



## *The President's Daily Brief*

*1 May 1971*

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

1 May 1971

**PRINCIPAL DEVELOPMENTS**

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*Page 1.*

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*(Page 2)* 50X1

In Haiti, Jean-Claude Duvalier offers amnesty to exiles--other than Communists and "troublemakers."  
*(Page 3)*

A standoff looms in Ceylon as attacks by insurgents fail to materialize. *(Page 4)*

Pakistan and India are moving to reduce tensions.  
*(Page 4)*

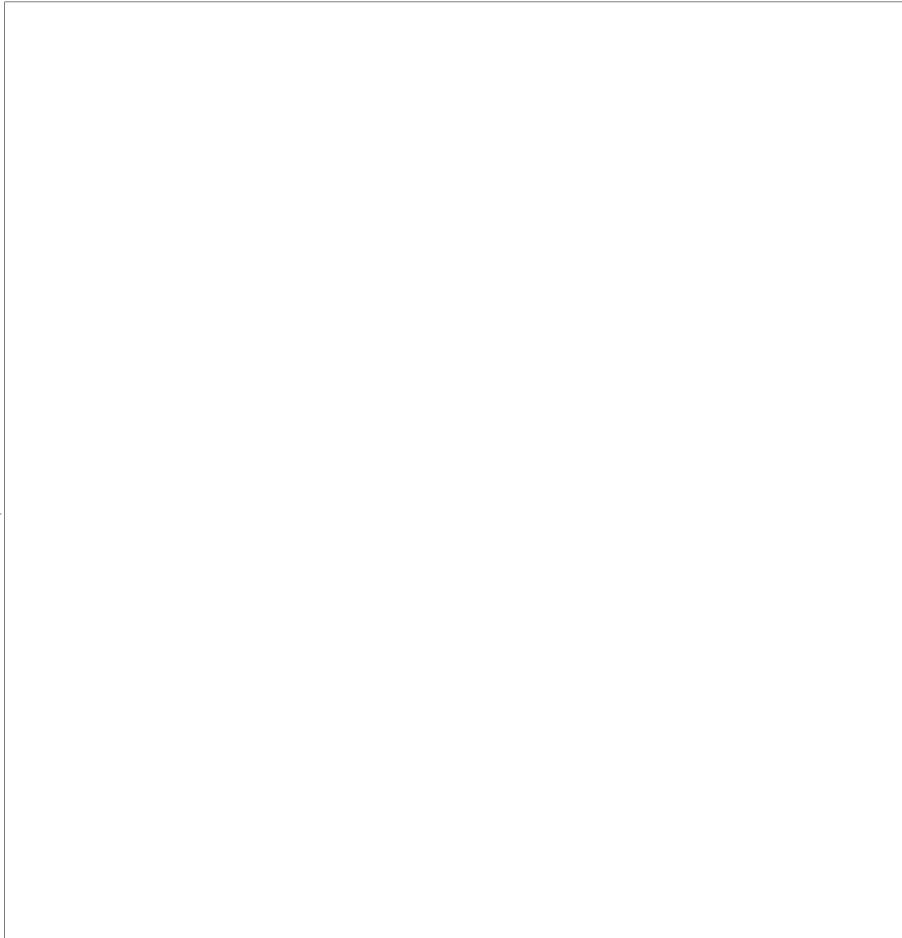
Britain and Communist China [redacted] 50X1  
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**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

CAMBODIA

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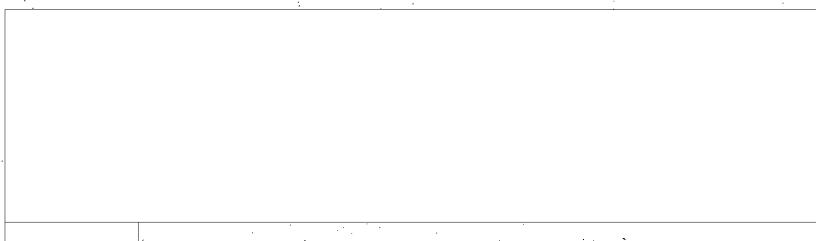
*FOR THE PRESIDENT ONLY*

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SOUTH VIETNAM



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**FOR THE PRESIDENT ONLY**

**HAITI**

In his first policy address to the National Assembly, Jean-Claude Duvalier on Thursday offered amnesty to Haitian exiles. He tempered this invitation, however, by adding that neither Communists nor "troublemakers" would ever be readmitted.

*The conditional amnesty offer should separate genuine political exiles from those who left only to seek better jobs or greater personal liberty. Those still covered by the broad and vague exception may be driven somewhat closer together, but the depth of their differences would still seem to preclude any real cooperation.*

Leading figures in the government, including Luckner Cambronne, the new secretary of state for interior and national defense, attribute the current tranquility to close adherence to Papa Doc's plan for the succession [redacted]

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[redacted] Several members of the presidential entourage are agreed that Cambronne and General Claude Raymond, chief of staff of the armed forces, are Jean-Claude's chief advisers, taking precedence over his sister, Marie-Denise Dominique, who is serving as his private secretary.

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**FOR THE PRESIDENT ONLY**

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**NOTES**

Ceylon: Only scattered action has been reported recently, and the major insurgent attacks anticipated at midweek did not occur. Despite the weakening of the insurgents' position, few of them are likely to accept Prime Minister Bandaranaike's terms for surrender during a truce set by the government from 1-4 May. A standoff thus looms, because it is doubtful that the government forces at present can mount a sustained drive against the rebels.

Pakistan-India: The two governments appear to be trying to lower the tension that grew from the recent closing of their respective Deputy High Commission offices in Dacca and Calcutta. Indian Deputy High Commissioner Sen Gupta, who had been put under virtual house arrest by the military authorities in Dacca, is now allowed to come and go at will. Islamabad has also indicated its willingness to arrange for the repatriation of Indian diplomats and their dependents from Dacca to New Delhi via Nepal at the same time that those Pakistanis who want to leave Calcutta are repatriated.

UK - Communist China: [redacted]

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## *The President's Daily Brief*

Sunday Cable 2 May 1971

~~3 May 1971~~  
2 MAY 1971

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SUNDAY CABLE  
May 2, 1971

CAMBODIA

Following Chuop Hell's refusal to organize a government, Chief of State Cheng Heng has--as anticipated--asked National Assembly President In Tam to undertake the task. Tam, who apparently wants the prime ministership and is confident that he can fill that post effectively, has told a US Embassy officer that he will consult with Lon Nol, Sirik Matak, and others before he replies to Heng.

Some political oddsmakers in Phnom Penh believe that Tam will not be able to come up with a new cabinet, however. If and when Tam is eliminated, Son Ngoc Thanh evidently will be Heng's next nominee.

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On the military front, the US defense attaché reports that government forces have succeeded in reopening Route 4. Khmer Krom troops reportedly met little Communist opposition as they advanced into the Pich Nil Pass area on 1 May. They are now moving to relieve the two Cambodian battalions that have been besieged atop the pass since late last month.

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## *The President's Daily Brief*

*3 May 1971*

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

3 May 1971

**PRINCIPAL DEVELOPMENTS**

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Cambodia

(Page 1)

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Politburo standing committee members Chen Po-ta and Kang Sheng were notable absentees at the large May Day turnout in Peking. (Page 2)

Egyptian President Sadat has dismissed Vice President Ali Sabri. (Page 3)

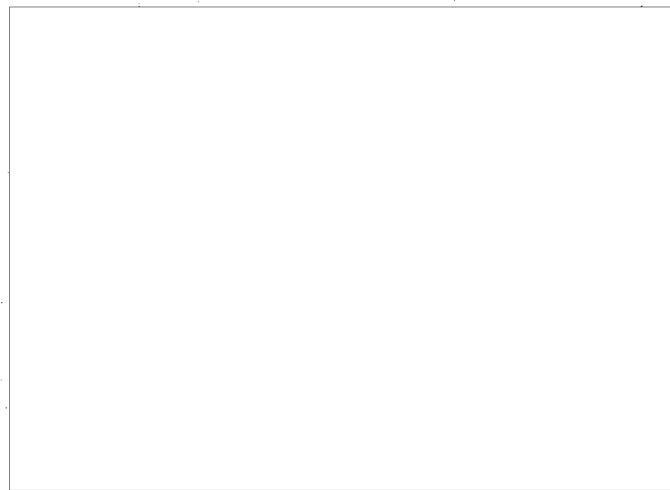
**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

CAMBODIA



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FOR THE PRESIDENT ONLY

COMMUNIST CHINA

Politburo standing committee members Chen Po-ta and Kang Sheng were the most notable absentees at the large May Day turnout in Peking. Chen, Mao Tse-tung's long-time personal secretary, and Kang, the regime's top security specialist, played leading roles in Mao's sweeping purges of the old Communist Party apparatus.

Peking tried lamely to explain away the absences by announcing that some leaders were unable to be present because of "work or sickness," a device the Chinese have never resorted to in the past to account for the absence of important leaders. Although it is possible that Chen and Kang are actually sick, there are no convincing reports that this is the case. As we noted in The President's Daily Brief of 19 March, both men have been out of sight for some time, and there have been persistent rumors in Peking that they were severely criticized at a major party gathering last fall. Their failure to participate in the May Day activities is further evidence that they have suffered a political setback.

The third major politburo figure who failed to appear was Hsieh Fu-chih, who came under fire from leftist elements in Peking last year. Although Hsieh was chosen head of the Peking municipal party committee on 19 March, he did not deliver the customary address at the municipal congress and may not have even been present at the meeting. Thus, although it would appear that Hsieh has undergone a political resurrection of sorts, his continued absence from public view suggests that his political status has not yet been totally resolved.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

EGYPT

President Sadat issued a decree yesterday removing Vice President Sabri from his post. There is no information as to whether Sabri retains his position as a member of the higher executive committee of the Arab Socialist Union (ASU), Egypt's nominal political party.

*Sabri's dismissal appears to have been prompted by a direct challenge to President Sadat's authority on the conditions for Egypt's entry into the Federation of Arab Republics. Sadat and Sabri clashed over the issue a week ago at a meeting of the central committee of the ASU. This forced Sadat to secure approval from the other two members of the federation, Libya and Syria, for modifications in arrangements for the new political entity. Sabri's pointed criticism of Sadat's handling of the federation question was but the latest of his maneuvers to achieve a greater voice in policymaking. He has also exploited his position as a one-time Nasir favorite to undercut Sadat's commitment to seeking a negotiated settlement with the Israelis.*

*Sadat's decisive move against his most prominent critic reinforces our impression that he is increasingly confident of his ability to manipulate the instruments of power. The public support Sadat received last week from the powerful minister of interior, Sharawi Goma, for his role in laying the groundwork for the three-state federation may have encouraged Sadat in his move against Sabri. Even if Sabri holds on to his position in the ASU, he has almost certainly been eclipsed as an influential contributor to the formulation of policy.*

*In view of Sabri's prominent identification with the Soviet Union, Moscow may find his removal embarrassing, particularly since it coincides so closely with Secretary Rogers' impending visit to Cairo.*

FOR THE PRESIDENT ONLY

**FOR THE PRESIDENT ONLY**

**NOTE**

Yugoslavia: Tito claims that unanimity was achieved at last week's party presidium at his island retreat on Brioni, but the equivocal nature of some of his remarks leaves the impression that many basic issues were only papered over. The party leaders called for strict discipline to overcome regional chauvinism, and Tito, in a gesture of solidarity, sailed from Brioni with Croatian leaders whose independent views on constitutional reforms were presumably a major focus of the meeting. Nevertheless, the signs point to more friction ahead.

**FOR THE PRESIDENT ONLY**

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## *The President's Daily Brief*

*4 May 1971*

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

4 May 1971

**PRINCIPAL DEVELOPMENTS**

On *Page 1*, we comment on Ulbricht's decision to step down as first secretary of the East German Communist Party.

