5. Nigeria

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6. Guyana

The revolt in the backwoods has turned into a fiasco, leaving in its wake ten dead, a number of rebel ring-leaders arrested in Guyana and in Brazil, and the Venezuelans proclaiming their innocence.

Despite a plethora of conflicting information, it seems clear that the rebellion was directed from Caracas, and that the original scenario called for the rebels to seize some key towns and request Venezuelan troops to move in and occupy the territory. Venezuela has laid claim to over half of Guyana for many years and has been trying to manufacture an excuse for taking it over for some time.

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Brazil also has territorial claims on Guyana, but has not made any move to press them. Instead, the Brazilians have sealed the border

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I. NOTES ON THE SITUATION

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War Mentality Wanes: The North Vietnamese regime is continuing to have trouble maintaining the population on a war footing. Despite the official policy forbidding the return of evacuated adults and children to the city except for visits, recent travelers to Hanoi have reported encountering growing numbers of people of all ages on the streets. A Westerner who visited Hanoi in late December observed a group of school children carrying school books coming out of a girls' school in Hanoi. The same observer reported that the authorities are continuing the production and distribution of one-man concrete air raid shelters--an attempt to remind the people that the country is still at war. The source also observed an increase in the supply of consumer goods available to the public--bicycle parts, clothing, and fabric.

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II. NORTH VIETNAMESE REFLECTIONS OF US POLITICAL ATTITUDES ON THE WAR

There is nothing of significance to report today.

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THE PRESIDENT'S
DAILY BRIEF
7 JANUARY 1969

1. Israel-Lebanon

Eshkol has written a letter to Lebanese President Hilu which could be part of an effort to lay the groundwork for further action against Lebanon. The letter asserts that Israel feels threatened by "terrorist gangs" operating out of Lebanon. It concludes in fairly explicit terms that Lebanon can expect more trouble unless the terrorist activities are stopped.

Since the Israelis realize Lebanon cannot control the terrorists, Eshkol's letter could be justification for military action which Tel Aviv has already decided upon.

We have seen no indication that the Israelis are getting ready for a major military effort. They could, of course, mount a moderately large retaliatory raid with no warning.

2. Syria-Egypt

The Syrian foreign minister has turned up in Cairo on a hastily arranged visit. The Egyptians say they will be trying--without much hope, we suspect--to persuade the minister to modify Syria's rigidly uncompromising position on the Arab-Israel dispute.

3. Cuba

More than 100 Cubans attempted a mass escape into the Guantanamo base yesterday--the largest single attempt ever. Eighty-six of them made it.

The number of "fence jumpers" has increased steadily over the years as Cuba's economic situation worsened. There were over 1,000 escapees last year.

4. South Vietnam

One of Ky's aides [redacted]

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[redacted] that Ky would definitely be going back to Paris. Although no firm date has been set, the aide doubted Ky would return until after Tet (17 February). The aide noted, however, that Ky's travel plans would change on short notice if there was any significant new development in Paris.

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5. Soviet Union -
Communist China

Moscow's ambassador in Vientiane made a special point on Saturday of lecturing Ambassador Sullivan on the dangers of dealing with Peking. After noting that the US and Chinese ambassadors are scheduled to meet in Warsaw on 20 February, he asserted there are "good possibilities" of reaching a viable settlement in Southeast Asia if the US deals with Hanoi. He said he hoped Washington did not think it could make a better deal by talking to men "without principles" in Peking.

Soviet fear of Sino-American collusion is never far below the surface. It often finds expression in ways such as this when another Warsaw meeting is in the offing.

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6. Australia

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7 January 1969

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I. NOTES ON THE SITUATION

More on Reconstruction: Hanoi evidently is preparing its allies for sizable postwar economic aid requests. In a pep talk last month to the foreign press corps (composed almost entirely of Communist correspondents), a North Vietnamese Ministry of Construction official said expenditures on reconstruction are expected to be "enormous," and, while Hanoi hopes to get some aid from non-Communist countries, it will rely on Communist aid for the bulk of reconstruction assistance.

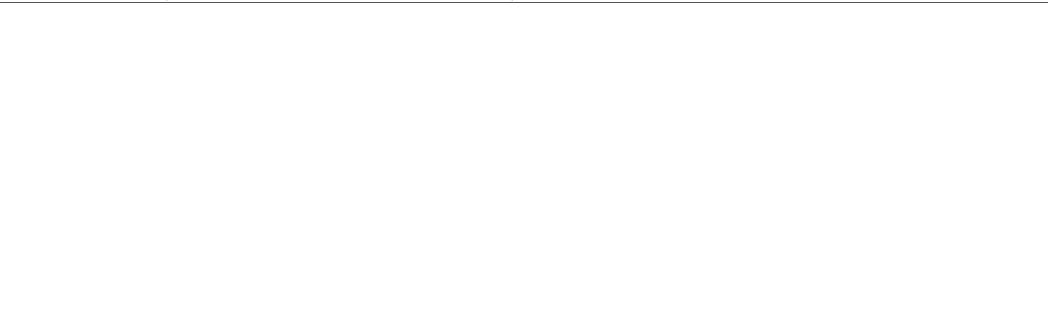
The official said direct aid from the United States is "not being counted on," but he mentioned Japan and France as possible contributors. He indicated that French aid would be especially welcome, doubtless in part because he probably had a French news agency representative in his audience.

Hanoi has attempted to increase economic contacts with both France and Japan during the past year. Trade with both countries has fallen since 1965 and in 1968 totaled approximately \$1.2 million with France and \$7.6 million with Japan. French businessmen have shown little interest in reviving trade, largely because of North Vietnam's lack of enough salable products.

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For the moment, North Vietnam's plans for post-war foreign economic relations are still in the formative stages. Reconstruction planning, however, seems to be moving ahead rapidly, largely on the basis of Communist aid. In large part, these plans may reflect the new aid agreement concluded with the Soviet Union in November.

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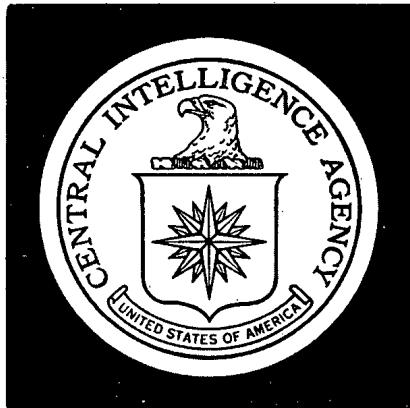
Soviet Tug to Vietnam: The Soviet salvage tug Gelios appears to be en route to North Vietnam. The Gelios may be going to replace the salvage tug Argus which has been stationed in Haiphong since October 1967. While the exact duties of the Argus are not known, it has been used as a communications center, and has lent assistance to damaged ships.

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THE PRESIDENT'S
DAILY BRIEF
8 JANUARY 1969

1. Soviet Union

The Soviets appear to be getting ready for another manned space flight. Judging by the movement of the space support ships, the launch will probably occur within the next week. The pattern of the ships' deployment indicates the flight will stay in earth orbit and not go circumlunar. The last Soviet manned flight was Soyuz-3 in late October.

Another Venus mission may also be coming up.

2. Israel-France

The Israelis recently took unauthorized "delivery" on two French-built patrol boats. De Gaulle's irritation at this action undoubtedly contributed to the latest French embargo on arms deliveries to Israel.

The 147-foot fast patrol boats

[redacted] were being tested by Israeli crews who apparently kept going without bothering to clear their departure with French authorities.

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The French embargo will handicap the Israeli Air Force more than the other services and may lead to reduced flying within a short time. Of Israel's current inventory of 258 fighters, 228 are French built. The effect of the embargo on French delivery of the MD-620, a 270-mile range surface-to-surface missile, is not known.

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3. South Vietnam

A "very urgent" message was sent on 4 January by the North Vietnamese high command in Hanoi to virtually all major Communist headquarters in South Vietnam. Although this sort of transmission does not invariably foreshadow widespread attacks, the last time one was observed was on 16 November--just before a period of stepped-up enemy activity throughout much of the country.

4. Czechoslovakia

The party presidium has done some artful dodging. To mollify the conservatives, the presidium recommended National Assembly President Smrkovsky, a liberal, be dropped back one notch to become first vice president of the new federal parliament. This move, the presidium probably hopes, will not be viewed as a serious political eclipse by Smrkovsky's backers.

The nomination of a moderate, Deputy Premier Peter Colotka, to be president of the federal parliament also represents a move to ease tension between the contending camps.

5. Lebanon

When Prime Minister Yafi offered his government's resignation on Monday, he was going through a typically Lebanese political maneuver designed to dampen growing public criticism in times of crisis. The cabinet, however, has fallen to squabbling over who was responsible for the airport debacle, and its work has come to a standstill. A national coalition cabinet will probably emerge from all this.

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I. NOTES ON THE SITUATION

More Chinese Engineers May Be Leaving:

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Communist China may gradually be withdrawing engineer units from the northeastern area of North Vietnam as they complete their construction projects--a pattern observed earlier in the northwest. Since September the number of radio terminals controlled by the Second Railway Engineer Division at Kep has dropped from eight to four.

The new railroad between Kep and Hon Gai is in the latter stages of construction. In addition, other transportation improvements probably are nearing completion. Also, the North Vietnamese are reported to be bearing a larger share of the work.

The five division-size engineer units that were in North Vietnam at the peak of Chinese involvement probably have now dwindled to no more than two. There are, in addition, an estimated four Chinese antiaircraft divisions in North Vietnam, whose primary mission is to protect the engineering projects. These units have not been reduced thus far.

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More Domestic Planning: Hanoi has turned its attention to still another domestic problem not directly related to the war--developing the mountainous

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border areas of the country. Politburo member and economic specialist Le Thanh Nghi in a speech given prominent publicity by the local press in mid-November (only recently available) has indicated that the regime has resurrected plans for a priority project that was shelved during the bombing years. Nghi said the initial emphasis in these areas will be on agricultural development designed to get the nomadic tribes to settle down on state-supervised reclamation projects. This will be accompanied by efforts to improve communications and open transportation routes, thus permitting more intensive geological exploration of the region.

Although Hanoi spokesmen traditionally talk in terms of economic objectives when discussing the development of these areas, there are strong defense and security reasons for improving the regime's control there. These areas, with their long, insecure border with Laos and China, are inhabited by minority peoples who harbor a traditional enmity not only toward the ethnic Vietnamese but also toward the regimentation of the Communist regime.

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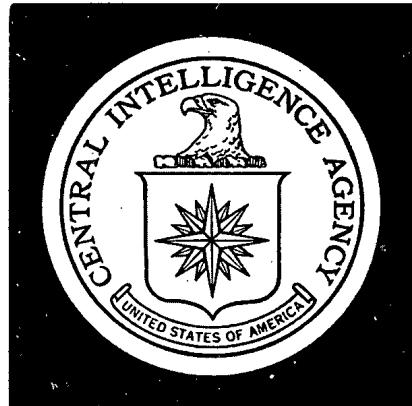


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II. NORTH VIETNAMESE REFLECTIONS OF US POLITICAL ATTITUDES ON THE WAR

There is nothing of significance to report today.

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The President's Daily Brief

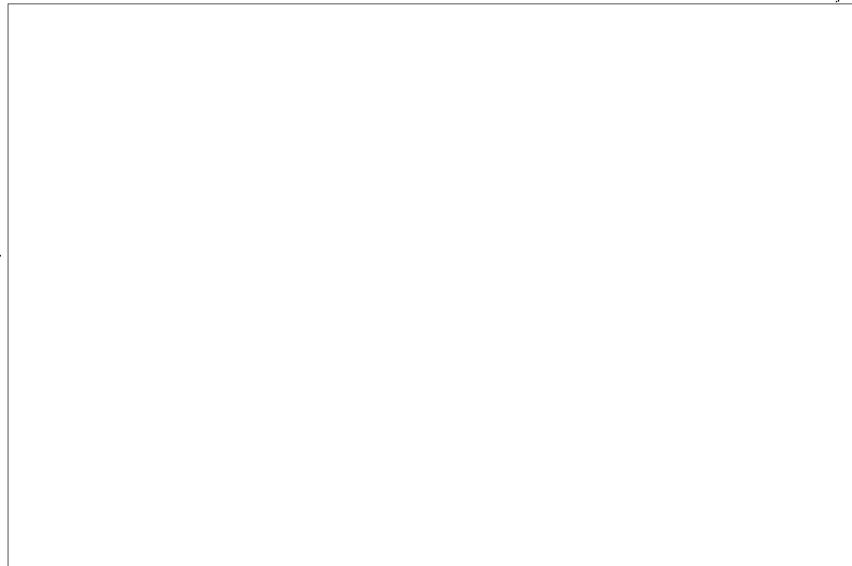
~~Top Secret~~ 9 January 1969



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THE PRESIDENT'S
DAILY BRIEF
9 JANUARY 1969

1. Middle East



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In Beirut, President Hilù has asked Rashid Karami to form a new government following Prime Minister Yafi's resignation yesterday. Karami, of the same political stripe, is expected to put together a national coalition cabinet.

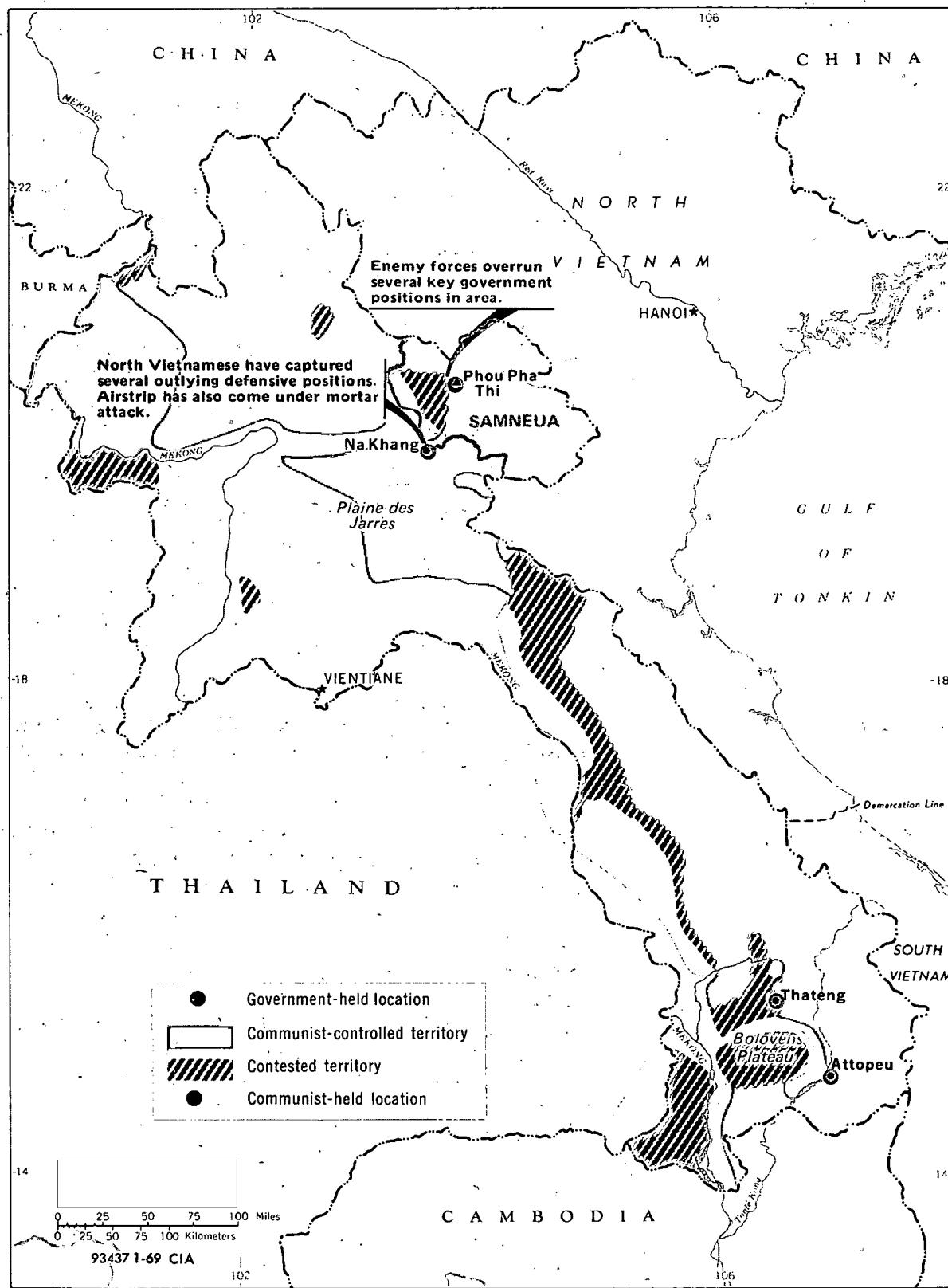
2. West Germany

Bonn wants another round of talks with Washington about the Nonproliferation Treaty. Behind this is the Germans' hope to get some security concession from the Soviets--either directly or through the US--in exchange for Bonn's signature. Conservative critics of the treaty have been highly vocal in demanding something specific along this line. Finance Minister Strauss also recently urged negotiation of unresolved problems with the new US administration.



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LAOS: Current Situation



3. Israel

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**4. Laos**

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Stiffened by fresh North Vietnamese troops, the Communists have turned the tables on government forces in northern Laos. In the Phou Pha Thi area they have overrun several key government positions and now occupy the crest of the strategic outpost itself.



Not far to the southwest, enemy troops are moving slowly against the key guerrilla base of Na Khang. Its airstrip, vital to support of the base, has also come under mortar attack in recent days.

Fighting has slackened in southern Laos following the Communists' costly setback at Thateng. The threat from large numbers of North Vietnamese troops still in the area remains, however.

5. Panama

There may be more student demonstrations today. Ceremonies marking the anti-US riots of 1964 are planned

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The Guard can be expected to react firmly to any trouble, as it did against last month's protest march over military rule.

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9 January 1969

Special Daily Report on North Vietnam
for the President's Eyes Only

9 January 1969

I. NOTES ON THE SITUATION

Hanoi's Propaganda Preparations for a New Offensive: The army's official newspaper has been putting special editorial emphasis for the past two months on expansion and improvement of the armed forces. This propaganda campaign anticipates the increased flow of men and supplies to the south, thus getting into position for large-scale offensives early this year.

An 8 December article critical of past performance calls for close study of Communist military efforts in South Vietnam in order to be ready for the "new phase" in the war. The text implies that many commanders were pulled out of combat in South Vietnam to undergo a crash training program designed to improve their skills and to prepare for an early return to battle. It characterized the present time as one of "urgent preparations" for offensive activity in the near future.

* * *

Popular Opposition to the War: On 29 November the army paper implied that new programs were underway for conscription of civilians into war support activities in North Vietnam and for actual service in the armed forces. This editorial said many units had "mobilized the people" for "developing the armed forces," and called upon the remainder to respond to the "new phase" in the war by overcoming civilian opposition to the intensified military draft. The same editorial admitted there had been a letdown in civilian morale after the bombing halt and that the public was slow to respond to new demands for a war effort. Army personnel were called on to counter popular resentment and to help muster support. Troops deployed into new areas were asked to help minimize tensions among the people, who were sometimes unfriendly.

Such a frank discussion of morale problems is distinctly unusual and opens the possibility that Hanoi is becoming concerned. The fact that the regime called on the army for assistance in manipulating popular attitudes is also unusual. In addition, the newspaper's handling of popular opposition to the war implies that it is more widespread than reports from North Vietnamese prisoners have indicated.

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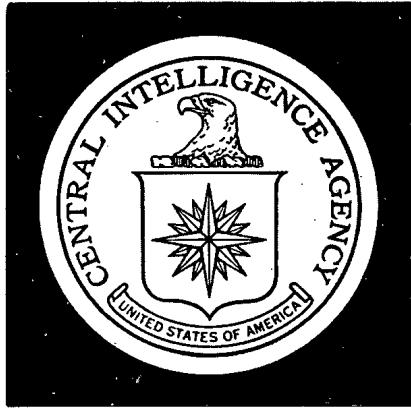
Vinh Harbor in Bad Shape: The port is badly silted, and the recent unloading of the Marianthi, of Cypriot registry, was delayed. The ship carried 2,200 tons of rice from Haiphong to Vinh, reportedly because authorities preferred to conserve the gasoline which would have been expended by a truck convoy. The Marianthi was the first Free World - flag vessel to call at Vinh since 1965.

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II. NORTH VIETNAMESE REFLECTIONS OF US POLITICAL ATTITUDES ON THE WAR

There is nothing of significance to report today.

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THE PRESIDENT'S
DAILY BRIEF
10 January 1969

1. France

De Gaulle's failure to consult his cabinet before slapping the "total embargo" on arms and spare parts to Israel is not likely to cause him any trouble that he cannot handle.

As far as we can tell, nobody in the cabinet was informed ahead of time, maybe because a number of ministers strongly oppose the idea.

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2. Jarring Mission

Now that he has had a chance to digest the new Soviet timetable for Arab-Israeli negotiations, Ambassador Jarring plans to meet in Zurich with the Israeli foreign minister on 14 January.

Jarring will not visit the Middle East until the end of the month or even later. Presumably he wants a better reading of how the powers involved feel about the Soviet proposal.

The Soviets, meanwhile, are being coy about explaining the imprecise details of their proposal. At least for now, Moscow apparently prefers Jarring and the other interested parties to take it from here.

3. Warsaw Pact -
CEMA

The Rumanians are expected to come under heavy Soviet pressure at a Warsaw Pact summit meeting to be held in the Polish capital later this month. One of the agenda items probably will be discussion of plans for a pact exercise in Rumania this year.

The signs are that the pact's leaders will at the same time put on their economic hats and convene the Council for Economic Mutual Assistance (CEMA) to press Rumania to de-emphasize national development in favor of "united action."

4. Egypt

President Nasir is "profoundly satisfied" with the medical treatment prescribed for his seriously injured brother by two US Navy doctors who rushed to Egypt on 8 January from Bethesda. Nasir was injured in a bad automobile accident last week. The Egyptian medical team treating him was greatly impressed with the consulting Americans, calling them the "best doctors they had ever met."

5. Communist China

New contests for political power are springing up in China's vast provinces, and these could force a delay in holding the party congress which early this spring was to have been the scene of a try for national reconciliation. The apparent resolution of political infighting late last year may have been more hope than reality.

6. South Vietnam

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7. Portugal-Rhodesia

Portugal's efforts to stamp out rebels in Mozambique have been bolstered over the past two months by tactical air support from Rhodesia. The Portuguese are also getting help from Rhodesian ground troops, although we do not know what kind or how much. In the past the Rhodesians have conducted joint border sweeps with the Portuguese, but this newest involvement is the deepest yet.

8. Soviet Union

Early this morning the Soviets launched their second Venus probe this year. It was sent off only five days after the first one, which is on course.

9. Panama

Another step in the junta's "revolutionary" reform program seems to have been taken with the resignation on 8 January of five of the eight civilian cabinet members.

Their replacements probably are pliable, but are not believed to have ties to the country's traditional elite, although our information on this is still sketchy. If the colonels now in control are breaking with the old oligarchy, their next move will probably be to create an independent power base.

* * *

Yesterday passed without student demonstrations marking the anniversary of the anti-US riots in 1964. The commemorative ceremonies will last for four days, however, and there still could be an antijunta manifestation.

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ANNEX

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Vietnam

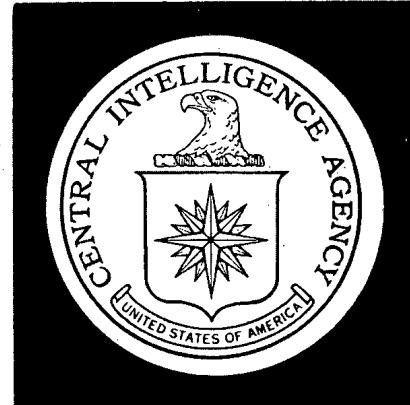
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10 January 1969

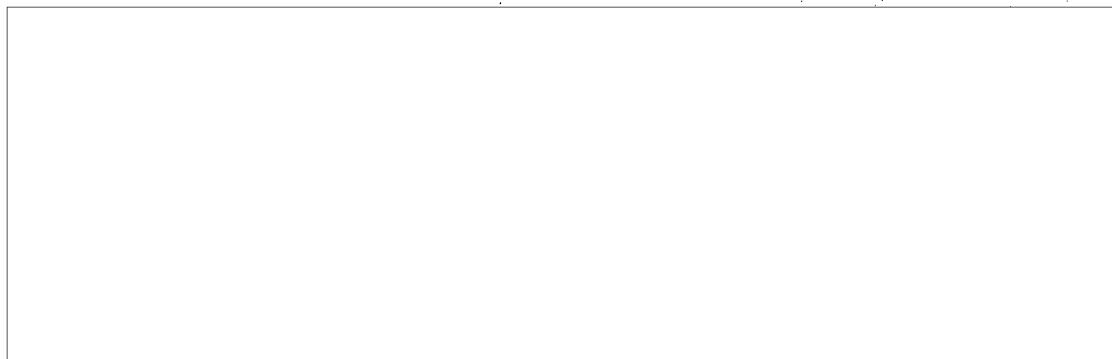
I. NOTES ON THE SITUATION

Infiltration Continues: Hanoi is maintaining a high rate of infiltration into South Vietnam. New battalion-size groups have been detected at a rate of roughly one a day so far this month. This was the level for most of December until a surge toward the end of the month, when the total number of south-bound troops reached well over 30,000. Most of the new groups seem to be headed for the northern provinces of South Vietnam or those around Saigon.

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At least a portion of the commo-liaison network serving infiltrators moving southward in North Vietnam was overhauled in late November. One of the reasons for streamlining the system is that infiltrators are now traveling much farther within the sanctuary of North Vietnam before crossing over to the infiltration routes in Laos, where they must still undergo the rigors of US air attacks. Moreover, they are using truck and train transport much more extensively than before the November bombing halt.

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Front Hits US "Delay" Again: Liberation Radio on January 8 issued another propaganda blast in Vietnamese blaming the US for delaying the opening of peace talks. The criticism was coupled with a warning

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that delay would not improve the allied military position in South Vietnam. Washington cannot face the truth either at the peace table or on the battlefield, claimed the broadcast. It went on to boast that the Communists hold the initiative on the battlefield and are threatening the allied position even in their "last and well fortified Saigon lair."

The Communists also discussed the assassination of Saigon's education minister in a broadcast of 8 January. Although the main thrust of the broadcast was to direct the finger of suspicion away from the Communists and play up the murder as part of the internal intriguing of the Saigon government, the Communists could not resist the opportunity to boast that they too were able to pull off such murders if they wanted to. Using a familiar Viet Cong technique of taking credit for antigovernment action whether responsible or not, the broadcast claimed that anyone who "stubbornly clung to the Americans" was likely to meet an untimely death--at the hands of either "the people," his political rivals, or the US itself.

* * *

Seaborne Trade in 1968: Seaborne imports into North Vietnam during 1968 increased by almost 40 percent compared with 1967. The increase was largely accounted for by a rise in the shipment of foodstuffs (mainly flour and rice) and petroleum from the Soviet Union and China.

The Soviets continued to be the source of the largest share of North Vietnamese imports, accounting for about 43 percent of the total.

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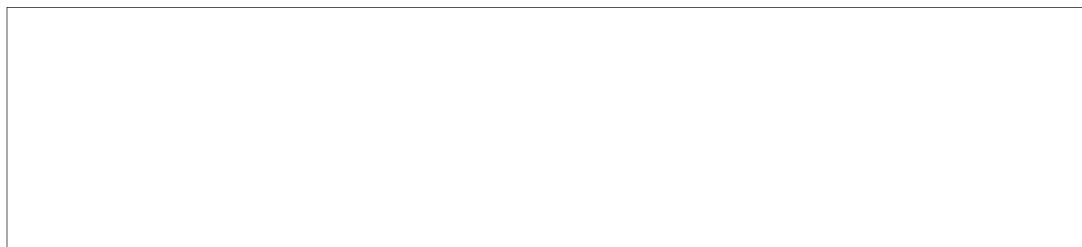
electric power and mining equipment, machine tools, excavators, metal, railway construction equipment and rolling stock as items which North Vietnam has been receiving from the Soviet Union.

North Vietnamese exports in 1968 were 21 percent higher than in 1967. The traditional exports of pig iron and cement were not shipped abroad last year, and miscellaneous and general cargo declined, but coal

exports increased by 45 percent. The growth in coal exports probably stemmed from the repair of coal handling facilities and improvements in mine management.

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In the past, representatives of Communist countries have complained that the Vietnamese were wasting much of their aid goods, such as flour. Recently there have been many complaints in the North Vietnamese press of waste and inefficiency in the use of both materials and manpower.

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II. NORTH VIETNAMESE REFLECTIONS OF US POLITICAL ATTITUDES ON THE WAR

Wire Service Notes California Rally: The new Liberation Front wire service designed to reach press services as far away as Europe is being used to publicize not only Viet Cong successes in Vietnam but also the international support the Communists are receiving. One of the transmissions on this service on 8 January played up a rally held in San Francisco to celebrate the anniversary of the Front's founding.

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THE PRESIDENT'S
DAILY BRIEF
11 JANUARY 1969

1. France-Israel

We have taken a comprehensive look at the military and political effect De Gaulle's embargo on arms shipments will have on Israel. We conclude that:

--Israel's fighting capabilities will not be materially reduced over the next few months.

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[redacted] 50X1
the Israeli aircraft industry can produce almost everything the air force needs except jet engines.

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--De Gaulle probably hopes the embargo will force Israel into a more flexible posture. This it will almost certainly not accomplish.

2. Soviet Union

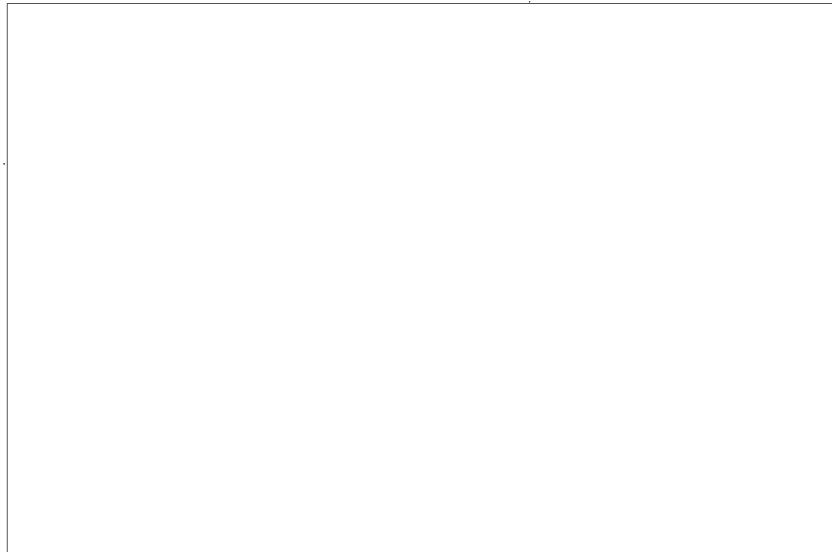
[redacted] 50X1
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the much-publicized flight by the Soviet supersonic transport on 31 December was its second. We do not know why the Soviets did not announce the first flight on 17 December, but we can only speculate that they did not want to compete with the upcoming Apollo 8 flight for media coverage.

At Annex we discuss the design and performance problems the plane is encountering.

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3. Middle East -
Soviet Union

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A pro-Nasir newspaper in Beirut has published the full text of the Soviet proposal.

4. Philippines

On 2 January, Marcos sent his police back against the Huks after a two-month standdown. Last Thursday the police killed 17 insurgents who apparently were assembled for a top-level meeting. Among the dead was the third-ranking Huk leader. This could be the worst setback in over a decade for the Huks, who were already suffering from some internal disarray.

Marcos apparently gave the stand-down order in an effort to win the support of politicos who have ties with the Huks, but the recent increase in insurgent depredations left him no choice but to go back into the field.

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5. Dominican Republic General Wessin, a key leader of the regular military during the 1965 revolt who has been in exile in the US for over three years, is planning to return to the Dominican Republic tomorrow. Although the government has banned any mass demonstration, Wessin's supporters have called for "a large, enthusiastic and orderly welcome." Wessin, who claims he will not engage in conspiratorial activity, will pose no immediate danger to President Balaguer, but some of his backers seem sure to try to involve him in intrigue.

6. Venezuela

Bickering is on the rise in Caracas as the high command hunts for scapegoats for the Guyana insurrection fiasco. Along with the inauguration of a new president in March, this could produce a major shakeup in the military hierarchy.

ANNEX

Soviet SST Has Problems

By getting their supersonic transport into the air first, the Soviets have stolen a propaganda march on the West. We doubt that buyers will be flocking to Moscow, however, and the plane could turn out to be a real lemon.

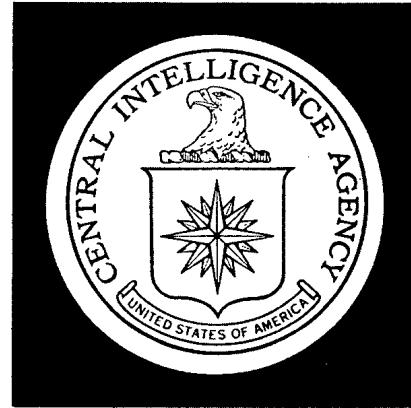
[redacted] suggests that its range will probably be no greater than 2,500 miles, rather than the 3,500 miles claimed by the Soviets. This means it cannot fly the major transatlantic routes. It could reach European capitals from Moscow, but only if sonic-boom problems are ignored or somehow alleviated. Thus there is a possibility that the plane will be restricted to flights in the Soviet Union and to international routes which do not touch countries that have stringent noise and safety regulations.

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Like the Anglo-French Concorde, which it resembles, the Soviet aircraft has run into weight and wing-design problems. Because of these and other difficulties, one Soviet scientist recently admitted that it would probably not go into service before 1972 or 1973, notwithstanding Moscow's claim of 1970 or 1971.

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Special Daily Report on North Vietnam
for the President's Eyes Only

11 January 1969

I. NOTES ON THE SITUATION

Notes from Hanoi: In a late December summary

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--Ho Chi Minh was looking older when observed by a Frenchman at the 20 December National Liberation Front anniversary meeting. However, he performed his Uncle Ho act, placing his arms around the young fighters from the South who were introduced to the meeting. On Army Day, two days later, he appeared to tire and left the proceedings shortly after presenting two flowers from a bouquet to Giap and the remainder to the conductor of the band.

--Groups of the People's Defense militia paraded in Hanoi on Army Day and, despite a week's marching practice, the results were unimpressive. One section of about 12 persons was armed with rifles or submachine guns; true to Vietnamese feminist tradition, most of this belligerent section were women. The other sections had fairly primitive equipment. The rescuers carried long wooden ladders, the fire-fighters a red painted tin bathtub, homemade buckets and stirrup pumps, and the first aid persons little but a folding stretcher. According to a local Vietnamese source, these groups are organized in each district and factory, and there are 100 to 200 such groups in Hanoi.

--Plowing for the winter-spring rice crop is behind schedule, according to the local press. A French observer on a recent trip to the western Tonkin Delta was surprised to see no plowing going on. Another problem, according to the press, is that unseasonably warm weather has made the young rice grow too rapidly, thus reaching the optimum size for setting out in the fields before the ground can be prepared.

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--Christmas Eve in Hanoi saw a filled cathedral for the midnight mass; the square in front was thronged with people. The number of people in the streets, which normally would be deserted after 11 p.m., was also striking.

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Views of Vietnamese Communist Representatives:
The two Vietnamese Communist representatives in Algeria--Hanoi's ambassador and the Liberation Front representative--took a hard line on negotiations [redacted]

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[redacted] Both stated categorically that the present Saigon government would have to go before any progress could be made in Paris. They also voiced the hope that the US would move to replace the Thieu government with individuals outside Saigon military circles. Like other Communist spokesmen, the Vietnamese indicated that Hanoi intended to ask for reparations for bomb damage to help rebuild the country.

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Shipping: [redacted]

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[redacted] an East German ship will be loaded in Gdynia and depart for Haiphong in February. It is owned by an East German shipping line reported to be starting a shipping service to the Far East. This will be the first East German merchant ship in the Far East since 1965.

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II. NORTH VIETNAMESE REFLECTIONS OF US POLITICAL ATTITUDES ON THE WAR

There is nothing of significance to report today.

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THE PRESIDENT'S
DAILY BRIEF
13 JANUARY 1969

1. Middle East

Lebanese nervousness over the Israeli threat is increasing. Some of this may stem from fear that De Gaulle may not make good on his promise of "total support"--which the Lebanese apparently believed included French troops if necessary.

We are not certain that French troops were indeed offered. As former colonials of the French, the Lebanese would have highly mixed feelings about accepting them. Their misgivings might fade, however, if the crunch became greater.

2. Israel-France

Those two French-built patrol boats that the Israelis recently spirited away, under the pretext of a pre-delivery test, arrived at Haifa last Friday.

3. South Korea

Pak is setting the machinery in motion for a third-term try in 1971. A nationwide campaign to generate public support for removing the two-term constitutional limit will start soon. To undercut criticism of the regime's most glaring fault, the campaign's first step is said to be an anticorruption drive aimed at civil servants, the press, and perhaps some politicians.

4. Czechoslovakia

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movements-- 50X1

at present of unknown size--probably have to do with joint Soviet-Czechoslovak maneuvers, possibly in reaction to NATO exercises in West Germany. While they do not appear related to internal Czechoslovak political developments, they may raise further fears among the populace of renewed Soviet intervention.

5. Brazil

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Foreign Minister Magalhaes Pinto is reported ready to hand in his resignation as a protest against the government's assumption of dictatorial powers last month. He is no doubt aware that his popularity among the military is waning, and he may want to jump the gun on his ouster. More than that, his long-standing presidential ambitions may have persuaded him that now is the time to establish himself as a rallying point for the moderates.

6. Nationalist China

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Special Daily Report on North Vietnam
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I. NOTES ON THE SITUATION

Hanoi's Plans for Paris:

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the Communists do not expect any significant progress in the Paris talks for at least another month while the new US administration reviews the Vietnam situation.

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[redacted] the Communists will use this interim period to launch several strong military offensives. The targets [redacted] will be Americans, not South Vietnamese. [redacted]

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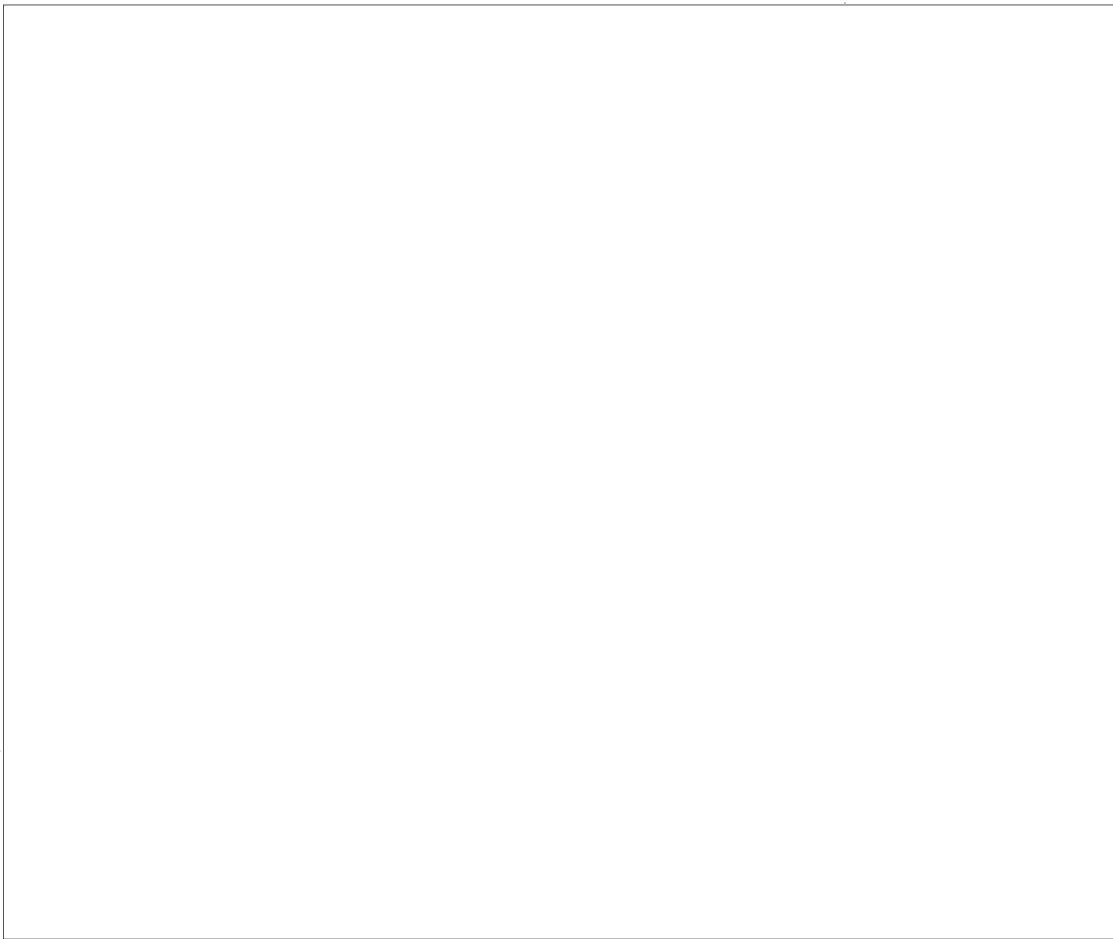
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First Liberation Front Commentary on Appointment of Ambassador Lodge: In contrast to the guarded reaction of Communist spokesmen in Paris, Liberation Radio broadcasting in Vietnamese on 12 January was harsh and denigrating. The broadcast belittled Ambassador Lodge's past experience in Vietnam and took the line that Saigon instead of rejoicing ought to remember that under Lodge the US "changed horses" and overthrew the Diem government. Using this lead, the commentary launched into the Communists' favorite current theme that it is time for the US to replace the present Saigon government.

The commentary called both Lodge and Harriman "old foxes" and said that President-elect Nixon had chosen a man known for his defeats on the battlefield to replace another known for his defeats at the Paris talks.

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North Vietnamese Air Defense Exercise: On 11 January, the North Vietnamese conducted what appears to have been the first air defense exercise involving the entire air defense network at one time. They appeared to be testing some sophisticated new radars against all types of simulated US aircraft. The results were good; activity was well coordinated, information was passed smoothly and on a timely basis.

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II. NORTH VIETNAMESE REFLECTIONS OF US POLITICAL ATTITUDES ON THE WAR

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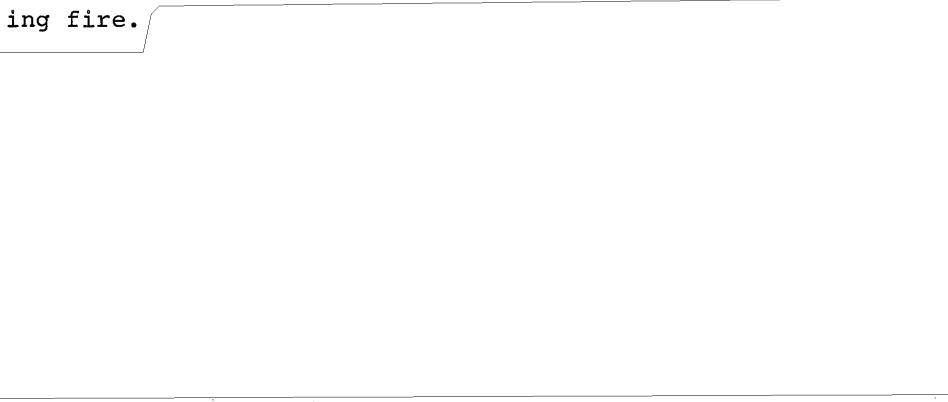
I. MAJOR PROBLEMS

EUROPE

Mindful of last November's run on the franc, the European Community is considering a proposal for greater monetary cooperation among the Six. The draft before the Monetary Committee envisages that members running into payments troubles could first draw on automatic credit facilities; if these proved insufficient, further credits would be available on certain conditions. Progress in the Committee is likely to be slow, and the finance ministers are unlikely to agree on any cooperative mechanism of this sort before the latter half of 1969.

Like all such schemes, this one confronts the chronic question of whether the Six would prefer to consult and act together as individual states, or to delegate new powers to the EC Commission and thus take a further step toward real integration. The current monetary proposal stresses the first of these methods, but this tendency is under continuing fire.

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VIETNAM

The North Vietnamese rejected Vance's offer on Saturday of a table divided by a strip of baize coupled with an offer that the Communist side can speak first at the opening expanded meeting. Lau also turned aside our second proposal of a table divided only by a line and a speaking order of AA BB to be determined by drawing two lots. The Communists are aware that the US is putting heavy pressure on Saigon to agree to the North Vietnamese proposal and they probably believe that Saigon will soon give in. If the allied fallback position on a round table and on a two-sided draw for speaking order is proposed to the Communists, our bet would be that they will buy it and that the way will be opened for the first expanded meeting.

* * *

Liberation Front officials in Paris are now promoting the idea of a "peace cabinet" in which Thieu, Ky and Huong would be replaced by men with whom the Front would be able to deal.

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Vietnamese Communist spokesmen around the world have recently been holding out this same bait on the chance that US unhappiness with the Thieu government might have reached

FOR THE PRESIDENT ONLY

the point where a Communist hint of being ready to deal with some compromise figure would spark a response from Washington. General "Big" Minh's name has cropped up in several of these conversations but the Communists clearly do not want to pin themselves down on any one name.

* * *

Numerous reports continue to point to an imminent Communist military offensive. Thus far, however, the Communists have limited themselves to a series of shellings of allied bases on 11-12 January. The enemy probably plans to step up the level of his attacks over the next few weeks in order to demonstrate his capability to stay in the field despite heavy allied military pressure.

Thus far in January about one new infiltration group per day has been noted entering the pipeline in North Vietnam. This is the same rate noted in early December and is good evidence that the Communists anticipate taking heavy casualties for which they will need replacements during the next few months.