Cambodia's National Assembly is considering the latest proposal to have Sirik Matak run the government under Lon Nol's titular leadership, a formula which is likely to offer only an interim political solution. (*Page 2*)

Some elements of the North Vietnamese 316th Division have moved northward from the Laotian irregular complex southwest of the Plaine des Jarres. (*Page 3*)

Photography shows little new Chinese construction on roads in northwest Laos during the current dry season. (*Page 4*)

Korea	North	50X1
	( <i>Page 5</i> )	50X1
		50X1

**FOR THE PRESIDENT ONLY**

FOR THE PRESIDENT ONLY

EAST GERMANY

*There is no evidence that Ulbricht was forced to step down as first secretary of the East German Communist Party. Ulbricht, now 77, is being replaced as party leader by 58-year-old Erich Honecker, but is keeping his position as chief of state and assuming a new honorary post as party "chairman."*

*Policy problems, as well as age and health, were almost certainly a factor in Ulbricht's decision. Last December, he was outvoted on economic policy when the pursuit of overambitious plans led the country into serious economic difficulties. He has also at times been at odds with his allies over how to respond to the pressures of Bonn's Ostpolitik.*

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*Honecker is personally known to most of the present Soviet leaders and received special attention from them at the recent Soviet party congress. As heir-apparent to Ulbricht for the past ten years, he is widely considered to be as dogmatic as his mentor. He has been running the party's routine operations for some years and is unlikely to encounter any serious domestic opposition. In foreign policy, Honecker is likely to stress continuity and to avoid arousing expectations of change which could unsettle the domestic political situation. Most West German leaders, including Brandt, have long regarded Honecker as offering little improvement over Ulbricht regarding the prospects for their stalemated Ostpolitik.*

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FOR THE PRESIDENT ONLY

**FOR THE PRESIDENT ONLY**

**CAMBODIA**

The latest formula for breaking the political stalemate apparently is now before the National Assembly for approval. Under the plan,

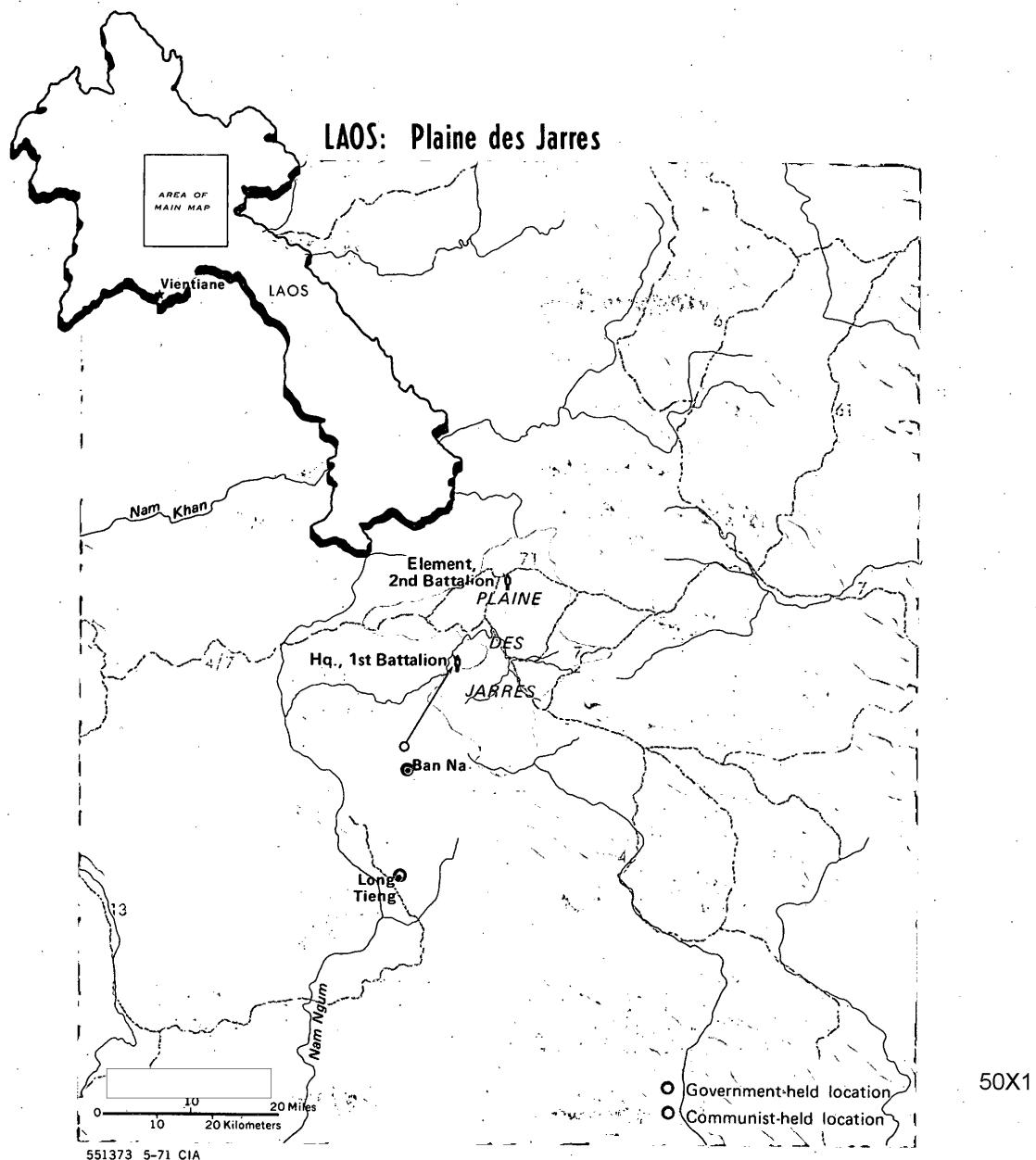
Lon Nol

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would continue as nominal prime minister while Sirik Matak, serving as his "delegate," would discharge most of the responsibilities of prime minister.

*The proposal, if accepted, would represent a return to essentially the same situation that prevailed before Lon Nol's resignation. At that time the disturbing prospects of running a country with a physically disabled prime minister and an inadequately supported deputy contributed to the pressure for Lon Nol's resignation and the subsequent political impasse that has now lasted two weeks. Although the new arrangement might be acceptable as an interim measure, it does not come to grips with the fundamental cleavages in the political situation.*

**FOR THE PRESIDENT ONLY**



**FOR THE PRESIDENT ONLY**

LAOS

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[redacted] two battalions of the 174th Regiment of the North Vietnamese 316th Division have moved northward away from the Ban Na area near Long Tieng. There is also tenuous evidence that the regiment's third battalion may be departing the Ban Na area.

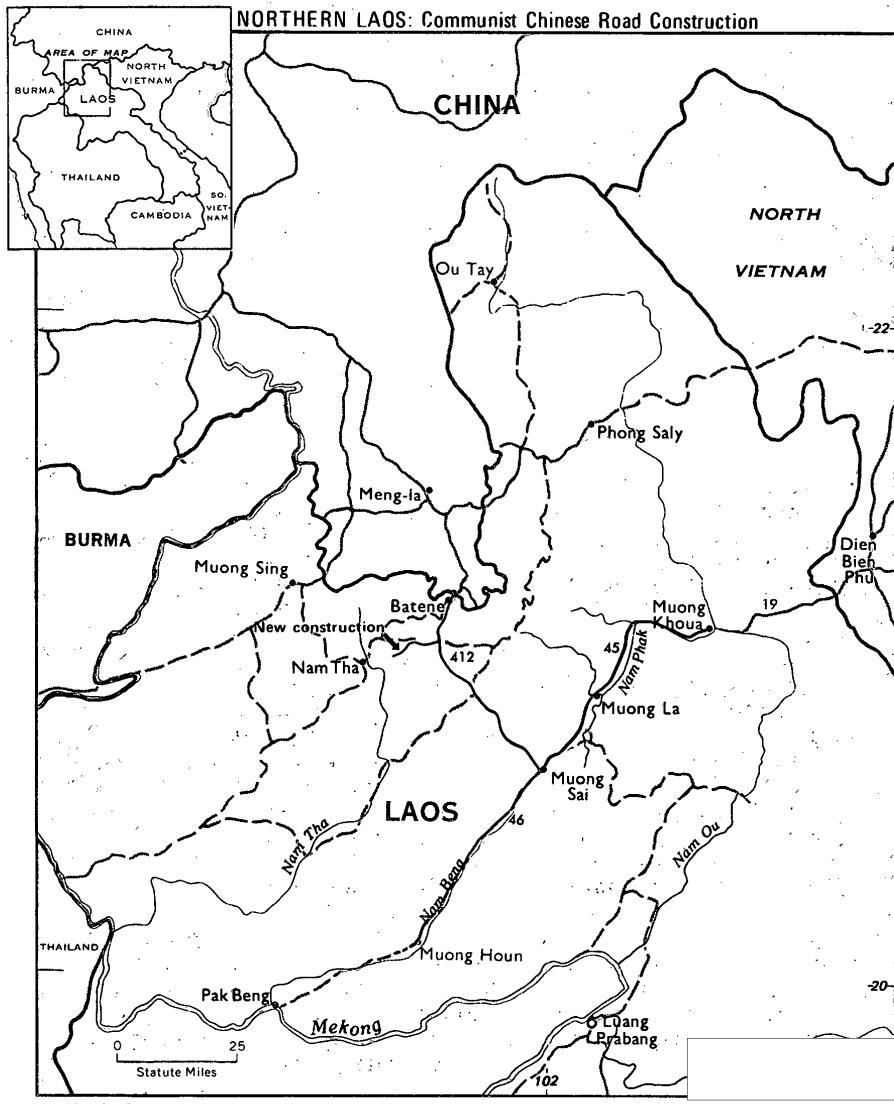
The heavy casualties these units have suffered appear to be one reason for their withdrawal. Some elements of the 174th have been way under strength for weeks,

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[redacted] It is not clear yet whether these units will be recommitted to the Ban Na area after a short period of refitting or if they are withdrawing for the rainy season.

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**FOR THE PRESIDENT ONLY**



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**FOR THE PRESIDENT ONLY**

**COMMUNIST CHINA - LAOS**

Recent photography shows that Chinese road builders in northwest Laos have not extended Route 46 southwest beyond its present terminus at Muong Houn during the current dry season. There are, moreover, no indications of an effort to push farther south toward the Mekong River during the rainy season.

Various road improvements are under way on Route 45, the other branch northeast from Muong Sai, including a number of small bridges and culverts on the northern half of this route.

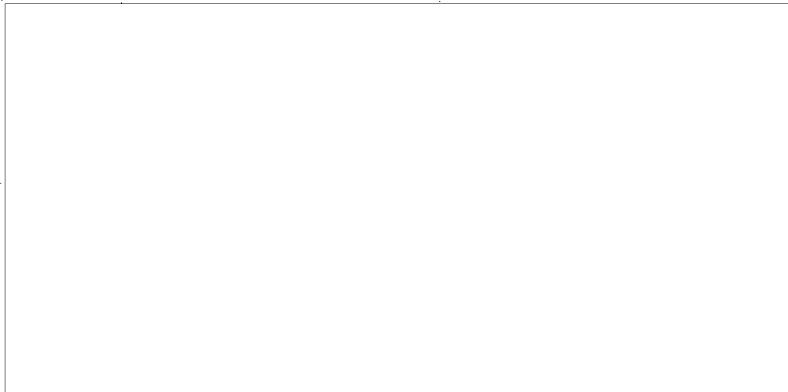
*We have anticipated that a large bridge or ferry across the Nam Ou River would be constructed to connect Route 45 with Route 19 from North Vietnam, but this has not yet begun.*

During April the Chinese constructed some three miles of new motorable road and there are nearly four miles of survey traces extending southwest from Route 412 along the China border toward Nam Tha. It is unclear whether or not this work will continue into the rainy season.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

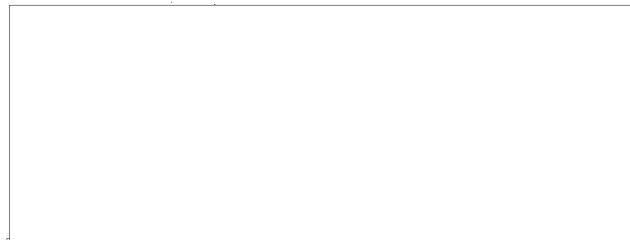
USSR-KOREA



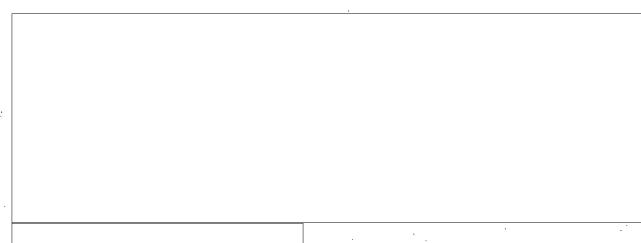
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*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**NOTE**

Philippines: In Manila, an indignation rally has been scheduled for Friday as the result of the deaths of four May Day demonstrators and injuries to many more at the hands of untrained antiriot forces. Any street violence could prompt President Marcos to impose martial law, a step that would further harden the battle lines between the government and student and labor elements.