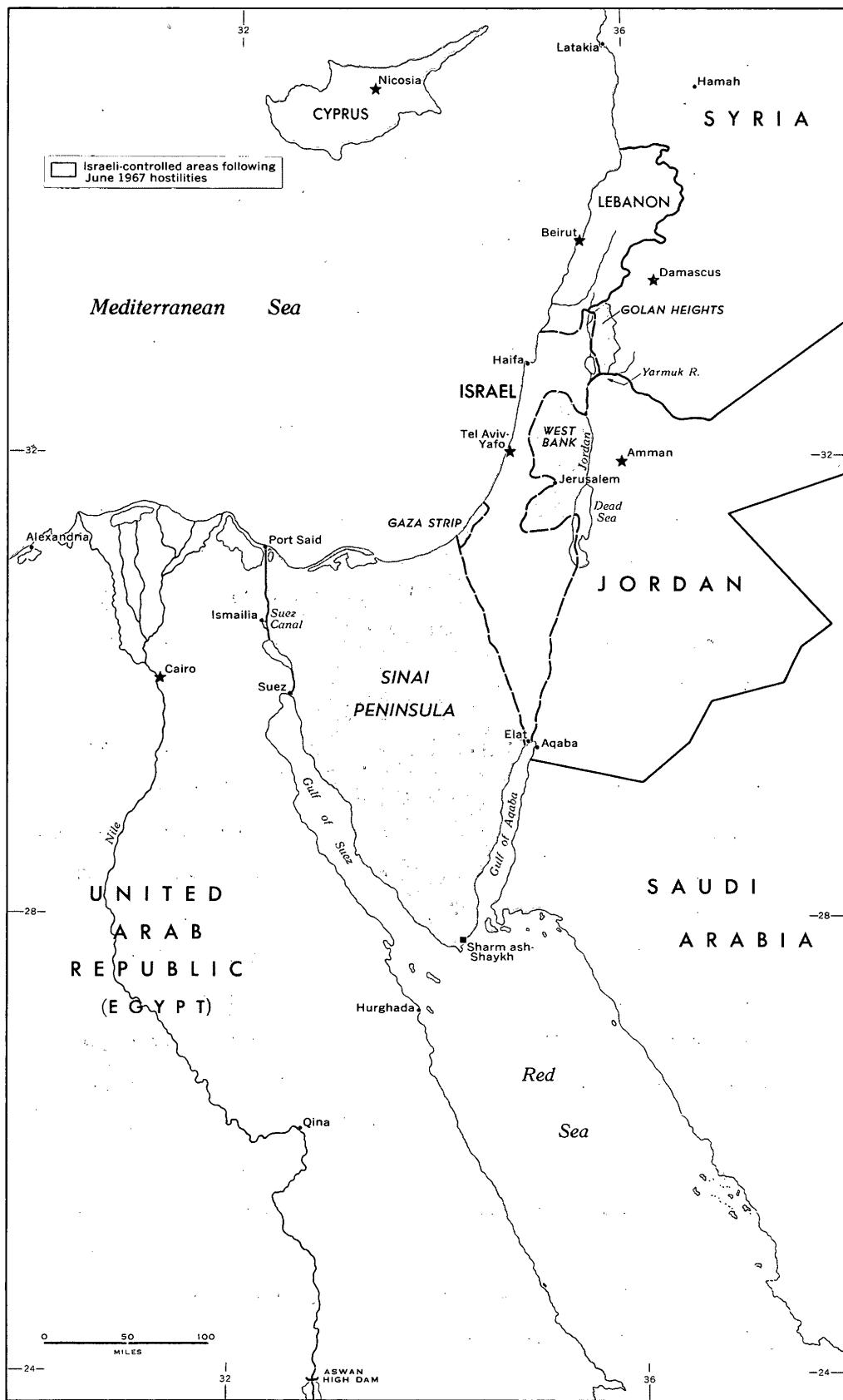
SOVIET SPHERE

Soviet space

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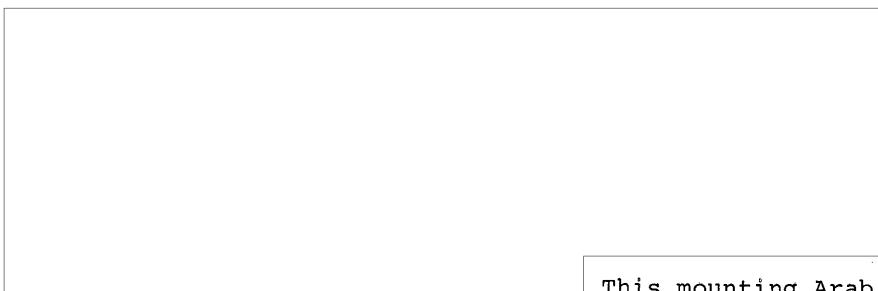
support ships, which are on station in the Atlantic Ocean to support a manned space launch, may accomplish or rehearse some phase of the operation today. Soviet instrumentation ships are also on station in the Pacific and recovery forces have been deployed in the USSR.

FOR THE PRESIDENT ONLY



MIDDLE EAST

Arab news media are now reporting that Israel is massing troops for a large-scale raid into Jordan, timed to present the incoming US administration with a fait accompli. There seems to be no evidence substantiating the Arab claims.



This mounting Arab hysteria will surely be fed by any incidents such as last weekend's attack by Israeli jets on suspected Arab commando positions in Jordan.

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The Israelis

[redacted] -now fear that the Arabs are becoming trigger happy. An Israeli spokesman has explained the situation to US officials, assured them that no such plan is in the offing, and asked them to "let the other side know they can relax." The Israelis allege that the Soviets are responsible for inciting Arab countries into this state of alert, but we have no information to support this claim. The Arabs are fully capable of working themselves into a frenzy, with the help of recent Israeli actions against Lebanon and Jordan. Israeli statements are also helping fan the flames; Deputy Premier Allon today warned that if the Arabs did not cooperate in finding acceptable Arab-Israeli boundaries, then "Israel can achieve those secure boundaries herself."

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FOR THE PRESIDENT ONLY

The Lebanese are still convinced that an attack is coming, although the arrival of De Gaulle's personal envoy, Georges Gorse, on 11 January may have had a calming effect. Initial Lebanese impressions of the extent of French offers of aid seem to have been overly optimistic, and no public statements spelling out the details have been made since Gorse's arrival. He has, however, announced that France will not remain idle if Lebanon's security is endangered.

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The Lebanese continue their efforts to crack down on terrorist raids and deprive Israel of any pretext for an attack.

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Their failure illustrates the growing power of Arab commando organizations.

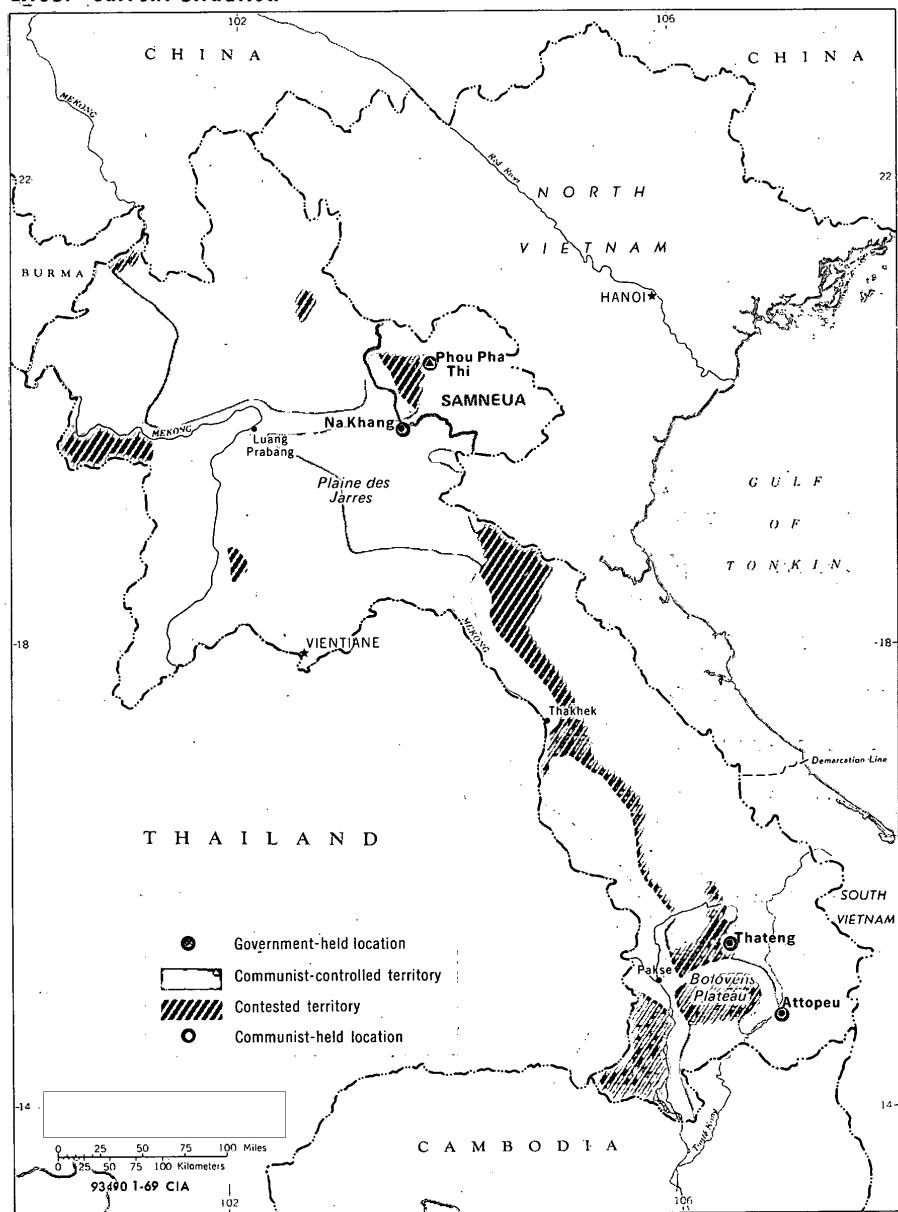
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Eban has agreed to meet secretly with Jarring in Zurich this Tuesday and Wednesday. Jarring is telling only the US and the Soviets about the meeting. He hopes word will not get back to the Israelis that we have been informed.

* * *

At annex we take a look at some of the ingredients that make the Middle East so explosive at this time.

FOR THE PRESIDENT ONLY

LAOS: Current Situation

II. OTHER IMPORTANT DEVELOPMENTS

LAOS

North Vietnamese forces positioned along the eastern rim of the Bolovens Plateau yesterday attacked the government garrison at Ban Thateng with heavy mortar fire and limited ground probes. This appears to be a fresh campaign, after a three-week respite, to force the government out of this strategically located position.

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Evidence continues to mount that the Thateng operation is part of a wider Communist effort to reduce the government's presence around the Bolovens.

In the north, the enemy is consolidating his hold in the Phou Pha Thi area. North Vietnamese reinforcements have overrun several outlying government bases in recent days and it appears to be only a matter of time before most of the government's gains of the past several months will be lost. The situation at Na Khang, where the next major Communist effort in the northeast may come, is quiet.

FOR THE PRESIDENT ONLY

III. ANNEX

THE DIMENSIONS OF THE ARAB-ISRAELI SITUATION

The rapid growth of irrational Arab terrorism has become the most aggravating problem in the Arab-Israeli impasse. Terrorist actions are expanding in both frequency and scope. Rivalries between the several terrorist organizations and the irresponsibility of their leadership compound the problem. The growing public popularity of the terrorist movement has left Arab political leaders, such as Nasir and King Husayn, on the sidelines helplessly watching their own influence and power erode. Meanwhile, the terrorists' popularity has forced all Arab leaders into greater cooperation with the terrorists.

[Redacted Box] 50X6

Lebanon, which up to now had managed to remain uninvolved, is the latest victim of this expanding disruptive force. Caught between militants, mostly Muslim, Arab Nationalist elements, and the traditionally pro-Western Christian sector, the country's political leaders have become increasingly paralyzed while awaiting what they believe to be an inevitable Israeli strike. Such an attack could only increase their ineffectiveness and could result in the loss of territory in southern Lebanon.

[Redacted Box] 50X6

FOR THE PRESIDENT ONLY

50X6

The French arms embargo has brought about a contentious anger toward France, Israel's old ally and arms supplier. At the same time Israel sees itself threatened by a Soviet-US "peace" deal. Israel fears that the Soviet Union aims at getting it to relinquish the Arab territory it now holds without a firm and durable peace treaty with the Arabs.

50X6

Moscow probably has several motivations in proposing its peace plan. It wishes to minimize the possibility of another outbreak of war, which could well create a crisis between it and the US. It may also wish to lessen the threat that Moscow's Arab client regimes might be toppled as a consequence of the continued stalemate and the rise of terrorist influence. Of course the USSR would also benefit if the Suez Canal were reopened. What Moscow may not realize is that it may be too late to cut down the terrorist menace to the Arab regimes and that, even if Nasir and Husayn were to make peace, they are not likely to be able to make it stick with the terrorists. Many elements in the several Arab armies sympathize with terrorism. The general Western and US view is that,

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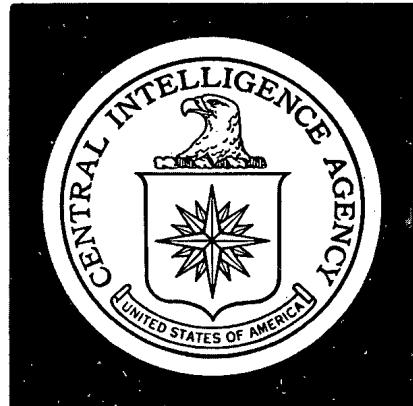
while the plan cannot be accepted in toto, it may provide a basis on which to build.

Jarring's Mission, long nearly moribund, might get a new lease on life because of the Soviet peace proposals. With the active support of the Soviet Union in the peace-making process, Jarring may feel sufficiently encouraged to continue his conversations with the parties. Thus Moscow's plan may serve to slow temporarily the rapid deterioration of the situation in the Middle East, but the prospects are slim that it can be anything but a palliative, and it may end in hardened positions all around. There will be no letup in terrorism, since the terrorists have no intention of making peace with Israel and the Israelis will stick firmly to their reprisal formula. Thus, a somewhat expanded irregular military action probably will develop.

The chance of another war may increase in the months ahead. Unless the Soviets intervened, any all-out war in the next few months would be lost by the Arabs. The dispersal of aircraft and the extensive building of aircraft shelters by Egypt would probably make an Israeli victory more costly and the war would last much longer than in June 1967. This would open the possibility of an expansion of the conflict.

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THE PRESIDENT'S
DAILY BRIEF
14 JANUARY 1969

1. Middle East -
Israel

A high-ranking [redacted]

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[redacted] that his country has no intention of attacking any of its neighbors. He asked that the US pass this information to the Arabs in the hope that tensions will subside. Israel's ambassador in Washington has said that the Lebanese military have been given similar assurances by his government.

Despite these Israeli promises, Iraq has placed its armed forces on alert. [redacted]

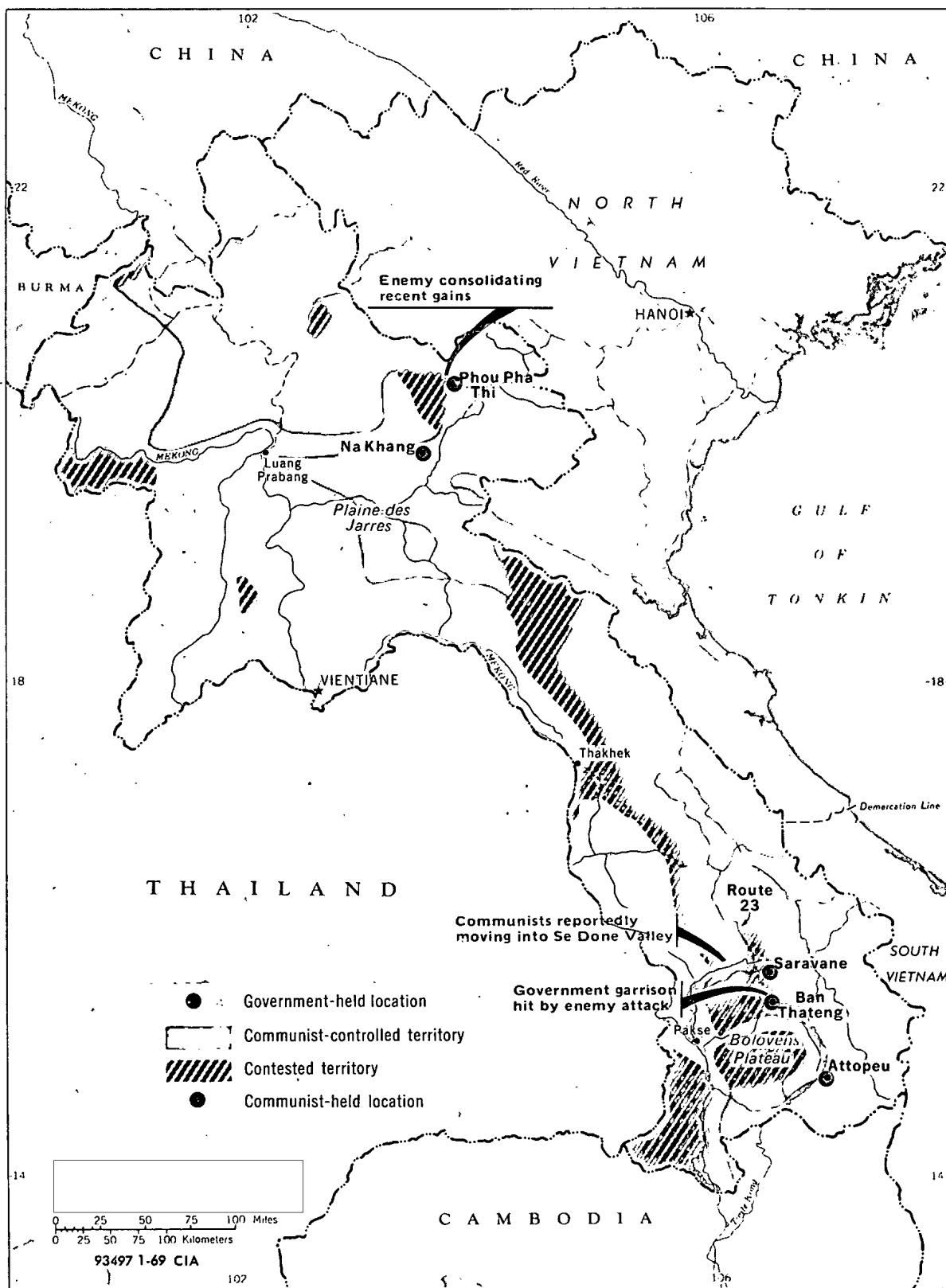
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Lebanon is heading toward an even deeper political crisis. The new prime minister has been unable to form a cabinet because of Christian-Muslim wrangling.

We think President Hilu could become so disgusted that he may submit his resignation again, as he did in a similar crisis last October. At that time, the army's readiness to take over the government brought the politicians back together. Now, however, the aftershock of the Israeli raid on Lebanon airport is so great, there is a distinct possibility that political factions will not be able to compromise. The army might then step in.

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Communist Pressure Returns to Southern Laos



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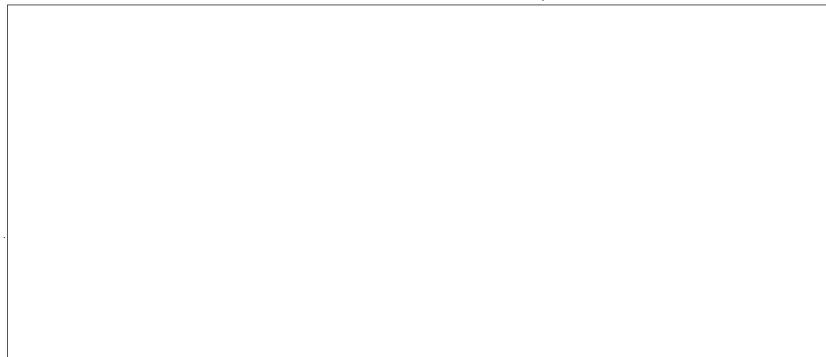
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2. South Vietnam

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Top South Vietnamese leaders are aware that pressure could develop soon in the US for American troop withdrawals from Vietnam.



Both Thieu and his knowledgeable emissary in the US, Bui Diem, see a South Vietnamese initiative along these lines as dampening criticism in the US of Saigon's intransigent attitude toward political concessions to the Communists.

3. Laos

Renewed North Vietnamese attacks on Ban Thateng appear to be part of a wider Communist effort to dislodge the government from the Bolovens Plateau. Harassment of Saravane, the provincial capital, has increased. Government positions in the Se Done Valley are threatened.

In the north, the North Vietnamese are consolidating their hold on the area around Phou Pha Thi. We expect Na Khang, in the northeast, to come under attack soon.

4. Turkey

A new wave of student violence and labor unrest is under way. There is an election scheduled for October, and this could generate additional tensions. In the meantime, the Turkish Government will probably get tough in an effort to keep the unrest from snowballing.

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5. Soviet Union

The Soviets launched another man-ned space flight early this morning. It was dubbed Soyuz 4 by TASS, which announced that a one-man crew was aboard. One objective of this mission could well be to perfect the docking proced-ure, something the Soviets failed to accomplish during the flights of Soyuz 2 and 3 last October. If docking is an objective, a second space vehicle prob-ably will be launched early tomorrow.

6. Czechoslovakia

The government's new commissioner for relations with Soviet troops sta-tioned in Czechoslovakia has told a press conference that contrary to ru-mors, no new Soviet troops have entered the country in response to NATO maneu-vers in West Germany. 50X1

He appears to be right. [redacted]

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We expect to see the Soviet forces stationed in Czechoslovakia begin exer-cises after they are more settled. The continuation of incidents between the populace and the Soviet forces, however, could mean that such exercises will be rather restricted and out of the public's view.

7. Italy

The Rumor government is intrigued with the possibility of being the first to have a successful "two-China policy."

This is the pitch the Italian Foreign Ministry is taking to sell the idea of simultaneous recognition of Communist China and "Taiwan." The scenario is terribly complicated, assuming as it does that Peking will buy the idea willingly and that Taiwan can be forced into accepting it. Neither is at all likely.

This elaborate scheme is probably no more than window dressing, however.

[redacted] Exploratory talks could begin in February or March.

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FOR THE PRESIDENT'S EYES ONLY

- 1.) Special Daily Report on North Vietnam
- 2.) North Vietnamese Reflections of US Political Attitudes

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14 January 1969

Special Daily Report on North Vietnam
for the President's Eyes Only

14 January 1969

I. NOTES ON THE SITUATION

Hanoi Reaction to Swedish Recognition: A Hanoi International Service item in English on 12 January quotes from a Nhan Dan commentary of the same date "acclaiming the establishment of diplomatic relations between the Democratic Republic of Vietnam and the Kingdom of Sweden." Nhan Dan states that the event "constitutes a new political success of the Vietnamese people who are struggling resolutely for independence and freedom." The paper cited three other manifestations of the Swedish Government's friend-ship:

--the permission it gave the Russell Tribunal in 1967 to meet in Stockholm;

--the statement in March 1968 which "condemned the US aggression in Vietnam, voiced support for the political program of the South Vietnam National Front for Liberation, and demanded an unconditional halt to the US bombardment of the Democratic Republic of Vietnam"; and

--the permission given the Liberation Front to set up an information office in Stockholm.

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Achievements in Local and Central Light Industry:

A Hanoi International Service broadcast of 10 January claimed that "nearly as many" local industrial establishments went into operation in 1968 as during the previous two years, including "a dozen" new plants in the three southernmost provinces. According to a domestic broadcast of 8 January, total value of consumer goods produced by local industry in 1968 was 8.2 percent higher than in 1967 but fell short of the plan. Central-level light industry reportedly "overfulfilled the entire 1968 plan by 9 percent," an increase of 15.5 percent over 1967. The 1969 plan is said to call for a 20 percent increase in the total value of output by both central and local light industry and a 2 percent reduction in prices.

The base against which these improvements are measured is unknown but is doubtless very low indeed. There is no reason to doubt, however, that the indices have risen since the US restricted its air attacks last March.

* * *

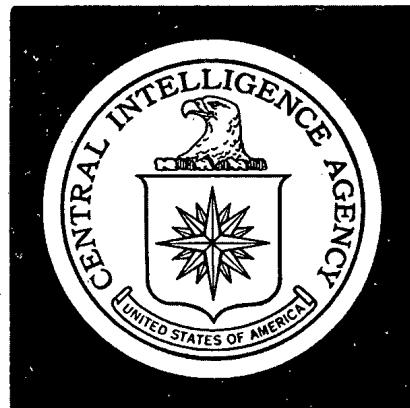
North Vietnam's Draft Policy Since 1965: The steadily increasing demand in North Vietnam for military manpower has been met since 1965 by the progressive broadening of the scope of compulsory service. In 1965 an estimated 800,000 males were eligible for military service, according to age and physical criteria then in use. Changes in draft regulations by mid-1967 had extended the length of service in the army from a tour of three years to the duration of the war, had raised the maximum draft age from 25 to 30 years, and had subjected to recall former servicemen up to the age of 35 and officers up to age 45. The criteria for exemptions from service also were restricted, permitting additional call-ups within the eligible age groups. By 1967 these measures had added more than 600,000 to the number of males that were eligible for military service.

Draft regulations in North Vietnam are promulgated at the national level but executed by administrators at the local levels. Exceptions apparently are made at the discretion of district and village authorities who are responsible for filling allotted quotas. This probably accounts for the occasional reported drafting of the unusually young and those in poor physical condition.

II. NORTH VIETNAMESE REFLECTIONS OF US POLITICAL ATTITUDES ON THE WAR

Hanoi Flays Alsop: In an unusual display of sensitivity about US press treatment of the war, North Vietnam's party daily on 10 January accused US newspapers of "distorting the truth" about the military situation and "openly opposing" a peaceful settlement. It singled out Joseph Alsop, presumably for his recent series from Vietnam, as a "warlike, blockheaded scribbler who dares call himself a journalist." It refuted charges that the Communist position is deteriorating by citing all the usual statistics and claims about Communist "victories" in the past year. The article concluded that because of these alleged successes, the pressure on the US to end the war is becoming irresistible.

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The President's Daily Brief

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THE PRESIDENT'S
DAILY BRIEF
15 JANUARY 1969

1. South Vietnam

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2. France -
Middle East

The French are making it clear that De Gaulle's promise of "total support" for Lebanon means almost nothing at all in concrete terms. There is no French commitment to send troops in, and Paris is even unwilling to make any more public or private statements of support. De Gaulle did offer to send the French fleet to Beirut for a visit, but the Lebanese begged off.

President Hilu has passed the word to Ambassador Porter that he now sees the US as Lebanon's only source of real help.

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3. France

Our embassy in Paris has new evidence of De Gaulle's preoccupation with questions of war and peace in general and the Middle East in particular. The embassy's sources report the following:

--De Gaulle is convinced the Israelis are planning more raids against their Arab neighbors. His arms embargo was designed to cause second thoughts in Tel Aviv and to hearten those such as Nasir and Husayn who want to control the terrorists.

--He thinks Israel is still moving toward war, however, and he believes neither the US nor the Soviet Union will apply enough pressure to Israel and the Arabs to ward off hostilities. France, he thinks, has little leverage of its own.

--De Gaulle says he has reason to think the Soviets will respond to his embargo by reducing their own arms shipments to the Middle East. (De Gaulle is talking through his hat. There are currently seven Soviet ships on their way to the Middle East with war materiel, and none shows any sign of turning around.)

Our embassy notes: "De Gaulle seems to be in one of his more frequently recurring moods of despondency. There is an important element of pique at the world's rejection of his wise counsel which enters into this despondency."

4. Communist China

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5. Soviet Union

Soyuz 5 lifted off early this morning as expected. [redacted] that it has achieved a rendezvous with Soyuz 4. Docking has not been attempted yet.

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With three men in Soyuz 5 and only one in Soyuz 4, it seems plausible that an attempt will be made to transfer personnel from one spacecraft to the other.

6. Peru

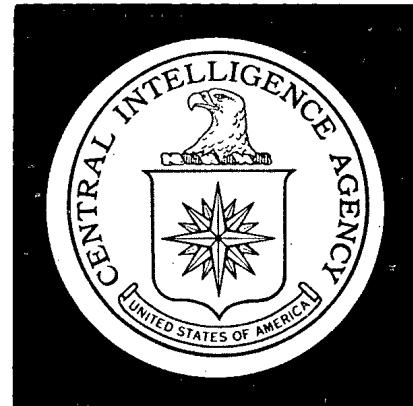
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We do not anticipate Velasco's political demise in the near future, although our embassy believes he is becoming more and more isolated from the mainstream of Peruvian opinion. As long as he is in power, more anti-US sound and fury is likely to be heard from Lima.

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FOR THE PRESIDENT'S EYES ONLY

1.) Special Daily Report on North Vietnam



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-16

15 January 1969

Special Daily Report on North Vietnam
for the President's Eyes Only

15 January 1969

I. NOTES ON THE SITUATION

More on Infiltration: Hanoi is continuing to insert infiltration groups into the pipeline

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Several of the new packets are headed for central South Vietnam, while most of the others are destined for the III Corps area. The Communists are undoubtedly counting on the new manpower to bolster their position on the battlefield should they decide to mount a new offensive during the next few months.

The bulk of these are headed for South Vietnam's northern provinces or the area around Saigon.

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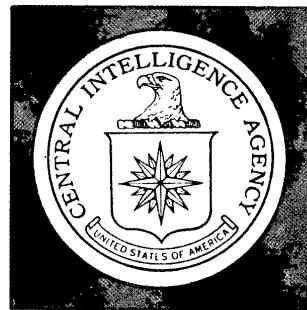
Ammunition Factories Increasing Production:

A 12 January Hanoi broadcast claims that North Vietnam's "arms and ammunition factories" overfulfilled the 1968 plan, while reducing costs by ten percent. The January plan is said to call for a still further increase. North Vietnam's armaments industry is not extensive, although it does produce 60-mm. mortars, military radios, grenades, and probably some ammunitions.

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Annex

The President's Daily Brief

*Soviet Military Pressure on Rumania
and Yugoslavia*

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Box 47

15 January 1969

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III. ANNEX

SOVIET MILITARY PRESSURES ON RUMANIA AND YUGOSLAVIA

SIGNIFICANCE: Uncertainty about Soviet military intentions is likely to rise again in Eastern Europe in 1969 when the military forces of the Warsaw Pact conduct a combined exercise in Rumania, something Bucharest had been able to fend off since 1962. The Soviets are using the Warsaw Pact as a lever to exact greater cooperation from the Rumanians and, indirectly, from non-Pact member Yugoslavia. The Rumanians and the Yugoslavs no longer fear, however, that the Soviets are prepared to go as far as outright military intervention. They are probably right. Even so, the anxieties aroused in Eastern Europe will be felt in Western Europe, and there will be renewed concern in NATO about the security of its southern flank.

* * *

Soviet Military Pressures

In the wake of its decision to stamp out reformism in Czechoslovakia, Moscow has set out to force the Rumanians to reduce their awkward defiance of Soviet authority. The Soviets also hope to insulate Eastern Europe from the insidious influence of Yugoslav "revisionism."

As a member of the Warsaw Pact, Rumania is more susceptible to Soviet pressures applied through that organization than is Yugoslavia. Nevertheless, in the aftermath

FOR THE PRESIDENT ONLY

of Czechoslovakia, with its demonstration of Soviet readiness to use military force for political purposes in Eastern Europe, and Moscow's declaration concerning the limitations on the sovereignty of members of the "socialist commonwealth," Soviet pressures on Rumania will be felt keenly in Yugoslavia.

Rumanian Participation in the Warsaw Pact

In recent years Rumania has reduced its participation in Pact affairs, coming last spring very nearly to the point of having a "vacant chair" at Pact gatherings.

Since the invasion of Czechoslovakia, their own discretion and, no doubt, a good measure of "comradely persuasion" from Moscow have recommended a more accommodating policy to the Rumanians. Top-ranking Rumanian and Soviet military officers have exchanged visits, among these a visit to Bucharest by the Soviet commander-in-chief of the Warsaw Pact forces. It was not by chance that Bucharest was the site of the annual meeting^{50X1} of the chiefs-of-staff of the Pact countries convened late last year.

In the offing early this year is a meeting of the Pact's Political Consultative Committee, which will be, in effect, a summit meeting of the party, government and military chiefs of the seven member states. It can be expected that pressure will mount at that time on Rumania to make concessions--potentially damaging to Rumania's claims to national sovereignty--in the name of strengthening the Warsaw Pact vis-a-vis NATO.

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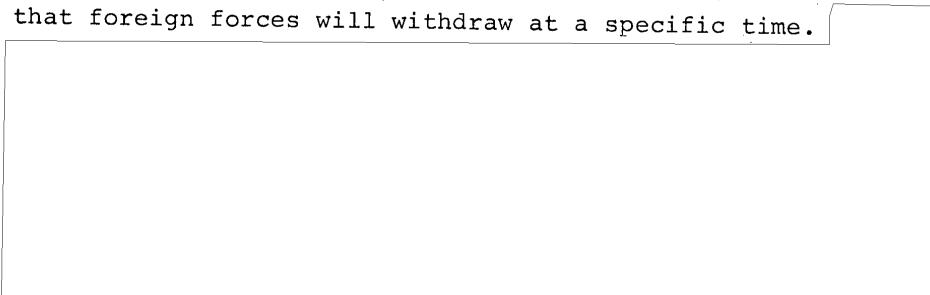
FOR THE PRESIDENT ONLY

The Soviets might revert, for example, to earlier demands that Rumania expand its own armed forces or agree to increased standardization of military equipment within the Pact. The Rumanians are also apprehensive about a possible attempt to give the Pact command tighter control over national forces.

The Rumanian Response

The Rumanian position is delicate. Bucharest will have to give some ground--as it already has in agreeing to combined exercises--but will struggle hard against being drawn more tightly into the Warsaw Pact net. In negotiating with the Russians on the timing and scope of the exercises, the Rumanians will seek to obtain hard-and-fast assurances that foreign forces will withdraw at a specific time.

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Soviet Intentions

There is no reason to think that Moscow considers either Rumania or Yugoslavia a real and present danger to its security position. The chances of extreme military action against either are not great. But even while applying lesser pressures, Moscow will arouse sharp new anxieties in Bucharest and Belgrade. If the Pact forces are slow to withdraw from Rumanian soil, as they may be, the atmosphere

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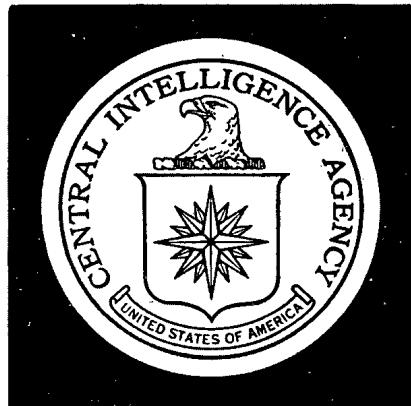
of tension that prevailed last summer will begin to settle again over Eastern Europe. If the Russians were to go a step further and leave their forces in Rumania for a protracted period, there would be real concern within NATO that the Soviets had set out to fasten their hold on all of Eastern Europe including Yugoslavia. A Yugoslav request for economic and military assistance from NATO countries would be sure to follow. The US would be pressed, on the one hand, to issue warnings to Moscow and, on the other, to avoid taking a stance which might seem to challenge the USSR.

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The President's Daily Brief

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THE PRESIDENT'S
DAILY BRIEF
16 JANUARY 1969

LATE ITEM

Soviet Union

The two Soviet manned spacecraft completed a successful docking operation shortly after 3:00 AM today. There is as yet no word that crewmen have moved from one capsule to the other.

THE PRESIDENT'S
DAILY BRIEF
16 JANUARY 1969

1. Israel

American and other Western attachés report finding no signs of an Israeli buildup for a major military strike. This is the result of air reconnaissance yesterday and attaché visits on the ground throughout the country.

The Arab states, however, continue in a high state of nerves over Israeli intentions.

2. West Europe

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3. United Kingdom

An unexpectedly bad trade picture for December has brought increased pressure against the pound and helped push gold prices to record levels in London. Although the British describe this as due to temporary factors, the key problem was a decline in exports last month.

The December trade figures do not by themselves mean that Britain is losing the battle. Market reaction to the figures points up, however, the increasing urgency of a substantial improvement in Britain's trade performance to prevent overreaction by speculators to temporary setbacks.

4. Brazil

President Costa e Silva hopes Congress can reopen shortly after the first of June--following a purge of the more outspoken opposition congressmen. Similar "housecleanings" are expected in state legislatures before they are allowed to reconvene.

The generals, who forced the President to close Congress last month, will not be pleased even with these weak gestures toward democratic norms--and the President may not get his way.

5. Cuba

The flow of fence jumpers into the US Naval Base at Guantanamo Bay continues. Nine more refugees have come in since the mass escape of nearly 100 ten days ago. At this rate, the total for 1969 will be far in excess of the 1,005 who fled into the base last year.

6. Colombia

President Lleras faces the prospect of a showdown with organized labor next week. Non-Communist labor leaders have joined Communists in the call for a general strike on Wednesday. Resentment is growing over Lleras' unpopular labor policies and the public is upset over recent hikes in bus fares and utility rates. The President is hard pressed in his effort to get non-Communist labor back on his side.

7. Nigeria

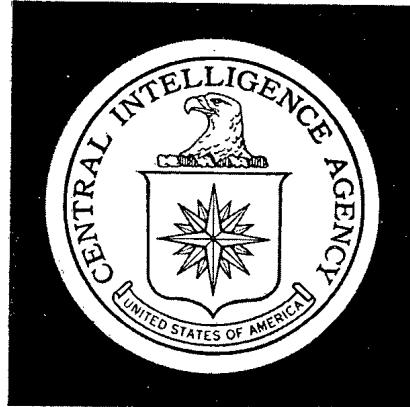
The civil war drags on with no sign of an end to the military stalemate. 50X1

8. United Nations

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- 1.) Special Daily Report on North Vietnam
- 2.) North Vietnamese Reflections of US Political Attitudes

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16 January 1969

Special Daily Report on North Vietnam
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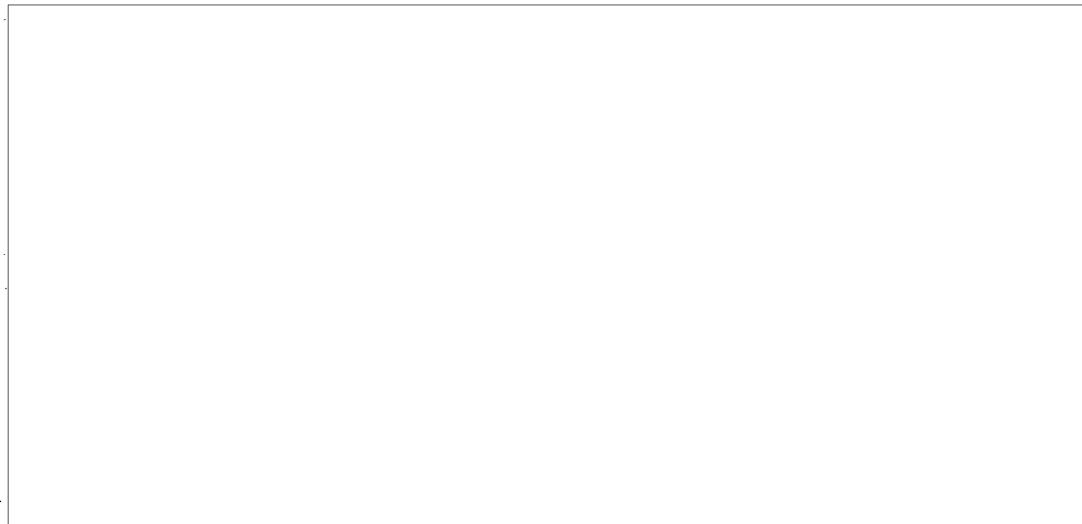
16 January 1969

I. NOTES ON THE SITUATION

Chinese Improve Rail Facilities to North Vietnam: The Chinese are completing extensive transloading facilities to improve a reserve railroad for the delivery of supplies to North Vietnam.

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Recently available satellite photography shows that as of mid-November there were two almost completed yards, incorporating about 16,000 feet of track, to handle transloading operations from standard to meter gauge. The yards are located near Kunming at the junction of the Chinese standard gauge railroad and the meter gauge line from Hanoi. Work on the yards began about mid-1966. Together, the two yards represent facilities about half as large as at Pinghsiang, which serves the primary railroad into North Vietnam.



* * *

Hanoi's Reporting of Harriman Statement: Hanoi Radio's domestic service on 15 January carried a brief item reporting Ambassador Harriman's remarks in

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Paris last Monday. The broadcast said that Harriman "admitted" that the Vietnamese and the American people, as well as the world in general, hoped for peace. It quoted the ambassador as saying that public opinion would encourage efforts aimed at a peaceful solution and his warning against expecting and speaking of a US "victory" in Vietnam.

* * *

Politburo Powwow?: Hoang Van Hoan, the seldom seen China specialist on the North Vietnamese Politburo, showed up at a recent reception in Hanoi for a visiting Communist party delegation, according to a Hanoi broadcast of 14 January. This could be a clue that the leadership is, or has been, engaged in some important policy deliberations. Hoan is believed to have resided in Peking for the last few years and has appeared in North Vietnam only occasionally; the last time was in May for the meeting of the National Assembly. He has not been noted in public since, although he may well have attended secret leadership meetings during recent months.

* * *

Cambodian Air Service to Hanoi: On 14 January a Royal Air Cambodge DC-6 conducted the first flight under the recently reactivated civil air service between North Vietnam and Cambodia. The aircraft flew from Phnom Penh over Laos to Hanoi and on to Canton, thus resuming a service which has been suspended for three years. The flight is to be made every Tuesday and increased to two times a week in March. Future flights will probably be made by a Caravelle recently purchased from France.

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II. NORTH VIETNAMESE REFLECTIONS OF US POLITICAL ATTITUDES ON THE WAR

There is nothing of significance to report today.

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The President's Daily Brief

~~Top Secret~~ 17 January 1969



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THE PRESIDENT'S
DAILY BRIEF
17 JANUARY 1969

1. Soviet Union

Soyuz 4, with its crew of three, returned safely to the Soviet Union early this morning. Soyuz 5 remains in orbit. The next opportunity for recovering it occurs early tomorrow morning. The Soviets probably fulfilled the major goals for this mission--the docking of two manned spacecraft and the transfer of two crewmen from Soyuz 5 to Soyuz 4. These accomplishments represent important developments in proving some of the hardware and techniques required for space rescue and for orbiting and maintaining manned space stations.

2. Nonproliferation Treaty

Italy has recently contacted several holdout governments in an effort to induce them to join it in signing the treaty late this month. According to a foreign ministry official, the results were as follows:

--Turkey has agreed to sign at about the same time as Italy.

--Indonesia gave a "positive response" but no precise date.

--Australia and Japan apparently will sign after US ratification.

--Switzerland will consider the matter again in the spring.

--Spain wants to link its signature with the Gibraltar issue.

--West Germany is awaiting further talks with the US.

--Israel is not yet ready to sign in view of the still unresolved problem of "American security guarantees." (This is Israel's first explicit connection of its willingness to sign with its desire for security assurances from the US.)

3. Poland

Party leader Gomulka appears to be using the knife on one of his main challengers, party secretary and alternate politburo member Mieczyslaw Moczar. He is reported to have engineered some shifts of provincial party leaders aimed at weakening Moczar's support. In addition, it is rumored that Moczar men in the Internal Affairs Ministry--which Moczar once headed--are being ousted.

Moczar has been out of public sight for more than two weeks; this has fed further speculation that he is under house arrest.

4. Brazil

Yesterday, additional prominent Brazilians--including several supreme court members and a number of congressmen--were stripped of their political rights. More may follow. This action is primarily a victory for those hard-line elements in the government who have been demanding that Costa e Silva use his dictatorial powers to "clean out subversives."

5. Mexico

Two Soviets, ostensibly trade union officials, have been expelled for meddling in Mexican affairs. Their arrival last week from Cuba was by invitation from a Communist union which recently hit a sensitive nerve by calling for drastic action on agrarian problems. The Soviets were summarily deported after contacting a second labor union despite a government warning against such interference. Thus far, the Mexicans have not publicized the incident.

6. Peru

The government appears ready for a final move against the International Petroleum Company. A source close to President Velasco now says that regardless of whether the company pays a disputed bill for oil products drawn from its expropriated refinery, its remaining assets will be seized "within a few days." These assets are largely distribution facilities.

7. South Vietnam

The Liberation Front delegation in Paris is preparing to smear South Vietnamese chief delegate Pham Dang Lam by publishing in Saigon the story that he brought his mistress, an actress, to Paris.

Vice President Ky fought this kind of extra-delegation activity, hoping to avoid scandal. True or not, the story will not endear Lam to Ky, who already is opposed to having Lam on the delegation.

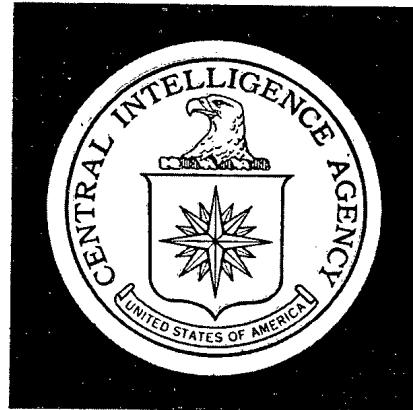
8. Turkey -
West Germany

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17 January 1969

Special Daily Report on North Vietnam
for the President's Eyes Only

17 January 1969

I. NOTES ON THE SITUATION

Ranking Soviet Official to Go to Hanoi: Our embassy in Moscow has learned from the Lao ambassador that the chief of the Southeast Asia division of the Soviet Foreign Ministry, Mikhail Kapitsa, expects to leave on a trip to Southeast Asia later this month. Kapitsa's trip supposedly is to include Hanoi as well as Phnom Penh, Vientiane, and maybe Djakarta. If the report is true

[redacted] he would be the first top drawer Soviet we have identified as stopping in Hanoi in three years.

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Agricultural Cooperatives Permit Too Much Private Enterprise: Contracts are being let to individual families for the tilling of collective lands, and this was criticized by the party's main daily, Nhan Dan, on 10 January. The ideologues apparently are worried that this will lead to "letting everyone do what he likes." This bothers them because they are in a dilemma: under present conditions, the contract system "is needed to stimulate peasant eagerness to work."

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Management Problems: The 11 January issue of Nhan Dan declared that "in recent years, many production units have neglected organization and managerial tasks...." As a result, "labor output in general has declined, whereas the cost of products has remained high. Wasting manpower and wealth have become relatively popular practices." These problems, it was said, must be overcome if 1969 economic work is to improve and the plan for the year fulfilled.

Since the bombing halt, the North Vietnamese press has been quite candid in discussing problems in management and labor efficiency. It is possible that these problems have been aggravated by a psychological letdown among the population and that the government is attempting to counter this tendency.

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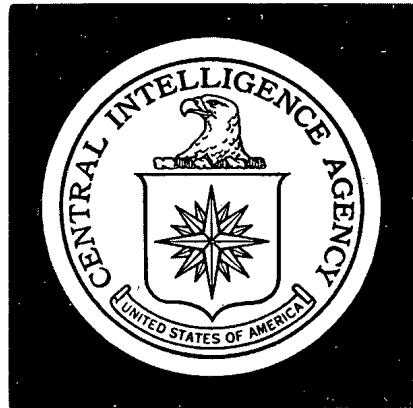
Power Plant Construction and Repairs: Since April 1968 there has been a continuous program of repairs to the nine power plants in the Hanoi-Hai-phong network, according to photography. The repairs have apparently been restricted to the less heavily damaged boilers and generating equipment, or to equipment for which parts could be easily obtained. Blast walls have been completed or are under construction at all nine plants. Meanwhile, construction has been resumed on new hydropower plants near Lao Cai on the Chinese border, and Lang Chi, which is northwest of Hanoi in the Red River delta.

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II. NORTH VIETNAMESE REFLECTIONS OF US POLITICAL ATTITUDES ON THE WAR

There is nothing of significance to report today.

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The President's Daily Brief

~~Top Secret~~ 18 January 1969



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THE PRESIDENT'S
DAILY BRIEF
18 JANUARY 1969

1. South Vietnam

Ky is planning to return to Paris next week. He [redacted]

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[redacted] wants to meet with Ambassador Lodge now that the table question has been resolved. Ky hopes to get back to Saigon for the Tet holidays in mid-February.

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2. Soviet Union

Soyuz 5 is back on earth and its pilot has been safely recovered. There are tentative indications that the ship had some difficulty during de-orbit, but it is too soon to reach any conclusion on this aspect of its flight.

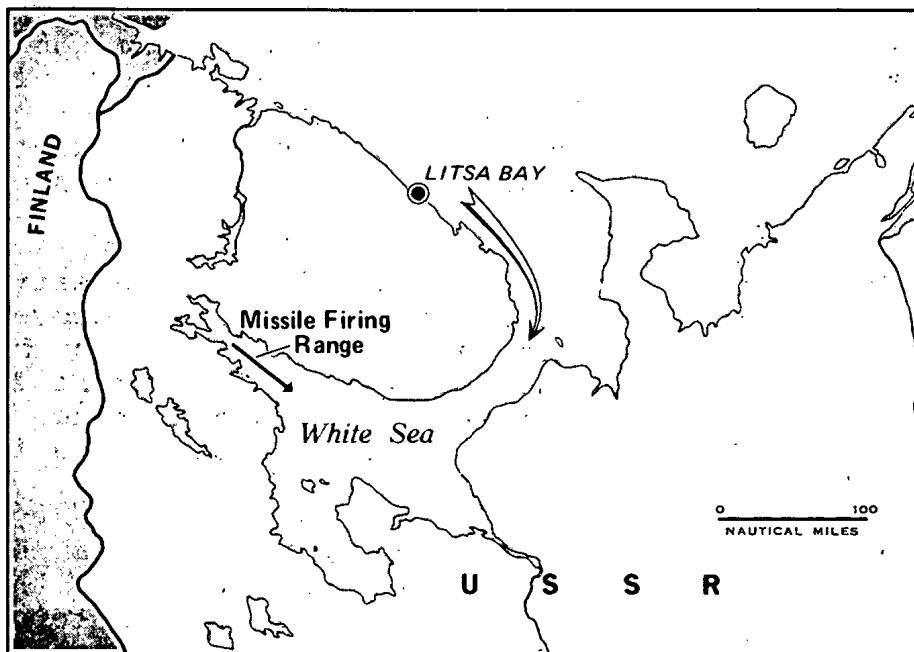
3. Peru

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New Soviet Attack Submarine Involved in White Sea Missile Firing



Soviet C-class nuclear-powered torpedo attack submarine, seen entering White Sea 3 days prior to 20 July 1968 missile firing.



C-class submarine berthed at the Litsa Bay submarine base. Eight missile launch tubes are visible at bow.

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4. Soviet Union

[redacted] last July the Soviets test fired a new type of short-range missile from their "C-class" nuclear attack submarine. 50X1

Possibly as many as three missiles were fired in the White Sea, up to a range of 35 miles. We do not know whether the missiles are intended for use against surface ships or submarines.

The Soviets now have three of the "C-class" submarines operational in their northern fleet, but so far they have not left Soviet waters. [redacted]

[redacted] photography indicates that this vessel has eight missile tubes. 50X1 50X1

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It looks as if the Soviets have completed their second antisubmarine helicopter carrier--the Leningrad. It now may be getting ready for a trial run on the Black Sea. It took nearly a year to shake down the Moskva, the Soviets' only other helicopter carrier, prior to its initial voyage into the Mediterranean last September.

5. Spain -
Soviet Union

Franco has been trying to persuade the Soviets for two months to use Spanish ports, rather than Gibraltar, for resupply of their ships and fishing boats. The idea is to impair the Rock's economy as part of the effort to drive the British out. The Spaniards are trying to keep their dalliance with the Soviets quiet while the Gibraltar issue is being considered by the United Nations and while negotiations on US bases in Spain are in progress. We do not yet know how the Soviets have responded to the Spanish ploy.

6. Venezuela-Guyana

Disappointed Venezuelan officials are determined to press their claim on the Essequibo region of Guyana, despite the failure of the rebellion they instigated there two weeks ago.

No longer denying their government's complicity, these officials are privately indicating they intend to stir up the local population and step up their psychological warfare against the Guyanese Government. The irredentists care little about international reaction, believing that neither the Organization of American States nor the United Nations can stop them.

Incoming President Caldera is under pressure to support this operation after he assumes office in March. He is reluctant to talk about it to US officials, perhaps an indication that he has not yet made up his mind whether to go along.

In the meantime, the Guyanese are continuing mopping up operations with circumspection and without undue rough stuff--Venezuelan propaganda about atrocities notwithstanding. Only 28 persons have been brought before magistrates so far.

7. Jordan

Students have called a strike for today to protest a proposed conscription law, which they interpret as being designed to keep them from joining the terrorists. If the demonstration is successful, Husayn may modify the draft law in hopes of reducing dissent. He cannot eliminate popular support for the guerrillas, however.

8. Arab Guerrillas

The Kuwaitis may have set a precedent that other Arab governments will find hard to ignore. They have decided to make their support of Arab guerrillas an official part of their budget.

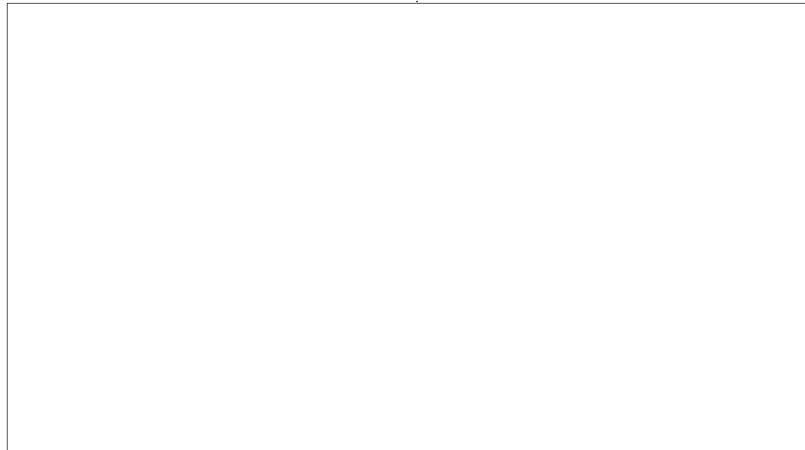
The cabinet has decided on a minimum expenditure of \$8.4 million in fiscal 1969. Previously the Palestinian terrorists were supported in Arab countries by voluntary public subscription, private donations, and various small semiofficial imposts on incomes or sales.

9. Berlin

As we expected, the Soviets are gradually stepping up the intensity of their protests as the 5 March date draws closer for the election of the next Federal president in West Berlin. Soviet ambassadors in Bonn and in East Berlin warned last week that the election was provocative and might draw reprisals. So far, we think this is just talk, while the Soviets make up their minds on how they will react.

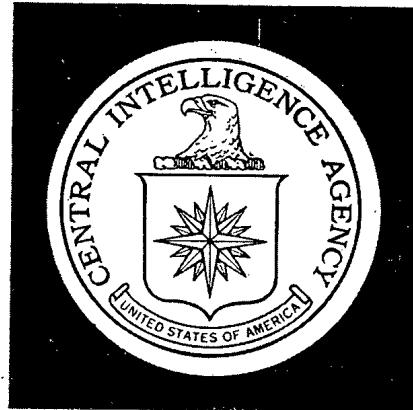
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10. Canada



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FOR THE PRESIDENT'S EYES ONLY

- 1.) Special Daily Report on North Vietnam
- 2.) North Vietnamese Reflections of U S
Political Attitudes

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16
18 January 1969

Special Daily Report on North Vietnam
for the President's Eyes Only

18 January 1969

I. NOTES ON THE SITUATION

Austria Being Urged to Recognize Hanoi: The Soviet Union and several other Communist countries reportedly have urged Austria to follow Sweden's lead in recognizing North Vietnam, claiming that this is a proper course of action for all neutral countries. This advice, according to Austrian Foreign Minister Waldheim, has so far been in moderate key. He asserted, however, that Austria "of course" has no intention of recognizing North Vietnam. There is no indication that the Communists have exerted similar pressure yet on other European neutrals such as Finland and Switzerland, but both governments have recently disclaimed publicly any intention of recognizing Hanoi.

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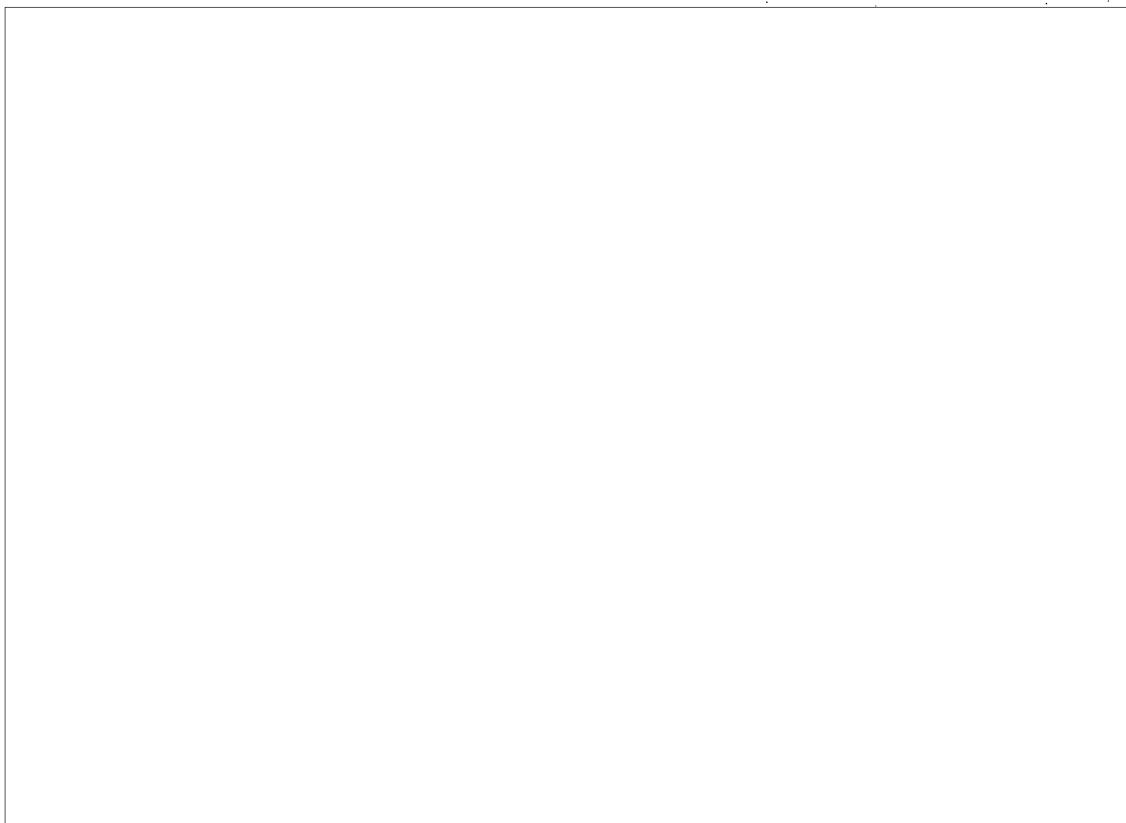
Propaganda on Talks: Communist propaganda is taking a tough line on the eve of the opening of the procedural talks in Paris, according to Western news services. Having failed to get any significant recognition of Liberation Front status with the agreement on procedural meetings, the Communists in both Hanoi and Paris are now bearing down hard on this issue in preparation for the next phase of the talks. The Hanoi daily Nhan Dan insisted progress in the talks is "definitely, certainly, and completely impossible" so long as the US refuses to "officially recognize and negotiate with" the Front. This point was also high on a list of priority demands issued by the Liberation Front at a news conference in Paris on the 17th.

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Comments of Mai Van Bo: When he was asked recently if political and military matters should be settled separately or concurrently, Hanoi's permanent Paris representative dismissed proposals along these

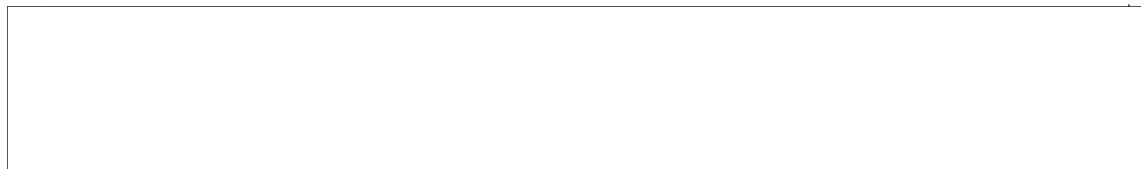
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lines. He said these were "beside the point, delaying tactics, foggy thinking...and a waste of time." The main thing, Bo said, is for the North Vietnamese and Americans to sit down together and talk about the future of South Vietnam. He described the Communists as "open minded and full of serious intent." He claimed this had been so for over six months. When the Americans "mean business" and are ready to talk about a compromise solution acceptable "to us and to them," he said, "they will find us ready to talk."

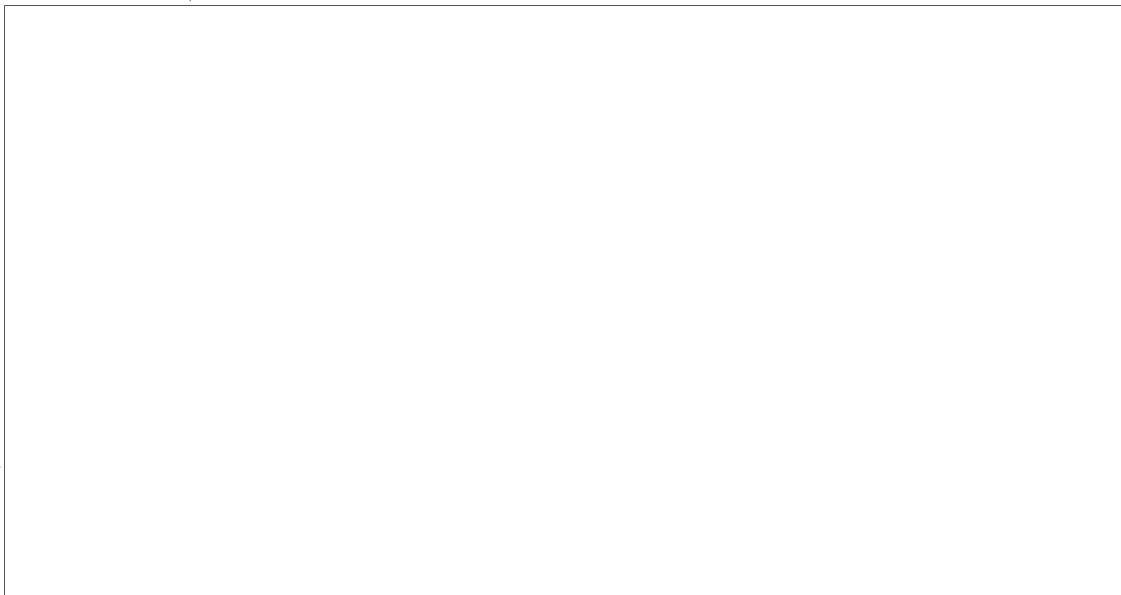
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II. NORTH VIETNAMESE REFLECTIONS OF US POLITICAL ATTITUDES ON THE WAR





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The President's Daily Brief

~~Top Secret~~ 20 January 1969



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THE PRESIDENT'S
DAILY BRIEF
20 JANUARY 1969

1. Middle East

Saturday the Soviet Foreign Ministry called in US, British, and French representatives to express concern over reports that the Israelis were about to launch large-scale attacks on the Arab states. The Foreign Ministry said it had received the information from the Iraqi Government on 13 January.

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2. South Vietnam

The Communists attacked several US installations today and raided the town of Ban Me Thuot in the central highlands. Most of the attacks were by rocket or mortar, although there was one abortive effort to overrun an American position near the Cambodian border. The attack on Ban Me Thuot also was repulsed.

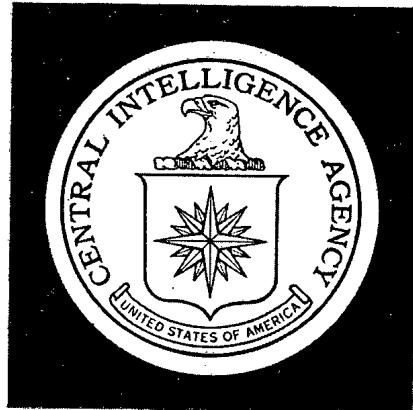
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3. Czechoslovakia

Dubcek faces another potentially dangerous situation. The student who burned himself on Thursday in an anti-Soviet protest died yesterday. There had been student sympathy demonstrations before his death, and more disturbances with anti-Russian overtones now seem likely. The government has tried to head off trouble with appeals to prudence. Thus far, there has been no public reaction from the Soviets.

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FOR THE PRESIDENT'S EYES ONLY

- 1.) Special Daily Report on North Vietnam
- 2.) North Vietnamese Reflections of US Political Attitudes



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18

20 January 1969

Special Daily Report on North Vietnam
for the President's Eyes Only

20 January 1969

I. NOTES ON THE SITUATION

Polish Official to Visit?: [redacted]

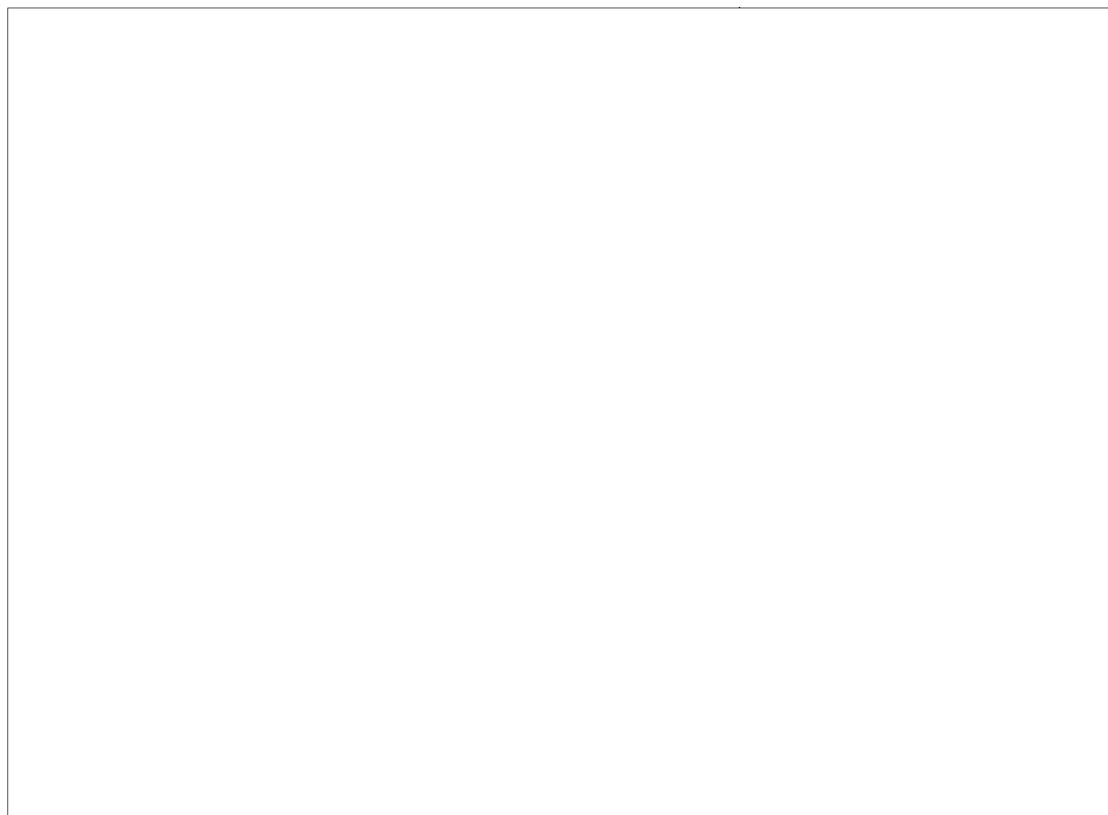
[redacted] the Polish foreign minister plans to visit Hanoi at the end of this month. [redacted] is arranging a special flight on 28 January to take him from Phnom Penh to Hanoi.

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[redacted]
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The American Embassy in Warsaw cannot confirm this information. It notes that the vice foreign minister left for a trip to the Near and Far East on 17 January and speculates on the possibility that the foreign minister may be planning to join him later.

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International Antiwar Conference: Hanoi has pledged full support for the proposed "Five Continents Anti-Imperialist International Conference for Support of Vietnam." [redacted]

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[redacted] A preparatory meeting for the conference, which was proposed by the Japanese party, will be held in Paris on 22 January, and the North Vietnamese delegation to the Paris talks is prepared to assist the activities of this meeting. The tentative date for the convening of the full conference is late February.

The source stated North Vietnam's interest in an early convening date is based on its view that the Paris talks have made poor progress in recent months and on its desire to take propaganda advantage of any uncertainties in the early days of the new US administration.

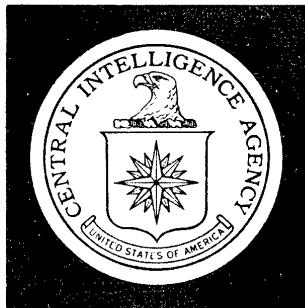
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II. NORTH VIETNAMESE REFLECTIONS OF US POLITICAL ATTITUDES ON THE WAR

There is nothing of significance to report today.

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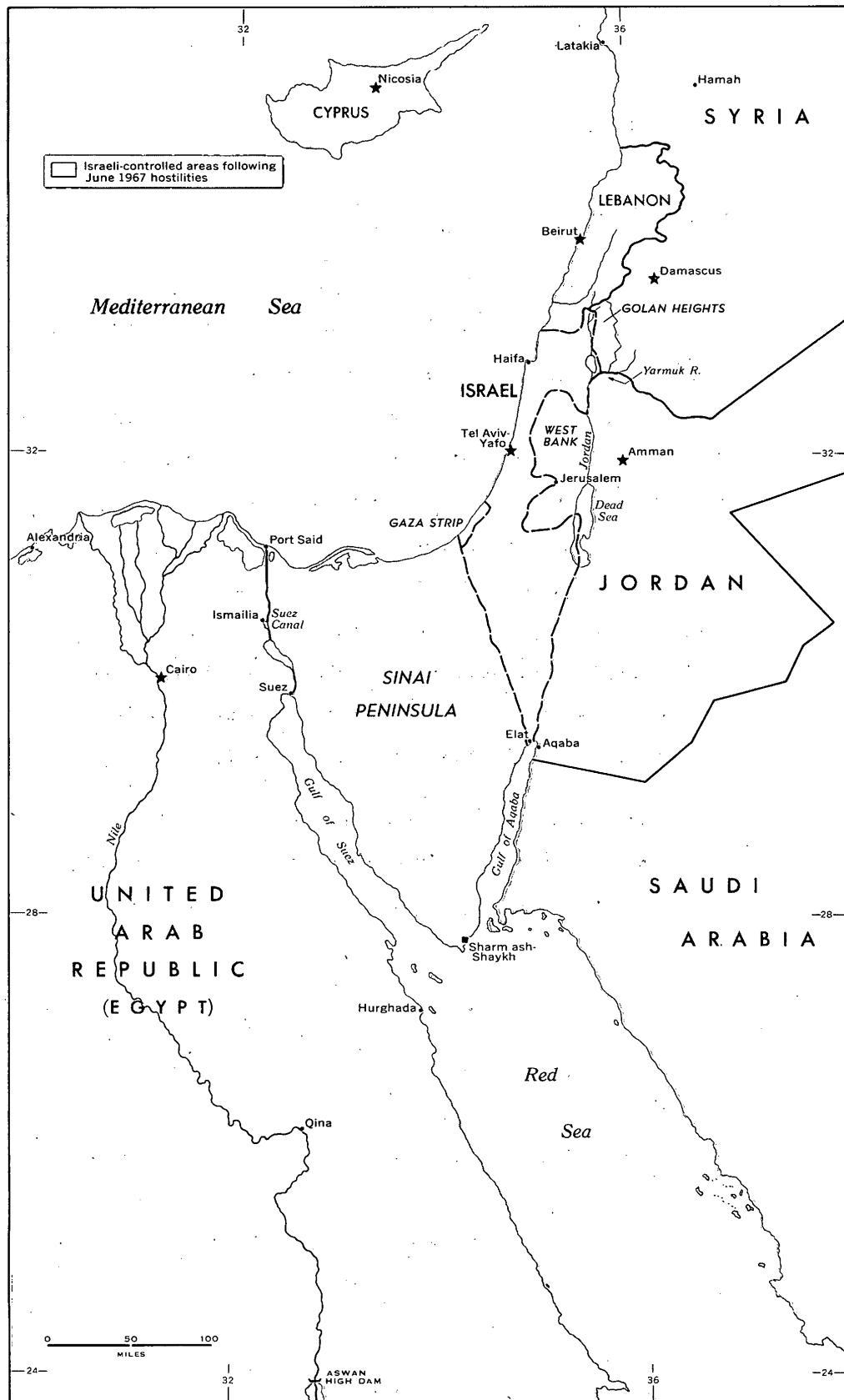


The President's Daily Brief

21 January 1969

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I. MAJOR PROBLEMS

MIDDLE EAST

The Iraqis are becoming the most militant of all the Arabs states directly concerned with the problem of Israel.

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Iraq, which has no common border with Israel, presumably is driven by its own serious internal difficulties to appear the most Arab of all the Arab states.

* * *

The ranking Egyptian representative in Washington--a Dr. Ghorbal who sits in the Indian Embassy--yesterday professed surprise at the sharp American reaction to the newspaper Al Ahram's recent vilification of US policy. He told Deputy Assistant Secretary Davies

FOR THE PRESIDENT ONLY

that such publishing practices were not something unknown in other countries--even in the US. Ghorbal claimed, however, that Egypt had acted to "end this chapter" before a new administration took over. He hoped the two countries could now look forward, not backward to past differences.

EUROPE

Officials of Kiesinger's party say the Germans will delay a decision on the Nonproliferation Treaty until Kiesinger learns what the new US administration's tactics will be. Kiesinger told a meeting of his party's parliamentarians recently that he expects intensive consultations with the US on the issue after the administration has settled in.

The Germans are also pressing the Soviets for some clarifications. The issue here is Moscow's claim that it has the right under the UN charter to intervene in West Germany to prevent a resurgence of Nazism. Before they sign the treaty, the Germans want some kind of assurance that the Soviets will renounce or at least not press this interpretation.

One knowledgeable German official told our embassy that he thinks Kiesinger realizes Bonn cannot withhold its

signature if it obtains satisfaction from the US and the Soviets on these points.

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At Annex today we discuss possible Soviet and East German pressures against West Berlin.

* * *

Pompidou announced publicly last week that he is in the running for the presidency when De Gaulle steps down.

Moreover, he has strongly intimated [redacted] 50X1 [redacted] 50X1 that he has De Gaulle's blessing.

His pronouncements have stimulated new speculation that De Gaulle is thinking of retiring soon.

Pompidou has played his cards extremely well since he was ousted from the premiership last July, keeping his fences mended with the Gaullist parliamentary group, supporting De Gaulle on crucial issues such as the Israeli arms embargo, and still making it clear that he is not a slavish follower of the President. His prospects have been further improved by Couve's lackluster performance as premier.

SOVIET AFFAIRS

The Soviets are still having trouble with their largest operational space launch vehicle, the SL-12. The booster, which has a thrust of three million pounds, [redacted] 50X1

[redacted] It compares

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roughly in thrust to the US Saturn 1B, but our rocket is more sophisticated and more reliable.

We believe that the Soviets intend to use the SL-12 as the workhorse of their space launches through the 1970s. It was apparently designed for circumlunar and deep space operations, such as Mars and Venus probes.

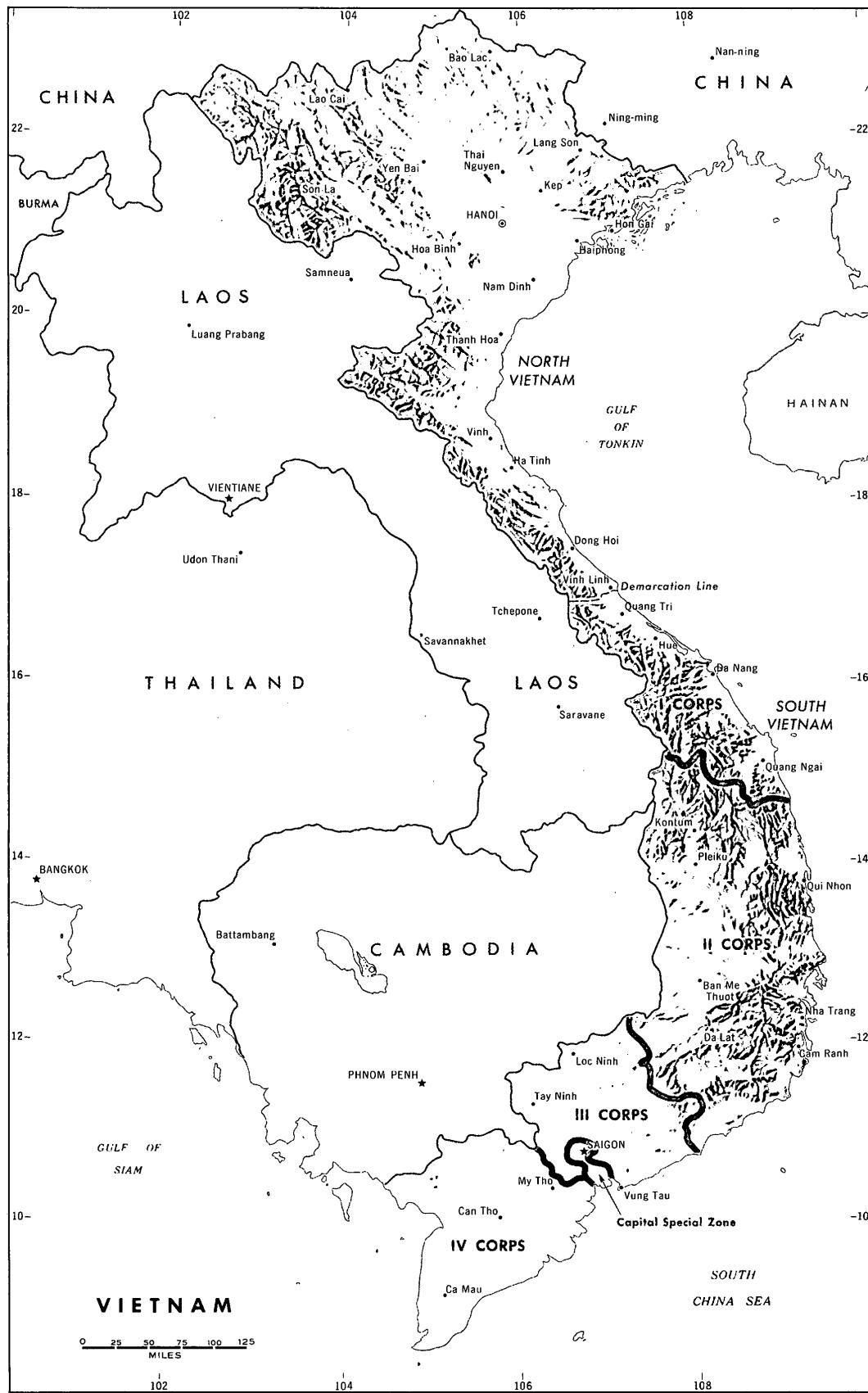
It was first flight-tested in March 1967. Since then, it has been fired nine times, but only four without mishap.

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[Redacted Box] 50X1

VIETNAM

The pace of Communist military activity, which was stepped up last weekend, continues at a relatively high level. A number of small-unit actions and terrorist incidents were reported.

The enemy appears through these actions to be seeking control over a greater segment of the population. This is an important consideration as the substantive phase of the talks in Paris begins. In the past few weeks, the Communists have also increased acts of mass intimidation, such as assassinations, terrorism and threats of violence, kidnapings, and attacks on small populated centers.

The Communists made a unique effort to lay out their case to the new US administration in two secret meetings with Ambassadors Harriman and Vance on 14 and 17 January. Although their remarks were couched in familiar terms, Le Duc Tho and Xuan Thuy were far more forthcoming about Communist political objectives than in any previous encounters with US negotiators.

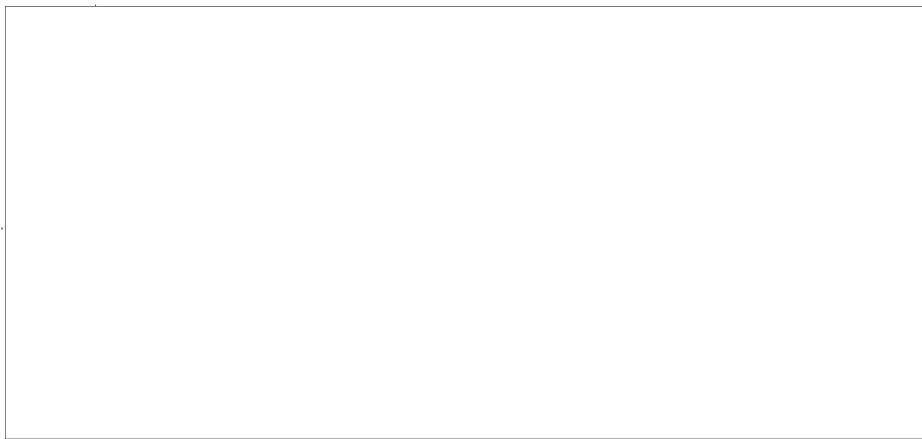
A demand that the US accept the "reality" of the situation in South Vietnam was the nub of the Communist

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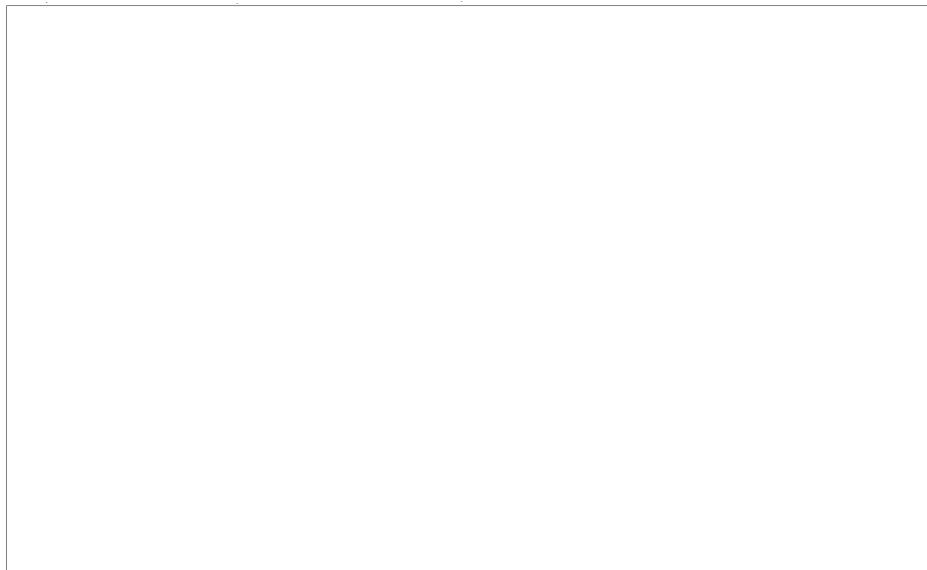
argument. For them, "reality" requires a solution which guarantees the Communists a share of political power in the South and which gives them a clear shot at eventual reunification of the country under Communist control. Despite Harriman's rejoinders that reality, like beauty, is in the eye of the beholder, Le Duc Tho indicated that this objective remains fundamental for the Communists; he made every effort to convince his listeners that Hanoi will persist in the war until it is achieved.

Le Duc Tho, in particular, made clear that Hanoi does not intend to let the US off the hook in Vietnam unless the Communists obtain some tangible political rewards. He said specifically that they would not accept a gradual withdrawal of US forces which was keyed to the consolidation of the GVN's position. Tho strongly suggested that the Communists will try to prevent such a gradual US disengagement, if necessary with military force.

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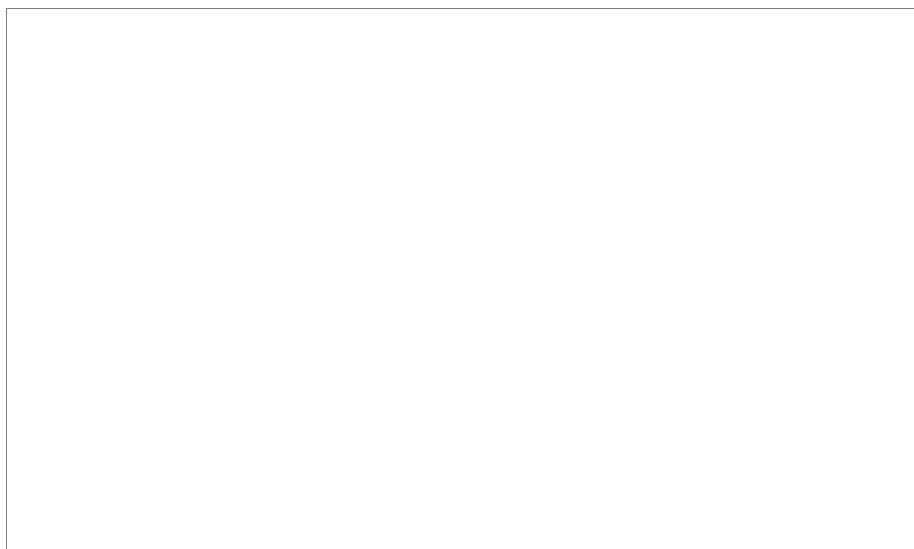
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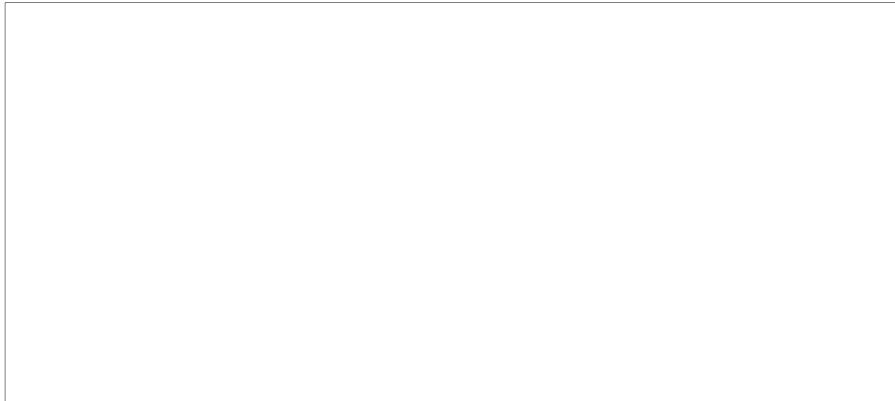


II. OTHER IMPORTANT DEVELOPMENTS

JAPAN

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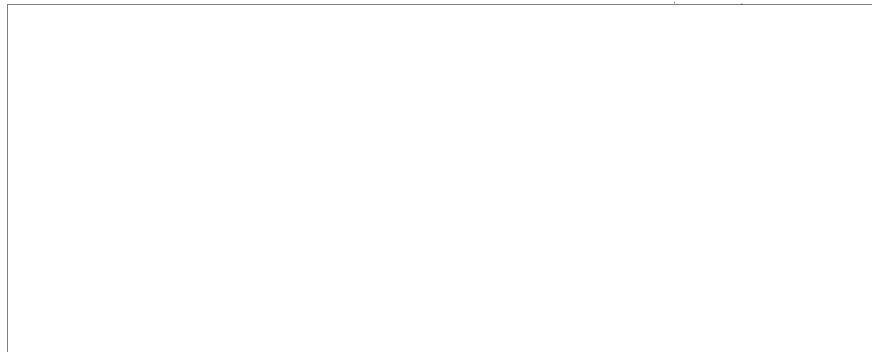




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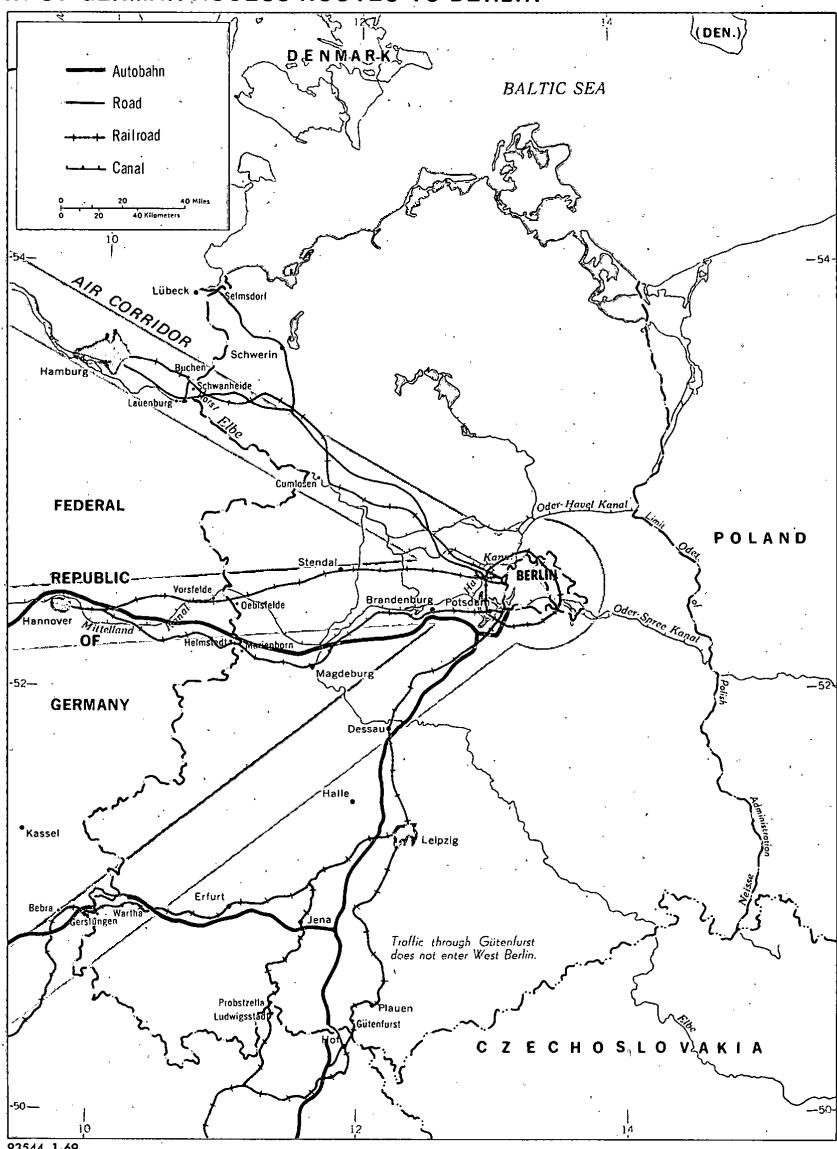


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WEST GERMAN ACCESS ROUTES TO BERLIN



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SOVIET AND EAST GERMAN PRESSURE ON BERLIN

SIGNIFICANCE: When West Germany's Federal Assembly convenes in Berlin on 5 March, the USSR and East Germany may decide to harass the city or the access routes to it. A serious and sustained challenge which would set Soviet-American relations on a course of hostility early in the new administration seems unlikely. Lesser harassments, however, would confront the US with the perennial problem of finding an appropriate response which at the same time satisfied the Germans and won the concurrence of our French and British allies.

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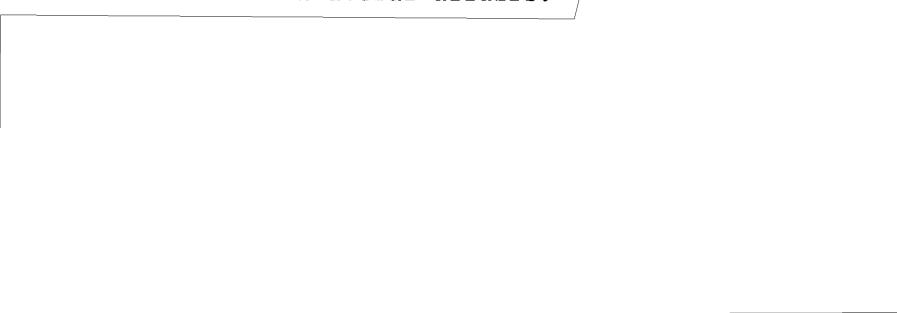
On 5 March 1969 the West German Bundesversammlung (Federal Assembly) will convene in West Berlin to elect a new West German president. The Soviet Union made oral statements to the US, UK and France on 23 December 1968 protesting the forthcoming Bundesversammlung session, using the familiar argument that West Berlin is a separate political entity, not part of the Federal Republic. The early protest appeared to be for the record, but did allude to "retaliatory measures."

In subsequent diplomatic contacts with Bonn and the Allies, Soviet protests have, as expected, grown somewhat stronger. Moscow has been playing on West German and Allied differences over the issue, but as yet has given no

FOR THE PRESIDENT ONLY

sign that it has finally decided on what course of action it may adopt. It has even been hinting that it might accept the meeting if the USSR got, in advance, some concession from Bonn on bilateral affairs.

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Both Moscow and Pankow can be expected to launch another propaganda campaign as March approaches, and some type of harassment of the city may occur at the time of the meeting itself. The USSR, West Germany, and other US allies will be closely watching US reaction to any such Communist threats to West Berlin as a key indicator of how foreign policy will be conducted by the new administration.

The Pros and Cons, From Moscow's Viewpoint

There are grounds for thinking that Berlin will escape serious pressures this time. The Soviets want the West to forget their invasion of Czechoslovakia and to cooperate in restoring an atmosphere of reduced tensions in Europe. This consideration presumably led them to veto any East German harassment of the city last October

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FOR THE PRESIDENT ONLY

and November when West Berlin was the site of allegedly provocative meetings of the West German parliamentary committees and the Christian Democratic Party. Furthermore, Moscow will have to calculate whether it wants to put its relations with the new administration at risk so soon after the Inauguration.

On the other hand it is possible that by next March Moscow may be inclined to end what it has called its "great restraint" concerning West German political meetings in the city. The USSR probably continues to be under pressure from the Ulbricht regime to permit Pankow to do something more than talk about "provocations," and Moscow may believe it should not continue fending off its most loyal ally. And the Soviets may judge that certain kinds of limited harassments could produce important divisions among the three Allies and Bonn. Finally, Moscow may wish to let the new administration know that it cannot tolerate forever what it considers deliberate political aggravations in Berlin.