**FOR THE PRESIDENT ONLY**

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## *The President's Daily Brief*

*5 May 1971*

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*FOR THE PRESIDENT ONLY*

**LATE ITEM**

Cambodia: Sirik Matak told US Embassy officials today that he has succeeded in forming a new government and that he expects no difficulty in obtaining National Assembly approval. Matak appeared confident and in high spirits and expects to present the cabinet to the Assembly on 7 May.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

**5 May 1971**

**PRINCIPAL DEVELOPMENTS**

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**Page 1.** [redacted]

**The North Vietnamese** [redacted]

[redacted] (Page 3)

**Thailand** [redacted]

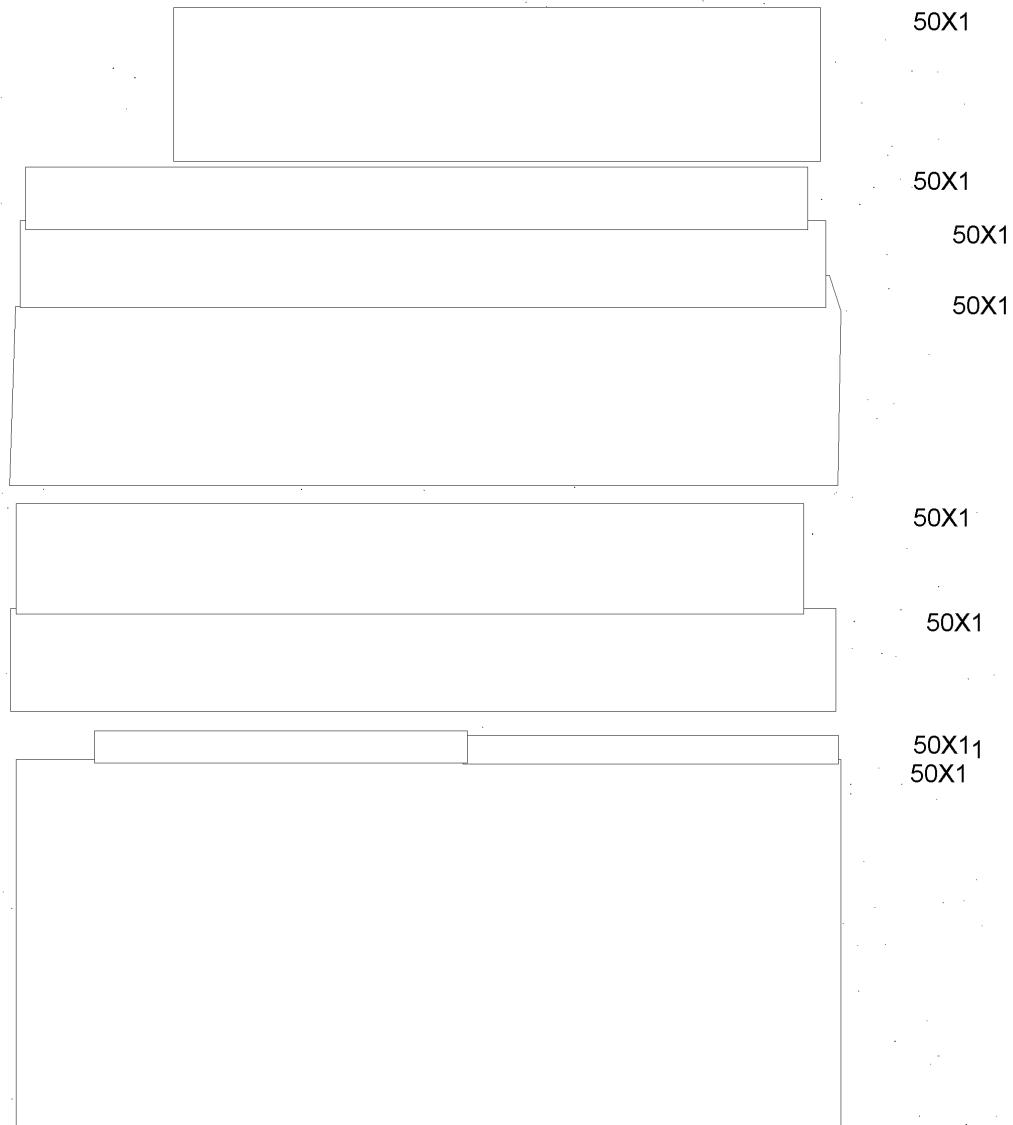
[redacted] **Communist China.** (Page 4) [redacted]

**Soviet leaders express their concern over "ping-pong diplomacy."** (Page 5)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

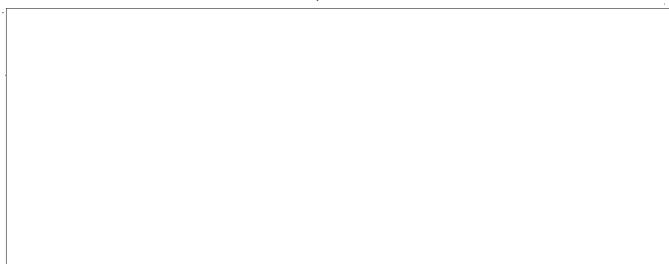
USSR



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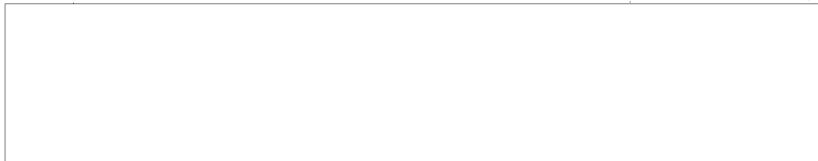
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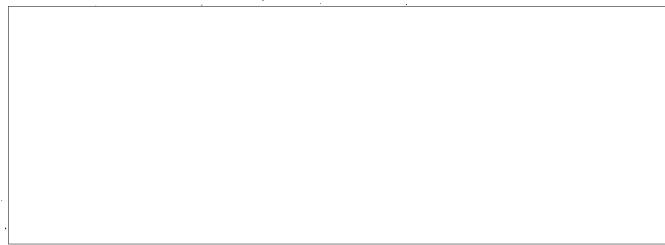
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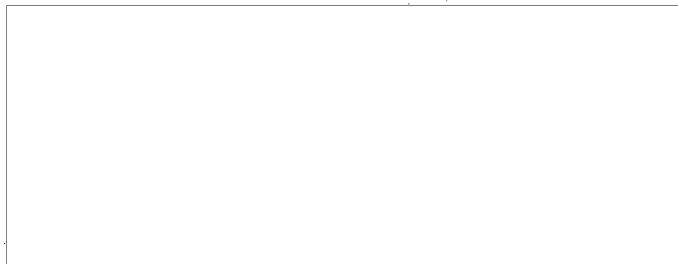
**INDOCHINA**



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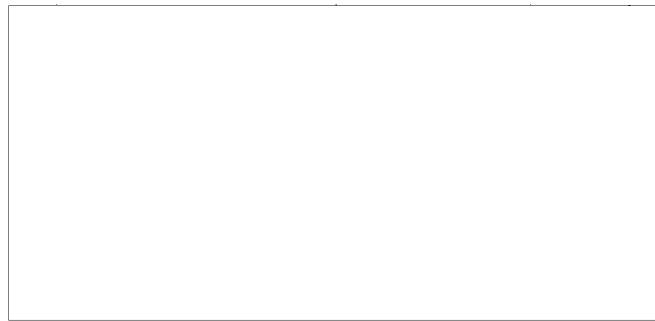
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**THAILAND - COMMUNIST CHINA**



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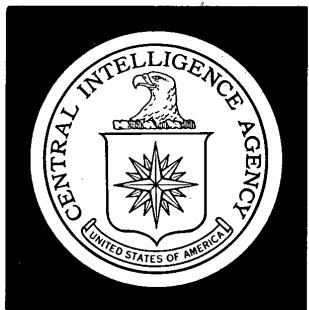
*FOR THE PRESIDENT ONLY*

**NOTE**

USSR-China-US: According to an FBI report, officials of the US Communist Party who met privately with Brezhnev at the Soviet party congress say the Soviet leadership refuses to believe that Washington's China policy was not aimed at putting pressure on Moscow. The conversation took place shortly after Peking extended its invitation to the US table tennis team. Soviet diplomats have recently become more open in their criticism of US moves toward China, which Moscow sees as undermining its efforts to isolate Peking. In its propaganda on "ping-pong diplomacy" Moscow has stated that attempts to intimidate the USSR "are doomed to failure."

*FOR THE PRESIDENT ONLY*

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## *The President's Daily Brief*

*6 May 1971*

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

6 May 1971

**PRINCIPAL DEVELOPMENTS**

Latest satellite photography shows additional sites  
for new large Soviet ICBM silos. (Page 1)

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Presence of SA-6 missile launchers in Egypt confirmed.  
(Page 2)

[redacted] Israel. (Page 3)

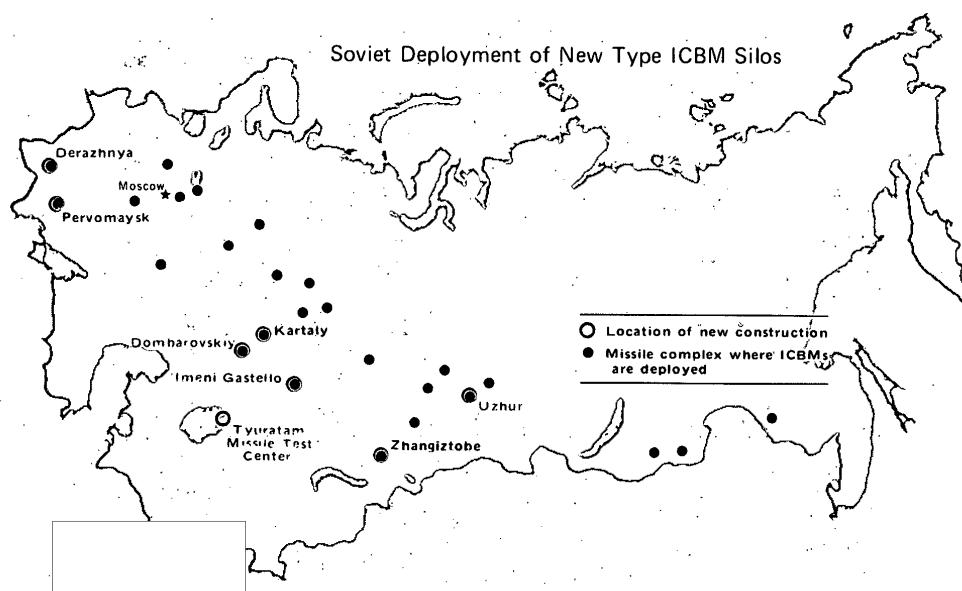
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Communist Chinese permit US foreign representatives  
at Canton trade fair. (Page 4)

Sirik Matak's cabinet in Cambodia is analyzed on  
Page 5.

At Annex we present a look at the military situation  
in Laos at the close of the dry season.

**FOR THE PRESIDENT ONLY**



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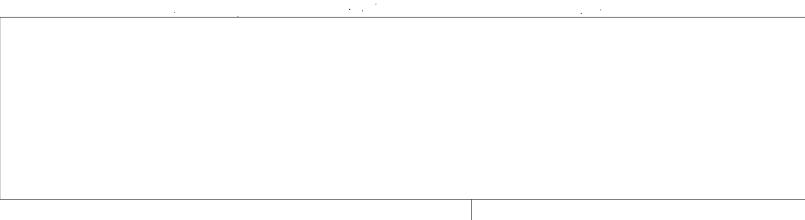
**FOR THE PRESIDENT ONLY**

**USSR**

The latest satellite photography, which partially covered 24 Soviet missile complexes, shows 11 additional sites under construction for the large new ICBM silos. We have now identified a total of 56 such sites--54 confirmed and two probable. They are located at four SS-9 complexes, at the Derazhnya MRBM complex, and at the Pervomaysk IRBM complex. There is a possibility, although we cannot be certain, that the new type of silo is also located at the SS-9 complex at Kartaly.