Soviet Options

Should Moscow decide to provoke an incident over the Bundesversammlung session, it has a variety of options to choose from. Extreme measures which would approach a repetition of the blockade of 1948 are unlikely. It also seems unlikely that the Soviets would

take actions directly affecting the western Allies.

Should the Soviets nevertheless decide to risk a direct encounter with the Allies, they could use the same type of limited and well-controlled measures as they did in the last Berlin crisis of April 1965, when they closed the autobahn to all traffic for various periods of time, "reserved" airspace in the corridors, and buzzed West Berlin with low-flying jets.

A less risky undertaking would be for the USSR to permit the always-ready East Germans to take some action affecting only West Germans. Pankow could employ many harassing tactics, including an outright closure of the surface access routes to West German travelers or, short of this, the introduction of new procedures to complicate and limit this traffic. East German measures which affect only West Germans have proven difficult to counteract. The West has little leverage over the East Germans, and the US, UK and France on the one hand and Bonn on the other have argued inconclusively over who should take the lead in applying sanctions against Pankow.

Allied Reactions

Both the British and the French recommended against the Bundesversammlung session being held in Berlin, but have accepted the German decision. Should the East Germans harass the West Germans, the UK and France might

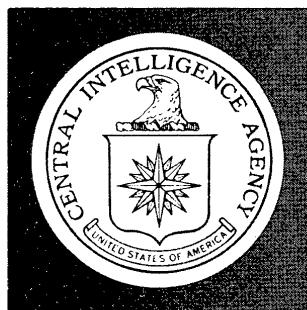
be disposed to do little except protest, although the British, at least, would be interested in aligning their position with that of the US. Both the UK and France, however, would react sternly to any interference with Allied rights.

In the event of harassment during the Bundesversammlung meeting, the West Germans are certain to look to the Western Allies for an appropriate response. The Bonn government itself--and particularly its Social Democratic (SPD) members--would probably remain most reluctant to institute countermeasures.

If the Allies and West Germany could not agree on appropriate countermeasures, this could produce a round of acrimonious exchanges between Bonn and its Western Allies. Relations between the two coalition partners in Bonn might also suffer. In this election year, the Christian Democrats would be tempted to charge that the SPD, by its advocacy of conciliatory and soft-line policies toward Pankow, had encouraged the East Germans to think they could get away with encroachments against West Berlin.

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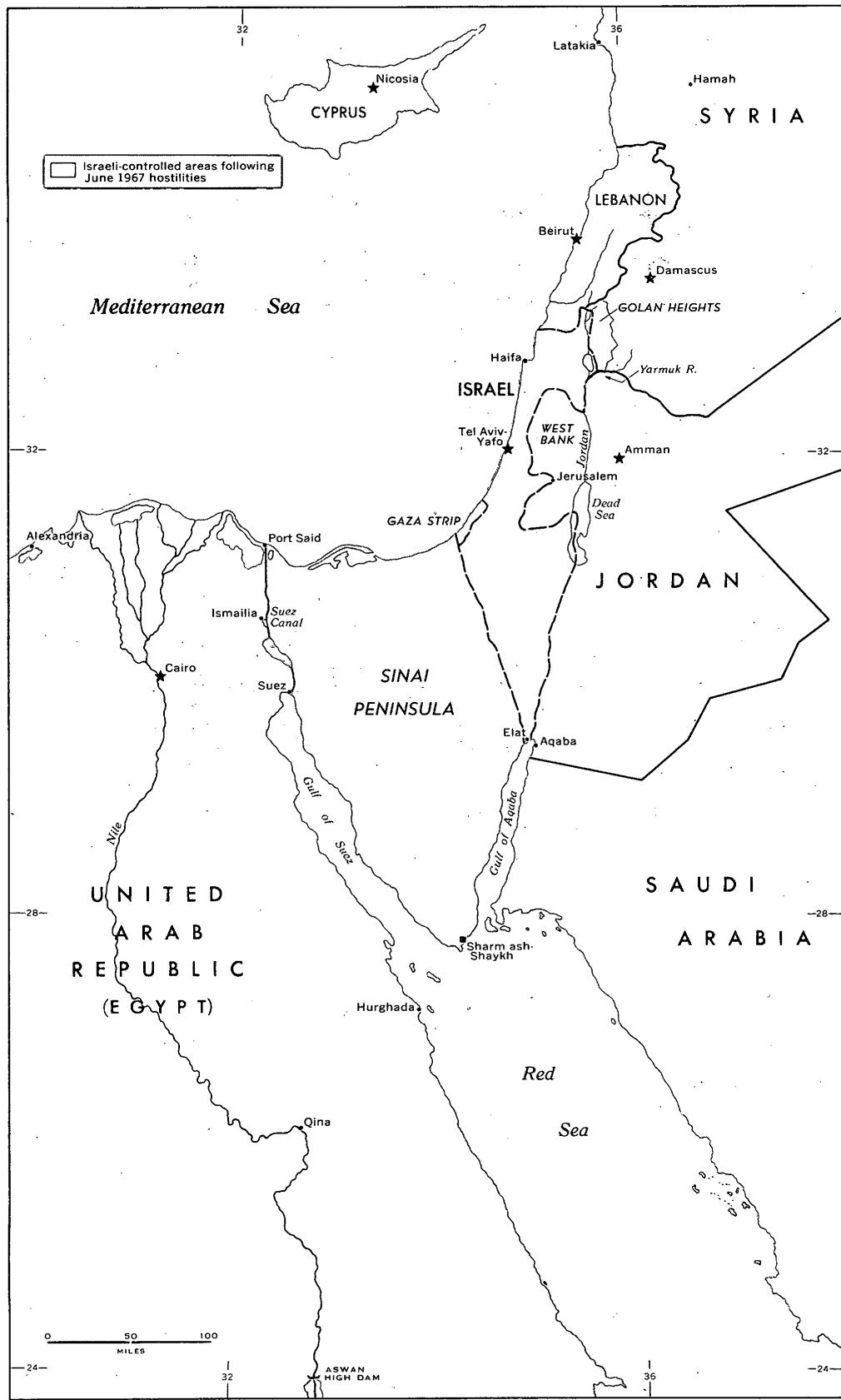
The President's Daily Brief

21 January 1969

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I. MAJOR PROBLEMS

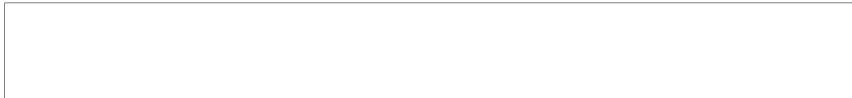
MIDDLE EAST

French Foreign Minister Debre has asked a US Embassy officer in Paris for US support of the French proposal that UN Security Council representatives of the US, USSR, France and the UK meet in New York before the end of the month to discuss the Middle East crisis. Debre said France believes the situation is rapidly growing more dangerous and that a settlement will become harder to achieve as time passes.

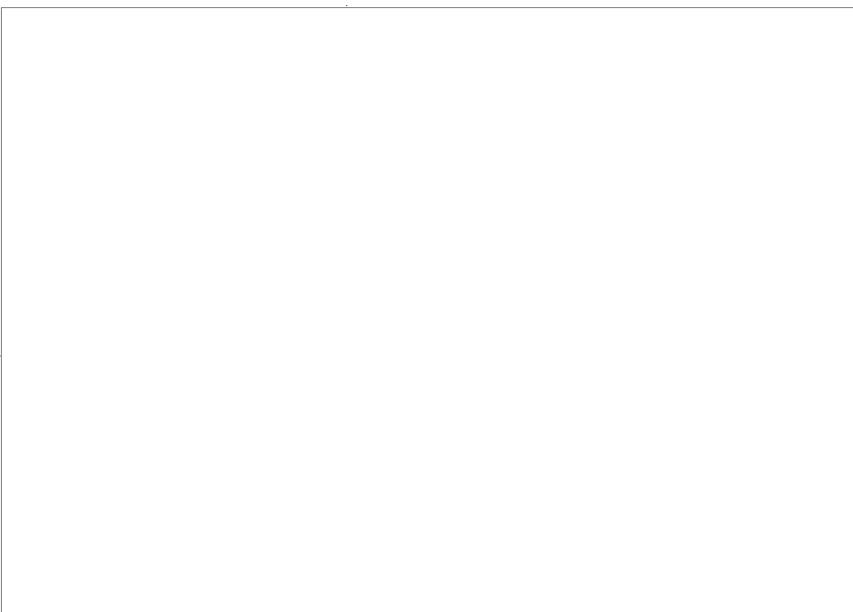
The French, Debre explained, insist there is no question of trying to impose a solution; they see a New York meeting as a means of impressing on Israel and the Arabs the necessity of a peaceful settlement. Debre also stressed that the French will not hold out for "any particular formula or context for such a meeting"--an obvious reference to the Soviet peace plan.

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[redacted] On 19 January Cairo's semi-official newspaper,

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Al Ahram, ran the full text of the US reply, calling it "politically mean and immoral beyond imagination." This is probably another of Nasir's celebrated tantrums; he is quite capable of lashing out in ill-considered retaliation. The favorable reception of the Israeli press to the US reply will serve to confirm Nasir in his own opinion.

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At annex we take a look at some of the ingredients that make the Middle East so explosive at this time.

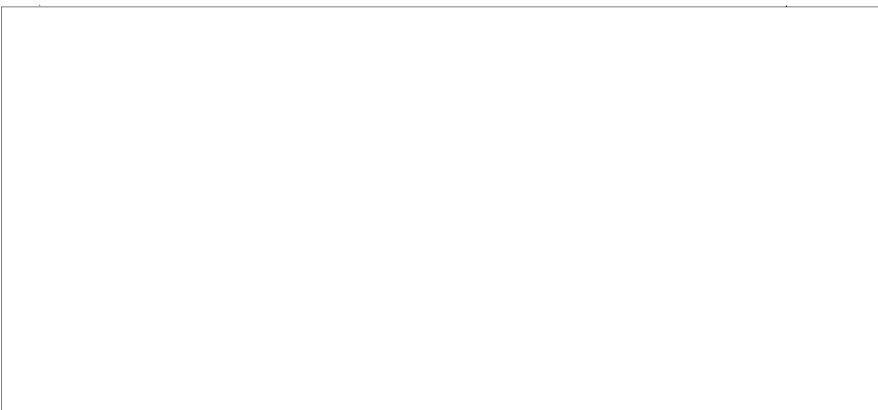
EUROPE

There is nothing of significance to report.

SOVIET AFFAIRS

Czechoslovakia is on the brink of another crisis following yesterday's incident in which a second youth set himself on fire. President Svoboda's announcement of the act during a nationally broadcast speech will have a major impact, and will almost certainly lead to larger and possibly violent anti-Soviet manifestations as well as to strikes in factories and schools.

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Student leaders were dissatisfied with the government's reply to the demands of the student who died Sunday, and thousands of young people marched in the streets of Prague yesterday in honor of the dead youth. They harassed Soviet military patrols, but there was no violence. Now, however, non-violence can no longer be assumed by the authorities or the Soviet troops.

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So far, Czechoslovak leaders have tried to avoid further anti-Soviet incidents by counseling prudence and cooperation with the authorities. Police and troops, for example, were notably absent during demonstrations over the weekend. Now, however, we expect to see numerous preventive measures.

The Dubcek leadership, nevertheless, has but a very limited range of options with which to counter growing popular disaffection. They are hemmed in on one side by Soviet demands for "normalization" of the situation, by which Moscow means forcible repression of the dissidents. On the other hand, the passions aroused among the people are so high that any attempt to dampen them by means more violent than persuasion risks a bloodbath and this would deepen the alienation of the population. Worst of all, perhaps, the country's leaders have not been able up to now to agree on a decisive course to follow. This is obvious to all and has encouraged the continuation of public resistance to Soviet domination.

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Representatives of the Soviet foreign ministry, in an unusual press conference on 20 January, issued one of Moscow's clearest statements in recent months that it is willing to hold bilateral talks with the US on limitation of offensive and defensive nuclear weapons.

Despite a spokesman's denial, the meeting with the press was clearly timed as an invitation to the new US administration to make the next move.

Most of the major points of yesterday's statement have been staples of the Soviet position on disarmament for years. It repeats the essential elements of Moscow's nine-point program made public last July and subsequently presented to the United Nations General Assembly. These points--some of them old chestnuts--are:

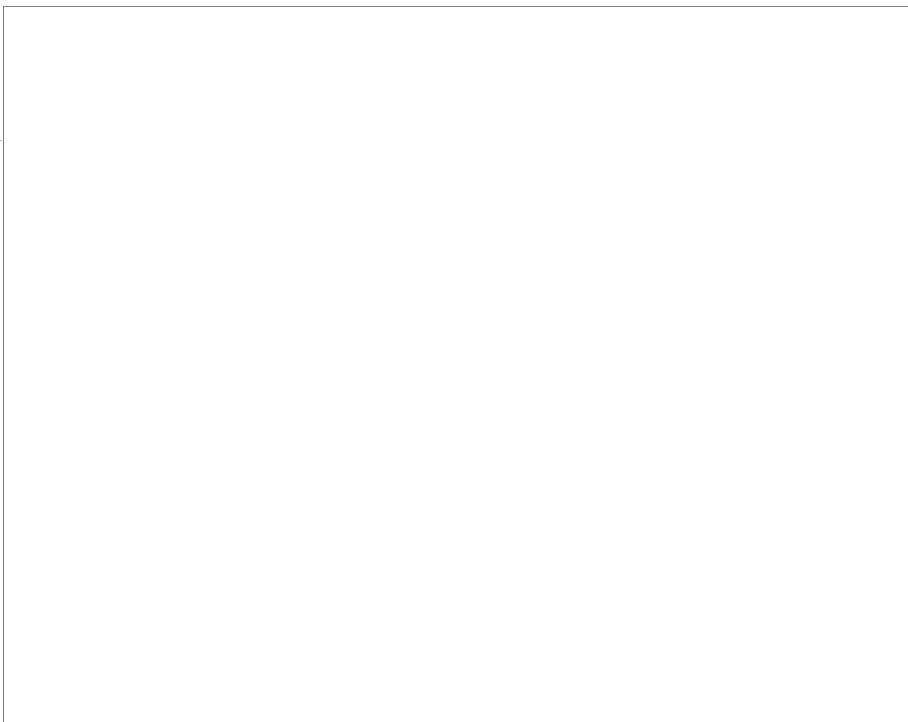
- banning the use of nuclear weapons,
- banning the production and reducing the stocks of nuclear weapons,
- subsequent liquidation of nuclear weapons,
- banning of underground nuclear and thermonuclear tests,
- banning of flights of aircraft carrying nuclear weapons beyond the confines of national frontiers,
- limiting the zones of operation of nuclear missile-carrying submarines,
- banning of chemical and bacteriological weapons,
- liquidation of foreign military bases,
- setting up non-nuclear zones in various parts of the world, and,
- strengthening provisions for the use of the world's seabeds and ocean floors exclusively for peaceful purposes.

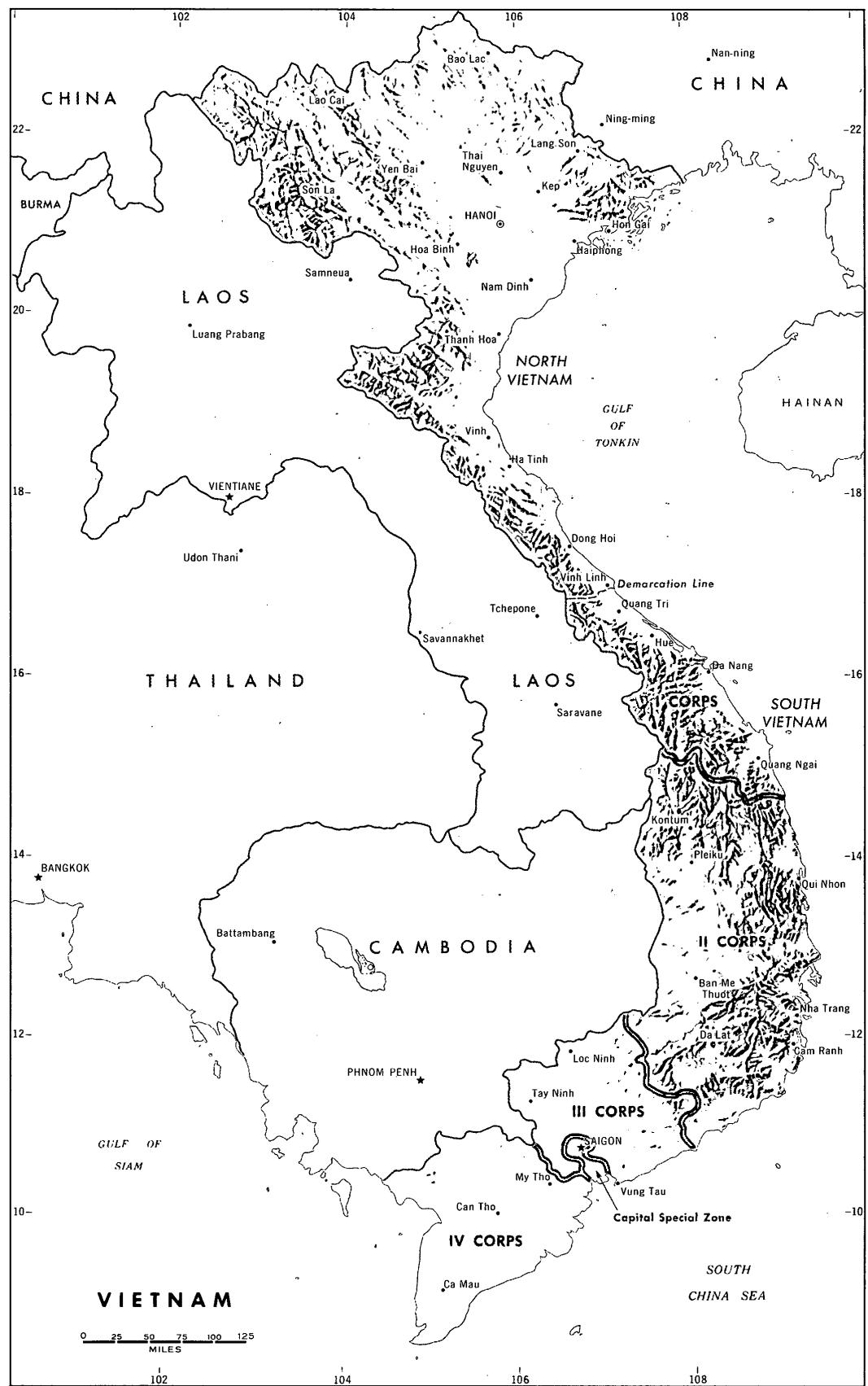
The statement included a pro-forma propaganda attack on the strengthening of NATO and specifically accused the US, the United Kingdom and West Germany of "whipping up a cold war atmosphere."

During a subsequent question period, the Soviet spokesmen called Bonn's plans to elect the next Federal President in West Berlin during March as "a new provocation," which can only "complicate international relations." They made no threats of retaliation, however, and ended this portion of their interview with an appeal to Bonn to sign the non-proliferation treaty.

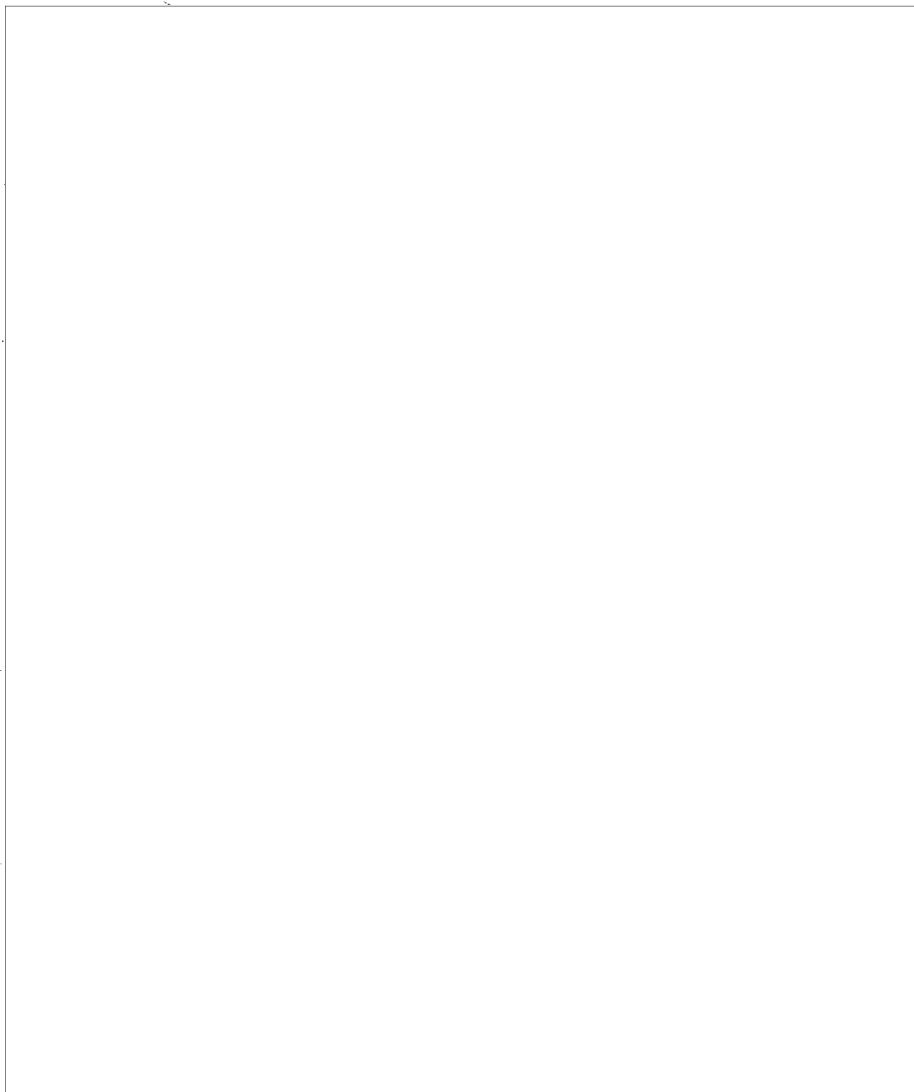
VIETNAM

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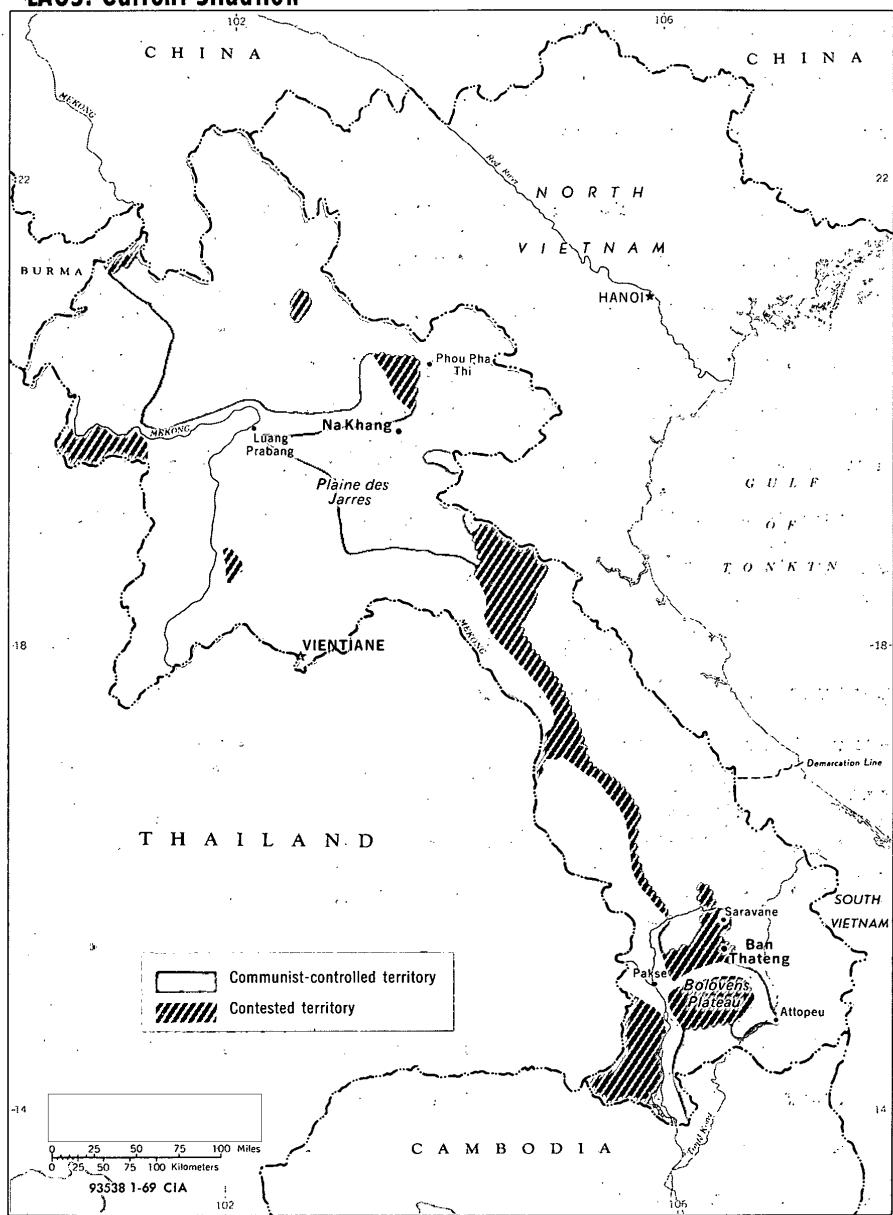


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Communist units in South Vietnam have sharply increased the level of military action over the last four days. Thus far, however, the enemy has not committed his large units.

FOR THE PRESIDENT ONLY

LAOS: Current Situation



The current round of activity is doubtless intended as a demonstration of Communist military presence and capability on the eve of the Inauguration, and also as a show of strength as the new round of substantive talks gets under way in Paris.

It is not yet clear how far the current Communist military effort will be pushed. Numerous recently captured prisoners and documents [redacted] indicate that the Communists plan to launch a series of attacks throughout III Corps. [redacted]

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II. OTHER IMPORTANT DEVELOPMENTS

LAOS

The Communists are preparing for the next round of their annual dry season offensive and for the moment the military situation is relatively quiet.

Only light skirmishing and patrol activity has been reported over the past several days near the Bolovens Plateau in the south, where the heaviest fighting of the two-month old Communist offensive took place earlier. As many as three North Vietnamese battalions are still dug in around Ban Thateng, but the enemy has made no effort to

bring additional pressure on the base's weary defenders. Heavy air strikes and government guerrilla operations are helping to keep the Communists at bay, and the North Vietnamese themselves may not be willing to run the risk of another costly all-out attack.

In the north, small numbers of Communist troops have been probing outlying government positions that defend the key guerrilla base at Na Khang. The friendly guerrillas have been trying to clear the enemy from recently captured positions near Na Khang; these positions have been used to place mortar fire on the base's airstrip. Another government spoiling operation has blunted a Communist push against government positions between Na Khang and the Plaine des Jarres.

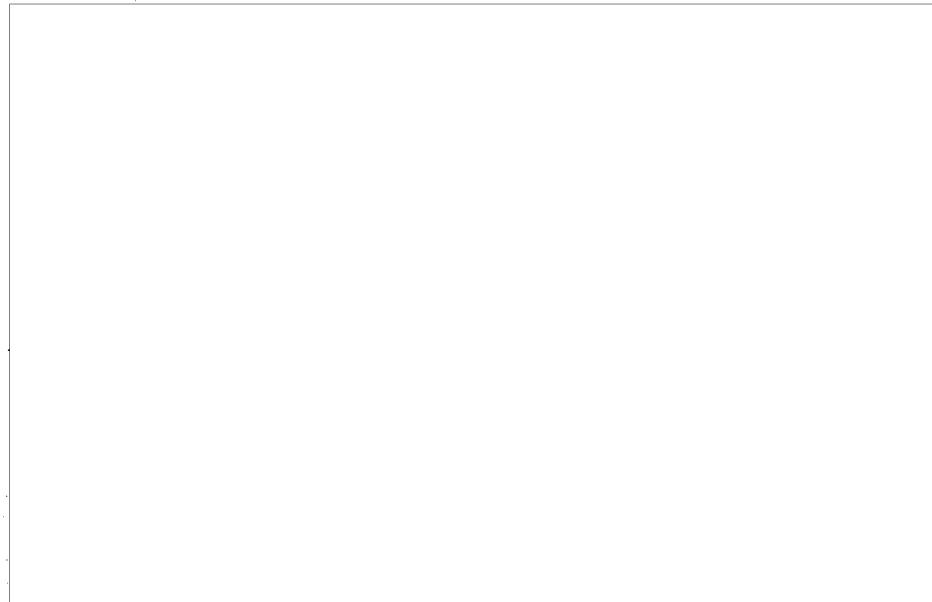
PERU

The Velasco government has placed an embargo on the remaining assets of the US-owned International Petroleum Company and seems ready to expropriate them.

Pressure for further action has grown out of a dispute over the price the company is to pay for oil products it has drawn from the expropriated refinery at Talara.

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There is an indication that Peru might seek to inject the Soviet Union into the controversy. A Soviet economic delegation is to arrive in Lima later this month to review a general offer of credits for industrial projects which Moscow extended last year.

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In any event the new expropriations will resurface potential difficulties in Peruvian-US relations. Under amendments to the US Foreign Assistance Act and the Sugar Act, Peru will lose US economic assistance to the tune of 20-25 million dollars and its substantial sugar quota unless steps are taken to provide prompt and adequate compensation for nationalized property. Peru must meet this

requirement by 9 April, when the grace period of six months expires. If it fails to do so, and economic sanctions are applied, relations will be severely strained, perhaps to the breaking point.

COMMUNIST CHINA

We are beginning to suspect that major, unpublicized shifts are taking place among Chinese leaders, and that these may have the effect of weakening Mao Tse-tung's political position. The inner circle of leaders around Mao have failed to show up in public together since October, and the capital is full of rumors about ferment within this group.

One of the more credible is that several of Mao's associates, including defense minister and heir apparent Lin Piao, made speeches recently admitting that mistakes had been made in the Cultural Revolution. The intent of these speeches presumably was to lay the groundwork for a departure from "revolutionary" domestic policies which Mao has been pushing. [redacted] former general secretary of the party Teng Hsiao-ping has had his party standing partially restored. Teng was removed from a position of authority in the summer of 1966, at the outset of Mao's campaign against the leaders of the party apparatus.

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Harsh Maoist policies continue to be pushed in the countryside, and this could foster further divisive tendencies. The regime appears again to be tampering with rural institutions in an attempt to make them more egalitarian, and is engaged in a crash effort to transfer large numbers of urban dwellers to rural areas to share work and hardship with the peasants. These measures are provoking considerable public dissatisfaction.

THE DIMENSIONS OF THE ARAB-ISRAELI SITUATION

The rapid growth of irrational Arab terrorism has become the most aggravating problem in the Arab-Israeli impasse. Terrorist actions are expanding in both frequency and scope. Rivalries between the several terrorist organizations and the irresponsibility of their leadership compound the problem. The growing public popularity of the terrorist movement has left Arab political leaders, such as Nasir and King Husayn, on the sidelines helplessly watching their own influence and power erode. Meanwhile, the terrorists' popularity has forced all Arab leaders into greater cooperation with the terrorists.

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Lebanon, which up to now had managed to remain uninvolved, is the latest victim of this expanding disruptive force. Caught between militants, mostly Muslim, Arab Nationalist elements, and the traditionally pro-Western Christian sector, the country's political leaders have become increasingly paralyzed while awaiting what they believe to be an inevitable Israeli strike. Such an attack could only increase their ineffectiveness and could result in the loss of territory in southern Lebanon..

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FOR THE PRESIDENT ONLY

In Israel too, emotionalism seems to be taking over from reason. A "siege mentality" has set in which has brought with it a growing belligerency toward the Arabs and the outside world. The traditional sense of isolation has grown enormously and the combination of these factors has resulted in a willingness to go it alone. Compounding the situation is a growing suspicion that Israel has lost its favored position in the Western World, and especially in the US.

The French arms embargo has brought about a contentious anger toward France, Israel's old ally and arms supplier. At the same time Israel sees itself threatened by a Soviet-US "peace" deal. Israel fears that the Soviet Union aims at getting it to relinquish the Arab territory it now holds without a firm and durable peace treaty with the Arabs.

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[redacted] Israel continues to have faith 50X1
that its present tactics will bring the Arabs to heel.

Moscow probably has several motivations in proposing its peace plan. It wishes to minimize the possibility of another outbreak of war, which could well create a crisis between it and the US. It may also wish to lessen the threat that Moscow's Arab client regimes might be toppled as a consequence of the continued stalemate and the rise of terrorist influence. Of course,

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FOR THE PRESIDENT ONLY

the USSR would also benefit if the Suez Canal were reopened. What Moscow may not realize is that it may be too late to cut down the terrorist menace to the Arab regimes and that, even if Nasir and Husayn were to make peace, they are not likely to be able to make it stick with the terrorists. Many elements in the several Arab armies sympathize with terrorism. The general Western and US view is that, while the plan cannot be accepted in toto, it may provide a basis on which to build.

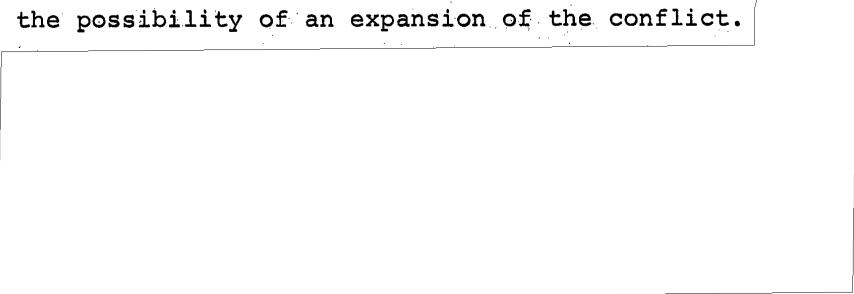
Jarring's mission, long nearly moribund, might get a new lease on life because of the Soviet peace proposals. With the active support of the Soviet Union in the peace-making process, Jarring may feel sufficiently encouraged to continue his conversations with the parties. Thus Moscow's plan may serve to slow temporarily the rapid deterioration of the situation in the Middle East, but the prospects are slim that it can be anything but a palliative, and it may end in hardened positions all around. There will be no letup in terrorism, since the terrorists have no intention of making peace with Israel and the Israelis will stick firmly to their reprisal formula. Thus, a somewhat expanded irregular military action probably will develop.

The chance of another war may increase in the months ahead. If experience is any guide, there will be a series of military alerts and alarms on either or both sides

triggered by rumor, fragmentary information or border incidents, and each of these enhances the possibilities for major clashes. For example, for the past two weeks the Arabs have managed to convince themselves wrongly--probably with Soviet help--that the Israelis are mobilized and about to launch an attack.

Unless the Soviets intervened, any all-out war in the predictable future would be lost by the Arabs. The dispersal of aircraft shelters by Egypt would probably make an Israeli victory more costly and the war would last much longer than in June 1967. This would open the possibility of an expansion of the conflict.

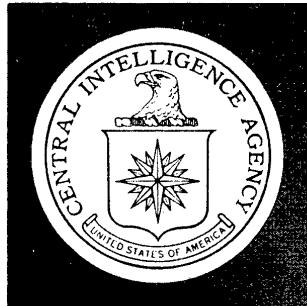
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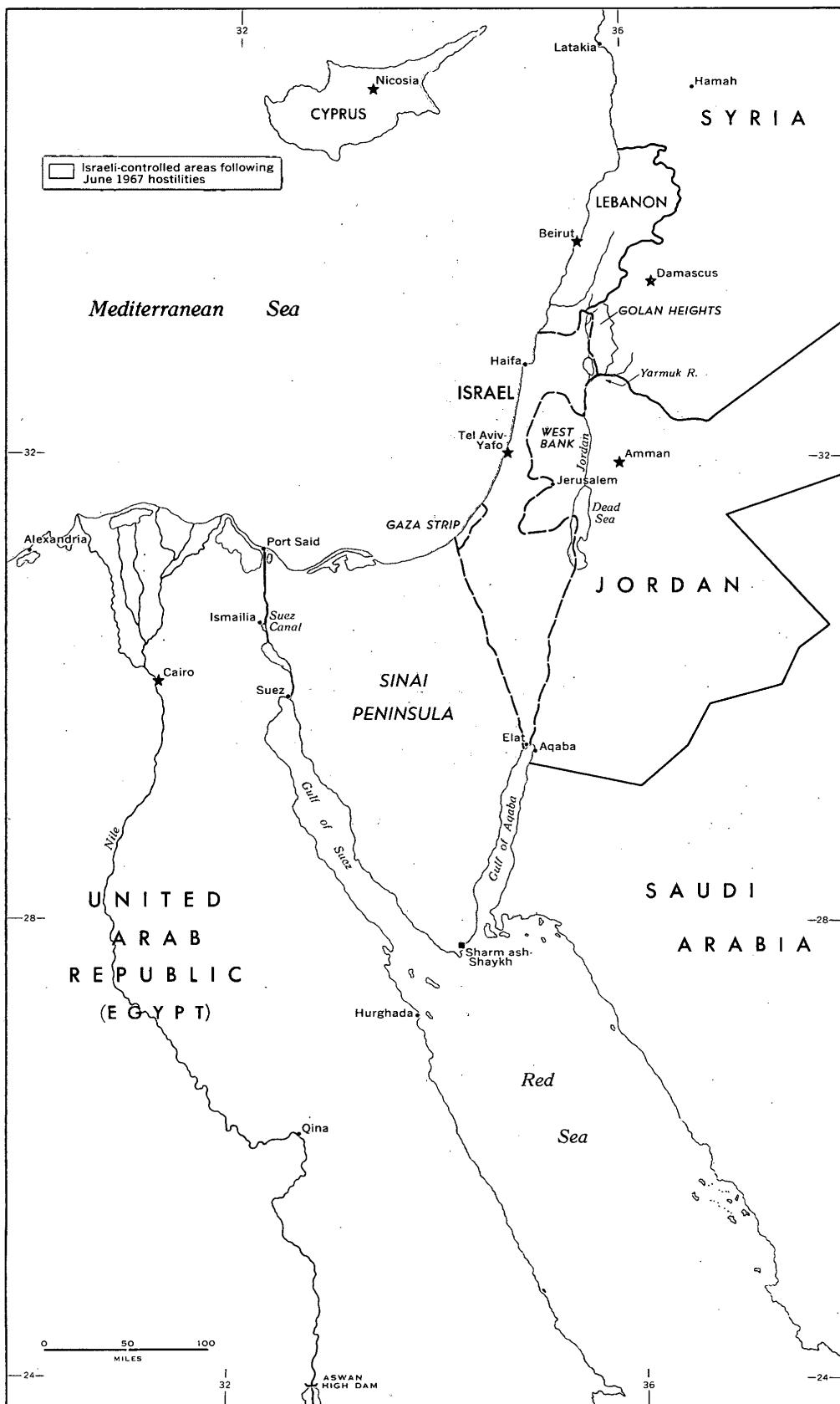
The President's Daily Brief

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22 January 1969

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I. MAJOR PROBLEMS

MIDDLE EAST

Israel is taking strong exception to a speech Nasir gave to the Arab Socialist Union Monday. Even though Nasir reaffirmed Egypt's acceptance of the UN Security Council resolution of 22 November 1967, Foreign Minister Eban said the speech "rejected each and every principle of that resolution." Prime Minister Eshkol complained that the speech has "made prospects of rapprochement remote," since it showed that the Arabs have not changed their ultimate objective of destroying Israel.

The speech actually was fairly standard Nasir fare. He emphasized the need for Arab preparedness and promised once again Egypt's support of Jarring's peace efforts. Nasir also played on two perennial Arab themes--support for the fedayeen terrorists and refusal to negotiate with an occupying enemy. In contrast to the Cairo press, the Egyptian leader eschewed mention of the US response to the Soviet note, clearly to avoid prejudicing relations with the new administration.

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FOR THE PRESIDENT ONLY

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The US Embassy in Tel Aviv reports that Deputy Prime Minister Allon is unhappy about being by-passed by Eshkol in the cabinet decision-making process. He fears a rapprochement between Eshkol and Minister of Defense Dayan. Allon has resigned from two of his lesser government posts, although for the moment at least he will keep his principal job.

At the root of the problem are the competing ambitions of Dayan and Allon to succeed Eshkol. (We expect Eshkol to stay in power through 1970, at least.) The prime minister has tried to maintain a precarious balance in Israel's unwieldy coalition cabinet by playing off Dayan and Allon and respective factions against each other. We suspect that Eshkol will manage to smooth over his difficulties with Allon this time, but the affair is illustrative of the chronic infighting in the Israeli cabinet which complicates the problem of fathoming Israeli intentions. Dayan takes a considerably harder line toward the Arabs than Allon.

EUROPE

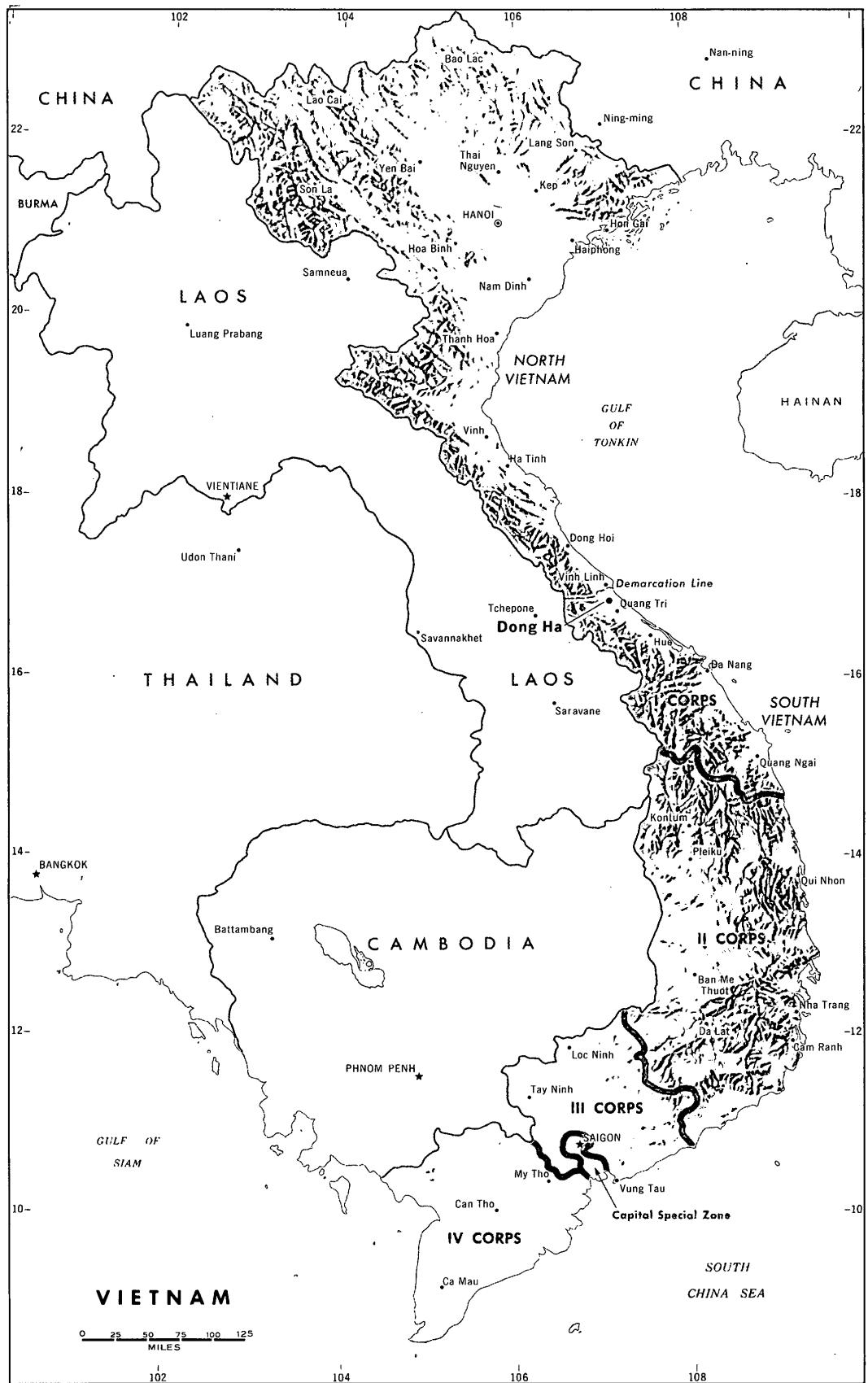
Nothing of significance to report.

SOVIET AFFAIRS

Prague was quiet today, but indications are growing that Saturday's funeral of the first young man who burned himself to death will turn into a serious anti-Soviet demonstration, perhaps even as early as Friday when the coffin is put on public view. In the meantime, a fourth person has attempted to take his life by fire.

Czechoslovak President Svoboda, who still retains the trust of the people, went on national television today to urge moderation "while there is still time" and to "indicate frankly the seriousness of the situation." He literally begged his live audience of trade unionists to turn their support back to the party's leaders, implying that the workers should ignore the student dissidents.

Svoboda failed to repeat the harsh threats of repression uttered by Premier Cernik on 21 January. He avoided Cernik's condemnation of youthful demonstrators as anti-Communists, and instead tried to be conciliatory. He added weight to his words by announcing he was speaking also for party chief Dubcek, who was home in Bratislava with a cold.