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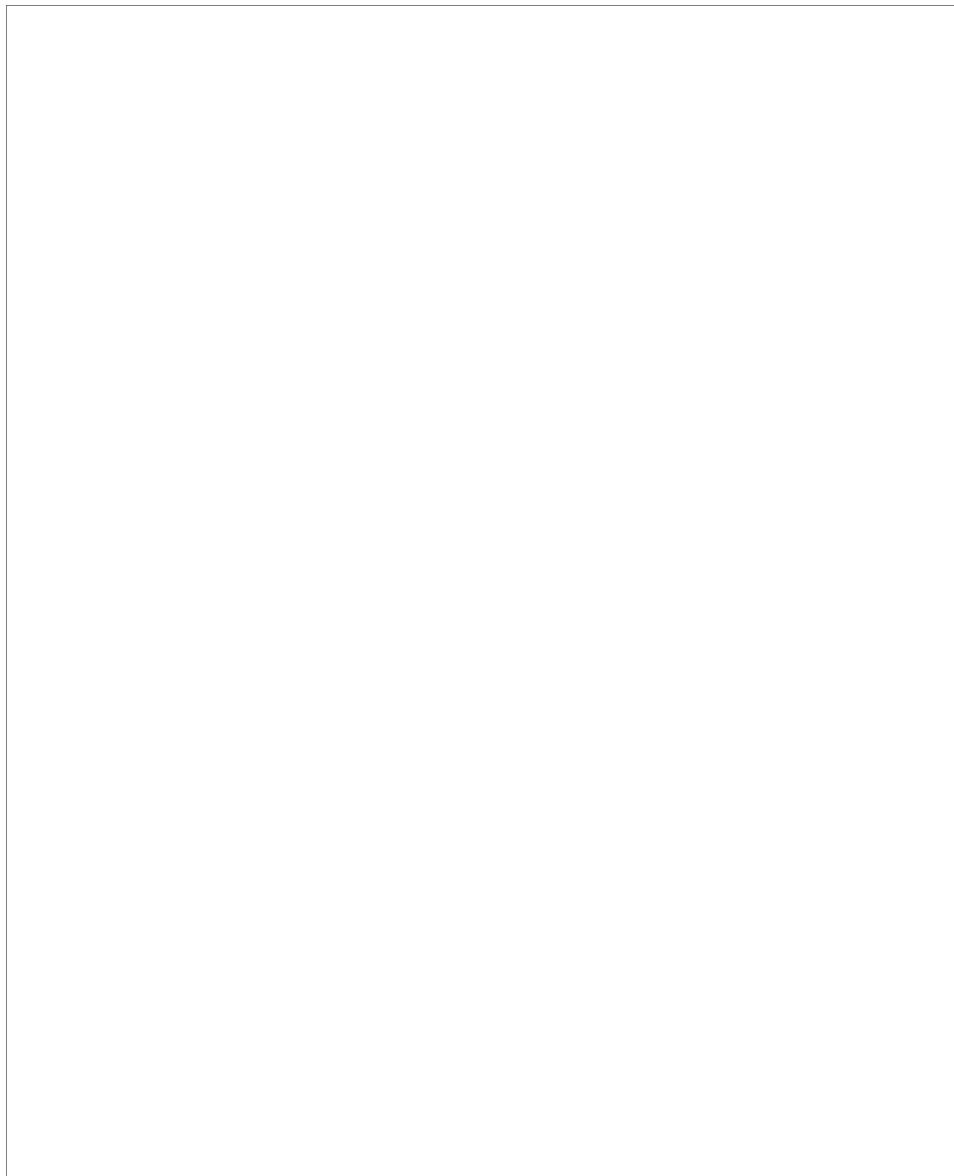
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Analysis of the photography is continuing, and the number of sites and details concerning them are subject to change as the review goes on.

**FOR THE PRESIDENT ONLY**



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*FOR THE PRESIDENT ONLY*

**EGYPT-USSR**

Recent satellite photography has confirmed the presence of the SA-6 modern low-altitude SAM system in Egypt [redacted]

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[redacted] Twelve launchers of this system were seen at four sites near the Aswan High Dam and airfield.

*SA-6s may also be deployed around Idfu, some 55 miles north of Aswan; [redacted]*

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[redacted] Idfu is a transportation center on one of the few highways connecting the Red Sea coast with the Nile Valley.

*FOR THE PRESIDENT ONLY*



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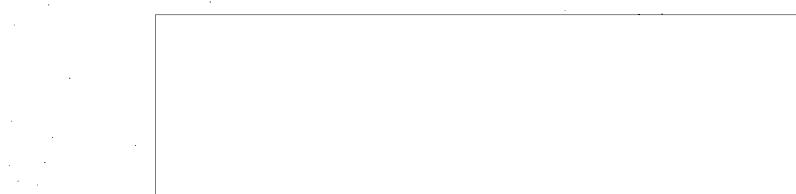
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*FOR THE PRESIDENT ONLY*

ISRAEL



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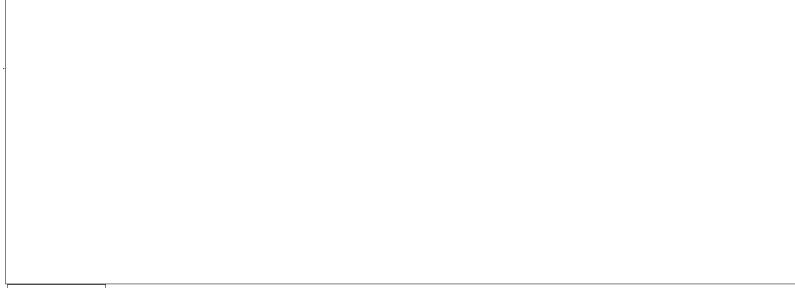
*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**COMMUNIST CHINA**

The Chinese are willing to permit foreign representatives of American subsidiary firms to attend the current Canton trade fair--the first time they have done so. The Chinese have also made tentative inquiries about the possibility of buying certain products directly from US companies in the future.

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Peking has shown no inclination to back-pedal on its response to US initiatives despite recent harsh propaganda attacks on remarks by the State Department's press spokesman concerning the "unsettled" question of Taiwan's sovereignty. Peking's reaction followed by three days Taipei's official demarche on the subject and was in part designed to avoid appearing less "Chinese" than the Nationalists on this sensitive issue. By contrasting the US position on Taiwan with recent "gestures to improve relations with China," Peking is attempting to focus on the outstanding problem in Sino-US relations without rejecting these gestures.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**CAMBODIA**

In Sirik Matak's proposed cabinet, he will act as his own defense minister; Foreign Affairs Minister Koun Wick is to retain that position; and National Assembly President In Tam is slated to become first vice premier and minister of interior. Matak's nominee for second deputy prime minister in charge of economic affairs is Sok Chhong, now director of the National Commercial Bank. Hang Thun Hak, the popular minister of community development, evidently is to retain that portfolio, while also serving as third deputy prime minister. Matak is filling the remaining ten cabinet slots with junior bureaucrats, most of whom seem to be reasonably well qualified for their respective responsibilities.

*Just last week Matak indicated that he was opposed to making extensive changes in cabinet personnel. His decision to reverse that stand is politically prudent, however, and his elimination of some old guard officials should be greeted with satisfaction by his reform-minded critics. Although Son Ngoc Thanh was left out of the new government, Thanh claims that Sok Chhong and Hang Thun Hak are members of "his group."*

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**NOTE**

Ceylon: An official spokesman claims that just under 4,000 insurgents surrendered during the truce unilaterally proclaimed by the government from 1 through 4 May. Intercepted police reports, however, show the number to be closer to 2,900, and even this figure seems inflated. The rebels, meanwhile, have continued scattered attacks, often directing them against civilians as well as security patrols. Government forces intend to intensify operations into areas of rebel strength, but it is doubtful that they have the capacity to carry out an effective campaign.

*FOR THE PRESIDENT ONLY*

FOR THE PRESIDENT ONLY

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## LAOS

The dry season is drawing to an end in north Laos and with each passing day the prospects are better that the Communists' military objectives in the region will for one season more have been thwarted. This does not mean that Vang Pao's forces are out of the woods; the Communists are still dug in near Long Tieng, they have built up substantial stock-piles, and they may mount one more attempt to crack the will of the weary defenders. Even if Long Tieng holds, the accumulated effects of the Communist campaign have been such that there are serious questions concerning the longer term capabilities of the Meo and the Thai to maintain the government positions west of the Plaine des Jarres.

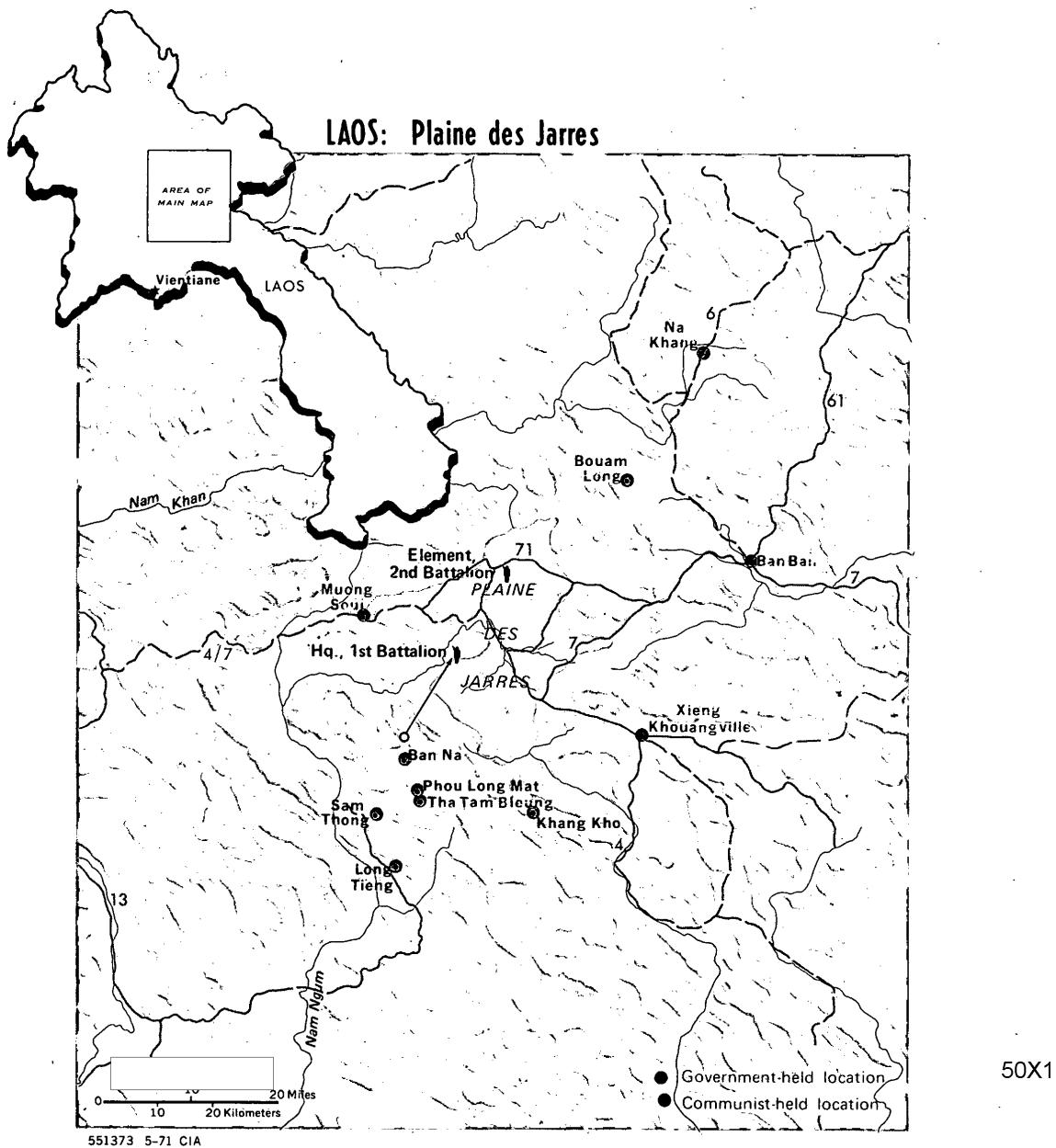
The vagaries of the weather in this part of the world are such that it is not possible to predict exactly when the heavy rains will begin, but if the normal patterns hold, the Communists cannot count on much more than another three or four weeks of good fighting weather. The Communists find it difficult to supply and otherwise support advanced units over inundated roads and trails and the cross-country movement of troops under monsoonal conditions is both slow and painful. For these reasons, the Communists in past years have been forced back on the defensive during the summer, and the government, enjoying the luxury of moving troops and supplies by air, has been able to seize the initiative.

In the last ten days, elements of at least one North Vietnamese battalion of the 174th Regiment have pulled out of the front lines for what one Communist message describes as "rest and recuperation." Another of the regiment's battalions has also moved from the Ban Na area, although it appears that this unit may remain west of the Plaine. Although this could be the beginning of a rainy season regroupment, we believe that such a judgment would be premature.

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FOR THE PRESIDENT ONLY



## FOR THE PRESIDENT ONLY

The military leaders in Hanoi cannot be pleased about the way the war in the north has developed this year. After three months of sometimes heavy warfare west of the Plaine des Jarres, the Communists are not much closer to pushing the government out of the Long Tieng complex than they were last year. The Communists have been engaged in a kind of positional warfare that has proved to be costly in both lives and material, and Vang Pao's mobile tactics have kept them off balance. The Communists' strategy west of the Plaine has not been particularly resourceful or imaginative, but it has been consonant with the physical restraints under which they are operating and the relatively low priority they attach to achieving their objectives.

In a nutshell, the North Vietnamese have been hoping that by applying steady pressure--particularly by shelling--they would cause the [redacted] defenders to abandon the defense of Long Tieng. With very few exceptions, the Communists have avoided massing their forces for frontal assaults against fixed positions. Such tactics have the advantage of limiting losses, but they also run a greater risk of failure. If Hanoi attached the highest importance to driving Vang Pao from Long Tieng, it seems likely that it would have been more willing than it has been thus far to take the heavy losses and provide the additional manpower that an all-out campaign would have involved.

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With time running out on them, the Communists have only two basic courses of action remaining. They could try to turn the situation around with an all-out assault against Long Tieng or its outlying defense positions. This, of course, would involve a change in tactics--and battlefield innovation is not a strong Communist trait. Moreover, the enemy is not currently in a good posture to make such an offensive work. The government's defensive force has grown to about 10,000 men, while the Communists can probably muster only about half that number in combat troops for an eleventh-hour drive. The Communists' failure to exploit the Thai irregular abandonment of Ban Na a month ago and the Communists' recent loss of Khang Kho are good evidence of the difficulties they are experiencing in establishing some momentum in the Long Tieng campaign.

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FOR THE PRESIDENT ONLY

## FOR THE PRESIDENT ONLY

The second course open to the Communists is the easier for them to pursue because it involves little more than a continuation of current tactics. The North Vietnamese have good battlefield intelligence; they must know that the government defenders are weary of the long struggle and that there is always a chance that the Long Tieng position will simply collapse under the weight of accumulated pressures. The greatest single threat to the government position is the morale of its troops. The Meo irregulars are fewer in numbers and weaker in spirit than at any time in recent years.

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Although such matters can change quickly, at this juncture it looks as if the government's morale problems are manageable, and that unless the Communists throw more into the effort, the irregulars should hold into the rainy season. The Communists could then fight a defensive holding action west of the Plain--as they did last year--in order to maintain a foothold for the 1971-72 dry season campaign.

There is, of course, nothing immutable about the seasonal nature of the war in north Laos, and despite the difficulties, it is possible that the Communists will undertake major offensive activity well into June or even July. There is, however, no evidence that this is the route the Communists will go if things do not break their way in the next few weeks. Thus, unless the Communists make a major new move in the near future, it seems likely that the stalemate in northern Laos will be extended for another season.

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FOR THE PRESIDENT ONLY

*Top Secret*



# *The President's Daily Brief*

*7 May 1971*

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*FOR THE PRESIDENT ONLY*

**THE PRESIDENT'S DAILY BRIEF**

7 May 1971

**PRINCIPAL DEVELOPMENTS**

West Pakistani politicians are pressing for a relaxation of military rule, at least in the west.  
*(Page 1)*

Another division is being added to Soviet forces along the USSR-Mongolian border. *(Page 2)*

Jordanian and Syrian officials have been consulting on ways to control the fedayeen. *(Page 3)*

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**PAKISTAN**

Z.A. Bhutto, whose Pakistan People's Party won a majority of seats in West Pakistan's elections for both the national and provincial assemblies, has publicly demanded that the Martial Law Administration transfer political power--at least in the West--to elected officials, preferably by 1 July. With East Pakistan still not pacified, senior military officers in the Administration are divided on how to meet these civilian demands,

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[redacted] Some believe the civilians should at least be given power in the provincial governments. President Yahya has not made a final decision on the issue, but he [redacted] will not turn over power until the situation in East Pakistan is settled.

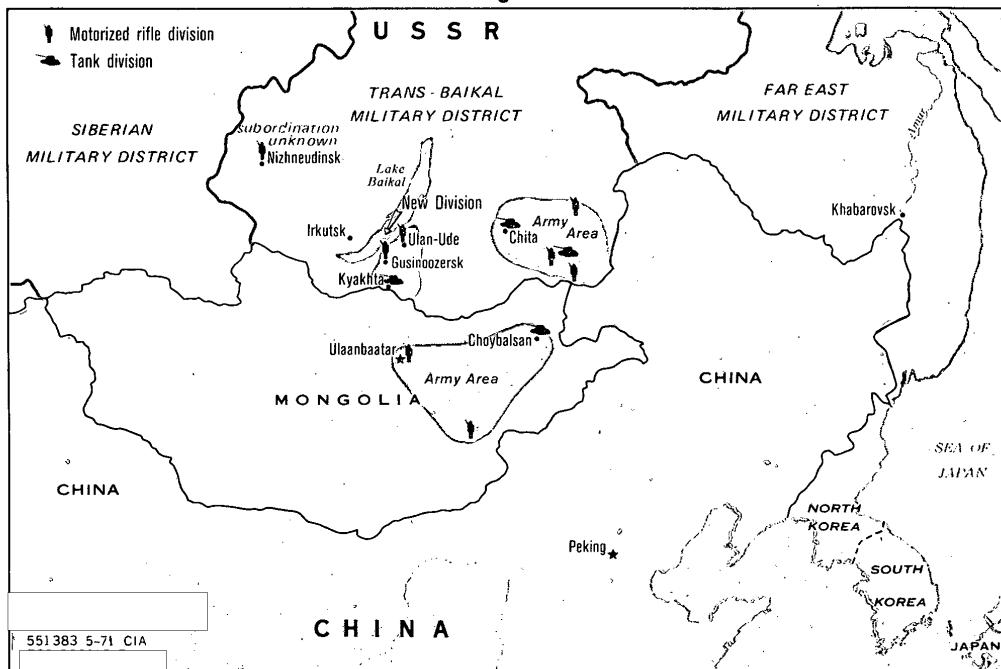
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We look for both sides to be cautious in dealing with this issue. The army does not want to risk violent agitation in the West wing which could follow any crackdown on the politicians or a prolonged postponement of civilian government. For their part, the politicians will be reluctant to provoke the army into making arrests or strictly enforcing the current nationwide ban on political activity.

Bhutto may have felt that he had to speak out in order to forestall radicals who have been trying to take over his party's organization in the Punjab, West Pakistan's most important province.

**FOR THE PRESIDENT ONLY**

### Soviet Ground Forces in Trans-Baikal - Mongolia Area



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*FOR THE PRESIDENT ONLY*

USSR

The Soviets are adding another division to their ground forces near the USSR-Mongolian border in a continuation of their gradual troop buildup along the Sino-Soviet border. The latest satellite photography shows that elements of a motorized rifle division have moved into a new installation near Gusinoozersk in the Trans-Baikal military district. Construction of this installation, which is not yet completed, was begun in the spring of 1970, and the division apparently began moving in last month. The division does not have its full complement of combat and support equipment, and the number of tents in the area suggests a low personnel strength. It is located within 60 miles of two other divisions and probably is part of an army being formed in this area.

*We believe there are now 39 to 44 Soviet ground force divisions along the Sino-Soviet border. The total personnel strength of Soviet ground and tactical air forces along the border immediately available in the event of hostilities with China is estimated at 355,000.*

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

JORDAN-SYRIA

Military and civilian representatives of the  
two countries have been consulting on ways to curb  
Palestine guerrilla operations.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

NOTES

Panama:

Panama:	

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USSR: An SL-12 booster, similar to those that failed in attempts to launch two Mars probes in 1969, is now being checked out at the Tyuratam space center,

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This and the movement of space support ships lead us to expect that the Soviets will launch two spacecraft toward Mars during the "launch window" which extends over the next few weeks. Experiments to be performed may include atmospheric and soil sampling, measurements of the environment, and checking for the presence of water.

France:

France:	

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## *The President's Daily Brief*

8 May 1971

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

8 May 1971

**PRINCIPAL DEVELOPMENTS**

A major reshuffle of the Egyptian cabinet may be imminent. *(Page 1)*

Proposals to change the parity of the West German mark are encountering both domestic and foreign opposition. *(Page 2)*

	50X1
South Vietnam	50X1
	50X1
Laotian	50X50X1

*(Page 4)*

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**EGYPT**

The US Interests Section has heard from an "excellent source" that Prime Minister Mahmud Fawzi will soon be named vice president, a post vacant since Ali Sabri was dismissed. Candidates for the prime minister's office include Foreign Minister Mahmud Riad, Minister for Industry Aziz Sidqi, and Minister of Interior Sharawi Goma. All three also now serve as deputy premiers.

*Among those mentioned, only Goma is known to have a strong political base. His control of the security apparatus makes him one of the three or four most powerful men in the regime, but it has also earned him the enmity of some segments of the population, particularly the students. Unlike the others, who are essentially subject to Sadat's wishes and control, Goma as prime minister would expect to exercise authority in his own right and to take public positions of his own, even though his actions to date identify him as a supporter of the president.*

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

## WEST GERMANY - INTERNATIONAL MONETARY SITUATION

German businessmen, bankers and trade unionists are raising objections to any change in the parity of the German mark, even in the form of a temporary official "float." They fear that exports will be reduced at a time when the German economy is showing signs of a slowdown. In addition, farmers are complaining that the agricultural prices they receive under the European Community's Common Agricultural Policy will be reduced.

Economics Minister Karl Schiller, who first proposed the float, apparently has not been able to win the support of the West German cabinet for a decision to float the mark unilaterally. Germany's partners at Thursday's meeting of the Community's Monetary Committee opposed a revaluation of the mark, a floating of the mark, or a floating of all Community currencies.

*The finance ministers of the Six, meeting today in Brussels, will look for a compromise solution. They are likely to recommend that Germany attack the inflow by imposing a 100-percent reserve requirement for, and stop paying interest on, foreign deposits. Other possible measures include restricting German corporate borrowing in the Eurodollar market and reducing the volume of Community central bank reserves placed in Eurodollar accounts.*

*If the solution acceptable to the Germans is not worked out this weekend, a floating of the mark cannot be ruled out despite the opposition from other Community partners. On the other hand, Brandt must recognize that to act without the approval of the rest of the Community could put into question his efforts to demonstrate his commitment to Western unity.*

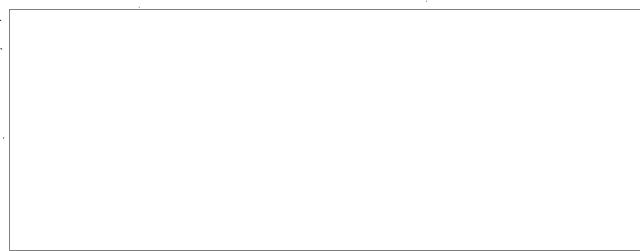
**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY.*

SOUTH VIETNAM

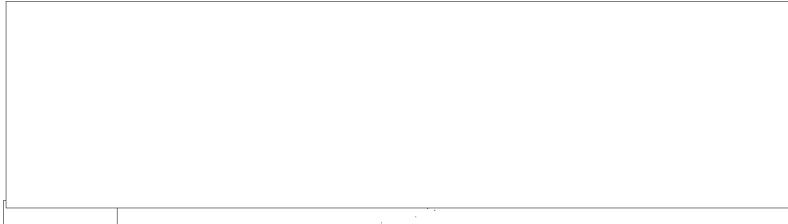


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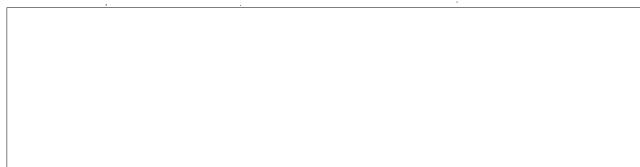


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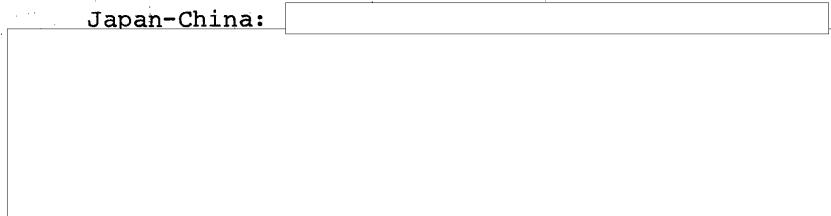
**NOTES**

Laos:



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Japan-China:



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*FOR THE PRESIDENT ONLY*

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## *The President's Daily Brief*

10 May 1971

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*FOR THE PRESIDENT ONLY*

THE PRESIDENT'S DAILY BRIEF

10 May 1971

PRINCIPAL DEVELOPMENTS

There is still no progress on the problem of repatriating diplomatic personnel from Calcutta and Dacca. (Page 1)

Results of the Brussels meeting on the monetary situation are assessed on Page 2.

Paris has promised to propose a solution to the problem of London's contribution to the EC budget at today's ministerial session. (Page 4)

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**INDIA-PAKISTAN**

There has been no progress since the first of the month on the problem of repatriating diplomatic personnel from Calcutta and Dacca. Pakistan insists that its specially assigned representative in Calcutta be allowed individual interviews with those members of the staff of Pakistan's Deputy High Commission who have opted for Bangla Desh. Indian officials, however, claim they have no power to force the disaffected Pakistanis to meet one-by-one with Islamabad's representative. Until such interviews take place, the Pakistanis refuse to schedule the reciprocal exchange of personnel.

New Delhi alleges that Sen Gupta, its deputy high commissioner in Dacca, and his staff are still being subjected to severe restrictions on movement and communication and that some of the staff may now be running out of food. Consul General Blood tried Saturday to call on Sen Gupta, but was turned away by a Pakistan Army officer. The officer said he had orders not to allow the Indian diplomat to leave his residence.