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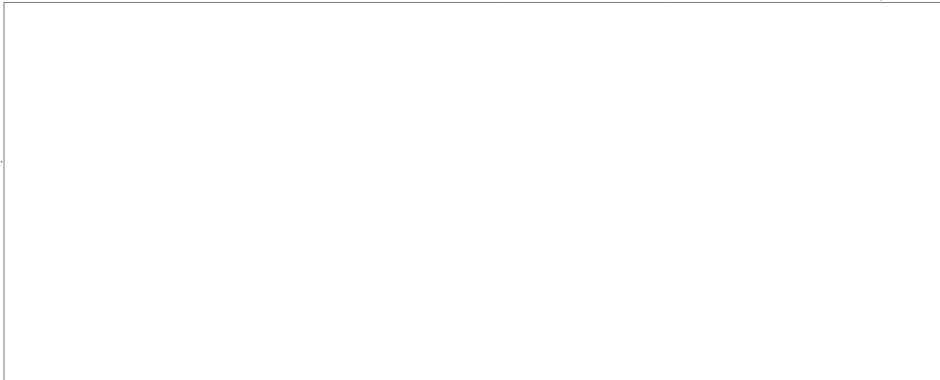
VIETNAM

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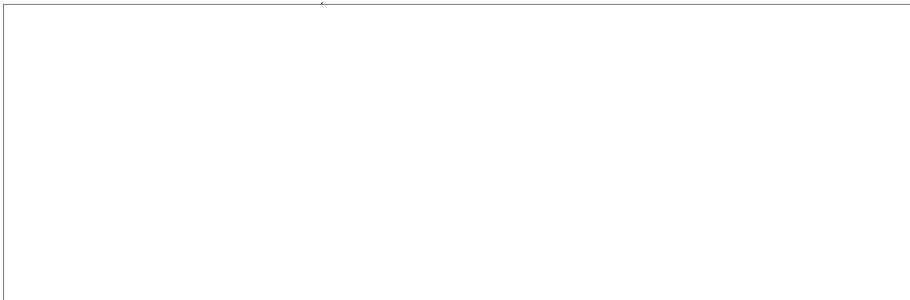
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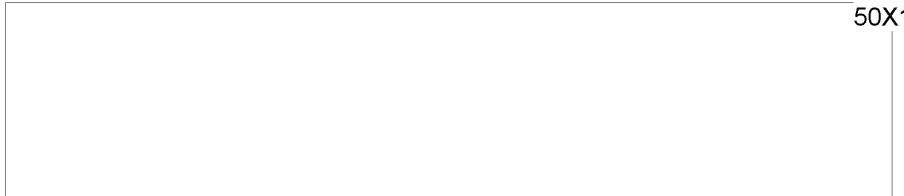
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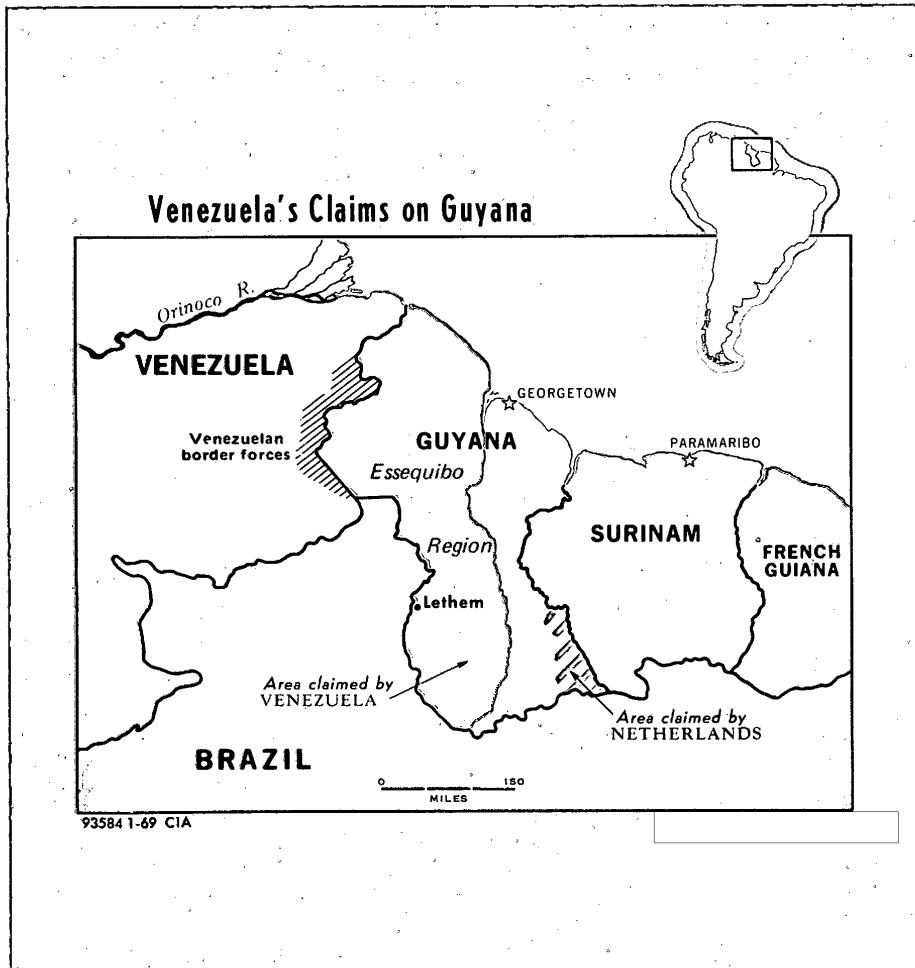
Several major allied positions, including the Da Nang airbase, were hit by Communist rocket and mortar fire on 21-22 January. In general, however, the pace of military activity slackened over the previous day.

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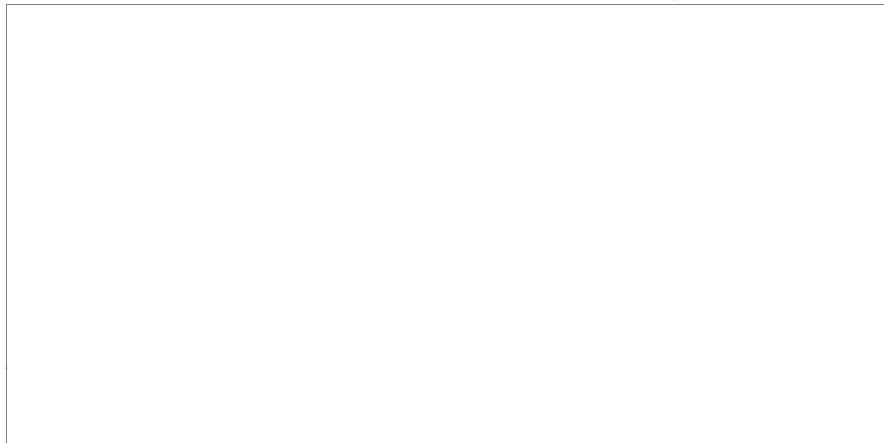


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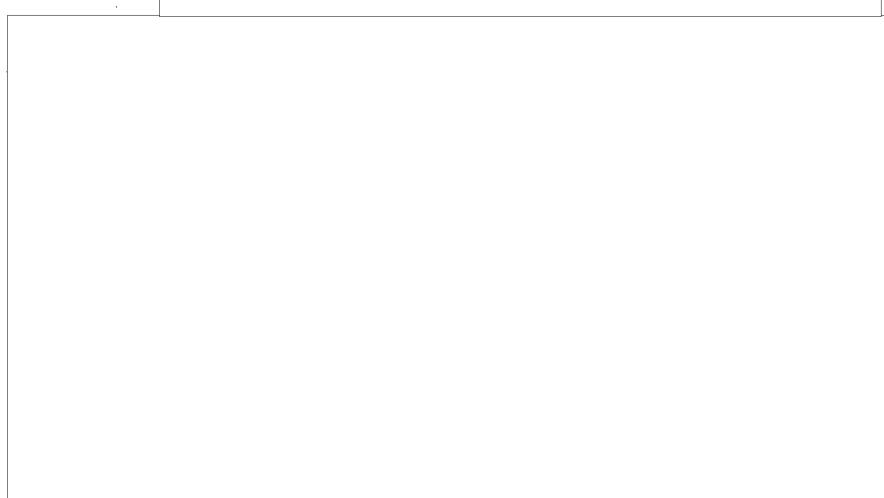


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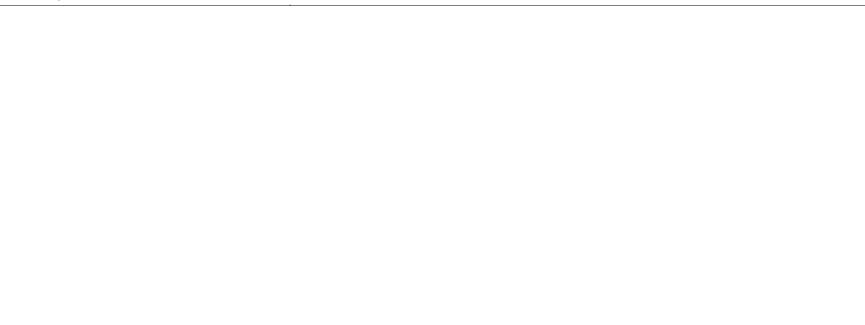
II. OTHER IMPORTANT DEVELOPMENTS

VENEZUELA-GUYANA

The US may soon be faced with choosing between
friends as Venezuelan officials [redacted] 50X1
[redacted] to press their claim on the Essequibo region of
Guyana. [redacted] 50X1
[redacted] 50X1
[redacted] 50X1



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President-elect Caldera's silence on the border dispute may have sharpened fears by military and political groups in the lame-duck Leoni administration that Caldera will not press Venezuela's claim as vigorously as they have done. Recent moves by these groups may have been intended to tie Caldera's hands when he assumes the presidency in March.

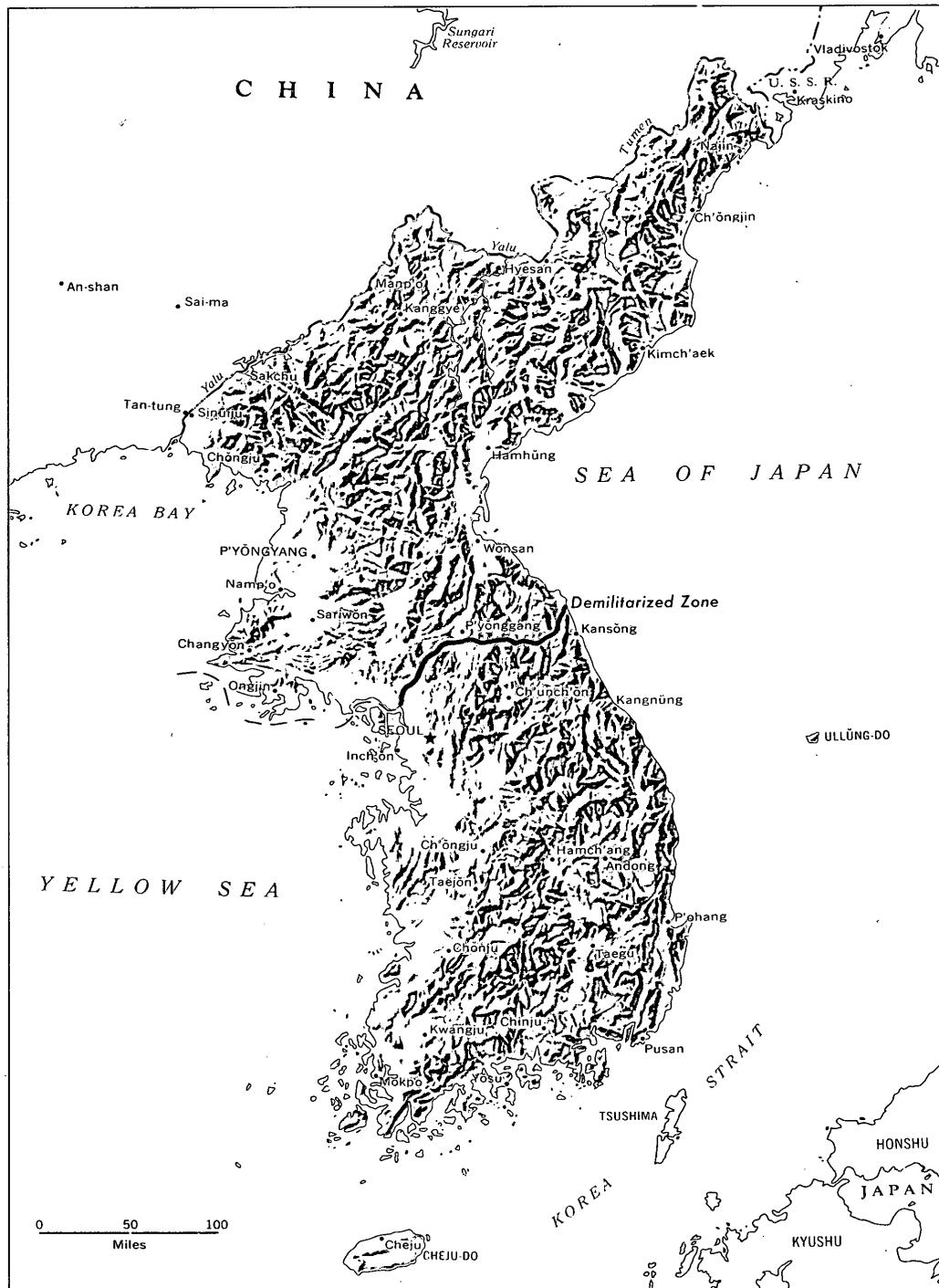
KOREA

Today's Annex is a discussion of North Korean pressures on the South.

COMMUNIST CHINA

Peking yesterday issued another blast at President Nixon's administration. The content was essentially similar to earlier statements about the previous US administration.

KOREA



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NORTH KOREAN PRESSURES ON THE SOUTH

SIGNIFICANCE: The mounting North Korean pressures of armed harassment and terrorism against the South hold considerable potential for straining relations between Seoul and Washington as South Korea seeks to ensure a high level of US political and material commitment to its security. At worst, North Korean pressures, especially if large-scale paramilitary raids continue, could cause South Korean retaliation in kind and thus risk escalation into conventional warfare involving US forces stationed in Korea.

* * *

South Korea is now faced with the most formidable North Korean pressures and harassment since the 1953 armistice. The Communists are increasing their forays across the Demilitarized Zone and infiltrating armed agents deep into the South. Their short-term aim probably is to probe for vulnerabilities in South Korea's defenses which might be exploited in the future to disrupt the nation's political and economic stability and shake public confidence in the Seoul government. The North Koreans almost certainly believe that these subversive pressures will also generate serious frictions between Seoul and Washington over measures to meet the threat.

FOR THE PRESIDENT ONLY

We believe that North Korea's long-range goal is to unify the peninsula under its control. Pyongyang's tactics over the past two years have been aimed at achieving what it probably regards as the indispensable condition for advancing toward this goal--building a strong subversive apparatus in the South and initiating an armed guerrilla movement against the South Korean Government. In launching their campaign of harassment and terrorism in the fall of 1966, the North Koreans probably calculated that the US was too heavily committed in Vietnam to undertake major counteraction in Korea.

North Korea's capability for agent operations and sabotage in the South has substantially increased during the past year.

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The level of violence on the peninsula has steadily increased over the past two years. The assassination attempt against South Korean President Pak in January 1968 and the sea infiltration of over one hundred armed guerrillas in November are only the more dramatic aspects of a generally more aggressive North Korean posture.

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FOR THE PRESIDENT ONLY

Pyongyang's policy seems designed to avoid the risk of open aggression. North Korea's formidable conventional military capability appears designed primarily for defensive purposes and places a heavy emphasis on underground location of strategic facilities and a comprehensive air defense system. This fortress-state mentality accentuates the North Koreans' confidence that they can engage in a war of subversion with relative impunity.

Pyongyang's campaign has had little success to date, but it has heightened South Korean anxieties about the availability of greater American military, political and economic support. Despite the generally strong anti-Communist attitude of the South Korean population, concern has been expressed in official circles over the possible cumulative effect of North Korean raids in arousing public fears. Suspicion has also been kindled outside the government that broadened security measures will be used to suppress legitimate criticism of the regime and to rig the 1971 election to assure a third term for President Pak.

Seoul, with US assistance, is reacting sharply to cope with the growing infiltration threat, and has been quick to perceive the need to remedy shortcomings in its security performance. Nevertheless, the emergence of larger-scale North Korean guerrilla warfare would sorely tax the country's resources, causing massive diversion of personnel and imposing severe financial burdens. Additionally, the prospect

of extensive sabotage could discourage foreign investors, depriving the economy of needed capital and slowing the country's economic growth on which public acceptance of the Seoul government largely depends.

There is danger that pressures on President Pak--particularly from his military supporters--to retaliate in kind against North Korean forays could lead to encounters that might at some point involve the two US combat divisions stationed in Korea.

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On the other hand, US efforts to discourage retaliation in the face of continuing South Korean losses from North Korean harassment could produce serious strains in US - South Korean relations, particularly if Seoul felt that US political and material support was inadequate.

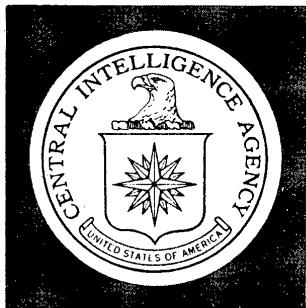
The larger the threat looms from the North, the greater the pressures South Korea will put on the US for additional assistance. Seoul already is pressing for changes in the

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FOR THE PRESIDENT ONLY

US - South Korean mutual defense treaty to provide for automatic US retaliation in the event of an outright Communist military attack. South Korea is also seeking modern military equipment, an upgrading of its navy and air force, and the continued presence of large-scale US military forces in Korea. It would react with dismay to any indication of a possible reduction in either US presence or determination in Korea.

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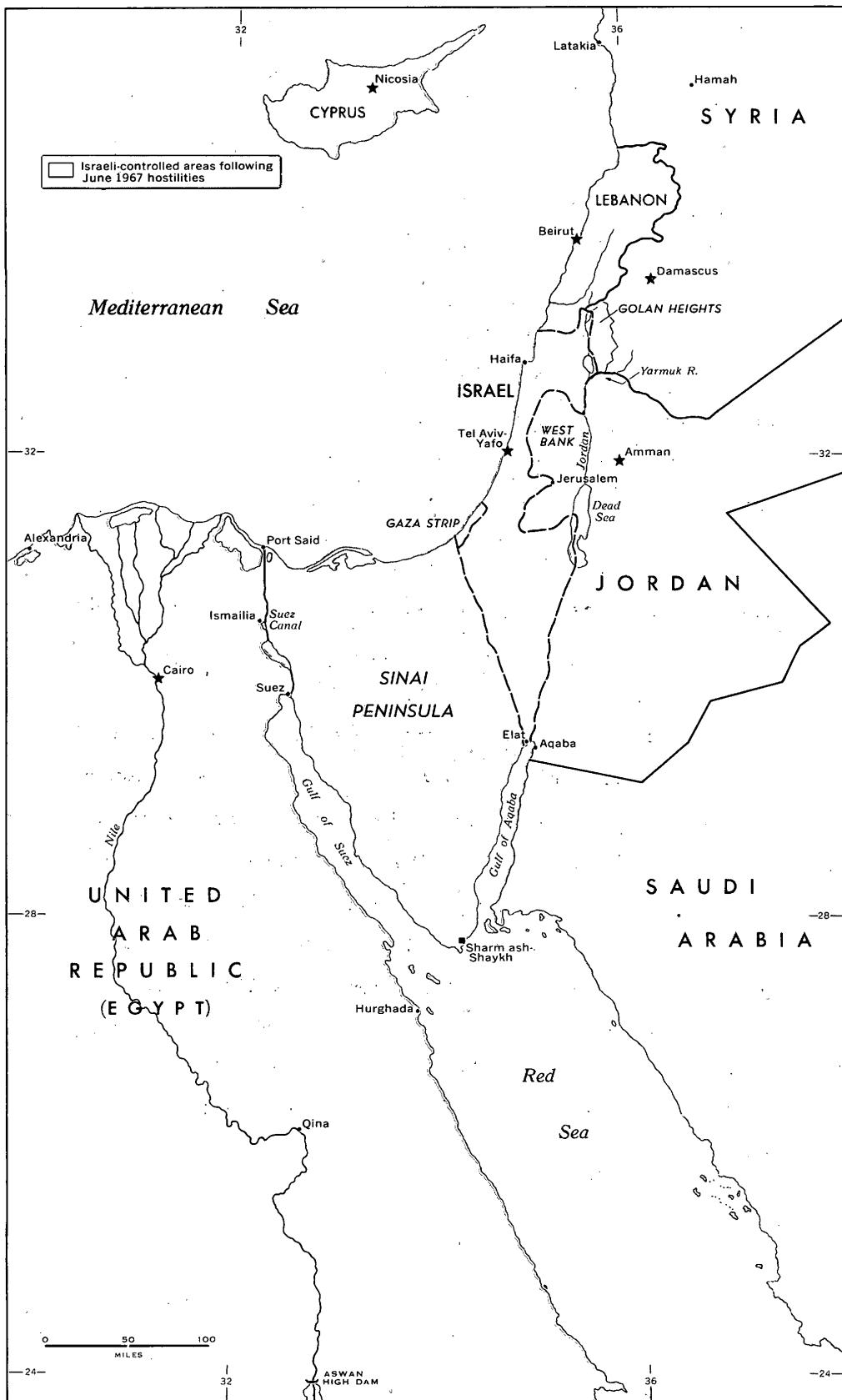
The President's Daily Brief

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23 January 1969

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93478 1-69

I. MAJOR PROBLEMS

MIDDLE EAST

The British are in the midst of a full review of their Middle East policy. They told our embassy that their goal is to maintain their "respectably even-handed" position between the Soviet Union and the Arabs on the one hand and the US and Israel on the other. Their reply to the latest Soviet proposal accepts one or two Soviet ideas and rejects the rest.

The British say they are waiting for a US lead on the French proposal for four-power meetings in New York.

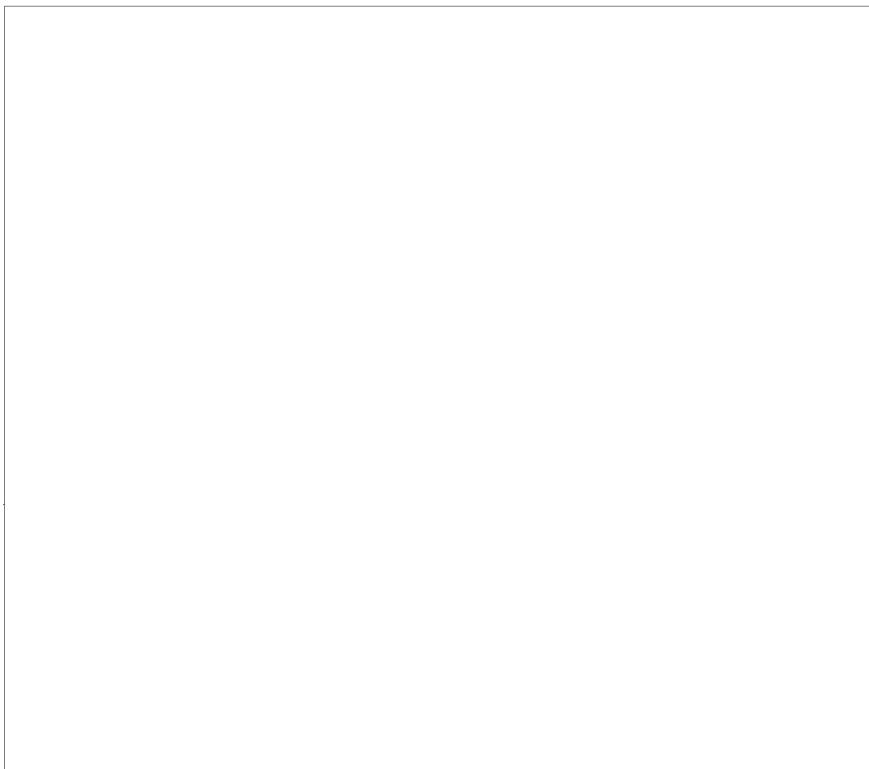
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The Soviets and the Egyptians are working out final details on their annual trade agreement. It will not be signed until next week, but Cairo press leaks indicate that trade will be about \$360 million both ways. (The figure for 1967, the latest we have, was \$306 million.) Soviet exports will stay at about the same level, but Egyptian exports--rice, cotton yarn, textiles, and for the first time industrial goods--will rise significantly, including payments in kind for about \$48 million of Egypt's large debt--somewhere in the neighborhood of \$850 million--to the Soviet Union.

FOR THE PRESIDENT ONLY

The principal plus for the Egyptians in what otherwise seems to be a trade deal favorable to the Soviets is Moscow's undertaking to ship 500,000 tons of wheat--about one-fourth of Cairo's annual requirement. Last year Moscow supplied very little wheat, the import of which always eats heavily into Egypt's limited foreign exchange.

EUROPE



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Both the Italians and the Canadians have informed the US that they are moving toward the establishment of

diplomatic relations with Peking. Canadian Foreign Minister Sharp told Ambassador Linder on 22 January that contacts with the Chinese could be expected in a few days. The Italians told the US Embassy in Rome the same day that Foreign Minister Nenni would soon make public Italy's intention to recognize Peking.

This could have a bandwagon effect within Western Europe. The Belgians might eventually follow Italy's lead, and Austria may join in as well. West German Foreign Minister Brandt apparently is thinking of making a new attempt to work out a trade agreement with the Chinese.

Western European countries that already have diplomatic relations with Peking include Britain, France, the four Nordic countries, the Netherlands, and Switzerland.

SOVIET AFFAIRS

Soviet authorities have taken the wraps off the story of the Red Square shooting incident today only to the extent of admitting that it happened and describing the assailant as a lunatic. Evidently no leading officials were hit, but there is a very good chance that the shots were aimed at them rather than at the cosmonauts. Television coverage of the subsequent award ceremony in the Kremlin showed a messenger at one point

delivering notes to Brezhnev and secret police chief Andropov. Andropov later handed a note to Brezhnev who was described by television viewers as reading it with a "grim" expression.

The Soviet leaders are not likely to take this shooting episode lightly and may well move quickly to tighten domestic security. There have been no reports of previous attempts upon the lives of the present members of the Politburo, but an incident in June 1967 in which a man blew himself up in Red Square, killing and wounding several bystanders, caused considerable consternation in high circles.

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Yesterday's return to Prague of two ultraliberal leaders, who before the invasion last August had held

high posts in the Czechoslovak Government, has further antagonized the Soviets. Former deputy premier Ota Sik, the "father" of Czechoslovakia's far-reaching economic reform, and writers' union chief Eduard Goldsteucker had been living in exile and have been labeled traitors by Soviet and Czechoslovak conservative politicians. They are still members of the party central committee; today they took their seats in the new Czech national parliament. The leadership had been under Soviet pressure to drop them from both posts. Now Prague will be forced to defend them in the face of Soviet displeasure.

Both men are immensely popular, especially among dissident youth and intellectuals. If the Dubcek leadership should bow to Soviet pressure to purge them, a new source of serious domestic friction could develop. Presumably they will be asked to use their prestige against potentially explosive anti-Soviet demonstrations this weekend.

The situation in Prague today was quiet but tense.

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The annex today discusses some of the background of the Czech crisis.



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VIETNAM

President Thieu, supported by Vice President Ky, has laid out his preliminary views on how the allies ought to try to steer the Paris talks.

On 21 January at the first of what will now become a series of weekly consultation meetings, Thieu concurred with Ambassador Bunker that the talks should focus first on the restoration of the Demilitarized Zone. This, he thought, would be a good test of enemy "sincerity."

Thieu urged that the talks should then consider the infiltration problem and the rest of South Vietnam's borders, which would automatically raise the issues of Cambodia and Laos. Speaking in support of Thieu, Ky emphasized that the problem of verification of respect for these borders would be of fundamental importance.

Both men seemed unenthusiastic about taking up the problems of withdrawal and cease-fire immediately after the DMZ. They expect, however, that the Communists will want to get into these subjects as quickly as possible and proposed that the allies agree to a cease-fire only as part of an agreement on withdrawal, regroupment, and verification.

Thieu emphasized his willingness to give priority to developing joint positions with the US on substantive matters. He agreed that a joint military working group be set up to support the consultations between himself and Ambassador Bunker.

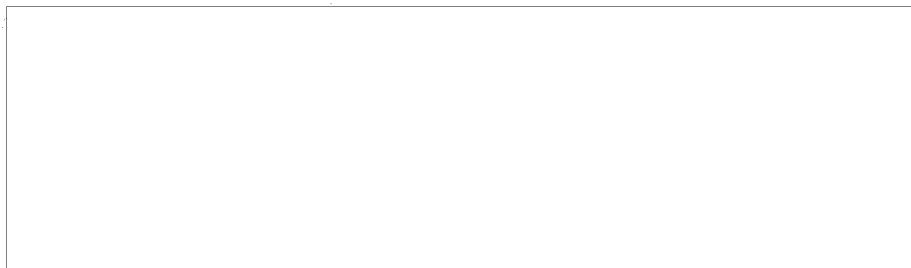
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On 22 and 23 January allied forces had a hard fight in the central highlands between Kontum and Pleiku. This engagement, the latest in a series of clashes in that area, resulted from allied efforts to interfere with an enemy buildup there. The Communists periodically attempt to assemble forces for attacks against allied special forces camps strung out along the central highlands and to overrun montagnard villages defended only by irregulars.

II. OTHER IMPORTANT DEVELOPMENTS

NIGERIA

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UNITED KINGDOM - RHODESIA

Both the British and the Rhodesians apparently think another round of high-level talks is in the offing, but the chances that they can negotiate a settlement to their long dispute are even dimmer than they were during the last round in November. Since then, the Smith regime in Salisbury has thumbed its nose at London on several minor points. It has also decided to hold referendums in April on proposals to declare Rhodesia a republic and to inaugurate constitutional changes similar to the apartheid structure in South Africa.

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Rhodesians are likely to remain intransigent, and we believe Smith--with some characteristic vacillation en route--will eventually turn his country into a white-supremacist republic.

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BEHIND THE CRISIS IN CZECHOSLOVAKIA

The Czechoslovak leadership finds itself embroiled in a crisis situation because of its efforts to reconcile Moscow's requirement for "normalization" with the need to mollify the population by some liberal reforms. Various sectors of the population are not persuaded by the leadership's balancing act. Indeed they feel that Dubcek and his cohorts are giving in too much to Soviet pressures. Widespread fears that the political situation is going from bad to worse has forged a strong bond among workers, students, farmers, and intellectuals who demand that the Dubcek administration make no more concessions to Moscow.

The first major confrontation between the reconstituted "realist" leadership and an increasingly disenchanted population developed in late December, when the position of National Assembly President Josef Smrkovsky was put in jeopardy. The widely popular Smrkovsky is the last remaining liberal in the leadership. The population, moreover, sees in his survival the last hopes of the liberal reform program that Dubcek initiated last spring.

Regime conservatives and some moderates insisted that Smrkovsky be removed and that his post be given to a Slovak under a federalization plan designed to give the Slovaks near-equality with the Czechs. The populace, knowing that the Soviets want Smrkovsky ousted for his continuing support

FOR THE PRESIDENT ONLY

for reform and for his criticism of the Russians, threatened strikes and demonstrations on his behalf.

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The Dubcek leadership, caught then as now between Soviet demands and popular reaction, came up with a compromise solution. They proposed that Smrkovsky take a half-step down to a newly created post of first vice president of parliament. The compromise appeared to calm matters at that point, but the issue will not be finally resolved until a new federal assembly is elected next month.

As the tension over the Smrkovsky affair subsided, a new struggle developed in early January over freedom of the press. Widespread speculation developed that the Dubcek leadership was about to establish firm control over Czechoslovakia's media. This issue has led the Dubcek hierarchy to the brink of a potentially very dangerous crisis, with popular tensions sharpened when a 21 year-old student, Jan Palach, set himself on fire in Prague's Wencesles Square to protest censorship and the continued existence of an illegal pro-Soviet publication.

Czechoslovak students quickly hailed Palach as a martyr and between 18-20 January thousands of disaffected youths

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FOR THE PRESIDENT ONLY

marched in the streets of Prague. They brought more demands--many of which the Soviets have already refused to the Czechoslovak leadership.

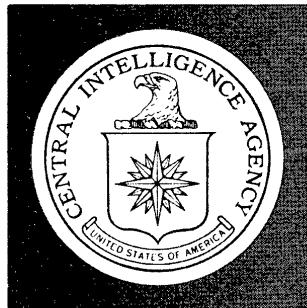
The decision to give Palach a hero's funeral on Saturday is a risky one. The ceremony, which may draw as many as 100,000, will attract youths from all over the country who are intent on demonstrating in Prague. The leadership evidently judges, however, that it must align itself with the profound feelings aroused by the suicide or forfeit its dwindling rapport with the populace. Top party and government leaders, who met with university officials in an effort to pacify the students, must come up with some type of compromise satisfactory to the students--as they did in the Smrkovsky case--or face the possibility of more suicide attempts and demonstrations bursting out of control.

In an effort to discourage further public gatherings, the popular and respected President Svoboda has warned that riots and strikes could cost thousands of lives and could bring down the Dubcek leadership. Premier Cernik branded some of the student actions "antisocialist" and said that the security police would have to clamp down on any anti-Soviet disturbances. Defense Minister Dzur has implied that the armed forces were ready to put down any outbursts. They have the capacity but we are not sure of their will to act vigorously in case of need.

The students, who still have strong support from the workers and the intellectuals, met with trade union officials this week to coordinate protest activities. The student actions have thus far been nonviolent, but the authorities can no longer count on this to continue.

The Soviets, meanwhile, have not been satisfied with Dubcek's pace toward "normalization" nor his regime's inability--or unwillingness--to impose the necessary controls over the society or to reassert the leading role of the Communist Party in the manner prescribed by Moscow. The Soviets have charged that "anti-socialist forces" are trying to exploit the situation in Czechoslovakia. Moscow is keeping a close eye on the situation, and has implicitly warned the Czechoslovak leadership that it must take stern action to quash further disturbances. The implication is that if the Dubcek leadership cannot control the situation, the Russians will.

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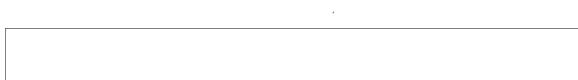
The President's Daily Brief

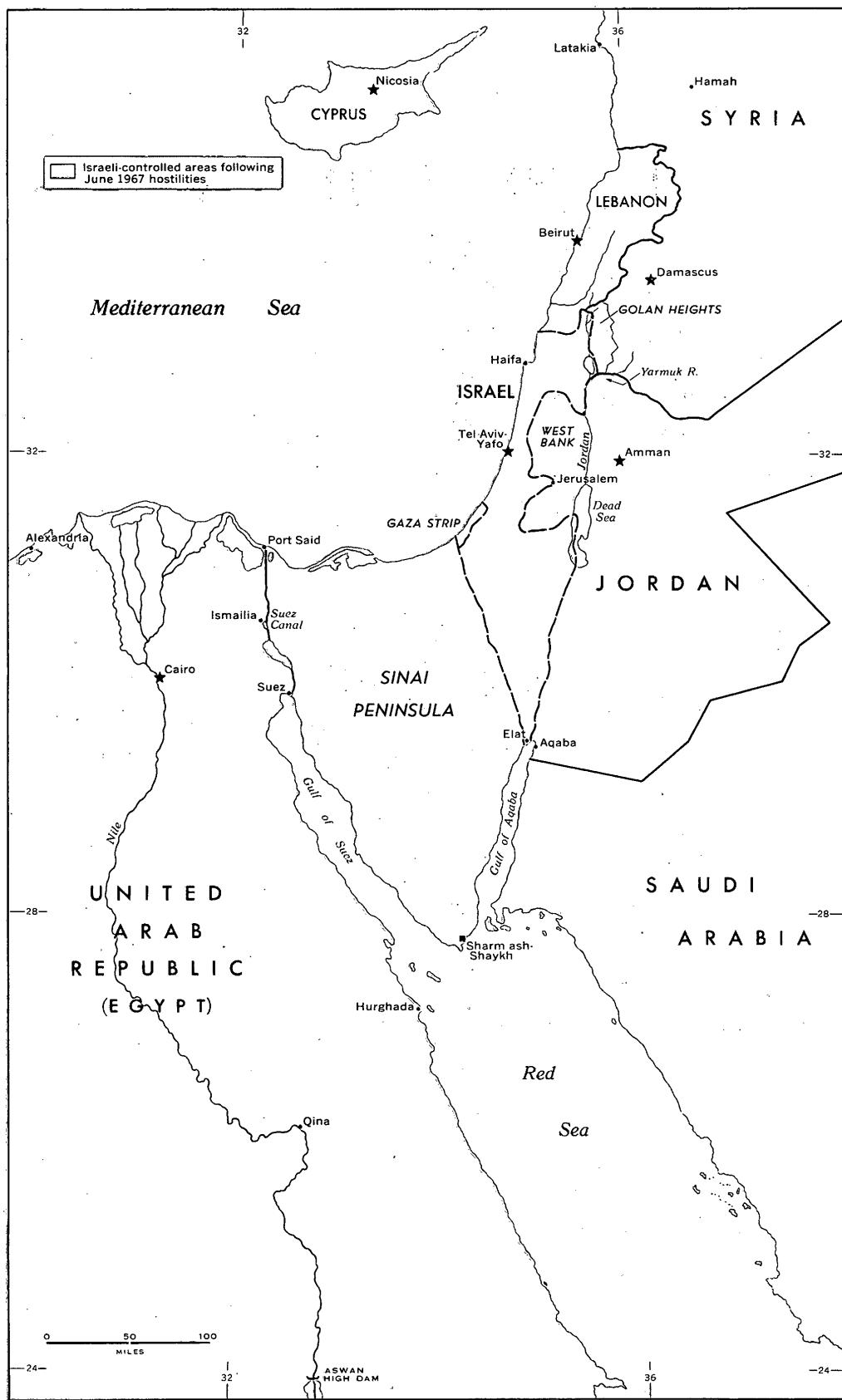
24 January 1969

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I. MAJOR PROBLEMS

MIDDLE EAST

Gunnar Jarring, obviously worried about the impact of the great power consultations proposed by France, told a US Embassy officer in Moscow on 22 January that the Soviets had reassured him that they wanted to see his mission continue and the Security Council remain engaged in the Middle East problem.

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Jarring had intended to renew his individual talks with Eban and the Arab foreign ministers in Europe in mid-February. The great power talks--if they materialize--may cause some further slippage in these plans.

U Thant is also anxious to keep the UN's hand in in the search for a Middle East settlement. He told Ambassador Yost on 23 January that, even though he thought four-power talks would be "appropriate and useful," the participants should meet "explicitly as permanent members of the Security Council."

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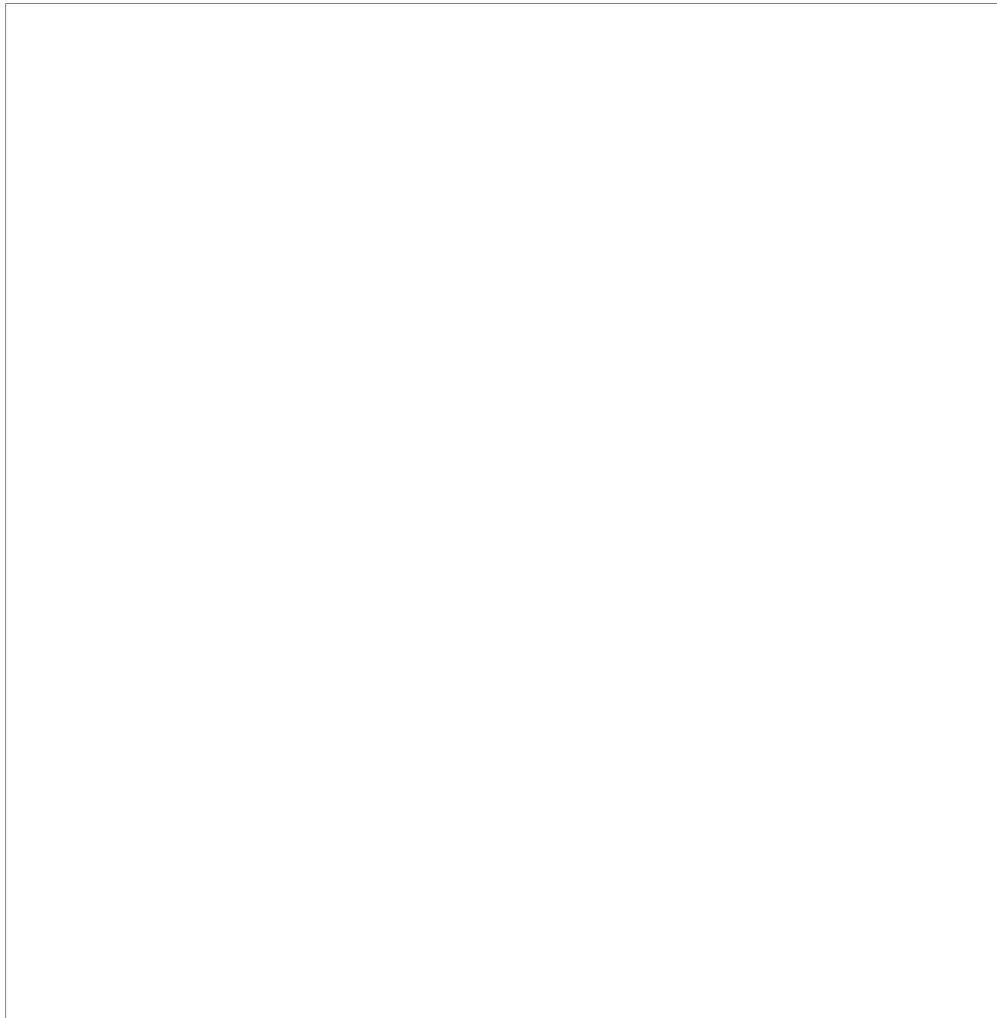
FOR THE PRESIDENT ONLY

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EUROPE

A high Belgian official says the European Community is moving "straight toward" adoption of a tax on soybeans and related products. US companies annually sell about \$500 million worth of these products in Community countries. Community officials see the tax as a necessity, despite the outcry they know it will cause, in order to deal with growing butter surpluses in Western Europe. This question may come up in next week's Council of Ministers meeting, which will also open a new round of bitter haggling over the Community's own agricultural policies.

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SOVIET AFFAIRS

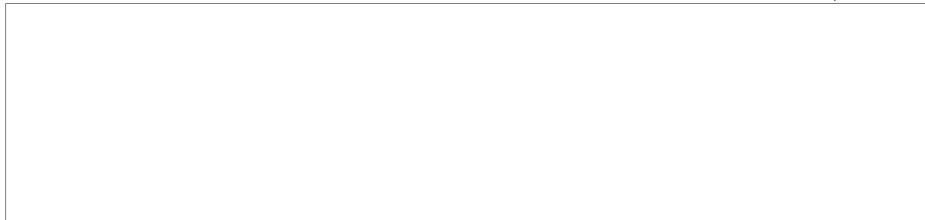
The latest tally shows that more than 75 new SA-3 low-altitude surface-to-air missile sites have been built in the USSR and at Soviet installations in Eastern Europe since mid-1967, when deployment of this system was resumed. Deployment had been suspended in 1965, after about 100 sites had been built.

The resumption of deployment may have resulted from a review of Soviet air defense requirements, including an examination of US fighter-bomber tactics in Vietnam. In addition, the original SA-3 system may have been improved. Testing of the missile continued after 1965.

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preparations are being made--under tight security wraps--for an international conference to be held in East Berlin from 28 through 31 January. This could be the often-postponed meeting of the Warsaw Pact's political leaders, or possibly a summit conference of the members of the Council for Economic Mutual Assistance (CEMA).

In either case, the discussions will probably center on steps to re-establish unity under Moscow's leadership. It will be a difficult meeting regardless of whether the emphasis is military or economic, because of strong diversity of views among the participants. [redacted] 50X1



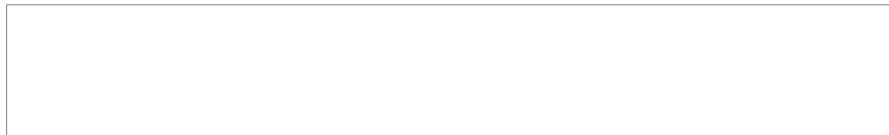
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Preparations continue for the funeral tomorrow of the young suicide victim, Jan Palach. There is no other public demonstration under way except for the silent thousands filing by the coffin, which is placed beneath a statue of Jan Hus, an early hero of Czechoslovakia's fight for independence. Five minutes of silence was observed at noon in Prague factories and in the main squares. The government has announced that yet another young man, the seventh, set himself on fire yesterday.

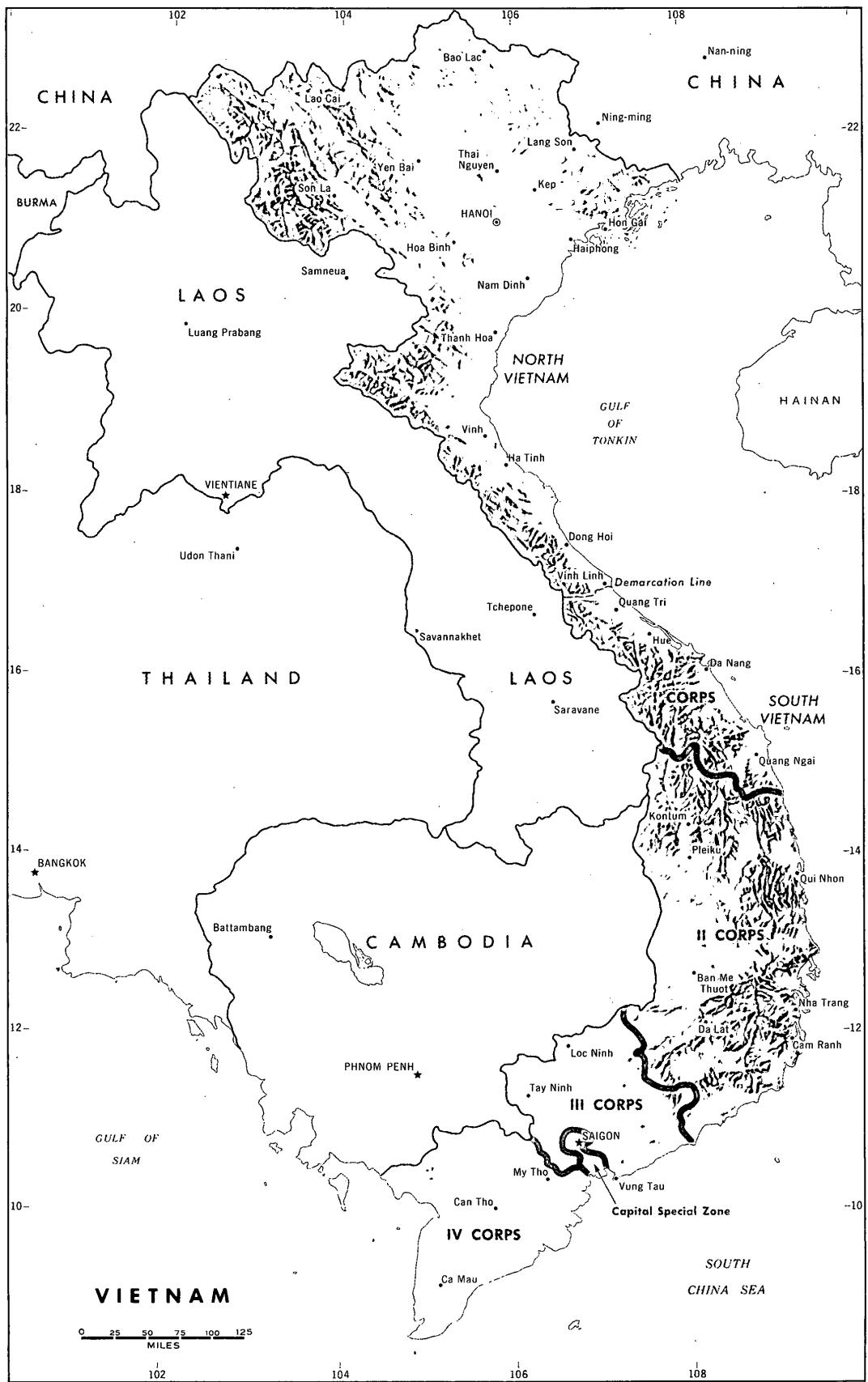
Few policemen are in evidence, and there is apparently no truth to rumors that substantial Soviet forces are moving back into Prague. Nevertheless, disquiet over possible anti-Soviet disturbances tomorrow continues. Today's appeal by Dubcek for law and order was seconded by student leaders who warned of provocations, but neither Dubcek nor the students could guarantee to control the populace.

VIETNAM



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FOR THE PRESIDENT ONLY



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Although no major ground engagements or shellings occurred in South Vietnam on 23-24 January, allied forces continued to encounter stiff enemy resistance to a cordon operation in southern coastal I Corps.

FOR THE PRESIDENT ONLY

II. OTHER IMPORTANT DEVELOPMENTS

PERU

The generals will be meeting before the end of January to decide whether to retain Velasco in the presidency, and it appears that the moderates who oppose Velasco's noisy nationalism have the upper hand. Their leader, Prime Minister Montagne, has said more than once, however, that he would prefer to leave Velasco in office for a few months to absorb the economic and political repercussions of the expropriation of the International Petroleum Company. We consider it fairly certain that Velasco will eventually be replaced, but we have no good indication when this will take place.

NIGERIA

At annex is a discussion of the worsening situation in Nigeria.

SOUTH KOREA

President Pak's supporters, looking toward the 1971 elections, have launched a program to eliminate the constitutional barrier to a third term and to neutralize the opposition. Leaders of his party have decided to introduce a constitutional amendment in the National Assembly this May and to hold a national referendum in August--when the potentially volatile students are dispersed on

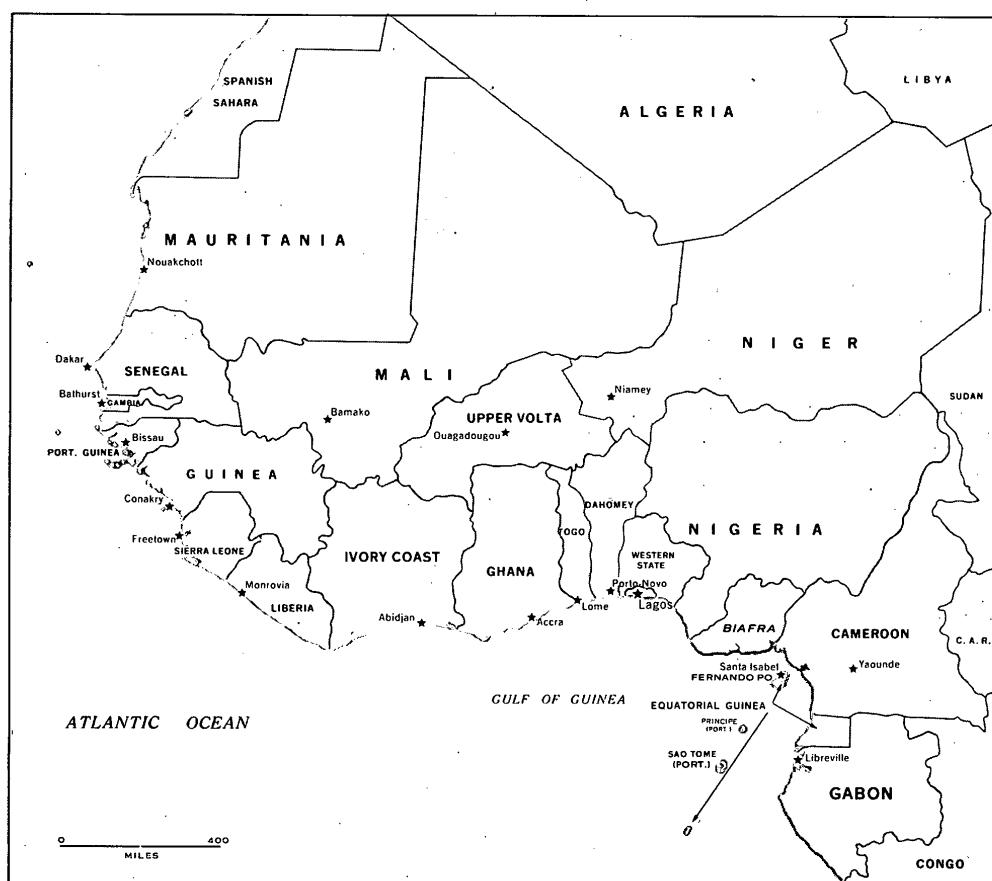
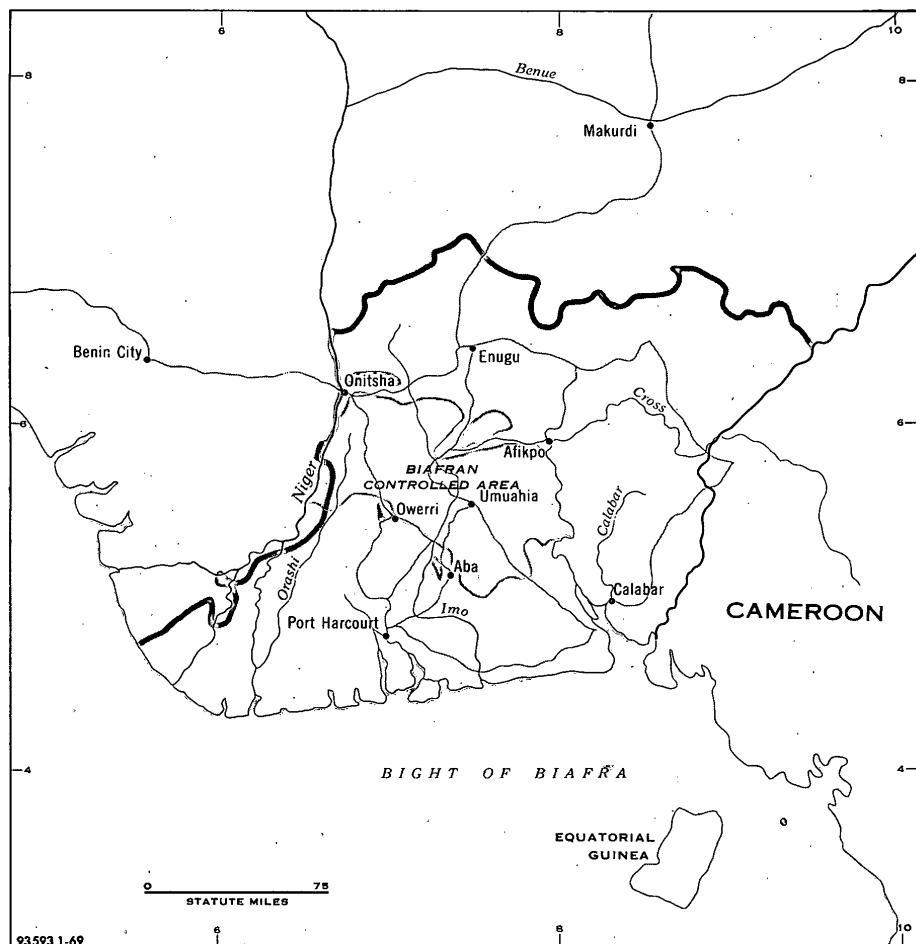
vacation. [redacted]

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Pak himself has not publicly committed himself on the third term issue. His supporters, however, by getting an early start hope to put him in a position where refusal would be difficult. Whether they can minimize opposition and avoid a national political crisis depends largely on the manner in which their campaign is carried out. Heavy-handed tactics against politicians, students and the press would almost certainly benefit opposition forces.



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NIGERIA

SIGNIFICANCE: Washington's efforts to steer clear of any direct involvement in the Nigerian civil war while implicitly supporting the principle of Nigerian unity has drawn the opprobrium of both sides in the struggle. The Soviet Union, posing as Nigeria's friend in need, has furnished considerable military materiel and gained points accordingly. The French, in a smaller way, have done likewise with the Biafrans. No end to the war is in sight, and mass starvation in Biafra seems probable in the coming months. As the situation worsens, the US will come under increasing pressure to provide humanitarian assistance which will, in turn, further reduce its influence in Lagos.

* * *

There is no sign of an early end to the 18-month-old war in Nigeria. Stiffened by increased quantities of arms reaching them over the French-facilitated air bridge from Gabon and Ivory Coast, the Biafrans have since September completely stalled the more powerful Federal armies. With the courage of their conviction that they face racial extermination if they lose, the Ibo tribesmen who predominate in Biafra are likely to go on fighting even if their remaining major population centers are captured. At the moment, neither side

FOR THE PRESIDENT ONLY

appears ready to break the four-month stalemate around the shrunken Biafran perimeter.

Despite the military stalemate and increased international pressure for peace negotiations, the federal authorities are as determined as ever to achieve a military victory, and prospects for a negotiated settlement remain dim. Federal leader Gowon in a New Year's Day speech said he may soon order a general mobilization, presumably to include conscription. Gowon is sensitive to an increasing war-weariness, particularly among Yoruba tribesmen in the Western State, and to frustration among the Nigerian war hawks. These latter tend to blame the prolongation of the war on Western, particularly US, support for Biafra, and have accused the US of embracing a policy of imperialism aimed at balkanizing Nigeria. Gowon himself probably does not believe this, but he is aware that there are those who do, and that they could threaten his own position should the stalemate continue. Yoruba war-weariness, a less personal danger to Gowon, is probably viewed by the Biafrans as justification of their strategy to hold on until internal strains cause the disintegration of the remainder of the Nigerian federation.

While the US has become more suspect in the eyes of many Nigerians, the USSR has been building a reputation as Nigeria's friend in need. The Soviets have furnished Nigeria with considerable military materiel, including

some 25 jet fighter aircraft, and last November a Soviet military attaché took up residence in Lagos. Nigeria had for many years kept the Soviets at arm's length, and Gowon would probably have preferred to obtain his military supplies from Nigeria's traditional sources. As the demands of the war effort multiplied, however, the Nigerians found the British to be too slow in fulfilling their requirements, and the US has refused outright to issue permits for arms sales to Lagos.

The Soviets have increased their diplomatic presence in Nigeria since the civil war, and in November a Nigeria-USSR economic assistance agreement was signed. As the military stalemate forces Gowon even further toward "non-alignment," the Soviet position will be enhanced while the US and UK lose ground.

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The refugee problem resulting from the war will probably worsen within the next few months. The Ibo exodus

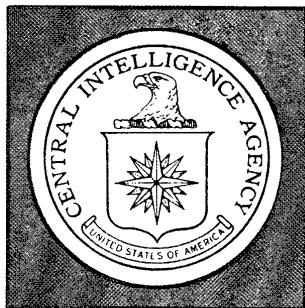
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FOR THE PRESIDENT ONLY

that preceded the federal troops' advance on Biafra's cities has crammed some 7 million people into approximately 7,500 square miles, and starvation has become a serious problem. Nigeria has accepted the necessity of foreign participation in relief for the refugees, but most Nigerians probably disapprove of any relief to the Ibos, even the ICRC operation from Fernando Po, which was suspended earlier this month by Equatorial Guinea. The federal authorities strongly resent the activities of several independent relief agencies flying supplies from Sao Tome, from where some arms are also being flown to the Biafrans.

Federal sensitivity to relief activities was recently demonstrated when Gowon reacted strongly to the US provision of aircraft to relief agencies flying to Biafra. Gowon told the US ambassador in Lagos that this move was further evidence that the US is changing to a position of support for Biafra, and stressed that it could have "serious consequences" for US-Nigerian relations. Gowon probably wants continued good relations with the US, but he will almost certainly be faced with growing anti-US sentiment, both from jingoists seeking a scapegoat for the federal inability to win the war and from those genuinely fearful of US support for Biafra.

Top Secret



The President's Daily Brief

27 January 1969

(Morning)

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19

28 January 1969

LATE NOTES FOR THE PRESIDENT'S DAILY BRIEF OF
27 JANUARY 1969

I. MAJOR PROBLEMS

MIDDLE EAST

The Israeli mission at the United Nations has informed U Thant that another group of Jews in Iraq faces the threat of execution as spies, according to an Israeli spokesman in New York. U Thant was said to have told an Israeli representative that he would look into the matter urgently.

(AP New York, 27 January 1969)

EUROPE

There is nothing of significance to report.

SOVIET AFFAIRS

Moscow Radio, in its initial report on President Nixon's press conference, briefly summarized the President's statements without comment. (FBIS 48, 27 January 1969)

VIETNAM

There is nothing of significance to report.

II. OTHER IMPORTANT DEVELOPMENTS

PAKISTAN

Army units were called in yesterday evening to assist police in quelling continued disturbances in outlying areas of Karachi. Troops also took control of Lahore late

FOR THE PRESIDENT ONLY

yesterday following a six-hour fight between police and student mobs. Curfews were imposed in both cities. [redacted]

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FOR THE PRESIDENT ONLY

I. MAJOR DEVELOPMENTS

MIDDLE EAST

There is nothing of significance to report.

EUROPE

The Annex is a discussion of possible future crises in France.

SOVIET AFFAIRS

The huge throngs which converged on Prague for Jan Palach's funeral apparently were impressed by the solemnity of the occasion and by the preparedness of the authorities. On Saturday, police wisely allowed students to proctor the ceremonial interment. On Sunday, however, they served notice that the affair would not be allowed to continue as an anti-Soviet cause celebre. This led to some incidents in Wenceslas Square, but the number of youths involved was relatively small and the matter was handled competently by civil authorities, without calling in the army.

None of the problems which enflamed passions so much last week have been settled, however, and they cannot be ignored for long. Censorship and control of the party and government are prime questions,

FOR THE PRESIDENT ONLY

involving the conflicting interests of the Soviets, factionalized Czechoslovak politicians, and the people. There are no prospects of an easy resolution and a new crisis could boil up at any time.

VIETNAM

The French Foreign Minister has given Ambassador Lodge the French interpretation of Hanoi's current view on how a settlement could be reached. This version closely follows the line which North Vietnamese diplomats throughout the world have been pushing for the last several weeks, particularly in regard to their demand for a "peace cabinet." This Communist line seems to be aimed at encouraging the US to believe that an easy and quick way out of the war lies in pushing the GVN into taking a "neutralist" position and including politicians acceptable to the Communists in the government in Saigon.

According to the French, Hanoi wants to negotiate seriously, and early in the talks it wants a forecast from the US of what kind of a political solution the latter will accept.

The French believe that the Communists, for their part, are willing to forego demanding a coalition government as a condition for the withdrawal of troops if

satisfactory interim political arrangements can be reached. To Hanoi, "satisfactory political arrangements" means expansion of the present government of South Vietnam to include additional ministers, according to the French. This expanded government would be a "government of peace." This interpretation contrasts with Hanoi's earlier demands for the removal of most of the top leadership of the Saigon government as a first step toward establishing a regime with which Hanoi could deal.

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Saigon is evidently aware of at least some of the inadequacies of its delegation staff in Paris. [redacted]

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[redacted] competent personnel may be sent to augment the delegation's capabilities.

Any such upgrading of the delegation's staff, however, is likely to produce only a limited improvement in its ability to handle new developments quickly. President Thieu usually prefers to await the Foreign Minister's review of each negotiation meeting before deliberating over the results himself. Moreover, the South Vietnamese have had some difficulty at the staff level in getting their lines straight on how to proceed. Accordingly, the South

Vietnamese will probably require several days for review and planning between sessions of the Paris meetings.

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Ky seems to have relaxed his efforts to promote his own political fortunes, at least for the moment. His latest views on the need for stronger leadership seem implicitly to acknowledge that Thieu is in a strong position.

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A small band of enemy sappers attacked a civil defense compound in the southwestern part of Saigon today, inflicting several casualties and destroying fifty percent of the buildings. This is the first ground probe against a target within the city limits of Saigon since the Communist's offensive of last May. It may presage a step-up in terrorist and sabotage operations within Saigon, in line with continued reports of enemy efforts to infiltrate sappers into the city.

II. OTHER IMPORTANT DEVELOPMENTS

SPAIN

The Spanish Government's declaration of a state of emergency last Friday should be sufficient to take the momentum out of student anti-government demonstrations and other political unrest. There is no guarantee that absolute calm will be restored, but the authorities seem to feel that strong measures will prevent a crisis such as occurred in France last May. We think the Spanish Government will be relatively judicious and selective in applying its emergency powers, avoiding provocation of the dissidents, and cocking a wary eye toward world opinion.

PERU

The Revolutionary Junta, composed of the armed forces chiefs, has announced that General Velasco will continue as president after his retirement from the army on 31 January. The communiqué ends speculation in Lima that military officers, dissatisfied with Velasco's ultranationalism, were preparing to replace him with General Montagne, the present prime minister.

NATIONALIST CHINA

Chiang Kai-shek reacted with predictable anger to the preparations of the Italian and Canadian Governments to establish diplomatic relations with Communist China. He implied to Ambassador McConaughy that as long as Rome and Ottawa persisted in exploring ties with Peking, he would have their embassies harassed enough to make their situations "completely untenable without directly ordering them to leave." If either government recognizes Communist China, Chiang will break relations at once to show other states that they "cannot have it both ways." The fact that Nationalist China has maintained official ties with France--despite De Gaulle's recognition of Peking in 1964--is attributable, in the Generalissimo's words, to France's big-power status, its permanent seat on the UN Security Council, and to personal reassurances from De Gaulle that his act was anti-US, rather than pro-Peking.

PAKISTAN

The opposition is keeping the pressure on President Ayub Khan in this election year. Violent and destructive anti-government disorders hit the country's major cities over the weekend. The army had to be called in to restore order in Dacca, the capital of East Pakistan. A strict curfew is now in effect there; violators are shot on sight. There were reports of rioting in seven West

Pakistan cities, with Karachi, the main commercial center the hardest hit. By late yesterday Karachi police contained the disorders. New trouble could erupt today as a result of a general strike called for all major urban areas by the loosely knit opposition coalition. A nationwide general strike, involving rural areas where Ayub is strongest, has been called for 14 February.

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FUTURE CRISES IN FRANCE

SIGNIFICANCE: Shaky confidence in the franc is France's greatest vulnerability at present. Bad economic news or a recurrence of student and worker disturbances could set off another speculative run in the next few months. If the pressure this time was too heavy to be contained by the sort of measures which worked last November--and this might well be the case--De Gaulle would probably resort to a deep devaluation. This would plunge sterling into a crisis and confront the US with urgent problems of monetary policy.

* * *

De Gaulle has not yet succeeded in restoring French confidence, which was severely shaken by the domestic crisis of last May and again by the financial crisis of November. Recent polls show that over 60 percent of the French public believes that the franc will be devalued in 1969 and that over 50 percent expects a recurrence of the May disturbances. The first test of confidence will come in March, when new labor contracts will be negotiated.

Despite the considerable health of the French economy, it still faces great difficulty in competing with West Germany and, more important, in living down its currency's recent weakness in the exchange market. Already, reports of a substantial December trade deficit have led to moderate January losses in reserves. A variety of events, such as the release of very

FOR THE PRESIDENT ONLY

bad monthly trade figures or an inflationary wage settlement, could lead to a speculative run which would be hard to stop.

In this event, the other leading Western nations would probably render extensive aid to the franc. If this proved insufficient, however, De Gaulle would have to choose between domestic austerity measures going well beyond those taken in November, or a substantial devaluation of, say, well over 10 percent. Given his concern not to risk domestic unrest, he would probably decide to devalue, choosing in this way to export the problem. (Even before this point, he might threaten such a move as a means of getting more aid from other countries.)

A deep devaluation would hit sterling first of all. Unless massive new credits were quickly forthcoming, London would be forced to make a comparable devaluation or even to let the pound float freely. The operations of the Common Market, dependent as they are upon a fixed set of exchange rates, would also be hard hit. The Six would again be made painfully aware of the liabilities of half-integration, and this might eventually spur some progress toward a closer concerting of economic policies. In the short run, however, with the entire world monetary system put in serious question, the US would be confronted with policy problems of great magnitude and urgency.

A crisis on the scale of last May involving workers and students seems less likely, although sporadic student and labor protests are continuing. Radicals remain in control of the

student movement--in part because of the failure of moderate elements to organize effectively--and can still foment campus disorders. They have had virtually no luck, however, in enlisting workers to their cause, and an isolated student rebellion would be easily suppressed. Union leaders and the rank and file are both anxious to avoid a recurrence of the May disorders at this time. An important test will occur in March, however, when the government and business will have to decide whether to go forward with wage increases promised in the settlement of last spring; both government and business leaders have hinted that they might have to renege.

A severe franc crisis would increase the chances for a domestic upheaval. And if, contrary to our present expectation, a widespread student and labor revolt erupts and is not quickly repressed, this in turn would almost surely hit domestic and foreign confidence hard enough to undermine the franc. By either route, France would be plunged into a double crisis which would bring into question the survival of De Gaulle's regime.

Such a double crisis might be quelled with a combination of limited measures--replacement of Couve de Murville's cabinet, large foreign loans to replenish French reserves, modest new doses of austerity, and efficient police operations. If these failed to hold the line, De Gaulle could be faced with the alternative of resigning or moving to a more authoritarian regime relying on the tacit support of the army. The latter is more likely. But in this event De Gaulle's

prestige at home and his influence abroad would be gravely damaged. Ultimately, this might lead him to concentrate more on domestic matters and to take a less active role in foreign, particularly extra-European, affairs.

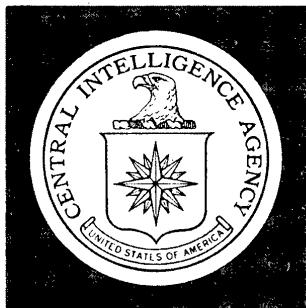
De Gaulle reaffirmed last week that he means to serve out his term, which runs until 1972. Nevertheless, it is a measure of the setbacks which France has sustained that his resignation in a new severe crisis, though it still seems unlikely, can not be altogether excluded. This most extreme outcome would pile a host of political uncertainties on top of the international financial problems arising from this hypothetical course of events. The end result of the ensuing turmoil is of course unpredictable, but in view of the divisions on the French political left the odds would favor the eventual formation of a moderate or conservative government, probably headed by a Gaullist.

Until some resolution was achieved, however, the US would be faced with continuous pressures to take positions which would assist or harm the fortunes of the domestic contestants. It would also be extremely difficult to carry forward general policies for Europe, deal with international monetary problems, or respond to challenges from the USSR or crises in East Europe while France's political future remained in doubt.

In time of crisis, the sense of interdependence in Western Europe is high. Whatever gloating they might indulge in,

the UK and France's Common Market partners would be ready to assist as they could in a speedy solution of France's troubles. The Germans could be expected to support the franc as they did in November, and in an emergency even a revaluation of the mark is not entirely out of the question, though it still seems unlikely. Once the crisis was over, however, the Europeans' sense of a shift in weight from France to Germany would rise another important notch. One prominent consequence would be an increased concern to contain German power, and to enlist US support in this endeavor.

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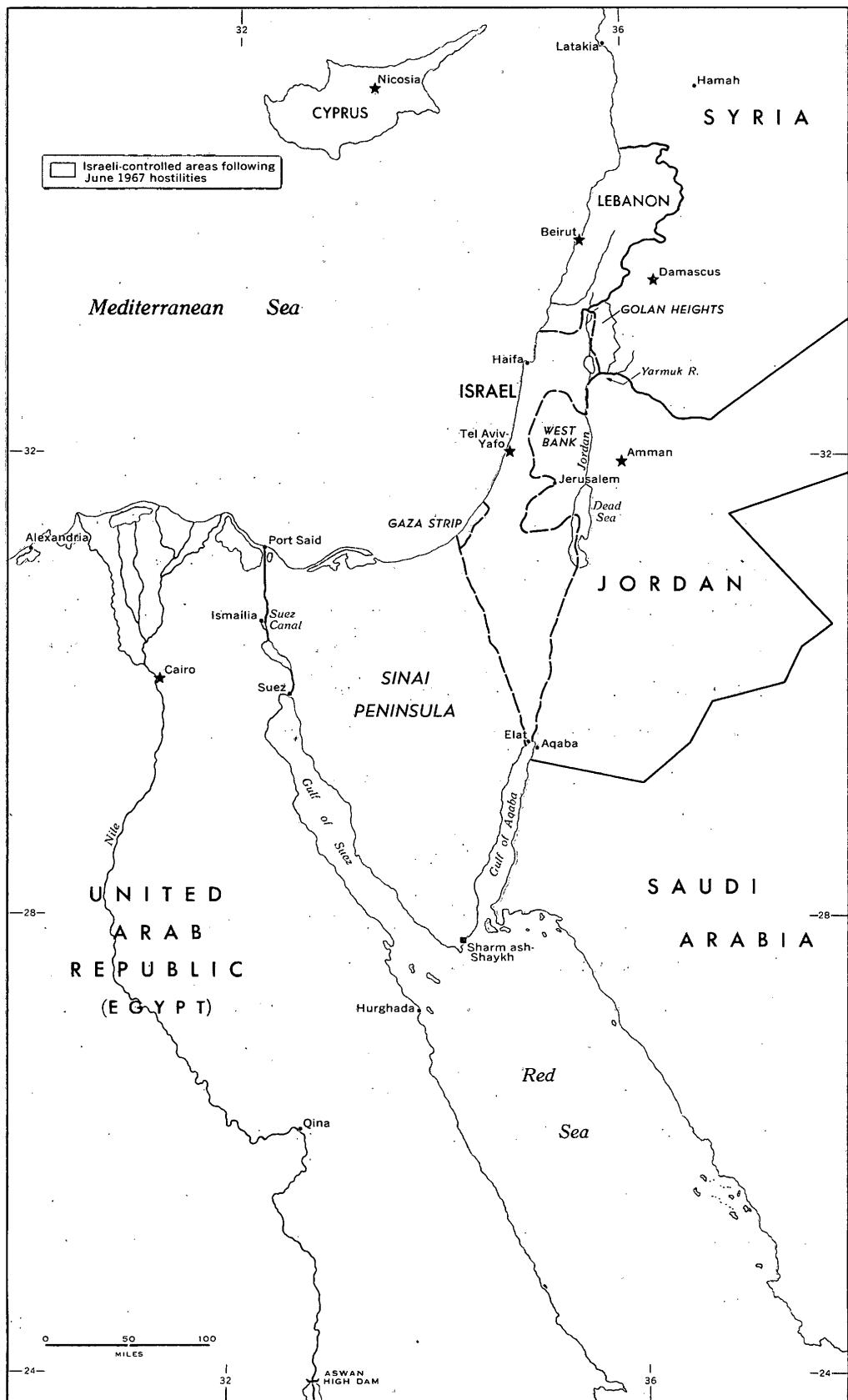
27 January 1969

(Afternoon)



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I. MAJOR PROBLEMS

MIDDLE EAST

Baghdad radio has announced that 15 "Israeli spies," including nine Iraqi Jews, were hanged this morning. The embassy in Tel Aviv thinks the Israelis, however outraged, will find it hard to find a way to retaliate which would not further endanger the lives of the some 5,000 Jews in Iraq.

Prime Minister Eshkol's first reaction was to note in a speech before the Knesset today that the executions showed what fate would be in store for Jews if the Arab governments "could do as they pleased." The Israelis will certainly play on this theme of Arab treatment of subject Jewish minorities to parry Arab complaints about their refugee policies. They may also hit the some 20,000 Iraqi troops in Jordan especially hard if and when they carry out another retaliatory raid against Jordan.

EUROPE

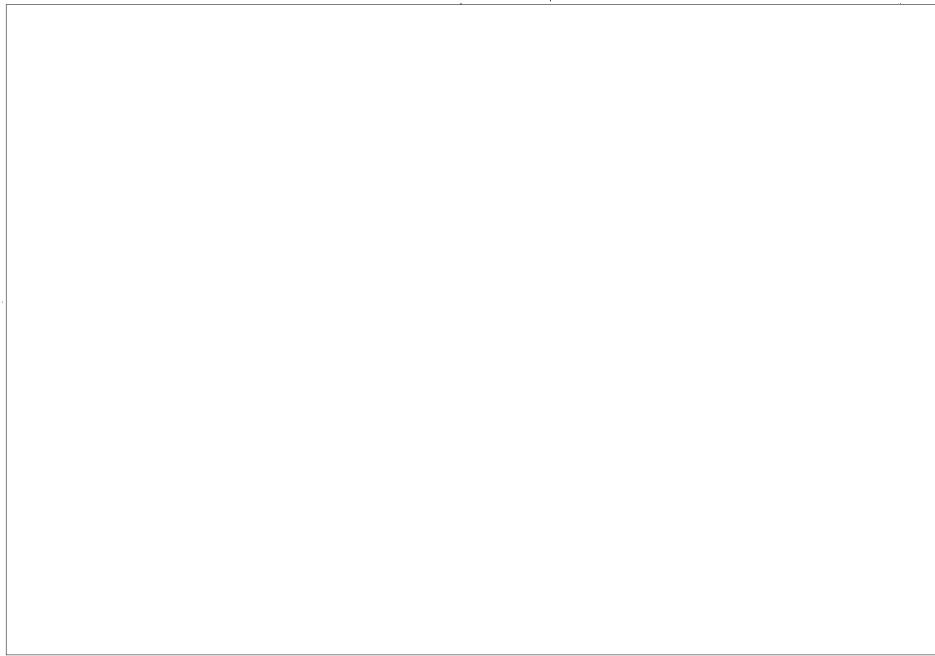
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FOR THE PRESIDENT ONLY



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SOVIET AFFAIRS



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Seven Soviet TU-95 long-range bombers carried out re-connaissance flights against the west coast of Alaska on Saturday. None of the aircraft in this well-coordinated mission

entered US airspace, but two of them approached to about 30 miles from the northwest coast of Alaska. These flights may signal the resumption of simulated strike missions against the northern coast of North America, similar to missions flown early last year by Soviet long-range aircraft.

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Czechoslovakia has been quiet throughout the day.

VIETNAM

Communist presentations at Saturday's meeting provide no clues to Hanoi's negotiating tactics or the positions it eventually will take on substantive matters. The only "substance" in the Communist statements was in the repetition of broad propaganda statements which are intended to cover a wide range of negotiating procedures and which do not commit the Communists to any specific course. The DRV and Liberation Front rejection of the US proposal on the DMZ is only another indication that the Communists are not receptive to separate handling of military and political issues.

We cannot say how the Communists will attempt to get into substantive matters in Paris, but we think they are unlikely to show their cards in the formal sessions. Long before that happens, they will try to get some idea of what political arrangements the US is willing to consider for South Vietnam. We believe this is their major objective at this stage. They may simply wait for some US initiative but it seems likely they will also make some efforts in

private or through third parties to find out which way the new US administration is headed. The French views about Hanoi's thinking [redacted]

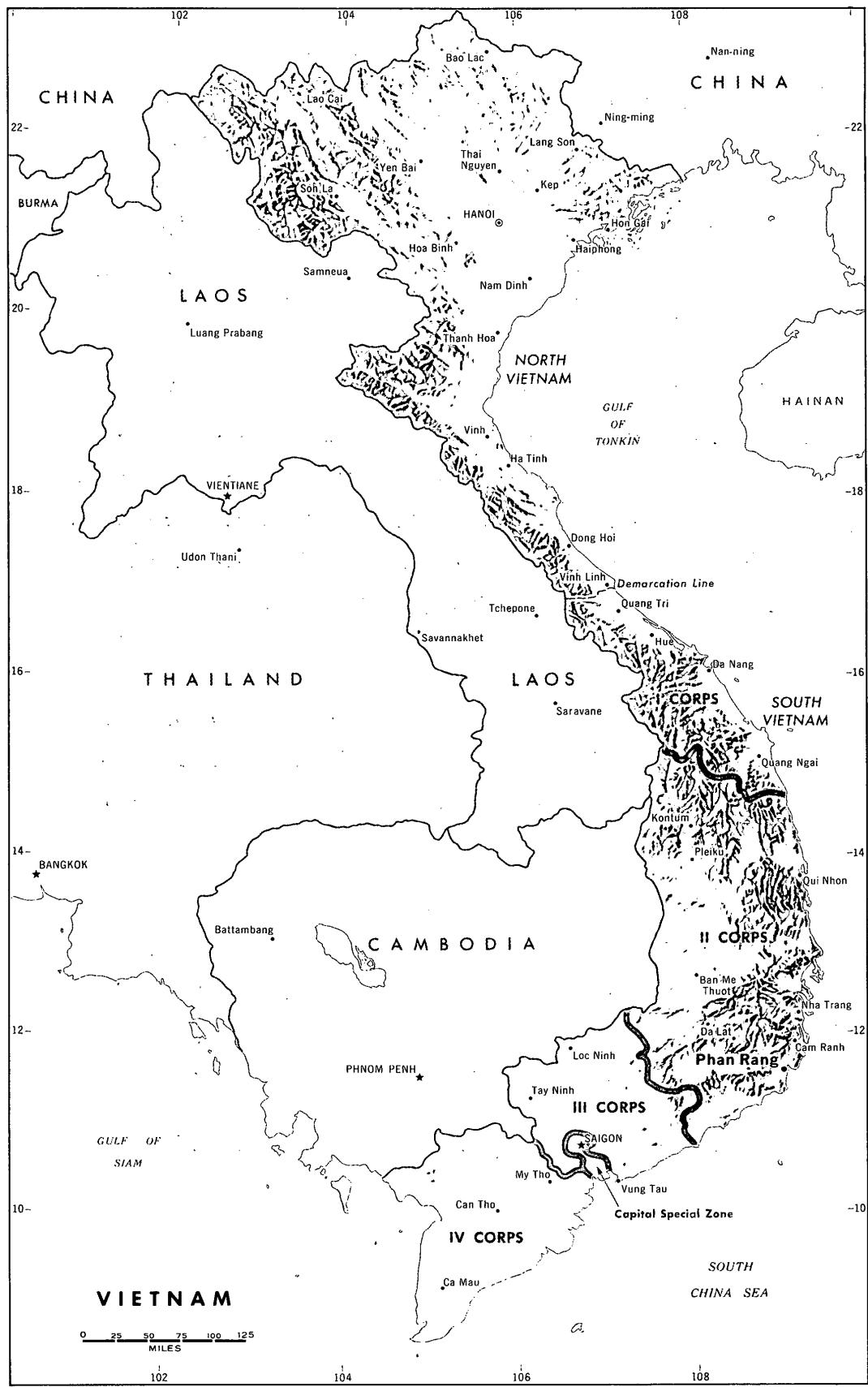
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are almost certainly based on recent conversations with North Vietnamese officials and may have been in part a reflection of such an approach.

* * *

There has been substantial movement during the last year in the climate of South Vietnamese opinion regarding negotiation with the National Liberation Front. Before the Tet offensive, most nationalists assumed that the NLF would eventually be destroyed. In April 1968, when the former peace candidate for the presidency, Truong Dinh Dzu, told newsmen that he favored talking to the Front, most nationalists felt that he richly deserved to be arrested. This strongly anti-Front climate was partly responsible for the dismissal of the government of Prime Minister Loc in May and for the quick adoption of a harder anti-Front line by Prime Minister Huong.

Since the initial shock that followed the 31 October announcement that the US would sit down with the NLF, Vietnamese nationalists have gradually come to accept the idea that some kind of a deal will have to be made with it. Although Ky's December remarks about dealing with the Front as a "reality" but not as an "entity" have never appeared in the Vietnamese press, they have been widely discussed without causing much adverse reaction.



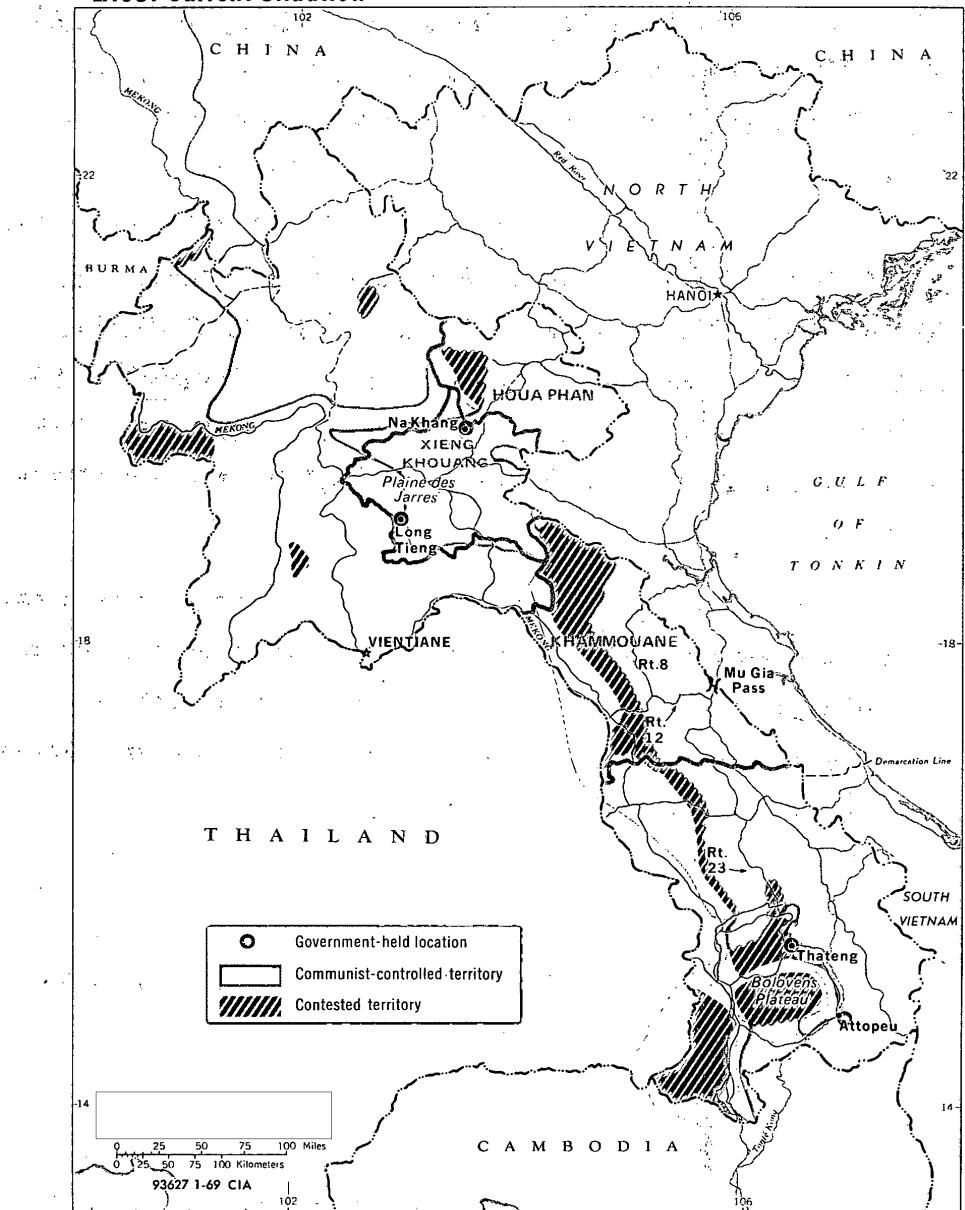
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So far, however, most thinking about how to accommodate the NLF involves schemes to convert it into a legal, non-Communist party. There is little evidence that the Saigon leadership or other nationalists have yet taken a very hard look at just how much they may be required to concede to the Front in order to get the North Vietnamese to agree to withdraw their troops from South Vietnam.

* * *

Enemy urban sapper squads were active again yesterday, hitting a police station in Phan Rang, a coastal provincial capital, with rocket grenades and automatic rifle fire. This closely followed an attack on the Phan Rang Airfield which destroyed two planes and damaged 27 others.

LAOS: Current Situation



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II. OTHER IMPORTANT DEVELOPMENTS

LAOS

In northern Laos, enemy probing activity has shifted from the government's guerrilla base at Na Khang to the outlying defensive positions protecting General Vang Pao's guerrilla headquarters at Long Tieng. Vang Pao is regional military commander and leader of the Meo tribe. The scope of recent enemy activity is not yet clear, but the loss of any of these government positions would further hamper efforts to support guerrilla operations in the northeast. Vang Pao has already been forced to withdraw three battalions from the defense of Na Khang to meet the threat to Long Tieng.

In the south, villagers continue to report large enemy troop movements, some accompanied by heavy weapons, toward Ban Thateng. A government counteroffensive to relieve enemy pressure along the eastern rim of the Bolovens Plateau has had trouble getting started.

JAPAN

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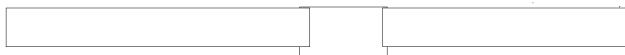
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COMMUNIST CHINA

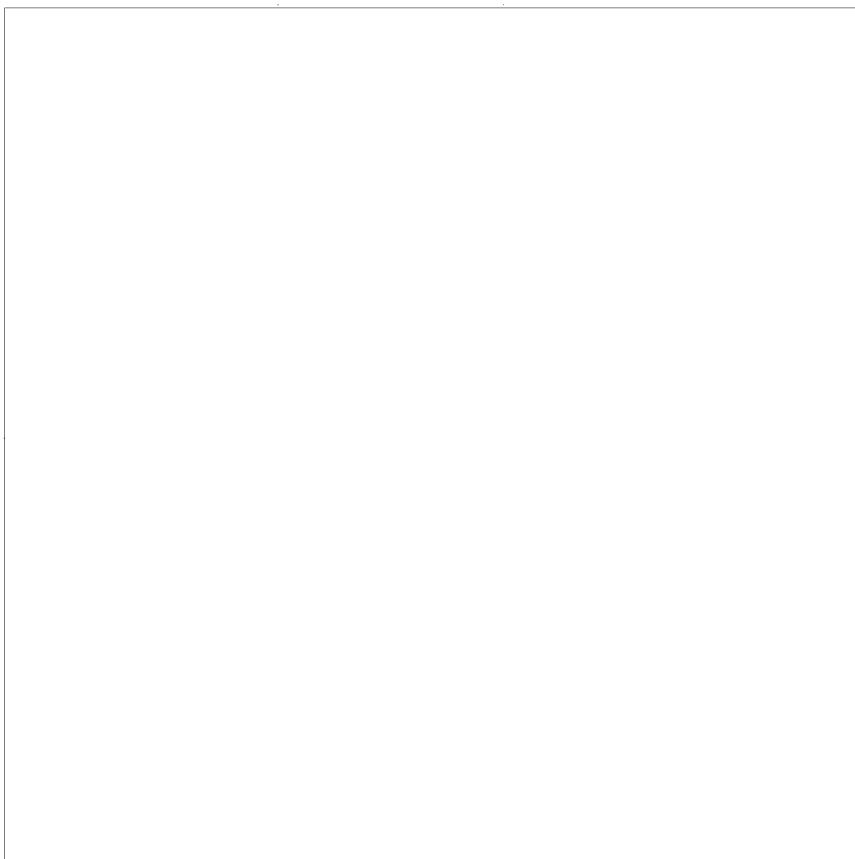
Mao Tse-tung and all his top aides attended a major rally in Peking on 25 January, their first collective public appearance in three and a half months. The turnout

probably was intended to dispel widespread rumors in China about Mao's health and leadership changes. In fact, however, Peking's display of the leadership sheds no new light on the political infighting we believe is in progress.