*The two countries thus continue to behave toward each other with accustomed irascibility. Relations between them may soon become even more strained over the massive influx of East Pakistani refugees into India.*

*This problem may be aired today in the UN Economic and Social Council (ECOSOC) if India obtains permission to speak on the situation in East Pakistan. Islamabad is expected to insist that the issue is an internal matter, not subject to debate before ECOSOC or any other international body. The Indians plan to charge the government of Pakistan with committing "atrocities and barbarities" that have resulted in massive numbers of refugees fleeing across the border of East Pakistan into neighboring Indian states. According to a senior Indian official, the Indian representative will also demand that a way be found to relieve the East Pakistanis from the "oppression" they currently suffer. The same official claims that a "conservative" estimate of the number of refugees presently in India is 1.8 million and that the influx continues at a rate of 50-60,000 a day.*

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

## **INTERNATIONAL MONETARY SITUATION**

At the Brussels meeting yesterday, the Germans initially proposed that all European Community currencies be permitted to float in relation to the dollar, and offered monetary support to keep them within agreed margins. Although this would have been a step toward monetary union, the other members--France and Italy in particular--were not prepared to go this far and the proposal was rejected.

The compromise that was finally worked out will permit only Bonn to allow the mark to float, apparently within limits and for an unspecified period of time. At a press conference last night, Economics Minister Schiller said it remains his government's "present aim" to return eventually to the prefloating rate of exchange.

Of the four other countries that joined West Germany last week in discontinuing official trading in dollars, only the Netherlands is again following the German lead in allowing its currency to float against the dollar. Switzerland and Austria have revalued their currencies outright, and Belgium evidently intends to rely on its dual exchange rate system. The French and Italians have announced their intention to maintain their present parities.

*The stopgap of floating rates will have to be supplemented by additional measures. Floating of the mark will be accompanied by a renewal of domestic controls on the inflow of foreign funds into Germany. It may be difficult for the community to agree on how to control capital movements and to regulate the Eurodollar market.*

*If the float of the mark is held to about 2.5 percent on either side of parity in order to limit the adverse effects on the Common Agricultural Policy, speculators may still believe that the mark is undervalued. On the other hand, a wider fluctuation would cause measures to be taken to compensate the German farmer, who will receive less as the mark floats upward. Bonn nevertheless has agreed not to take unilateral measures to help its farmers pending an attempt by the ministers to find a community solution at a meeting tomorrow.*

(continued)

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

French Finance Minister Giscard d'Estaing has publicly acknowledged that the measures approved yesterday will make it impossible for the Six to narrow their exchange rate margins on 15 June as they had intended to do in keeping with the projected plan for monetary union. Whether the delay will be a prolonged one will obviously depend on how the money markets respond to the various stabilization measures.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**EC-UK**

At a meeting of the EC ministers today, Paris has promised to propose a solution to the problem of Britain's contribution to the community budget which may open a drive to settle by summer the main issues involved in London's bid for Common Market membership.

The negotiations have been deadlocked on this issue since last December, and if France's proposal is approved by the other five members, it will be considered when they meet with the UK tomorrow and Wednesday. The French proposal on financing will apparently be a formula rather than a precise figure. The fact that Paris is taking the initiative marks a change from its earlier position which left the next move up to London.

The problems of continued access to an enlarged community for New Zealand dairy products and Commonwealth sugar will also be discussed at the EC-UK meeting.

Following a talk with President Pompidou last week, New Zealand Prime Minister Holyoake confirmed that Paris may also suggest that the dairy and sugar problems simply be set aside until after British entry, with the understanding that they then would be dealt with fairly.

It is doubtful that any of these issues can be settled in a two-day meeting--the Six had already agreed with the British in March that an additional session could be held later this month. The other EC members, however, have strongly urged Paris to be more forthcoming, and its new proposal on financing may be a sign of increased flexibility.

Over the weekend Prime Minister Heath reversed his previous position and announced that he will discuss the accession issue when he meets with President Pompidou in Paris on 20-21 May.

(continued)

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

*It has long been speculated that at such a meeting Pompidou might seek to extract concessions from Heath in return for entry, but the international monetary crisis of the past week--in which German economic pre-eminence was once more apparent--may have made Britain's accession seem politically more desirable to Paris than before.*

**FOR THE PRESIDENT ONLY**

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## *The President's Daily Brief*

11 May 1971

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

11 May 1971

**PRINCIPAL DEVELOPMENTS**

The Soviets appear to have begun developing hardened ABM facilities. (Page 1)

Comments [redacted] on  
the situation in Cambodia are presented on Page 2,

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50X6

[redacted]  
50X6

In southern Laos, unit-size defections by Pathet Lao troops have occurred for the first time in the war. (Page 4)

[redacted]  
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At Annex [redacted]

the Persian Gulf [redacted]

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[redacted]  
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**FOR THE PRESIDENT ONLY**

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*FOR THE PRESIDENT ONLY*

**USSR**

The latest satellite photography of the Sary Shagan missile test range suggests that the Soviets have begun development of hardened ABM facilities. What appears to be a missile silo is under construction in a newly identified launch site, along with a hardened bunker. The site also contains five other excavations, but construction is not yet far enough along to reveal their purpose.



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*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**CAMBODIA**

*In a review of the current situation in Cambodia.*

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--The prospects for political stability for the remainder of 1971 are good, but the longer-term outlook depends heavily on the emergence of a popular leader around whom the country can rally.

--The chances are good that Sirik Matak will attempt to get a new constitution adopted. If elections are to be held this year, however, the government must make a greater effort to win over contested areas in the countryside.

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--To maintain its present widespread backing, the government must show that it can at least hold its own on the battlefield. Simultaneously it must persist in its efforts to reduce corruption and inefficiency within army ranks. It must also try to deal more effectively with inflation.

--The government should be able to cope militarily with the Communists, provided the enemy does not dramatically increase the scope and tempo of the fighting. Such an increase does not seem likely to occur during the coming rainy season.

--Although FANK troops are becoming better trained and organized, and command discipline is improving, government forces will continue to need allied air support to help keep the Communists in check.

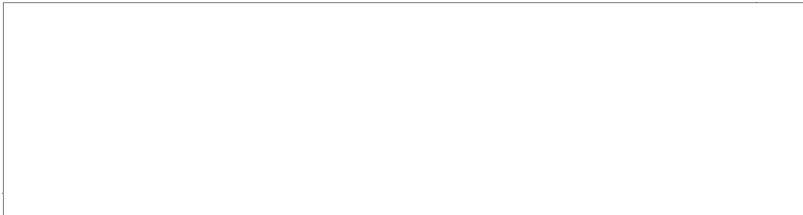
--The morale of major FANK units, particularly those which are or have been in combat, is still high. In some of the less experienced units, however, there has been a noticeable erosion of morale and discipline.

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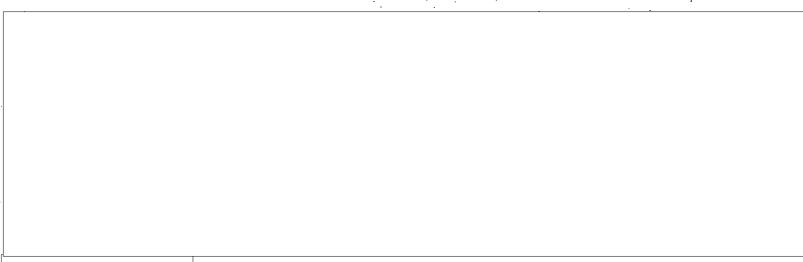
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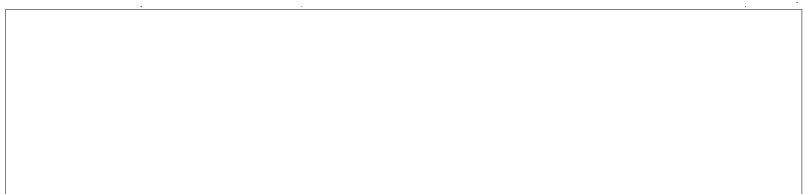


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**FOR THE PRESIDENT ONLY**



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**FOR THE PRESIDENT ONLY**

**LAOS**

Unit-size defections have occurred among Pathet Lao (PL) troops in southern Laos for the first time in the war. In the past two months, over 200 PL troops have gone over to the government at Pakse. The latest group of 55, which rallied on 10 May, included field-grade officers and political cadre. The ralliers have helped locate North Vietnamese troop and supply concentrations for air strikes and have provided useful information on the strength and composition of NVA units in the area.

*The ralliers' decision to switch sides apparently stems from what they view as North Vietnamese mistreatment and increased levies on Lao villagers, as well as their belief that the North Vietnamese were responsible for the death of a widely respected Pathet Lao general. The latter story was trumped up by the government.*

*It is too early to tell whether these defections are a local problem or are a sign of wider disaffection in the Communist ranks. Communist propaganda reflects a sensitivity to the problem, however, and the North Vietnamese, who depend on the PL for logistic and rear security support, will probably redouble their efforts to keep their restive allies in line.*

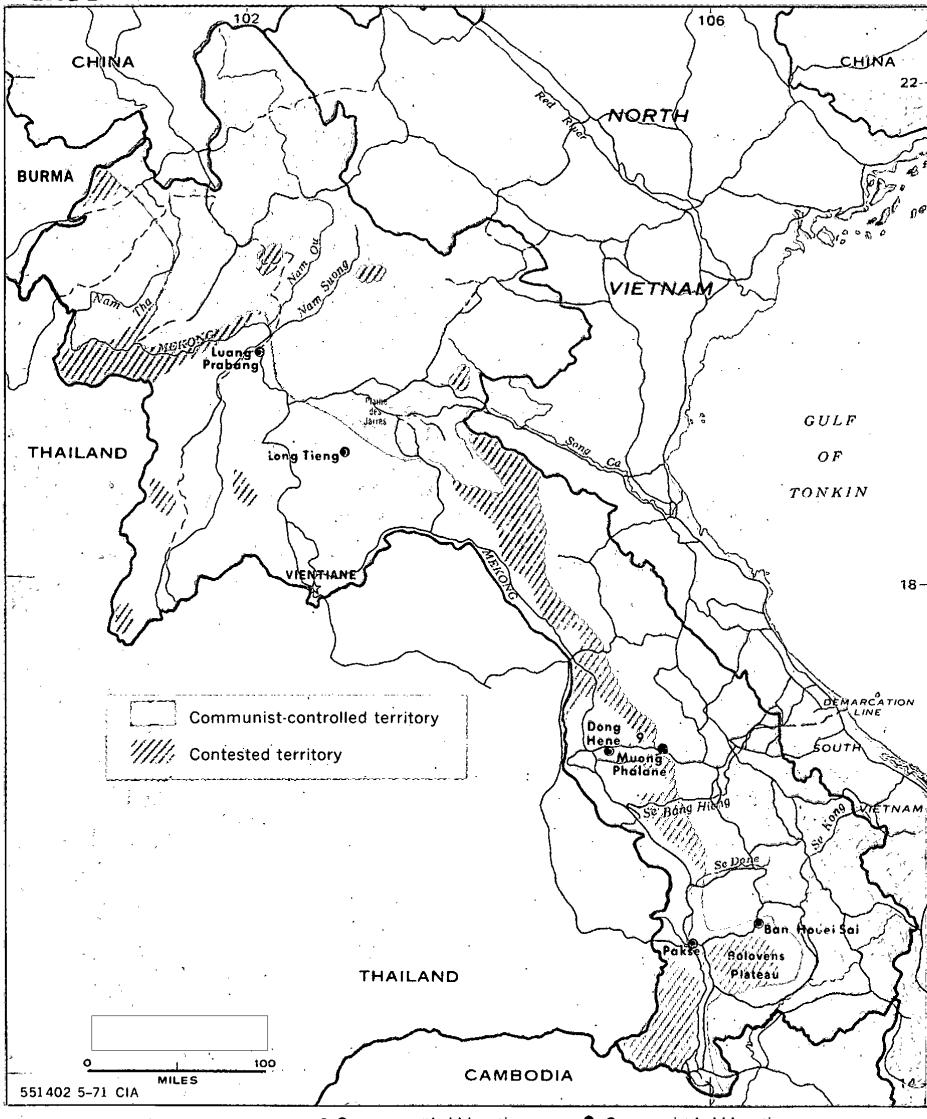
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Communist forces in the panhandle have continued to move westward on Route 9 following their capture of Muong Phalane in early May. Elements of three North Vietnamese regiments plus support units are now active near Dong Hene. Government units in that area--one battalion of irregular troops and three regular army battalions--probably are not strong enough to stem a heavy enemy attack.

*The government's strength in this region has been weakened somewhat with the temporary assignment of units to northern Laos. The Communists may be trying to take advantage of this situation to extend their control along Route 9; they may also hope to force the government to return the*

**FOR THE PRESIDENT ONLY**

## LAOS



**FOR THE PRESIDENT ONLY**

southern-based units that have been active in the Luang Prabang and Long Tieng areas. An offensive along Route 9 will keep government forces off balance and hamper government harassment operations against the western portions of the Communist infiltration corridor.

Intercepts [redacted] indicate that the Communists are planning new attacks on the Bolovens Plateau to the south. Ban Houei Sai, the principal government base on the northern approaches to the plateau, may be their first objective.

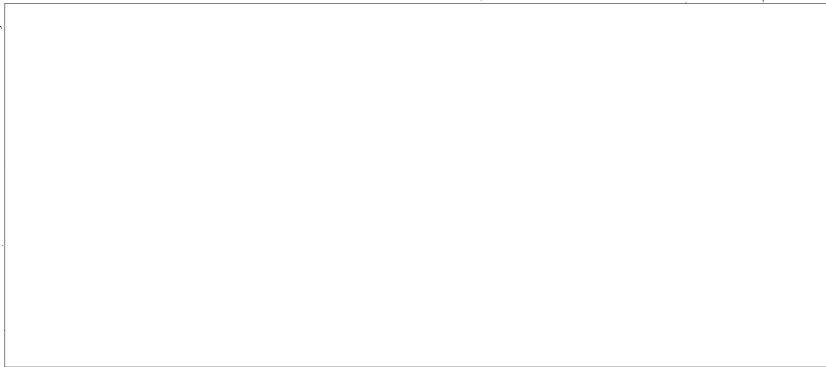
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In past years, the Communists have managed to maintain military pressure near the Bolovens well into the rainy season.

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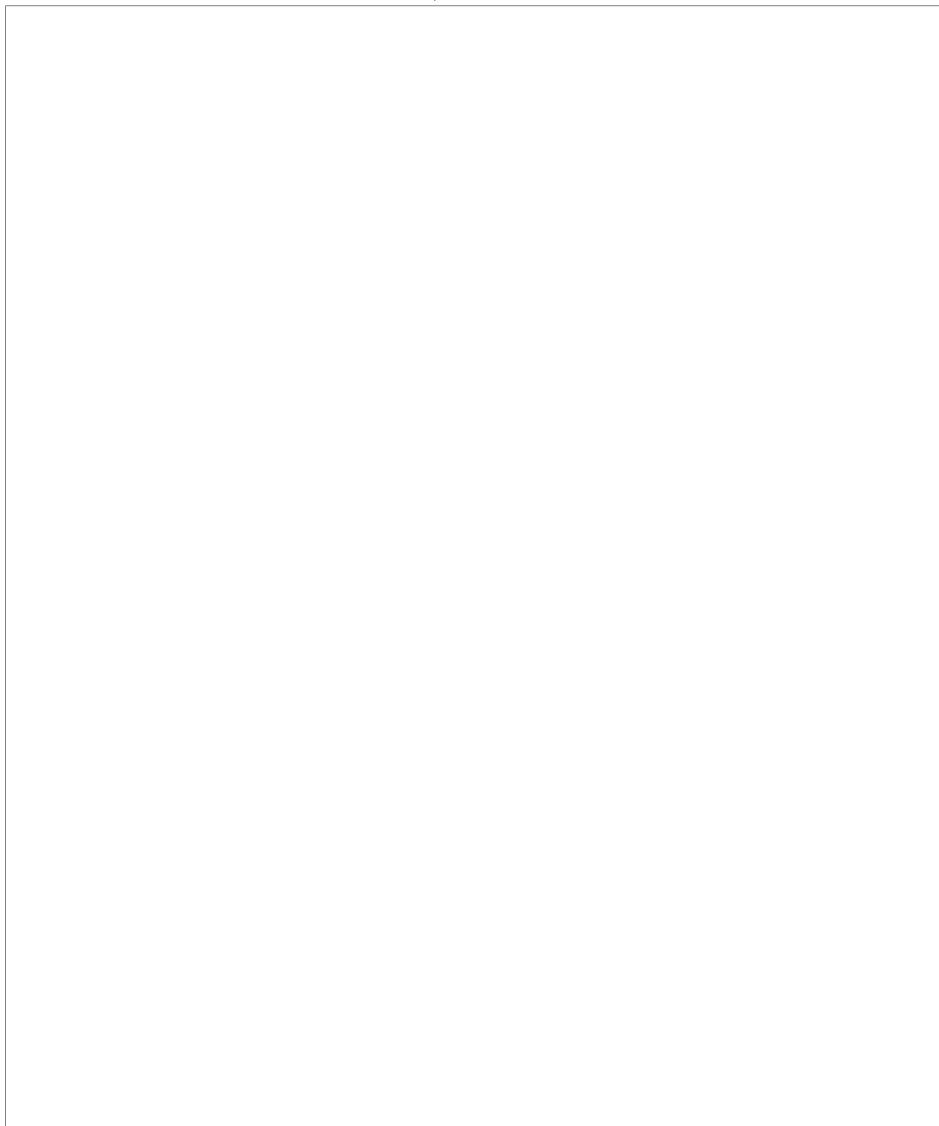
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**NOTE**



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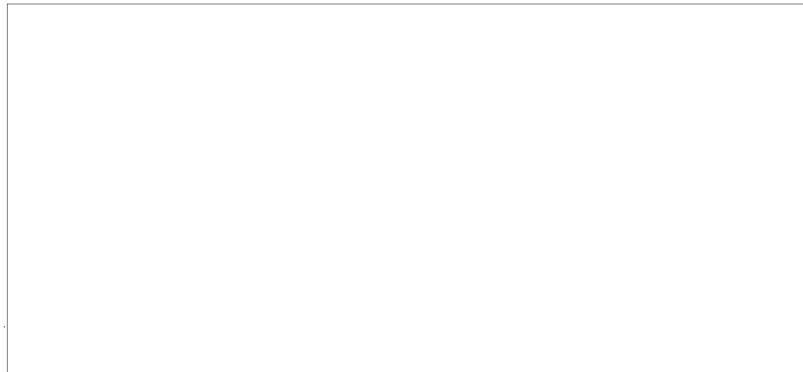
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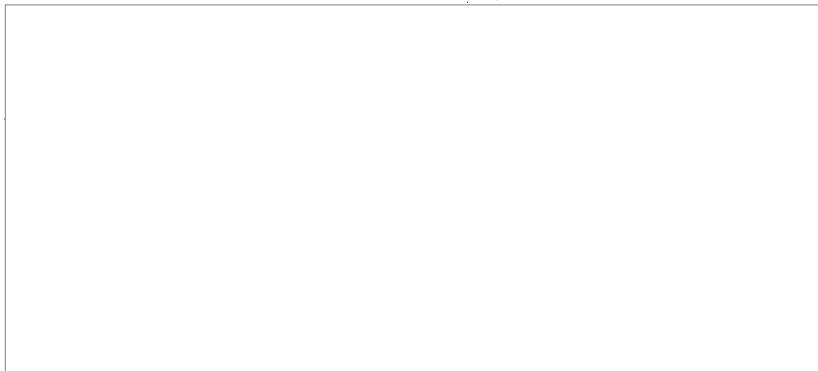
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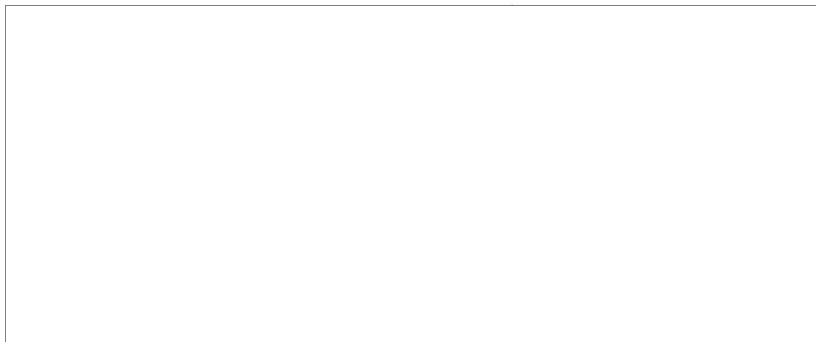
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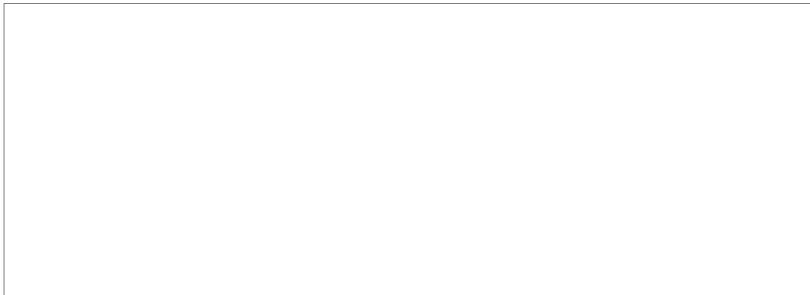
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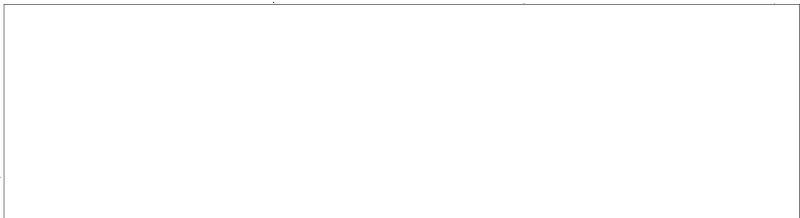
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## *The President's Daily Brief*

12 May 1971

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

12 May 1971

**PRINCIPAL DEVELOPMENTS**

The international monetary situation is discussed  
on *Page 1*.

Recent statements by Ceausescu indicate renewed  
inter-party squabbling between the Romanians and  
the Soviets. (*Page 2*)

In reaction to initiatives by the opposition Labor  
Party, the Australian Government has taken a more  
accommodating position toward Communist China.

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(*Page 3*)

In the face of [redacted] and economic difficulties, the government of Panama is trying to project  
a more leftist, nationalistic image vis-a-vis the  
US. (*Page 4*)

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Jordan [redacted]

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[redacted] (*Page 5*)

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[redacted]

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**INTERNATIONAL MONETARY SYSTEM**

Measures instituted by several European governments over the weekend appear to have provided a breathing space for more considered action. Foreign exchange markets have been relatively quiet. The Deutschemark and the Dutch guilder stabilized around two or three percent above the old dollar parities. In London, demand for dollars increased as speculators, apparently unwilling as yet to unload marks and guilders, sold pounds to buy dollars needed to cover transactions made last week and due this week. In addition, there probably was some movement from sterling directly into marks and into Eurodollars, which pay a higher interest rate. Consequently, sterling yesterday hit its lowest point in weeks.

Although both Bonn and The Hague may permit their currencies to float for some time, they will probably come under increasing pressure to adopt fixed rates again as the situation stabilizes. In moves which could serve to shorten the period of floating, Bonn has banned interest payments on foreign deposits and will require commercial banks to obtain licenses for any such deposits above 50,000 marks. These steps are intended to shield Germany from massive capital inflows at such time as the float ends.

Some of the early political fallout from the crisis is now evident. With varying degrees of feeling, most Europeans hold the US basically responsible for the crisis. At a meeting with Ambassador Schaetzel on Monday, EC Commissioner Barre in effect predicted serious difficulties in US-European relations should there be any intimation from Washington that the US is benefiting from the difficulties the crisis has caused the Common Market.

Within the community, it is now widely assumed that Paris is concerned about the pre-eminence which the mark has achieved and that it is highly resentful of German assertiveness.

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Paris will be more eager to facilitate British accession. At the same time, however, the French may also strengthen their insistence that steps be taken to assure that sterling not achieve the role of the community's reserve currency. Sterling's future is likely to be one of the main themes of Pompidou's meeting with Heath later this month.

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**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**ROMANIA-USSR**

Ceausescu has strongly reasserted his country's independent foreign policy. At the Romanian party's 50th anniversary celebrations last week, the party leader flatly rejected the idea that the Communist world movement should be directed from Moscow, and insisted that there is no contradiction between Romania's pursuit of national interests and the preservation of international socialist unity. Ceausescu also implicitly reaffirmed his criticism of the Soviet intervention in Czechoslovakia in 1968.

Ceausescu disputed recent Western press allegations that Romania is backing away from its nationalistic stance. To quell doubts on this score, he asserted that the principles of independence are as essential to Romania as air is to life.

*Ceausescu's revival of contentious issues that have been dormant in past months and his frequent praise of the Chinese Communists are sure to irritate Moscow. In addition to his downgrading of the USSR's contribution to the building of socialism in Romania--the theme of Moscow's sparse commentary on the anniversary--his reference to the necessity for strengthening party unity suggests that he still fears the Soviets might try to cultivate ultra-conservative elements in the Romanian party.*

*Although Ceausescu is known to prefer regular consultations to iron out problems with the Soviet leaders, the two sides have not met in recent months. Brezhnev did not hold private discussions with Ceausescu during the Soviet party congress.*

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**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**AUSTRALIA - COMMUNIST CHINA**

Yesterday Prime Minister McMahon declared that, in view of Peking's apparent receptivity to wider contacts, his government will try to open a "dialogue" which might lead over the longer term to a normalization of relations with mainland China. He asserted, however, that Peking's record of subversion dictated caution and that he would take no steps that would prejudice Australia's relations with Nationalist China.