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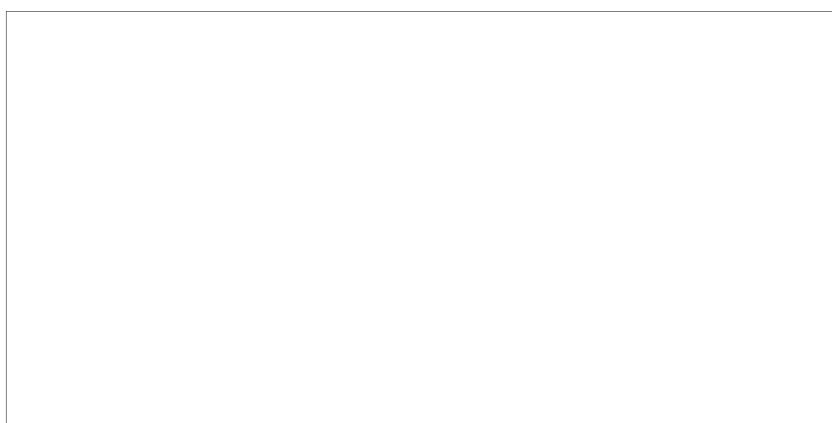
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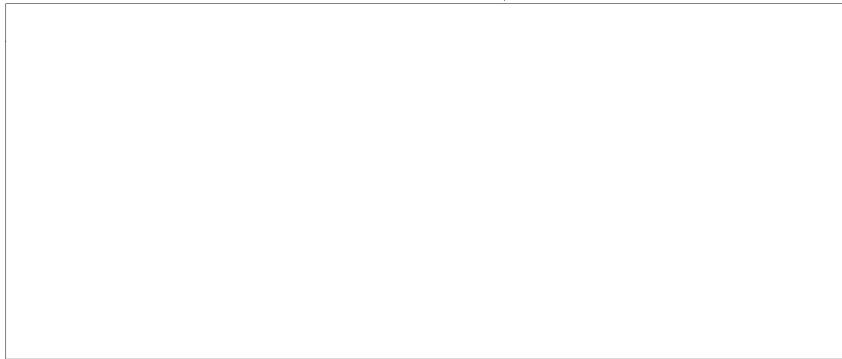
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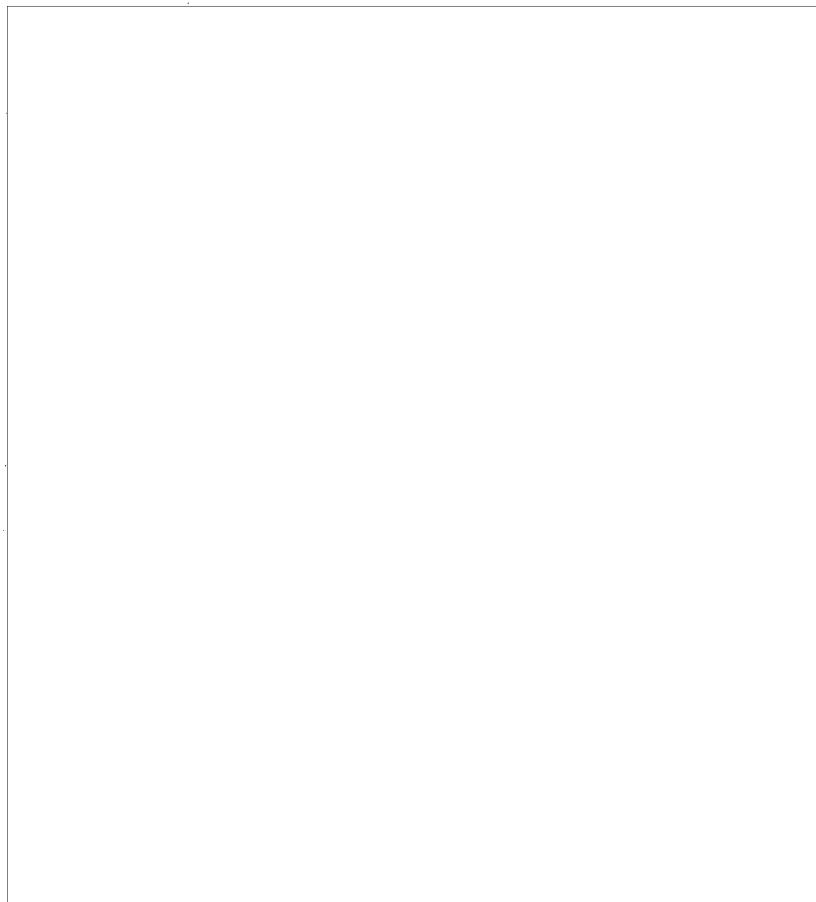


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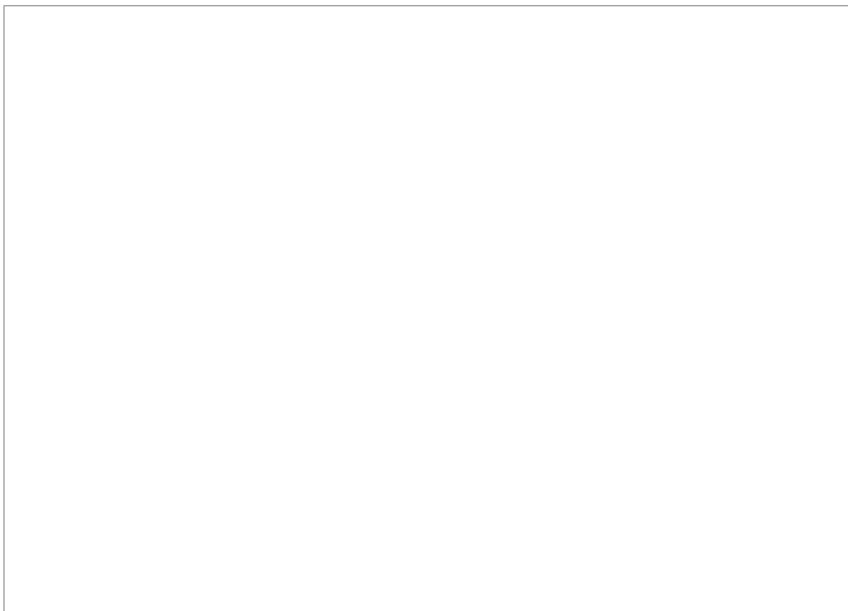
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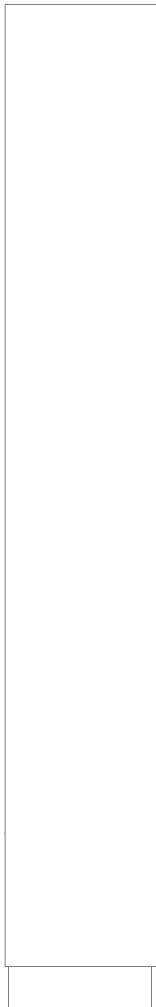
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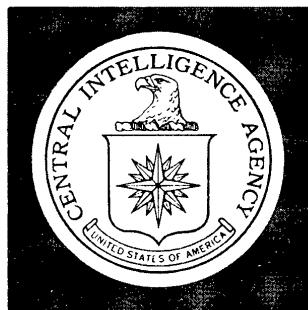


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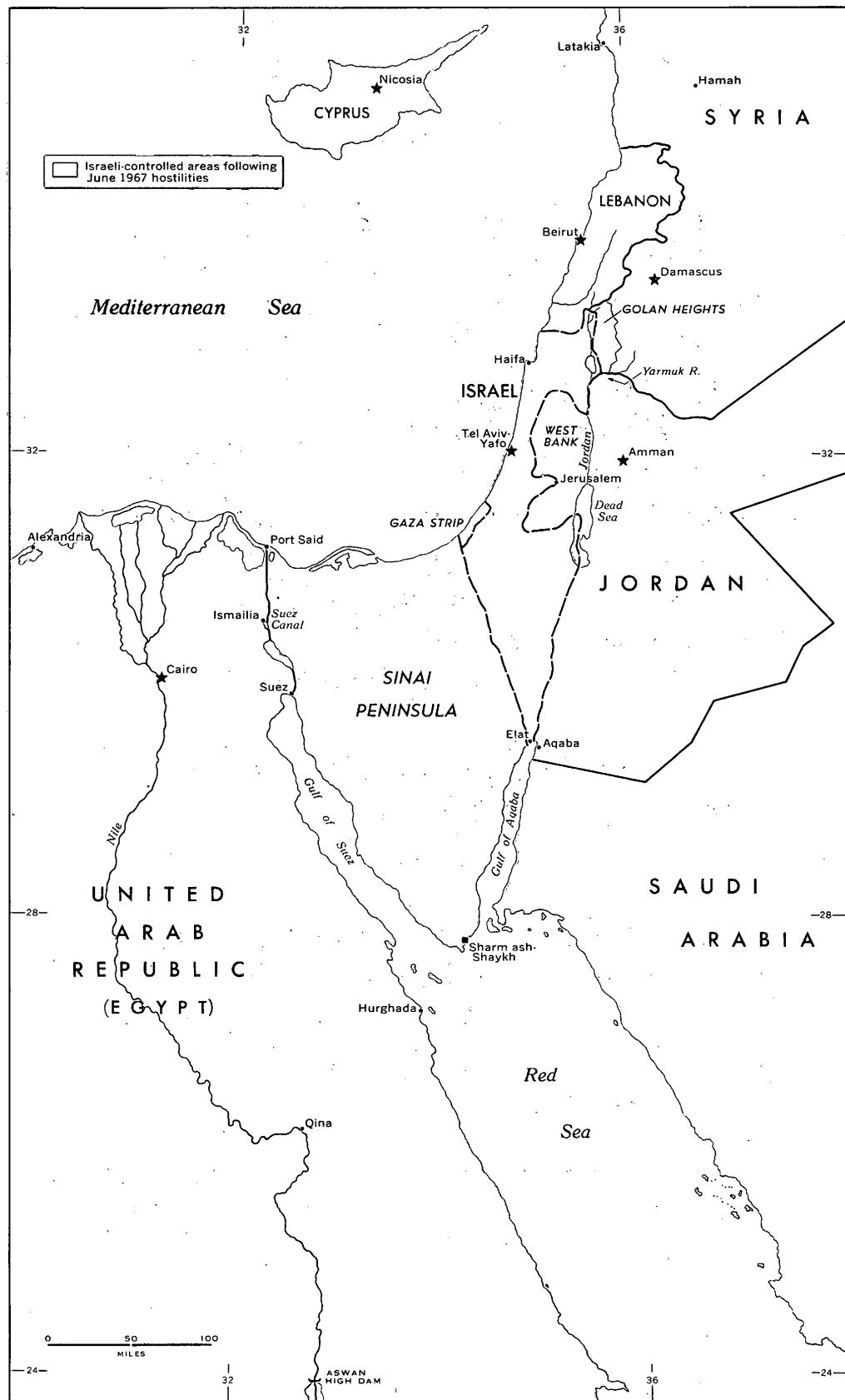


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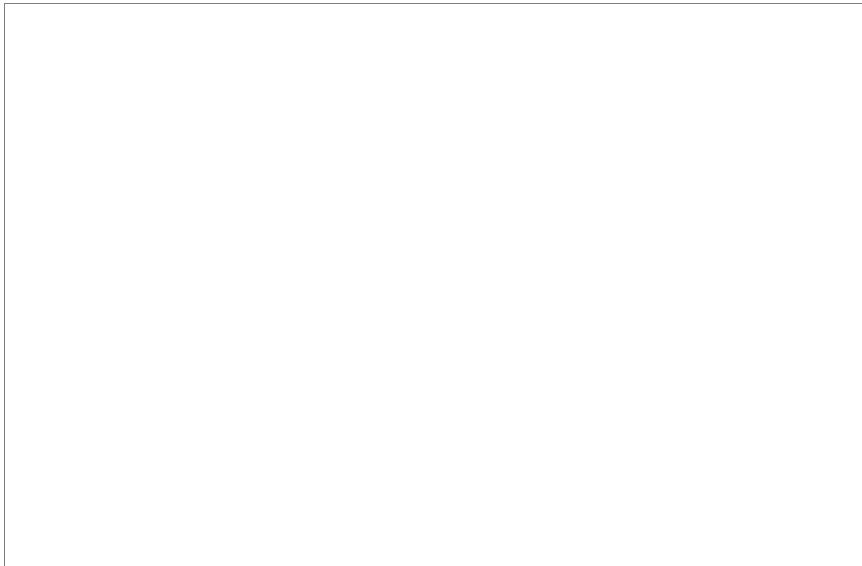
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I. MAJOR PROBLEMS

MIDDLE EAST

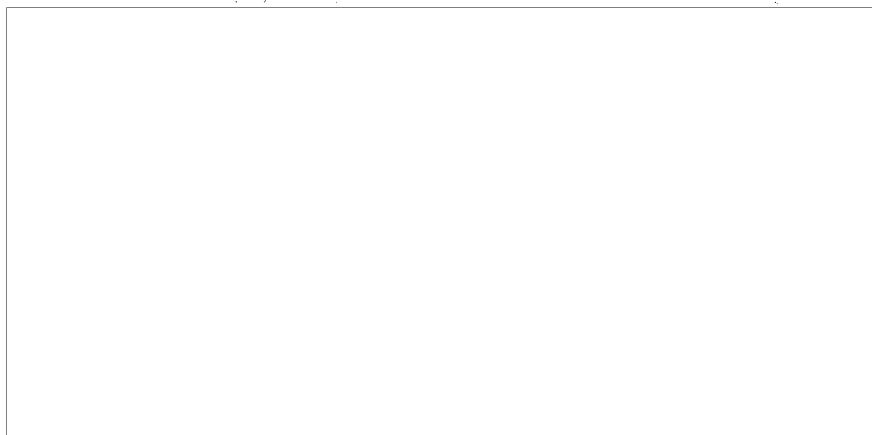


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The Annex today sets forth some of the problems
Jordan's King Husayn faces.

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FOR THE PRESIDENT ONLY

EASTERN EUROPE: BUDGETED MILITARY EXPENDITURES

COUNTRY (and currency)	1968: Planned (in millions)	1969: Planned (in millions)	1969 Percentage Change from 1968	Military Expenditures as Percentage of Total Budget	
				1968	1969
ALBANIA (Leks)	304	420	+38.2	7.6	9.1
BULGARIA (Leva)	264	306	+15.9	6.0	6.0
CZECHOSLOVAKIA (Crowns)	12,900	14,200	+10.1	8.9	9.1
EAST GERMANY (DM)	5,800	6,300	+8.6	8.7	9.7
HUNGARY (Forints)	6,400	8,029	+25.5	4.6	5.1
POLAND (Zlotys)	29,096	33,853	+16.3	9.5	9.7
RUMANIA (Lei)	5,200	6,400	+23.1	3.7	4.2
YUGOSLAVIA (New Dinars)	6,030	6,860	+13.8*	56.6	60.4

*In December 1968, Yugoslavia announced a supplementary defense expenditure which brought actual military spending up to 6,425 million new dinars. The increase of planned defense expenditure in 1969 over actual expenditures in 1968 is only 6.8 percent.

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EUROPE

Nothing of significance to report.

SOVIET AFFAIRS

All the Eastern European countries have announced increased military budgets for 1969, most of them for the fourth consecutive year. The increases, however, are generally larger than in the past few years, ranging from a low of nine percent for East Germany to more than 20 percent for Rumania and Hungary, and almost 40 percent for Albania. The military budgets in all countries account for an equal or larger percentage of their total budgets than in 1968.

There is no evidence that the increases in military spending are because of large-scale military buildups.

It is probable that the Warsaw Pact members are responding to Soviet pressures to bring their military capabilities

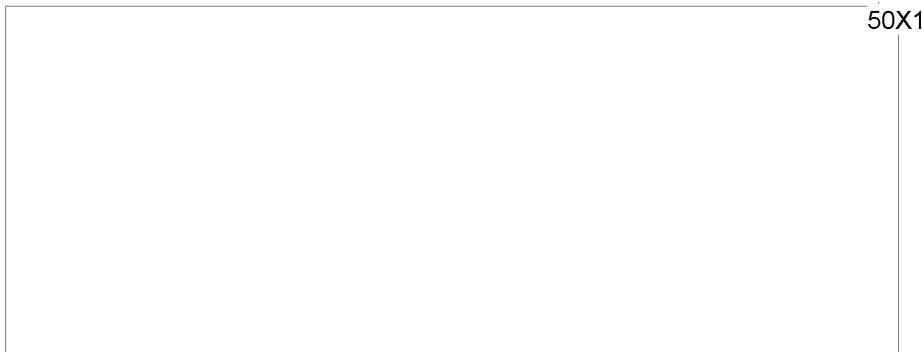
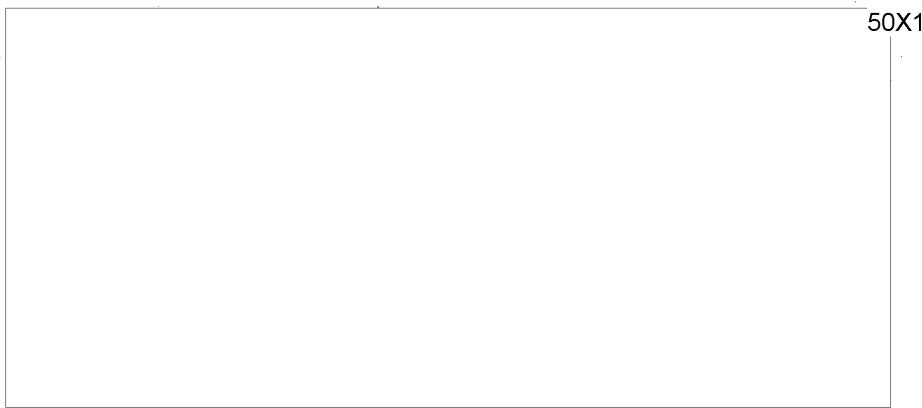
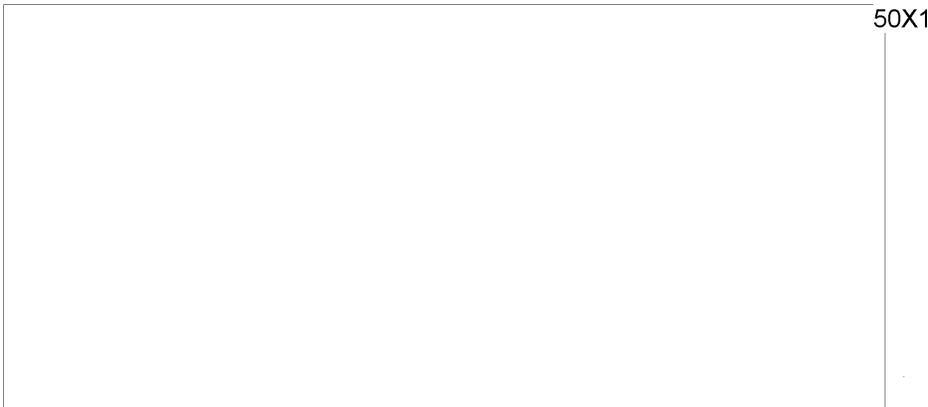
up to previously planned levels. With the introduction of economic reform and more realistic budget planning, the understatement of military expenses may be coming to an end. Other factors also may include higher real costs from the use of more sophisticated equipment, the effects of inflation, and the budgetary and price reforms.

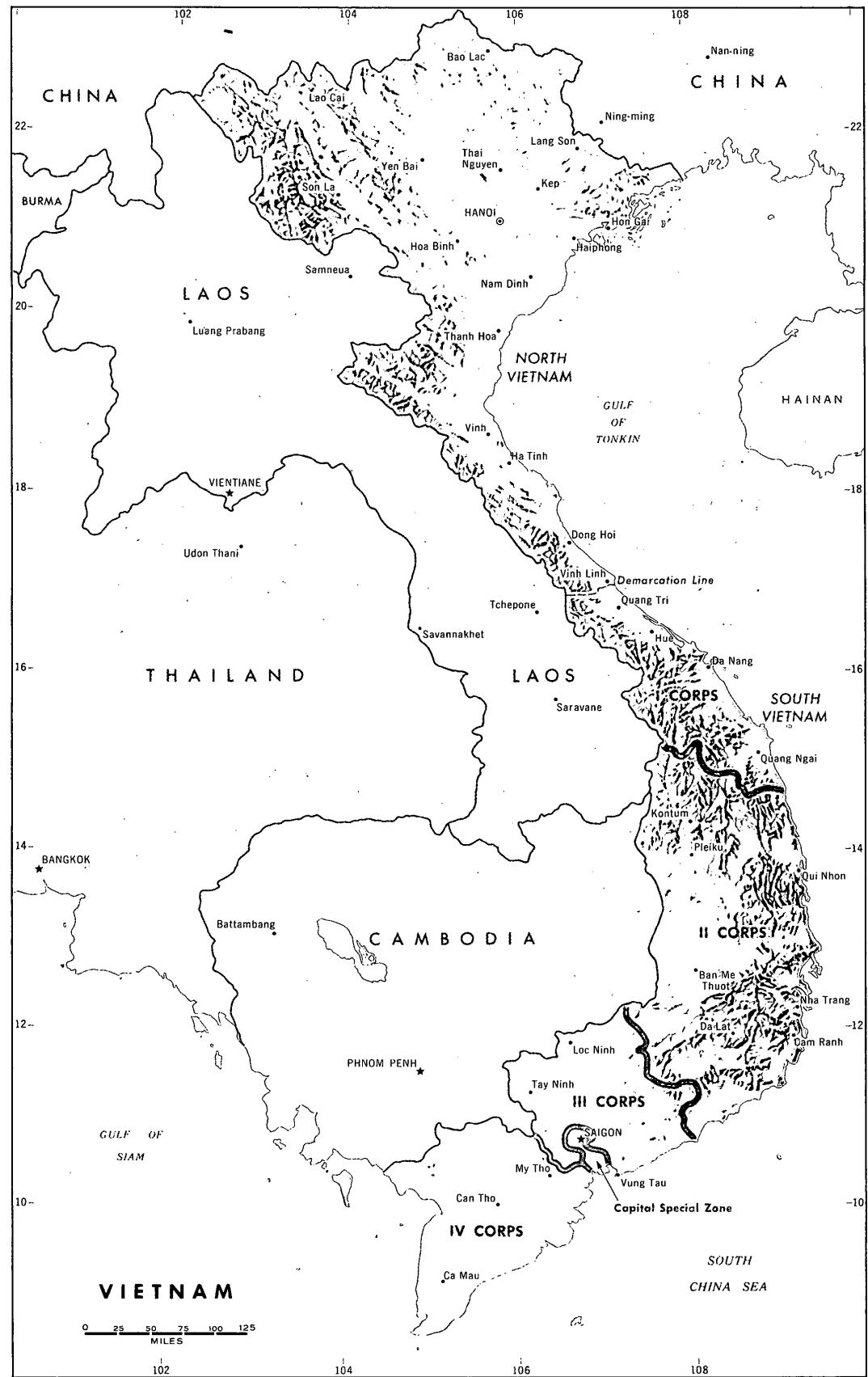
VIETNAM

A recent article by one of Hanoi's leading generals, Chu Van Tan, is another in a series of recent attempts to make party cadres understand that much hard fighting lies ahead. Tan emphasized that North Vietnam's number one priority is concentrating its energies and resources, including manpower, in support of the struggle in South Vietnam. In criticizing local party leaders in the North, he strongly suggested that many of them are not always putting first things first.

Tan argued that only a persistent offensive strategy will bring success. He strongly criticized both the performance of Communist forces in the South and their over-reliance on support from the North. In one particularly pointed passage, he observed that "to be worthy of the rear base's [the North's] confidence, the front line [the South] must ensure continuous, resounding victories, use the aid of the rear base most rationally and economically, and strive to help the rear base lessen its burden by caring for, preserving, and developing its own forces."

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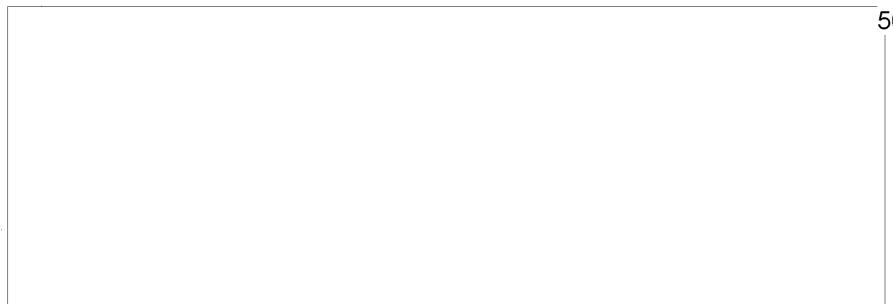


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We continue to receive information from prisoners that the Communists intend to step up the level of their military activity in early February, particularly in the provinces around Saigon.

US Marine positions just below the Demilitarized Zone were hit by Communist mortar rounds fired from within the southern portion of the DMZ. This is the first reported instance of Communist firing from positions within the DMZ since 21 December.

FOR THE PRESIDENT ONLY

II. OTHER IMPORTANT DEVELOPMENTS

PERU

The US-owned International Petroleum Company has been told by the Peruvians that its remaining assets will be seized unless it pays the \$15 million debt it allegedly owes by the end of this month.

[Redacted Box] 50X2

The highly nationalistic Velasco regime expropriated the Talara refinery and took over a company-run oilfield last October. If it does not take appropriate steps to offer fair compensation by 9 April, US law calls for the suspension of Peru's sugar quota and a cutoff of aid.

COMMUNIST CHINA

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Communist China, which had moderately successful crops in 1968, now has ordered 3.7 million tons of Australian and Canadian wheat to meet expected food deficits in its urban areas. This about matches its grain imports for last year, but falls considerably below the 5-million-ton average which prevailed during the early 1960s. These lower imports reflect in part Peking's "back to the farm" program which has resulted in tens of millions of city dwellers being sent to the countryside where they must scabble along with the peasants for sustenance from local food production.



HUSAYN

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THE FUTURE OF JORDAN

SIGNIFICANCE: Jordan, almost alone among the Arab states involved in the present Arab-Israeli conflict, has manifested a steadfast desire to maintain friendly relations with the United States.

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The king's efforts to combine loyal Arabism, preservation of Jordan's national integrity, and maintenance of Western ties have made his personal position increasingly precarious, but his political agility has kept him alive and in touch with the friends and foes who have suffered Jordan to exist--so far. His departure could lead to the partition of Jordan and the dissolution of practically the only pro-American oasis in the Arab World.

* * *

The King is well aware of the possibility of assassination. His grandfather, King Abdullah, was murdered in a Jerusalem mosque in 1950, and Husayn is acutely conscious that he walks in his grandfather's footsteps. His current conflicts with the Palestinian terrorists have increased the possibility that some rabid Arab may put a bullet into Husayn.

Husayn has been in a dilemma over how to deal with the terrorists, for whom Jordan is a major base of

FOR THE PRESIDENT ONLY

operations. Sympathy for the terrorists among the populace and within the army has made it impossible for him fully to put down terrorist activity despite the clear fact that terrorist action out of Jordan only brings quick and harsh retaliation from the Israelis. Husayn has now come to a fragile truce with the major terrorist organizations.

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Husayn still has a number of assets working for him. He retains the loyalty of the Bedouin core of the army, has demonstrated his skill in dealing with the terrorists, and faces no well-organized political opposition in the country.

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The King has been a long-time friend of the United States. Jordan was one of the few Arab states that did not break relations with Washington after the June 1967 war, and Husayn has consistently opposed pressures from his army and within his government to tighten the country's

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relations with Moscow. Nevertheless, should it appear to the Jordanians that the US is dragging its feet in regard to our promised delivery of aircraft to the Jordanians, this could be the final straw that would turn Husayn toward Moscow.

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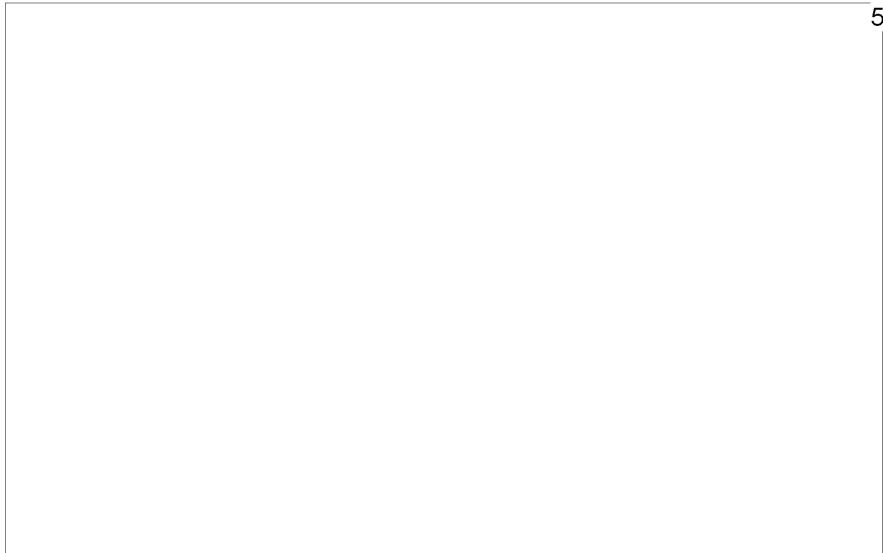
Husayn's

legal successor is his youngest brother, Crown Prince Hasan, an intelligent and perceptive Oxford graduate of 21. Hasan takes his official position and possible future thoughtfully, but has failed to demonstrate the charismatic qualities which have helped Husayn hold his throne this long.

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FOR THE PRESIDENT ONLY

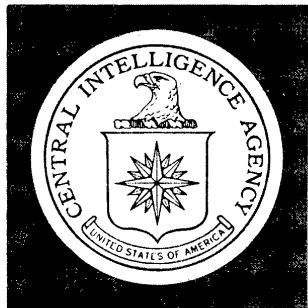


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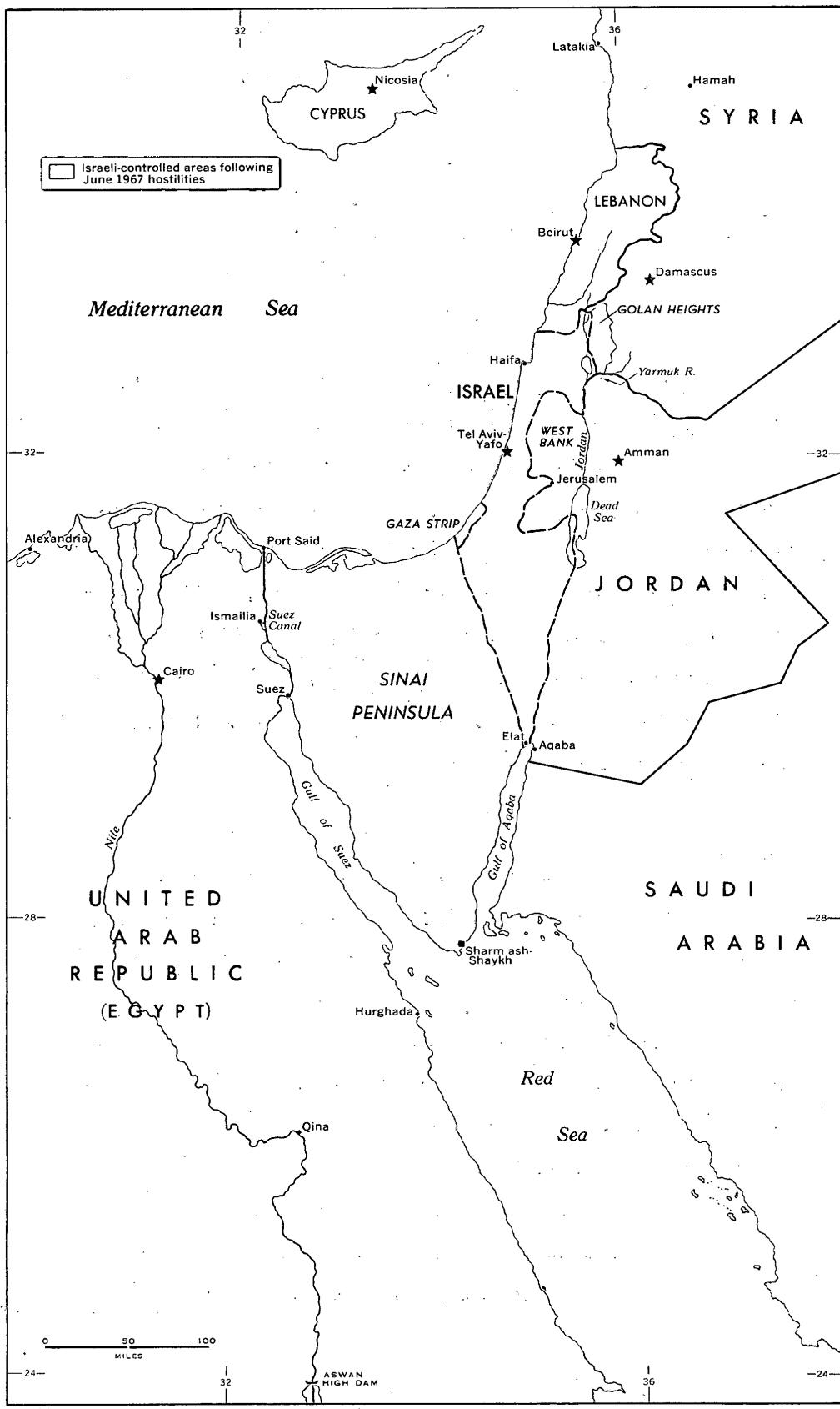


The President's Daily Brief

29 January 1969



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29 January 1969

LATE NOTES FOR THE PRESIDENT'S DAILY BRIEF OF
28 JANUARY 1969

I. MAJOR PROBLEMS

MIDDLE EAST

The press reports that another mass spy trial has begun in Baghdad. We assume the Israelis are casting about for ways to retaliate, but the governing consideration for them probably is still the vulnerability of the Iraqi Jewish community. (AP 247, 28 January 1969)

EUROPE

Knowledgeable sources of the US Embassy in Paris report that the Concorde supersonic transport is scheduled to make its maiden flight between 11 and 15 February.

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SOVIET AFFAIRS

A Tass report of a "luncheon" for the president of South Yemen was broadcast at 0524 EST this morning. Kosygin was listed among the participants. An hour later the report was transmitted again, but this time the event was referred to as a "dinner" and Kosygin's name was missing from the list of participants.

The Soviet premier has been out of sight for a month,

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(FBIS

13 and 15, 29 January 1969)

FOR THE PRESIDENT ONLY

VIETNAM

The Liberation Front has announced that it will observe a week-long truce during the Tet holiday. The truce will extend from 15 to 22 February. (UPI 320 A, 28 January 1969)

II. OTHER IMPORTANT DEVELOPMENTS

PERU

The Peruvians took over the International Petroleum Company's offices in Lima yesterday afternoon. Company officials say that although the company retains ownership of its distributive outlets, this move effectively puts it out of business in Peru.

Paradoxically, the Peruvians yesterday also extended until 4 February the deadline for payment of the \$15 million bill they have levied on the company.

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I. MAJOR PROBLEMS

MIDDLE EAST

There is nothing of significance to report.

EUROPE

Horst Osterheld, a foreign affairs aide in Kiesinger's office, has told the embassy in Bonn that he thinks the idea of transforming the April meeting of NATO into a summit is a good one. If this is not possible, he wonders whether it would be a good idea for Kiesinger to visit Washington in early March before his meeting on 13 and 14 March with De Gaulle. Osterheld made it plain that the Chancellor and the President must meet first; only thereafter could such lesser figures as Schroeder and Brandt see President Nixon.

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SOVIET AFFAIRS

The Soviets are working to keep a toehold on the Arabian Peninsula. They have supported the rulers of Yemen--regardless of ideology--since 1962, and have been undeterred by consistent Saudi Arabian hostility in their attempts to establish contacts there.

During the past week, Moscow has airlifted to South Yemen--until last year the British Aden colony--some of the military equipment it had promised last November. This shipment includes MIG-17 fighters, which will be assembled by some 52 Soviet technicians. There are no South Yemenis qualified to fly the MIG-17, so additional Russian advisers can be expected. South Yemen is torn by civil war and its future is so uncertain that up to now the Soviets were reluctant to do more than send token military assistance. The MIGs--the first jet warplanes in the country--were probably sent as a gesture, arriving as they did just before the trip to Moscow yesterday of South Yemen's president. He is looking for additional military and economic aid and will probably receive both--in amounts far below his requests.

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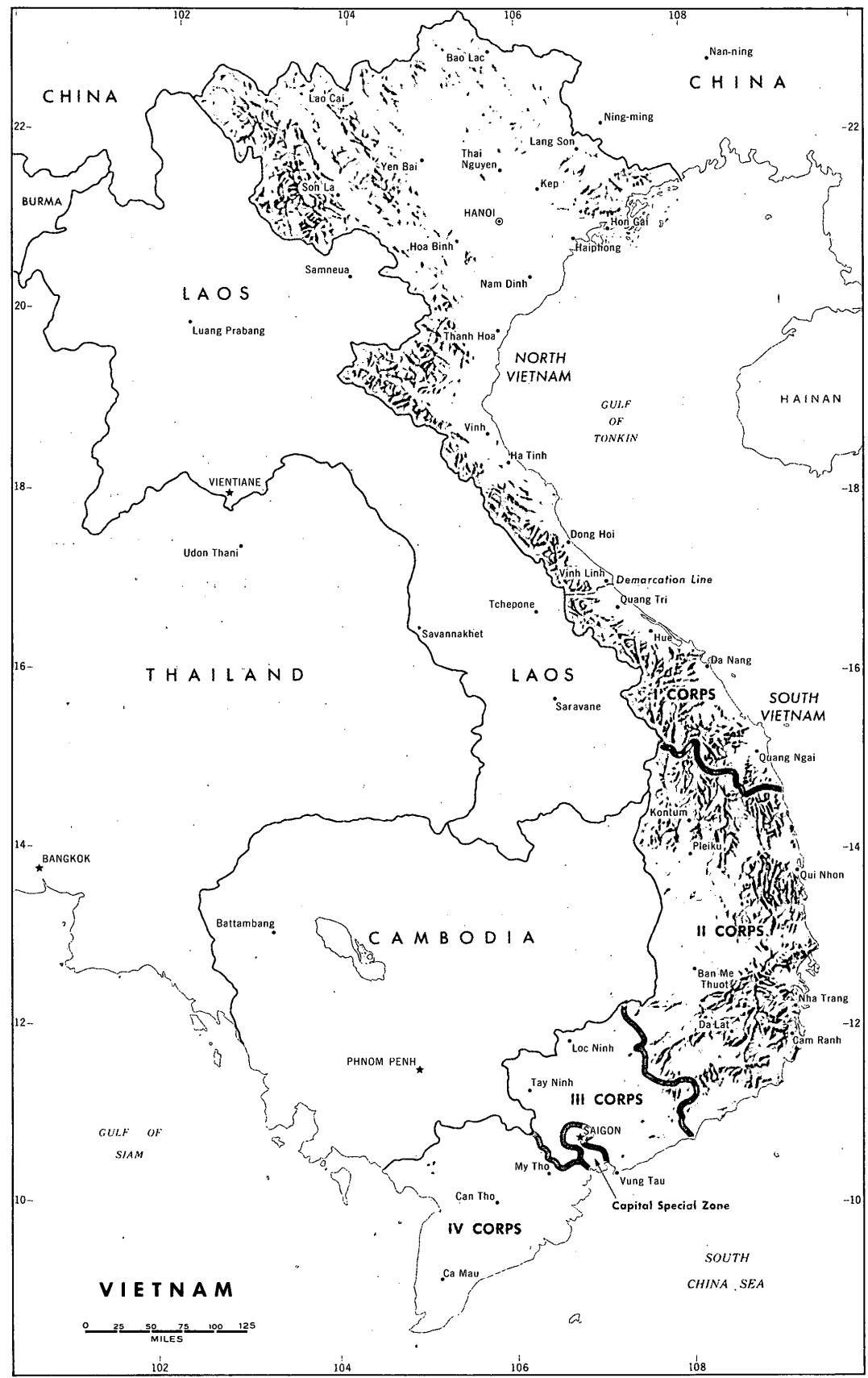
Our Annex today deals with Soviet military pressures on Rumania and Yugoslavia.

VIETNAM

Vice President Ky's conversation with Ambassador Lodge on 27 January provides a good summary sketch of the way he would like to see the talks unfold and the kind of political settlement his government thinks it could live with.

Ky made it clear that the GVN wants the military issues kept as separate as possible from the political issues, the latter to be considered only after there is substantial movement on the former. He apparently hopes that our side can bargain for the withdrawal of North Vietnamese forces by offering only military concessions in return. Presumably the withdrawal of US forces from Vietnam would be the quid pro quo for North Vietnamese withdrawal. Despite this statement, Ky went on to say he expects Hanoi to insist that the settlement "take care" of the National Liberation Front.

Ky's view of how to satisfy this Communist demand is for the government to allow Front personnel to run for elective office, specifically including seats in the houses of the National Assembly. He made it clear, however, that the GVN would not entertain the notion that Communists be allowed to have any ministries in the government. In this conversation, he estimated that the Communists might get around 15 or 20 percent of the vote. He clearly implied that he does not believe the Communists have enough political punch to threaten, or even seriously embarrass, the Saigon government. On the contrary, Ky suggested that the GVN would be able to



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"overwhelm" the Communists once North Vietnamese military personnel had withdrawn.

Ky's optimistic view of how easily the Communists' political challenge can be met may actually reflect current GVN thinking or it may be only his own view. [redacted] 50X1

[redacted] Ky, Thieu and company have not yet really 50X1 come to grips with this problem in any detail.

There have been no new clues to Communist intentions in Paris. More propaganda broadsides are likely in tomorrow's meeting, especially in reaction to South Vietnam's initial presentation last Saturday. Although Hanoi undoubtedly wants to explore the US position on substantive matters, the North Vietnamese will do everything possible to avoid moves which suggest they are in a hurry. As they have in the past, they probably will wait to take their cue from the US, and they probably expect the US to take the lead in proposing new private discussions. Le Duc Tho agreed to Ambassador Harriman's suggestion on 14 January that the private US-DRV dialogue should continue with the new American team in Paris. The Communists almost certainly believe that only in private talks will they be able to sound out the policies of the new US administration, their priority objective at present.

* * *

Military action remained at a normal level yesterday. There are signs, however, that the enemy intends to launch a series of attacks in I Corps over the next few days. The enemy is in a position to hit many allied posts and urban centers with rocket and mortar attacks, sapper and terrorist raids, and even with some small scale ground attacks.

II. OTHER IMPORTANT DEVELOPMENTS

BERLIN

Vice President Ky was scheduled to arrive in West Berlin at 3:35 EST this afternoon. At last report, neither the press nor the student militants had gotten wind of the fact. The students, however, are already mobilized on other issues and could zero in on Ky with little or no advance warning.

COMMUNIST CHINA

TASS reporting from Peking shows that there has been a recent increase in the wall slogan and poster campaign there. One slogan is quoted as calling for the "overthrow of all who are opposing Chairman Mao." This adds to signs that the political struggle in the Peking leadership may be intensifying.

There is also some indication that the military establishment is becoming more deeply embroiled in the political struggle, but in a way that is not yet clear.

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Warsaw Pact Countries



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SOVIET MILITARY PRESSURES ON RUMANIA AND YUGOSLAVIA

SIGNIFICANCE: Uncertainty about Soviet military intentions is likely to rise again in Eastern Europe in 1969 when the military forces of the Warsaw Pact conduct a combined exercise in Rumania, something Bucharest had been able to fend off since 1962. The Soviets are using the Warsaw Pact as a lever to exact greater cooperation from the Rumanians and, indirectly, from non-Pact member Yugoslavia. The Rumanians and the Yugoslavs no longer fear, however, that the Soviets are prepared to go as far as outright military intervention. They are probably right. Even so, the anxieties aroused in Eastern Europe will be felt in Western Europe, and there will be renewed concern in NATO about the security of its southern flank.

* * *

Soviet Military Pressures

In the wake of its decision to stamp out reformism in Czechoslovakia, Moscow has set out to force the Rumanians to reduce their awkward defiance of Soviet authority. The Soviets also hope to insulate Eastern Europe from the insidious influence of Yugoslav "revisionism."

As a member of the Warsaw Pact, Rumania is more susceptible to Soviet pressures applied through that organization than is Yugoslavia. Nevertheless, in the aftermath of Czechoslovakia, with its demonstration of Soviet

FOR THE PRESIDENT ONLY

readiness to use military force for political purposes in Eastern Europe, and Moscow's declaration concerning the limitations on the sovereignty of members of the "socialist commonwealth," Soviet pressures on Rumania will be felt keenly in Yugoslavia.

Rumanian Participation in the Warsaw Pact

In recent years Rumania has reduced its participation in Pact affairs, coming last spring very nearly to the point of having a "vacant chair" at Pact gatherings.

Since the invasion of Czechoslovakia, their own discretion and, no doubt, a good measure of "comradely persuasion" from Moscow have recommended a more accommodating policy to the Rumanians. Top-ranking Rumanian and Soviet military officers have exchanged visits, among these a visit to Bucharest by the Soviet commander-in-chief of the Warsaw Pact forces. It was not by chance that Bucharest was the site of the annual meeting of the chiefs-of-staff of the Pact countries convened late last year. Last month Bucharest in a very limited way rejoined the Warsaw Pact communications intelligence intercept network from which it had withdrawn in December 1966.

In the offing early this year is a meeting of the Pact's Political Consultative Committee, which will be, in effect, a summit meeting of the party, government and military chiefs of the seven member states. It can be expected that pressure will mount at that time on Rumania

to make concessions--potentially damaging to Rumania's claims to national sovereignty--in the name of strengthening the Warsaw Pact vis-a-vis NATO. The Soviets might revert, for example, to earlier demands that Rumania expand its own armed forces or agree to increased standardization of military equipment within the Pact. The Rumanians are particularly apprehensive about a possible attempt to give the Pact command tighter control over national forces.

The Rumanian Response

The Rumanian position is delicate. Bucharest will have to give some ground--as it already has in agreeing to combined exercises--but will struggle hard against being drawn more tightly into the Warsaw Pact net. In negotiating with the Russians on the timing and scope of the exercises, the Rumanians will seek to obtain hard-and-fast assurances that foreign forces will withdraw at a specific time. If [redacted] the Soviets seek to hold the exercises in the region bordering Yugoslavia, Rumania will surely argue for a less provocative locale. [redacted]

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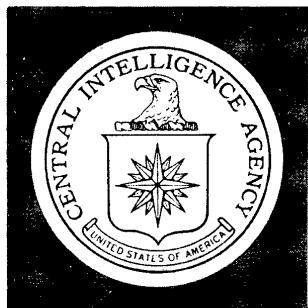
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Soviet Intentions

There is no reason to think that Moscow considers either Rumania or Yugoslavia a real and present danger to its security position. The chances of extreme military

action against either are not great. But even while applying lesser pressures, Moscow will arouse sharp new anxieties in Bucharest and Belgrade. If the Pact forces are slow to withdraw from Rumanian soil, as they may be, the atmosphere of tension that prevailed last summer will begin to settle again over Eastern Europe. If the Russians were to go a step further and leave their forces in Rumania for a protracted period, there would be real concern within NATO that the Soviets had set out to fasten their hold on all of Eastern Europe including Yugoslavia. A Yugoslav request for economic and military assistance from NATO countries would be sure to follow. The US would be pressed, on the one hand, to issue warnings to Moscow and, on the other, to avoid taking a stance which might seem to challenge the USSR.

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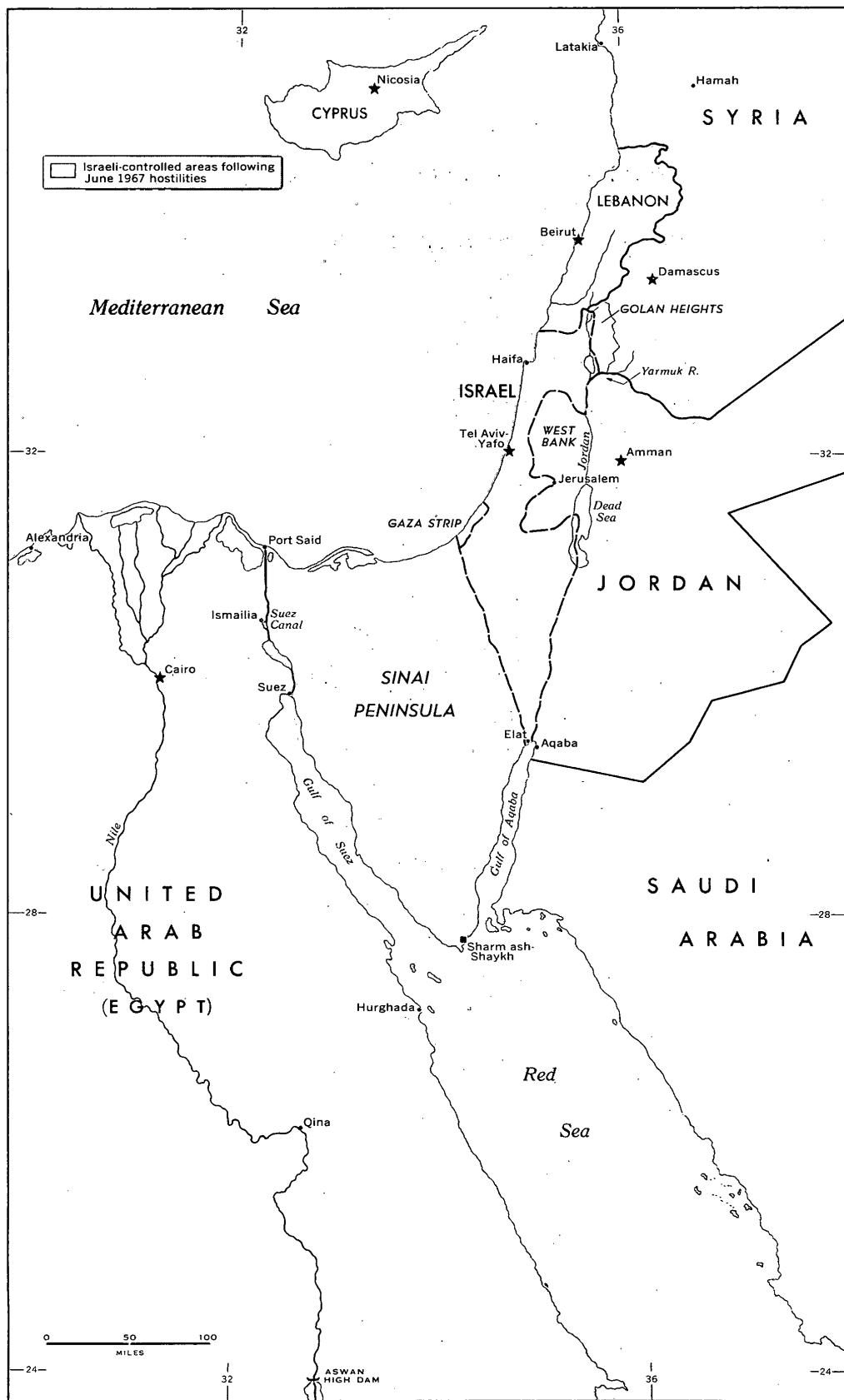


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LAW NOTES FOR THE PRESIDENT'S DAILY BRIEF OF

30 JANUARY 1969



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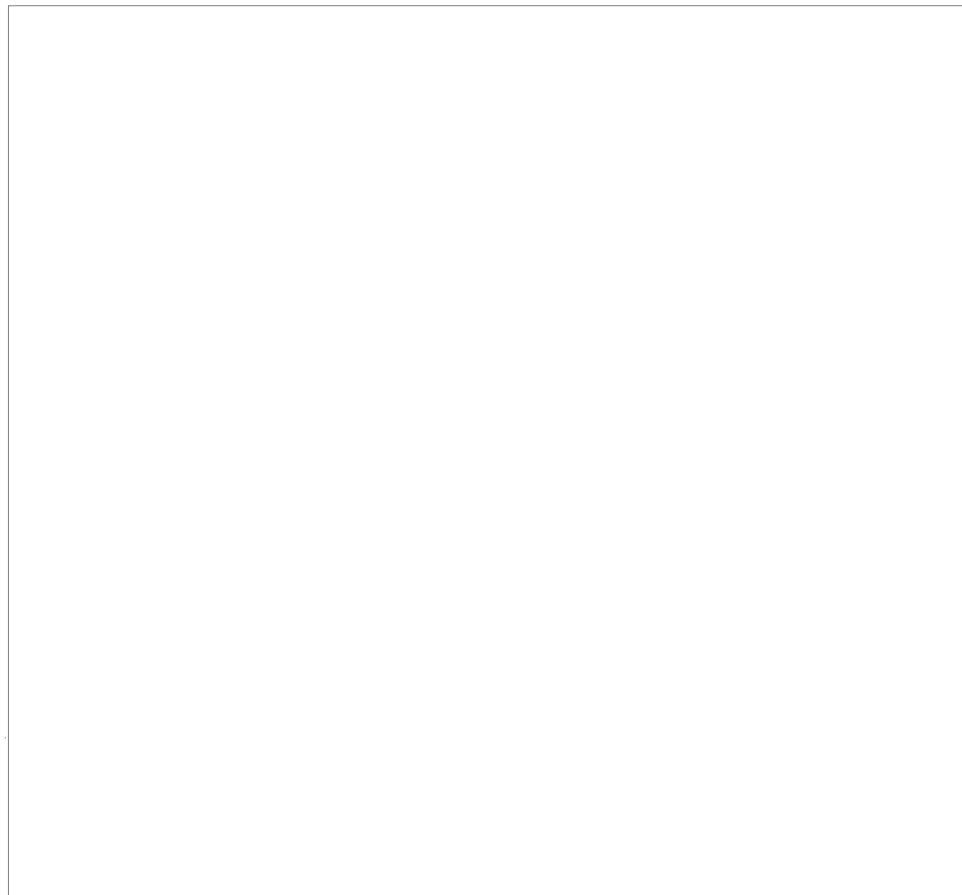
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31 January 1969

LATE NOTES FOR THE PRESIDENT'S DAILY BRIEF OF
30 JANUARY 1969

I. MAJOR PROBLEMS

MIDDLE EAST



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Ambassador Jarring told the British on 29 January that he is willing to wait in New York as long as necessary to get a clarification of the attitudes of the great powers. After that, Jarring may set up shop in Geneva, with the idea of getting answers from the Middle Eastern states to

FOR THE PRESIDENT ONLY

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specific questions which ultimately must be part of a settlement.

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The Iraqi information minister announced this morning that a new mass spy trial is being prepared. (FBIS 37, 31 Jan 69)

EUROPE

The first British national opinion poll of 1969, published yesterday in the Daily Mail, reveals a sharp swing back to the Labor Government, after a low point in December. Prime Minister Wilson's personal stock also went up, albeit not as much as his government's. "Peace and quiet" for the past month or two seems to have been responsible.

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SOVIET AFFAIRS

At the same time they are negotiating in Peru, the Soviets and Hungarians also are dickering with Venezuela about establishing diplomatic relations. A Venezuelan Foreign Ministry official told a US Embassy officer yesterday that agreement might be reached prior to the inauguration of President-elect Caldera in March. No action is likely, however, until after the new government is sworn in.

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Vietnam

An authoritative commentary on the President's news conference was published today in the North Vietnamese party daily, Nhan Dan, according to Hanoi Radio. It avoided responding to the questions of restoration of the Demilitarized Zone or a return to the Geneva agreements, calling such points "deceptive talk." The commentary apparently was timed to reinforce the rejection in Paris

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yesterday of Ambassador Lodge's proposals. (FBIS 28, 31
Jan 69)

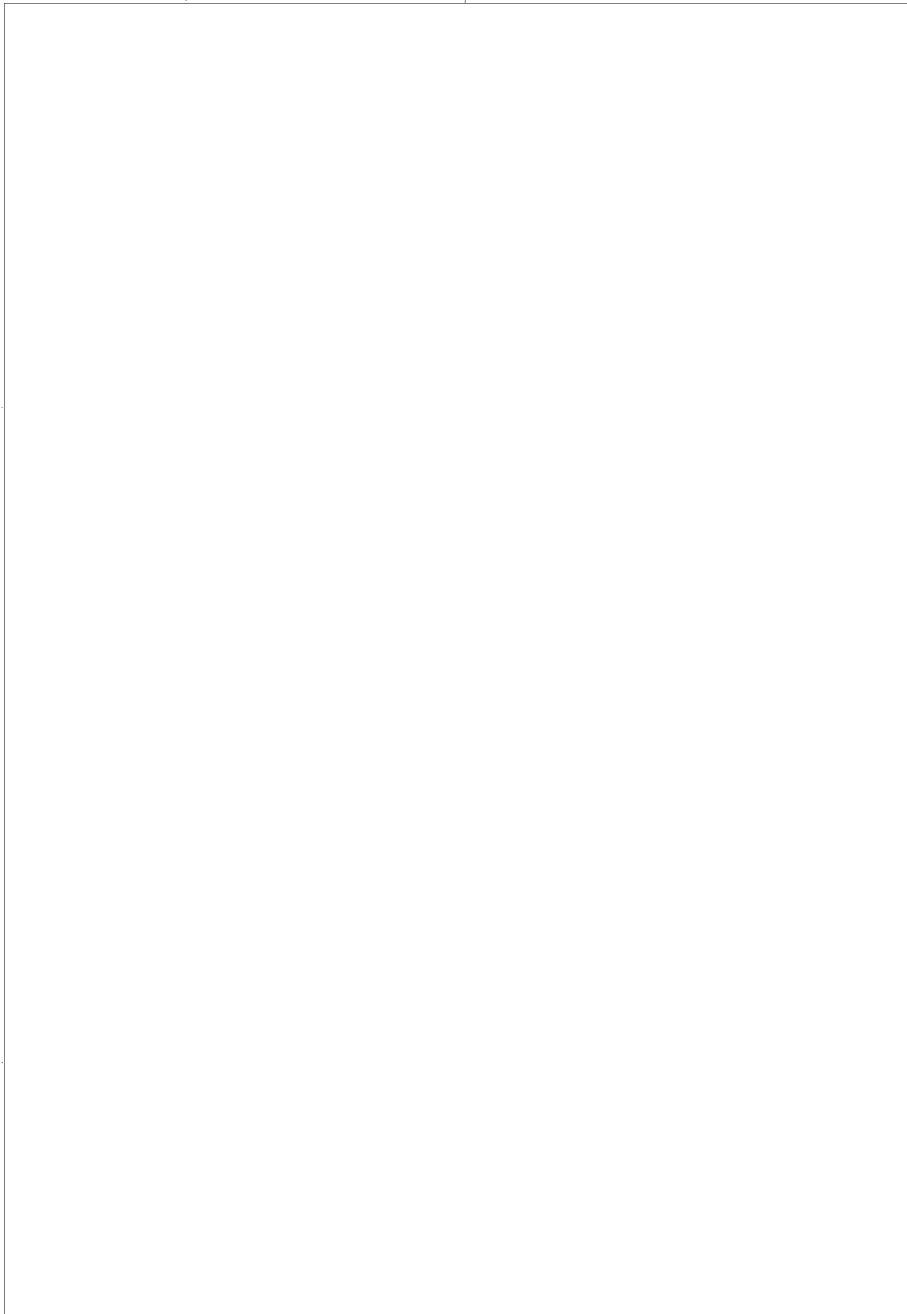
II. OTHER IMPORTANT DEVELOPMENTS

There is nothing of significance to report.

I. MAJOR PROBLEMS

MIDDLE EAST

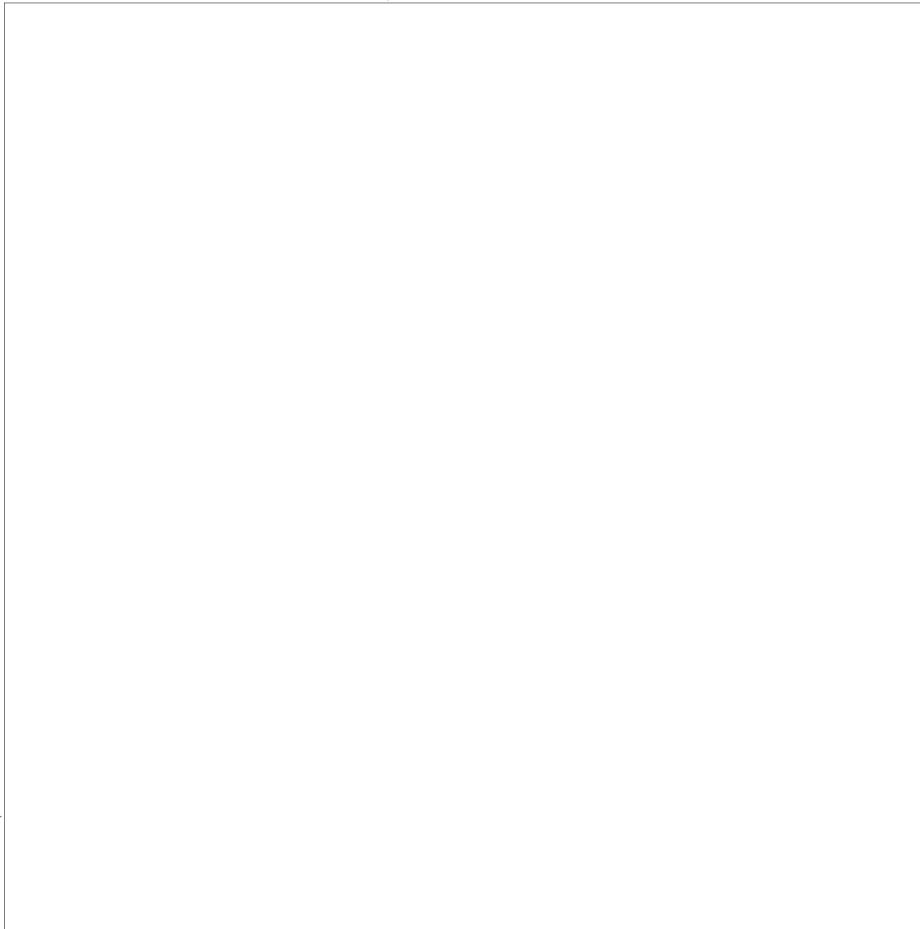
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The evidence at hand is still inconclusive as to
whether there was an Israeli air attack this morning
against Iraqi troops in Jordan.

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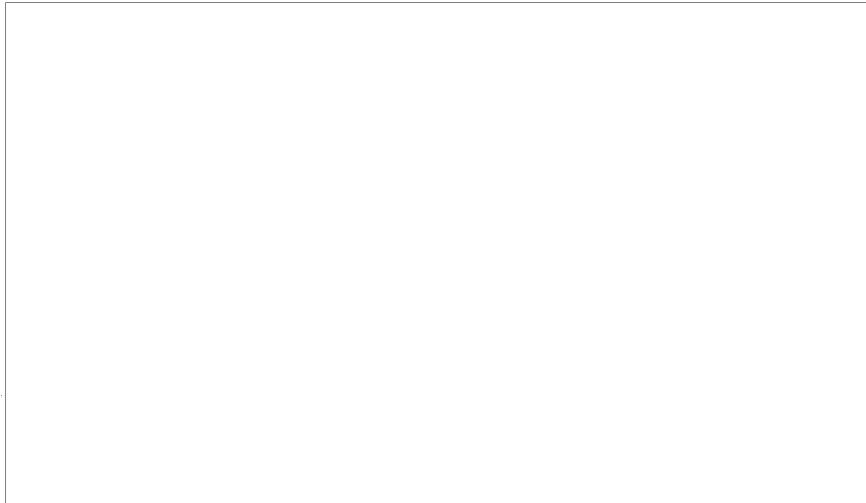
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SOVIET AFFAIRS

Soviet authorities today moved to dispel rumors about Kosygin's prolonged absence. A Foreign Ministry spokesman said that Kosygin is nursing a cold which he picked up when he returned to Moscow about a week ago from a vacation-cure, but that he expects to return to work late next week. The spokesman said that the Premier had spent a month in the Caucasus undergoing treatment for a mild liver ailment.

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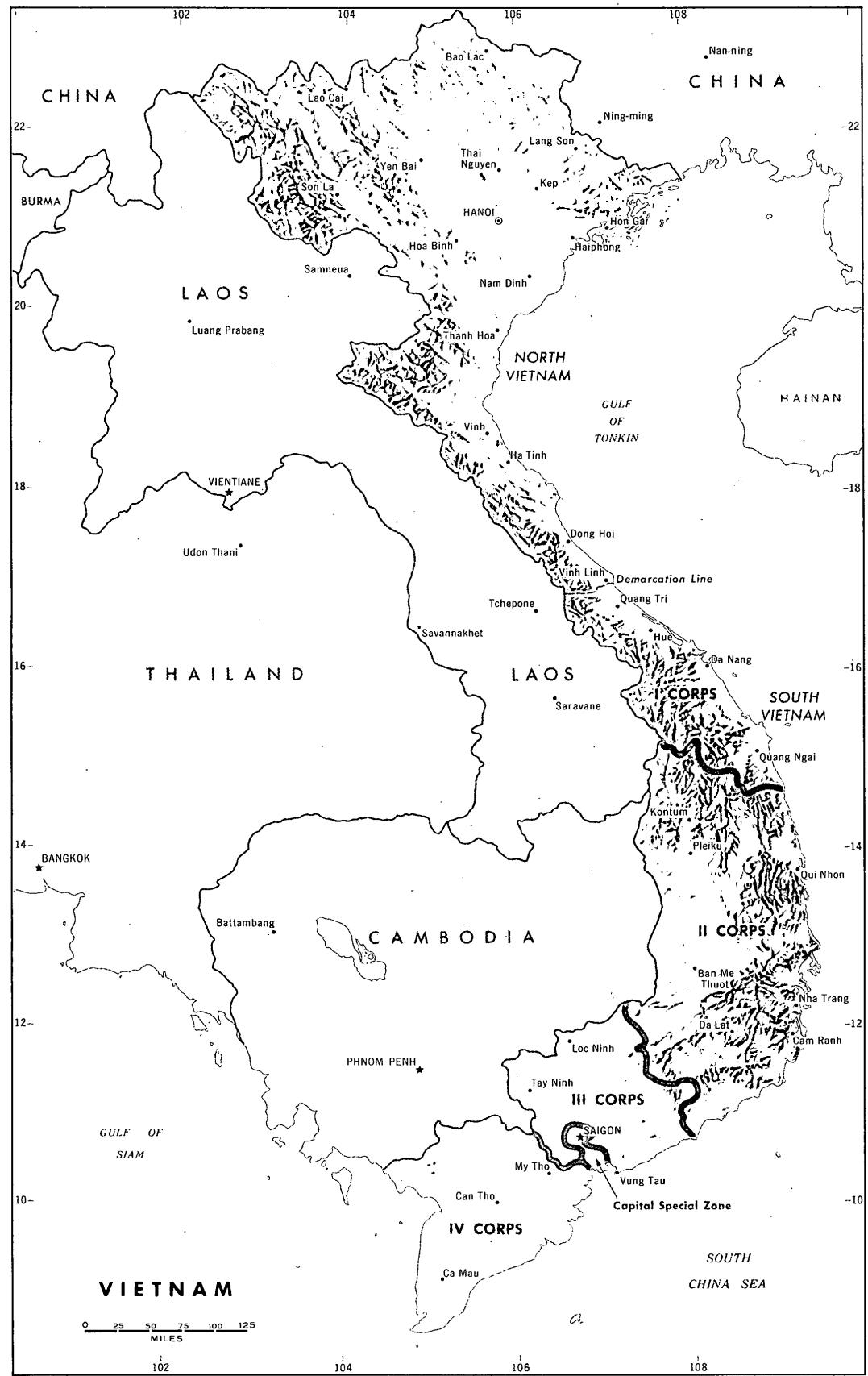
The Soviet Union and its allies have reacted quickly in response to Peru's overtures for closer contacts. Diplomatic relations will be established between Moscow and Lima in the next day or two. Since the military took over in Peru last October, they have established diplomatic ties with Rumania, Yugoslavia, and Czechoslovakia. Hungary is now pressing to join the list.

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VIETNAM

Numerous indicators point to a Communist intent to launch a series of attacks, perhaps countrywide, between



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now and Tet, which falls on 17 February this year. It is questionable whether the enemy will do much more than direct harassing fire against allied outposts and some urban centers. Terrorist and sapper action in the cities could accompany the shellings.

Recently captured prisoners report that a fairly substantial effort has been under way for some weeks to infiltrate specially trained terrorists and sappers into Saigon. They further state that some of these groups have already succeeded in entering the city; recently there have been several incidents and attempted incidents within the capital.

According to the prisoners, terrorist attacks in Saigon are to be coordinated with main force action in the provinces around the capital. Signal intelligence shows that for the last two months the enemy has been trying to move a number of infantry regiments from four nearby divisions into the provinces around Saigon. Allied pre-emptive actions have delayed these deployments, but the sighting of Communist troops in recent days by villagers in those provinces suggests that some enemy units are managing to get into positions from which they could launch attacks. Intercepted messages from I, II, and IV Corps also tell a story of Communist intentions to step up action prior to Tet.

* * *

Preliminary press accounts of today's session in Paris indicate the Communists took the line forecast

in earlier statements. Hanoi may eventually be willing to discuss our proposals on troop withdrawals and restoring the Demilitarized Zone, but the Communists are unlikely to go very far toward resolving these matters before they have a fairly clear idea of how political issues are to be settled. Xuan Thuy's statement that "only on a political basis can we settle military questions" was as straightforward as anything the Communists have said publicly on this subject.

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II. OTHER IMPORTANT DEVELOPMENTS

PAKISTAN

President Ayub has gained a breathing spell by sending the army in to restore order in four of the country's main cities. Tension remains high, however.

The Ayub government now faces the dilemma which confronts all authoritarian regimes beginning to lose their grip. As the embassy in Karachi puts it, repression intensifies resistance but concessions suggest an inability to govern. We may get a better line on what Ayub plans after his regular first of the month speech Saturday. The government press is hinting that it will contain some important announcements.

BRAZIL

At annex is a review of major problems affecting US-Brazil relations.

OKINAWA

Okinawan and Japanese leaders have thus far been unsuccessful in persuading leftist labor organizers to call off a general strike and rally against the presence of

B-52s scheduled for 4 February. These officials fear that any violent incidents would jeopardize their priority goal of achieving an early return of Okinawa to Japanese administration. A large demonstration is to be held in the vicinity of the US airbase at Kadena, and extremists may attempt to penetrate the base in an effort to provoke a violent response from the police or US security guards. The police, who must also be at other potential trouble spots, will be spread thin.

Violence during the demonstrations in Okinawa could trigger a sympathetic reaction from leftist elements in Japan, particularly on the part of militant students who recently were responsible for the turmoil on university campuses in Tokyo.



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BRAZIL

SIGNIFICANCE: Brazil, traditionally among the strongest and closest US allies in Latin America, has become a virtual military dictatorship sapped by vacillating leadership and internal rivalries. A climax came in December 1968 when the Brazilian military forced President Costa e Silva to decree an Institutional Act that bypassed the Constitution and gave the executive broad dictatorial powers. The US expressed "dismay" at this action and assumed a policy of watchful waiting.

The massive US aid program to Brazil--which runs about \$350 million annually and is the largest program in Latin America and the third largest in the world--was taken "under review" and a \$50 million program loan tranche was delayed. Brazilian officials have not yet expressed impatience with these delays potentially damaging to Brazilian business confidence, but they are very sensitive to even implied criticism of their internal political affairs. Our aid postponements could be so interpreted and could quickly generate open antagonism among top Brazilian leaders, provoking retaliation against US business interests, and putting a severe strain on US-Brazilian relations.

Internal Political Background

Most Brazilians regard their country as ready for "Great Power" status--primarily by virtue of its vast size, burgeoning population (about 90 million) and tremendous natural resources. Few of them, however, would

FOR THE PRESIDENT ONLY

deny that only rarely has any Brazilian government used these advantages to exert significant international or even domestic leadership.

In March 1964 the Brazilian military, joined by leading state governors, revolted against the corruption, fiscal and economic irresponsibility, and the excessive toleration of the extreme left by the administration of President Joao Goulart. General Castello Branco was elected by a purged Congress in April 1964 to serve out President Goulart's term which was then extended until March 1967. Brazil was outwardly tranquil during the Castello Branco administration, but tensions within the military have existed since the 1964 coup. Hard-line military officers provided the impetus for many of Castello Branco's decrees. The military seemed united in their choice of Costa e Silva when he was elected in 1966 by Congress to replace Castello Branco, but his weak leadership, his failure to crack down on corruption and subversion, and his inability to halt growing political turbulence combined to erode this vital backing.

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[] Incident after incident--criticism of the regime by church and press, a judicial decision to free arrested student demonstrators--added to military disillusionment. In December the final straw came. Congress refused to lift the immunity of an opposition deputy who had in September made a speech in Congress criticizing the military establishment. Enraged and essentially unprepared for

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FOR THE PRESIDENT ONLY

this defiance, in which even representatives of the majority progovernment Arena Party participated, the military concluded that this rebuff was intolerable.

They forced the President to issue an Institutional Act on 13 December that gave him clearly dictatorial powers and stripped away any facade of constitutional government. Under authority of the act, Congress has been shut down indefinitely, as have the state legislatures. Habeas corpus has been revoked, a large number of Brazilians have been jailed, and dozens of congressmen, including several from the president's own party, have lost their political rights. The purge has included several members of the supreme court and is likely to be extended to include state and local officials. The press has been censored. There is little prospect for a return to former constitutional trappings in the foreseeable future.

Most civilian politicians are intimidated and demoralized by the military take-over. Although a majority of Brazilian and foreign businessmen support the new decrees, most other Brazilians still appear apathetic--the long-range implications of these events have yet to sink in. University students return to classes in March after a long vacation. They are a potentially strong focus of opposition, but most will probably be cowed by the government's expected show of force and by the military's new power to deny habeas corpus. Organized labor, with a host of legitimate grievances, is crippled by poor leadership and a tradition of dependence on government. [redacted]

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Although Costa e Silva has so far survived as President, his leadership is ineffective, and in fact it is not clear who, or even what group, actually controls the levers of power. He is attempting to shore up his position, but he may not be sufficiently forceful or capable to exert his will. He could not keep his job in the face of united opposition from military officers.

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This inherently unstable situation may continue for some time. If the President is removed, a military man or junta would be the likely successor--perhaps a hard-line figure such as former Interior Minister General Albuquerque Lima or leaders of the powerful group of non-cabinet officers referred to as "the generals."

Foreign Policy Trends

Brazilian-US relations, which were extremely close under Castello Branco, began to become more difficult after he left office. The trend in foreign policy since March 1967 has been toward expressing deep-seated nation-alistic aspirations that reflect Brazilians' belief that their country is destined to become a "Great Power."

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This view is particularly prevalent among military officers, especially those identified with the hard line."

Under Costa e Silva, Brazilian foreign policy has more frequently diverged from that of the US. For example, Brazil has steadfastly resisted all appeals that it endorse the Nuclear Nonproliferation Treaty because government leaders say the treaty would forever condemn Brazil to the ranks of "second rate" nations by hampering its nuclear development program. Moreover, Brazil withdrew its early support for the US-backed permanent Inter-American Peace Force. The Brazilian Government no longer gives public backing to US policies on Vietnam.

Demonstrations of anti-Americanism in Brazil have not been fostered by the government, but they have rarely been discouraged. For example, there was a major hue and cry over Brazilian fears that the US had evil designs on the Amazon basin. This was carried to such an extreme that missionaries who had provided birth control devices to Indian women were accused of attempting to "sterilize Brazilian womanhood" so that the US could occupy the Amazon.

Foreign Minister Magalhaes Pinto, who has long aspired to the presidency, exploited these nationalistic feelings not only out of personal conviction but because he believed they would increase his support among the military. He has had little success

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[redacted] If he is replaced, however, his successor
will probably be just as nationalistic.

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Consequences

The US will be criticized in Brazil and elsewhere in Latin America no matter what policies it adopts. Continuation of large-scale aid would be called a prop for an unpopular and inept dictatorship. Despite successes in curbing skyrocketing inflation, Brazil's current leaders do not seem to understand the complexity of the country's social and economic needs, much less to be able to develop effective programs to meet these needs.

On the other hand, reduction or elimination of US aid would adversely affect--and perhaps completely frustrate--the Brazilian effort to curb inflation and promote economic growth. Such economic effects would in short order aggravate the government's political problems. One result might well be to strengthen the hand of those influential hard liners in the military who are urging an "independent" stance for Brazil and a more neutral position in world affairs.

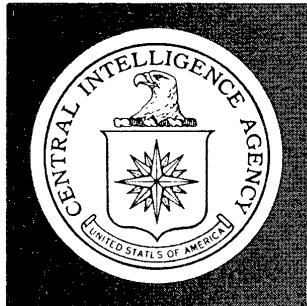
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[redacted]
Although the moderate view may prevail in time, the locus of power now resides in the hands of the "generals."

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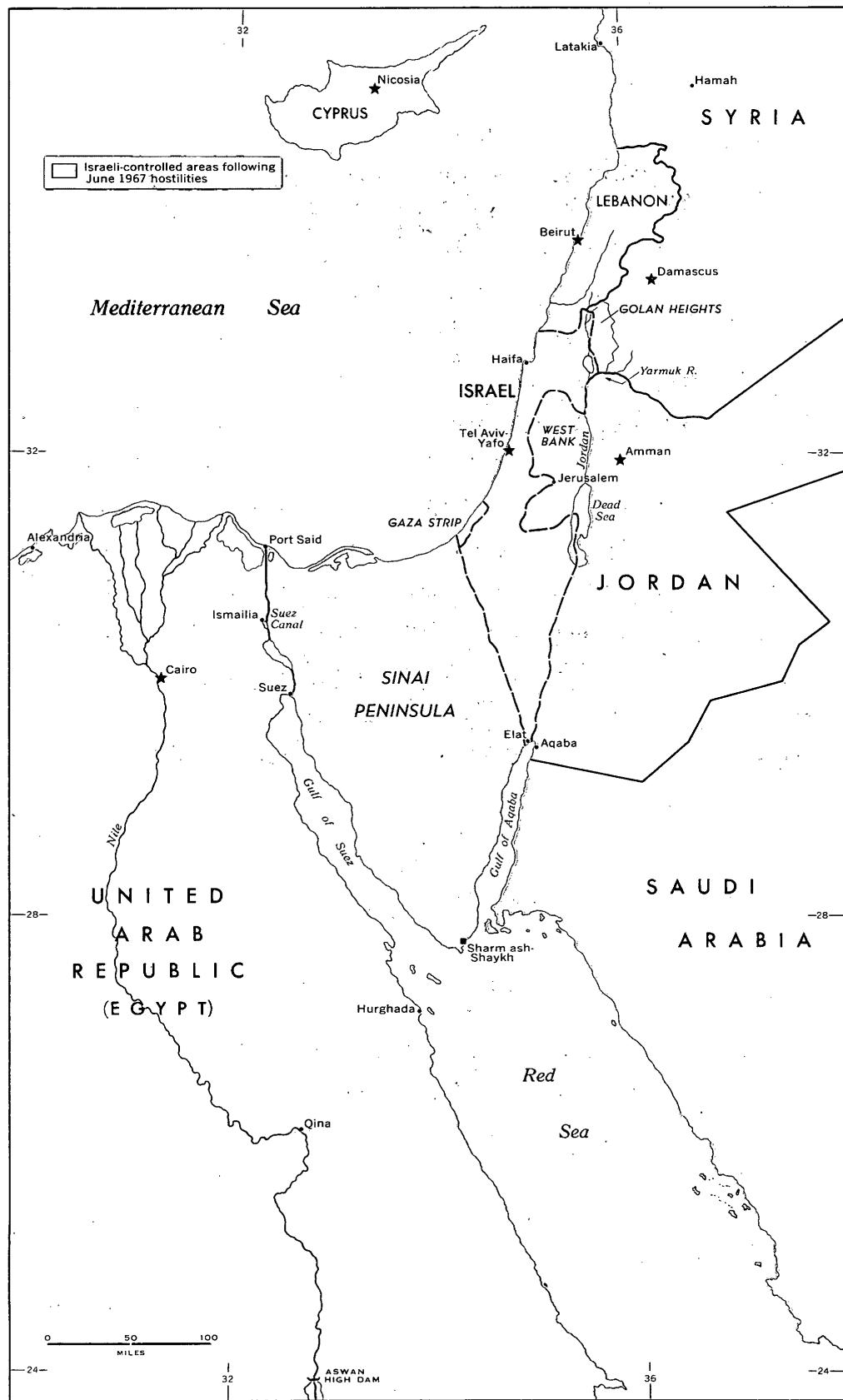


The President's Daily Brief

31 January 1969

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LAWYER NOTES FOR THE PRESIDENT'S DAILY BRIEF OF

31 JANUARY 1969



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TOP SECRET

1 February 1969

LATE NOTES FOR THE PRESIDENT'S DAILY BRIEF OF
31 JANUARY 1969

I. MAJOR PROBLEMS

MIDDLE EAST

Cairo's semi-official newspaper Al Ahram, in a commentary yesterday, criticized the Iraqi Government for the sensational manner in which it handled the recent hanging of the 14 alleged spies and for inappropriate timing. The commentary, in answer to Iraqi complaints that Arab nations were not giving adequate support, stated that Iraq had "a completely sound case"; however, the matter was not one "for which festivals are staged," and it occurred at a time of "important international initiatives." (FBIS 11, 31 Jan 1969)

EUROPE

There is nothing of significance to report.

SOVIET AFFAIRS

There is nothing of significance to report.

VIETNAM

General Nguyen Van Kiem, chief of President Thieu's military cabinet, was severely wounded in an assassination attempt last night. Terrorists tossed explosives into his car and two escorting vehicles as he was driving through central Saigon. (Various press, 1 Feb 1969)

FOR THE PRESIDENT ONLY

II. OTHER IMPORTANT DEVELOPMENTS

OKINAWA

Labor organizers are said to have agreed to call off the general strike planned for 4 February against the presence of B-52s. The labor leaders are to meet today with their rank-and-file membership to seek approval. The police expect, however, that a small demonstration by extremists will take place at the US airbase at Kadena even if the strike is averted.

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I. MAJOR PROBLEMS

MIDDLE EAST

Soviet Politburo member Aleksandr Shelepin announced in Cairo on 29 January that a Russian airlift of relief supplies for Palestinian refugees in Syria and Jordan would begin early in February. According to a Moscow broadcast, the food and clothing will be channeled through the central trade unions' organization. At present, the refugees are cared for by the UN. This splashy propaganda operation will doubtless be popular in the Middle East, although perhaps not with the government of Jordan. Many Arab terrorists reside in the refugee camps, and the guerrillas probably will exploit such indirect Soviet aid in their recruiting drives. Until now, Moscow had avoided becoming embroiled with the refugees, contending that the "imperialists" had caused their problem and it was up to "them" to solve it.

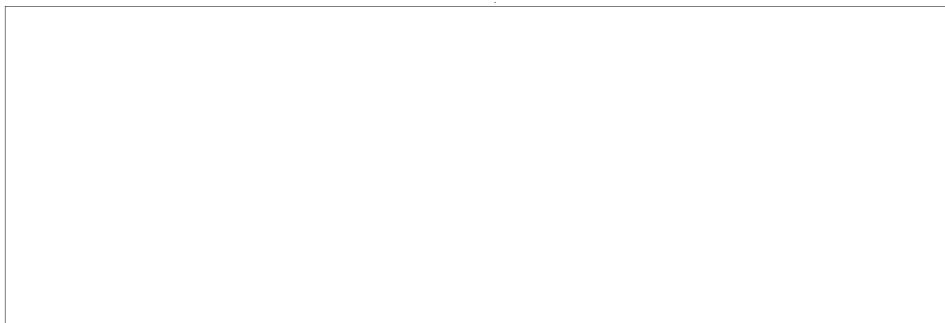
EUROPE

There is nothing of significance to report.

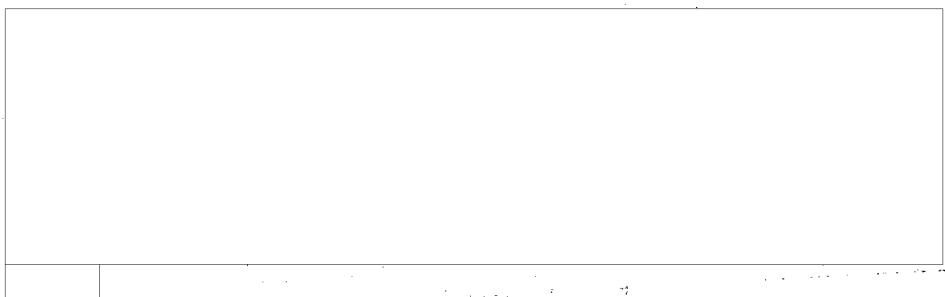
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SOVIET AFFAIRS

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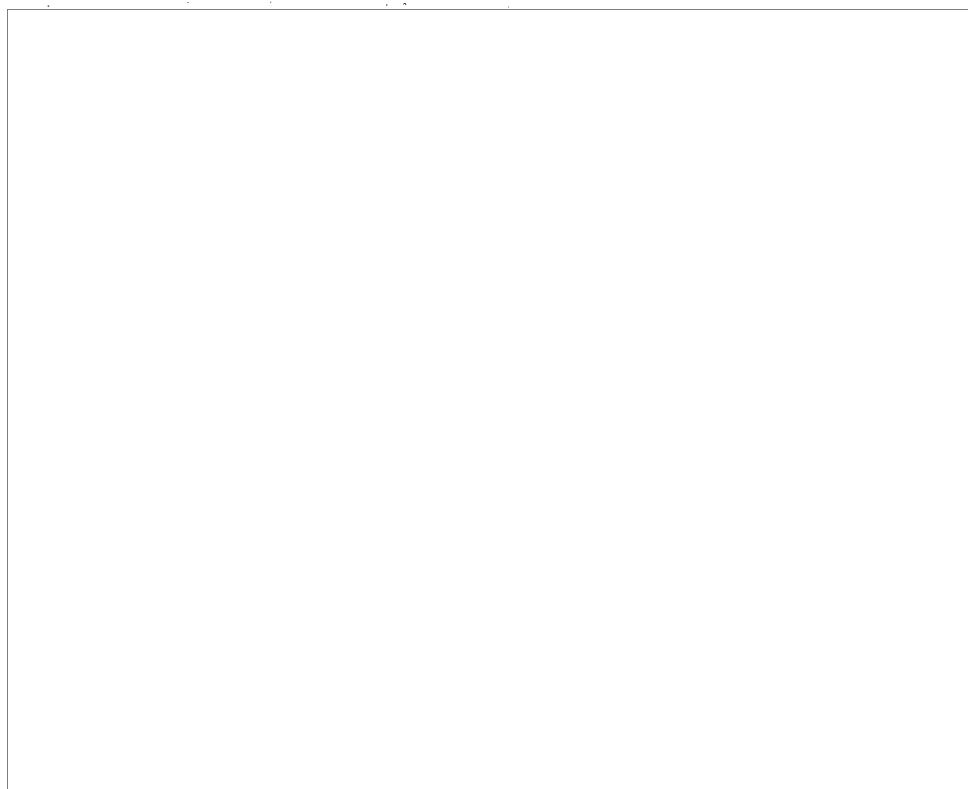
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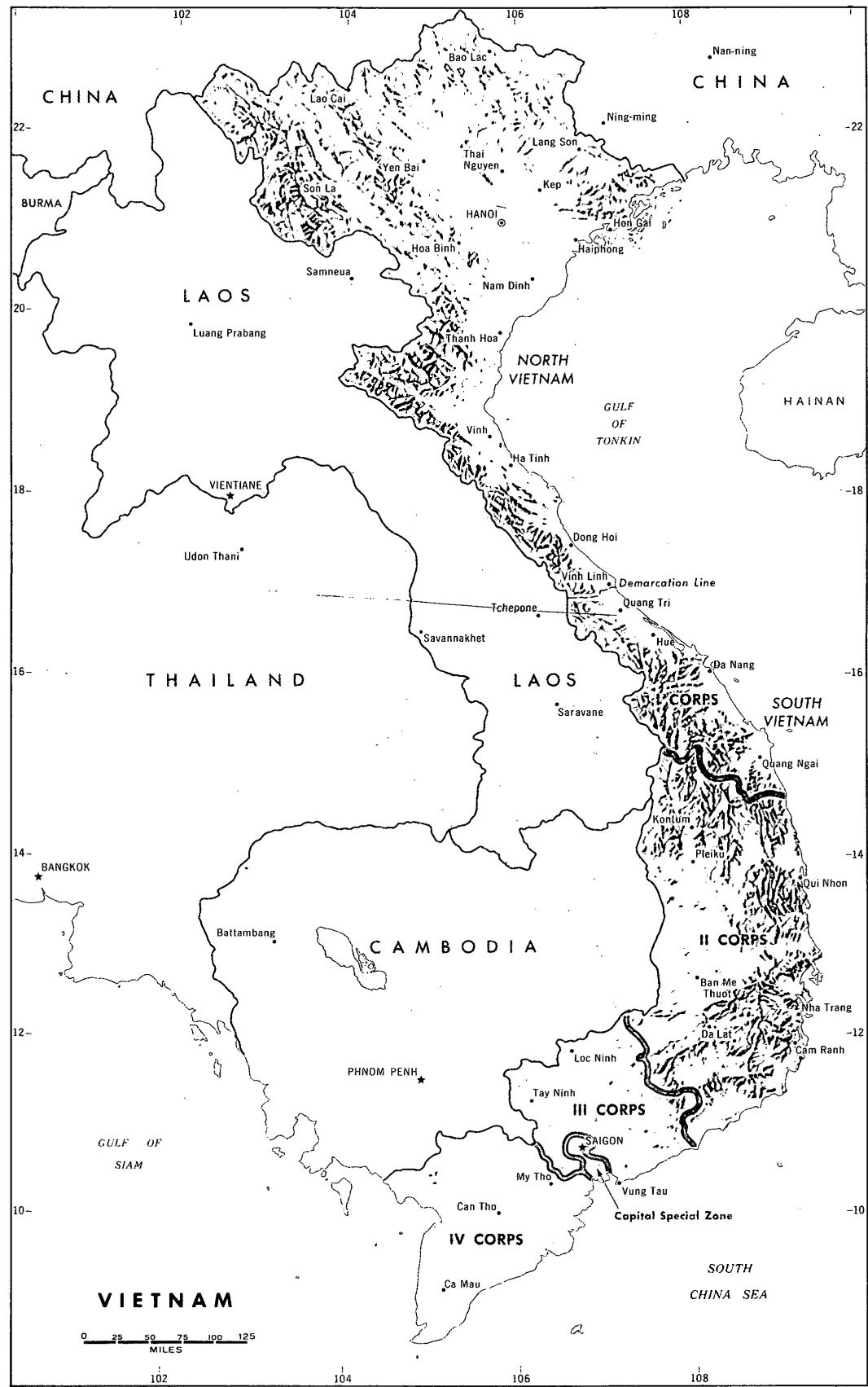
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VIETNAM



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Several recently captured enemy documents provide further evidence of Communist plans to launch attacks soon in and around Saigon. One document contains a list of targets, including Tan Son Nhut Air Base, the Pho Tho race track in Saigon, and references to the first through the seventh precincts of the capital city. Another document shows that reconnaissance elements of the Communist 9th Division were ordered to move into districts northwest and west of Saigon in order to prepare "the springboard area." These preparations were to have been completed by 25 January.

Just to the north of Saigon, a Communist who rallied to the government yesterday reports that the Communist 5th Division intends to mount major attacks against the key Bien Hoa - Long Binh complex shortly after the Tet holiday.

In addition to the 9th and 5th Divisions, the 1st and 7th Divisions, as well as several independent units of regimental and battalion size, are currently deployed in III Corps north and west of Saigon.

FOR THE PRESIDENT ONLY

II. OTHER IMPORTANT DEVELOPMENTS

KOREA

In a recent domestic radiobroadcast, North Korea strongly reaffirmed its policy of pressure and subversion against the South, despite the failure thus far of its efforts to promote insurgency. The broadcast reasserted the correctness of Kim Il-song's strategy for stimulating "revolution" in the South and cautioned against reckless adventurism and defeatism, either of which would retard the growth of the revolutionary movement. In tone and content, the broadcast was virtually identical to Kim's speech of October 1966 which established current policy toward South Korea.

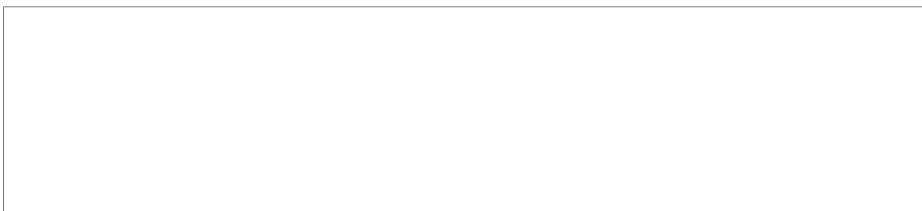
A sharp drop in North Korean harassment along the DMZ since early November and the absence of agent landings along the coast since late December may be due in part to severe winter weather. There were similar sharp declines in North Korean operations during the past two winters.

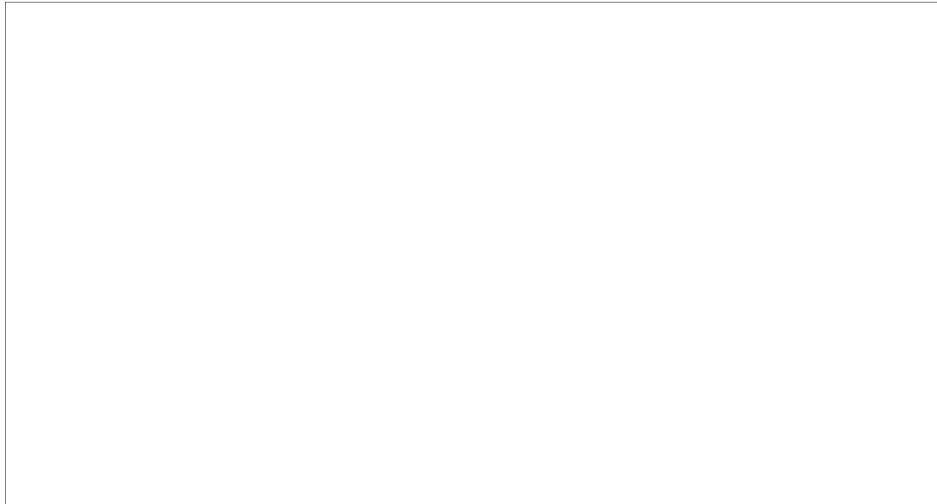
INDIA

Today's Annex deals with India's agricultural and population problems.

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INDIA'S STRUGGLE FOR SURVIVAL

SIGNIFICANCE: Population control and agricultural development are two of the most important challenges facing the Indian Government. Unless substantial progress can be made in these two interrelated fields, India's economic and political future will be in serious jeopardy.

* * *

The grave threat of immediate widespread famine that haunted India in the mid-1960s has receded for now, although the food supply problem is far from being solved. After two years of drought in which foodgrain production slumped from 89 million tons in the 1964-65 crop year to 72 million tons in 1965-66 and 75 million tons in 1966-67, production reached a new record in the crop year that ended last June with an estimated 100 million tons. This substantial increase mainly was due to an exceptionally good monsoon, although improved agricultural technology was also instrumental.

The monsoon is still the key factor in agricultural production in India. This year's monsoon has only been average and the new technology--including hybrid seeds and more use of fertilizers and pesticides--can only partially fill the gap. Foodgrain production for the crop year that ends next June will probably slip to around 97 million tons. This should be adequate, along with private and government stocks, to prevent famine, although much of the population will remain poorly fed by Western standards.

FOR THE PRESIDENT ONLY

Under the current PL-480 agreement for 2.3 million tons signed late last year, about 1.6 million tons remain to be shipped to India; delivery should be completed by mid-year. This should help build up emergency buffer stocks as a hedge against the vagaries of the next monsoon.

India's expanding population places considerable pressure on the already tight food supply. Some 2.5 to 3 million tons of additional grain is needed each year just to keep pace with an annual population growth of at least 13 million. Moreover, the annual population growth rate, now about 2.5%, could increase in the next few years. If left unchecked, the Indian population--now about 530 million people--would probably double within 30 years.

The Indian government has long been concerned about the population problem. It was among the first to endorse birth control as a national goal, beginning as early as 1951 in the First Five Year Plan. Over the last several years, the program has gained more momentum as more emphasis has been placed on getting out to the rural areas. A new nationwide administrative machinery, directed by competent officials, has also been set up. This administrative effort is being backed up by greatly increased funds to make a "cafeteria" of methods readily available to the population. In the Fourth Five Year Plan, to begin in April 1969, about \$306 million is expected to be budgeted for birth control, a tenfold increase over the third plan allocation.

The long range goal of this effort is to stabilize the population at about 670 million in 1985. This may

be unrealistic. In any event, substantial results cannot be expected in the near future. Improved public health programs will probably continue to cause the death rate to decline and thus, at least for a while, largely offset any decline in the birth rate.

To check the population explosion and increase agricultural production enough to make India self-sufficient will require more administrative drive and initiative than the Indians have thus far demonstrated in any field. With so many competing development needs, there is always the chance of a letdown in the intensive and sustained effort that is necessary. Failure can only mean impossible demands on the US and other countries for food, a declining standard of living, and the continued descent of the Indian democratic experiment into political chaos.

Top Secret