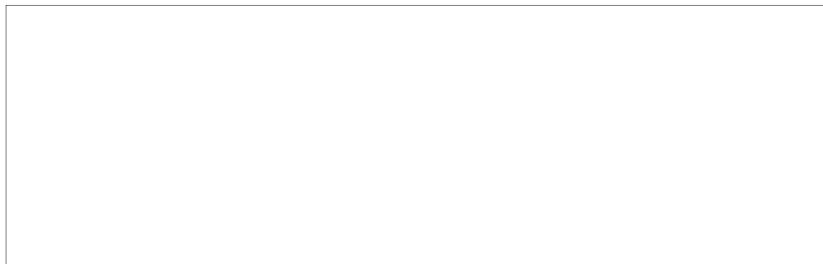
McMahon's statements are an attempt to dilute the impact of the announcement, made only a few hours earlier by opposition Labor Party leader Whitlam, that Peking had agreed to receive a Labor delegation in June. Although it has been Labor Party policy to recognize Communist China, Whitlam's planned Chinese venture is also designed to capitalize on domestic unhappiness over Peking's rejection of wheat purchases from Australia this year. Early last month, the Chinese had sought to exert pressure on Canberra for recognition by informing the Australian Wheat Board that henceforth purchases would be made only from "friendly" states.

Loss of the Chinese market, which has absorbed about 30 percent of Australia's wheat exports, has upset farmers whose support is important to the Liberal-Country Party coalition government.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

PANAMA



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As an obvious slap at the US, Torrijos has now granted asylum to three US servicemen who escaped from a military stockade in the Zone, and the Panamanians have arrested two other US soldiers who, they say, tried to kidnap the asylees.

*These moves appear to be part of a larger Panamanian Government plan to project a more leftist, nationalistic image and to develop an organized political base among such groups as students, labor, and the rural poor. This suggests that the government is convinced that a new canal treaty, with attendant economic advantages, will not be possible this year. It apparently hopes instead, by revolutionary rhetoric and channeling discontent against the US, to muster support behind its efforts to gain full jurisdiction over the Canal Zone and to divert attention from any downturn in the economy.*

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

JORDAN



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*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**NOTES**

Argentina: Government forces moved last night to thwart coup plotting by extreme nationalist military officers against President Lanusse. Several colonels are reported to have been arrested, and orders issued for the arrest of a retired general. The conspirators apparently were drawn together by their opposition to Lanusse's plan to hold elections within three years and by his negotiations toward that end with followers of former dictator Juan Peron.

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Pakistan-India: Both countries have accepted Swiss good offices in their dispute over the repatriation of diplomatic personnel in Dacca and Calcutta. Pakistan has refused to allow repatriation of the Indians unless Deputy High Commissioner Masud--a West Pakistani--is allowed to interview individually each East Bengali defector from its mission in Calcutta. The Bengalis, however, have refused to see Masud except as a group. The presence of a Swiss diplomat at individual meetings has been suggested as a way around the impasse.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

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**USSR**

The 24th Communist Party Congress last month elected a new central committee in addition to adding four new faces to the Politburo. The central committee usually meets two or three times a year to rubber stamp the Politburo's conduct of Soviet affairs, but twice since Stalin's death it has also served as the final court of appeals in leadership disputes. The composition of the 241-man central committee is politically significant as a roster of important central and regional officials in the Soviet hierarchy; a few farmers, workers, and representatives of other elements in Soviet society are always included to provide window dressing.

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**FOR THE PRESIDENT ONLY**

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# *The President's Daily Brief*

*13 May 1971*

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

13 May 1971

**PRINCIPAL DEVELOPMENTS**

Taipei's foreign minister claims his government may not break ties "automatically" with all states recognizing Peking. (*Page 1*)

The monetary crisis is creating pressure for revaluation of the Japanese yen. (*Page 3*)

The Soviet economic delegation is trying to get the US to alter its trade control policy. (*Page 4*)

EC agricultural ministers are trying to cushion the impact of floating exchange rates on farmers. (*Page 4*)

At Annex we present an evaluation of Hanoi's recent "peace" initiative in Laos.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**NATIONALIST CHINA - US - JAPAN**

On Tuesday, Foreign Minister Chow told Ambassador McConaughy that under certain--very limited--circumstances Taipei might not feel compelled to break ties automatically with any state recognizing Peking. Earlier,

Taipei was willing to study a "dual representation" formula in the UN--which would permit the seating of both Communist and Nationalist China--as long as such a formula was combined with an Important Question resolution and preserved the Nationalist Security Council seat.

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These initiatives, which were not put forward as formal governmental positions, appear to be tactical moves on the part of more "realistic" Nationalist officials.

Taipei hopes thus to prevent its two major supporters from moving further in the direction of Peking. Similar remarks have been made in the past by these and other Nationalist officials who have indicated that they were seeking a policy that was both viable and acceptable to Chiang Kai-shek.

There is no sign, however, that these proposals or the discussions themselves have been authorized by Chiang. The Generalissimo recently reiterated his determination to leave the UN if Taipei were unable to "fulfill its obligations"--a good sign that his position on this issue remains adamant.

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According to Chow, Taipei could maintain ties only if Peking was not recognized as "sole legal government of China," "government of all Chinese people," or similar phrases; if Peking's claim to Taiwan was not included in the formula; and if Taipei continued to be accepted as the "government of the Republic of China." This rules out any formula likely to be acceptable to Peking.

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**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

*Moreover, governments willing to recognize Peking are most unlikely to countenance a Nationalist presence which would antagonize the Communists and thereby dissipate any diplomatic benefit to be derived from recognition. Relatively few states searching for a formula to seat both Chinas in the UN appear willing to fight for Nationalist retention of the Security Council seat.*

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**JAPAN**

The international monetary crisis and the rapid buildup of Japanese foreign exchange holdings--over \$2 billion in the past six months--are creating pressure for a revaluation of the yen. Government leaders are reluctant to take this step, however, fearing unfavorable consequences such as reduced exports, losses to businesses with large dollar assets, and voter resentment. They prefer sticking to present efforts to reduce the payments surplus by removing highly restrictive import controls.

*It is unlikely that merely liberalizing import controls will succeed in slowing down the reserve buildup in the near future. Although the recent monetary developments have not seriously affected the yen--because of Japan's tight exchange controls--the pressure for revaluing is certain to grow stronger if the present crisis atmosphere persists. Many non-Japanese observers have long considered the yen undervalued, giving Japan an unfair advantage in export markets. Some Japanese also would like to see their currency revalued because this would be anti-inflationary.*

**FOR THE PRESIDENT ONLY**

FOR THE PRESIDENT ONLY

## NOTES

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USSR-US: Since its arrival in the US on 5 May, the Soviet economic delegation (see The President's Daily Brief of 24 April) has been trying to persuade the US Government to alter its trade control policy against assisting the Soviet truck industry. It is talking with firms such as Mack Truck and Swindell-Dressler about playing major roles in the design and equipping of the Kama truck complex which, it is estimated, will eventually cost at least \$2 billion. As an inducement for the US to issue export licenses for truck technology and equipment, Moscow is offering to increase its exports of chrome ore. Moreover, several members of the delegation, including Deputy Minister of Foreign Trade Komarov, offered in talks with Commerce Department officials to purchase \$1 million worth of consumer goods. The delegation will spend the rest of the week in Chicago and Los Angeles talking to various firms, and is scheduled to spend Sunday at Disneyland and depart for home next Wednesday.

European Communities: The agricultural ministers of the European Community (EC) yesterday sanctioned measures to cushion the impact of floating exchange rates on German and Dutch farm incomes. The compromise avoids the degree of disruption that unilateral steps would have caused to the Common Agricultural Policy. It permits Bonn and The Hague to protect their markets from cheaper farm imports and to compensate their farmers for export losses should the values of the mark and guilder rise more than 2.5 percent above their parities. If the floating exchange rates stabilize just below this level, German and Dutch farmers would have an interest in pressing their governments to return the currencies to fixed parities.

Communist China - Pakistan:

Pakistan is seeking a \$100-million commodity credit from China. This would be over and above the \$200-million commitment China made last November to Islamabad's five-year plan. Although it is doubtful that Peking will supply as much additional aid as the Pakistanis desire, it professes willingness to play a prominent role in the economic reconstruction of East Pakistan.

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FOR THE PRESIDENT ONLY

**FOR THE PRESIDENT ONLY**

LAOS

Hanoi has launched another "peace" initiative in Laos.

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Hanoi was broadcasting a "new proposal" designed to "speed up" the peaceful settlement of the Lao problem. This proposal, [redacted]

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[redacted] is essentially a boiled-down version of the Communists' statement of 6 March 1970. It demands an unconditional US bombing halt throughout Laos, after which both sides would "immediately realize a cease-fire." The Lao parties would then "immediately" discuss the formation of a provisional coalition government. Unlike last year's version, this one explicitly mentions a cease-fire, and, in its terseness, avoids polemics and any definition of what might constitute an "acceptable" provisional coalition government.

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[redacted] Hanoi's proposal are clearly North Vietnamese handiwork. The North Vietnamese may be under some pressure from their tiring Lao comrades to get the Laos war returned to the back burner. Nonetheless, the continuing importance attached to a US bombing halt "throughout" Laos, suggests that Hanoi is still principally interested in protecting its assets in the Ho Chi Minh Trail.

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**FOR THE PRESIDENT ONLY**

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# *The President's Daily Brief*

14 May 1971

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

14 May 1971

**PRINCIPAL DEVELOPMENTS**

Sadat's continuing purge of possible rivals is discussed on *Page 1*.

Favorable Japanese reactions to a Communist Chinese delegation may pave the way for a resumption of extensive contacts. (*Page 3*)

In response to the uncertain international monetary situation, free market gold prices have risen to their highest level since October 1969. (*Page 4*)

A clash with army troops may signal start of the active military phase by Burmese rebels. (*Page 5*)

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The influx of East Pakistani refugees is straining Indian relief facilities and creating explosive new tensions. (*Page 7*)

**FOR THE PRESIDENT ONLY**

FOR THE PRESIDENT ONLY

## EGYPT

The "resignations" announced yesterday in Cairo, including Interior Minister Sharawi Goma, Minister for Presidential Affairs Sami Sharaf, and War Minister Fawzi, were augured in conflicting rumors of impending changes stimulated by the dismissal of Vice President Ali Sabri on 2 May. Goma, who controlled the internal security services, and Sharaf, with extensive connections in the Presidency, were considered two of the most powerful men in the nation.

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though several of the figures deposed in this extensive shakeup cannot be characterized as leftists, most do qualify in some way as people whose first loyalty was not to Sadat. This suggests that Sadat's basic aim was to dispose of critics and possible rivals.

Also, the successful elimination of possible challengers would give Sadat more freedom in working out the details of his attempted accommodation with the Israelis. Only Ali Sabri and his associates in the Arab Socialist Union are known to have openly opposed negotiations, but Sadat has had very few active supporters of his efforts. The need for loyal subordinates to implement his diplomatic policies and the prospect of sharper criticism if he fails to produce early results may, therefore, also be factors in the high-level purge. If he can neutralize the ousted ministers, Sadat will be able to exert personal control over the affairs of the country and deal with domestic and foreign problems in his own way.

A start has been made in filling the vacated posts with the announced appointment of a close Nasir associate, Mamduh Salim, as interior minister. Recently appointed governor of Alexandria, Salim's background in security work makes him technically qualified to head the Ministry of the Interior. Chief of Staff Muhammad Sadiq, the new minister of war, is reputed to have broader support in the military than did his predecessor.

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FOR THE PRESIDENT ONLY

**FOR THE PRESIDENT ONLY**

The boldness of Sadat's move indicates a high degree of confidence in his ability to make the changes stick. In this he appears to have been encouraged by the response to his cultivation of the major military commanders, who are reported to have given a firm endorsement when he consulted them on Ali Sabri's dismissal. The replacement yesterday of the lack-luster General Fawzi may have been intended to gain further favor with the military. A statement broadcast by Cairo Radio last night seemed designed to generate broad civilian support for Sadat's actions by implying that at least some of those ousted had been plotting to impose "tutelage and domination over the people" through "repression and terror."

Sadat will need all the support he can get; the men he has dismissed have strong claims to Nasir's mantle themselves and some, notably Goma and Sharaf, have had time to establish power bases of their own. The statement Sadat is scheduled to broadcast today should make clearer what he intends to do and how he expects to go about it.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**JAPAN - COMMUNIST CHINA**

Wang Hsiao-yun, political leader of the Chinese ping pong delegation which recently spent a month in Japan, met with a wide variety of Japanese during his visit. In addition to seeing Peking's well-known friends in labor and the opposition parties, Wang held unprecedented meetings with two leading conservative aspirants for the prime ministership to sound out their attitudes on relations with China. He also met with the chairman of the Buddhist-based Komeito party and with a wide spectrum of business leaders, ranging from textile industry leaders to a Tokyo group close to Sato. The delegation extended numerous invitations for unofficial visits to the mainland. The Chinese avoided political subjects and refrained from public attacks on the Sato government.

*This skillful Chinese diplomacy has resulted in a favorable public Japanese reaction to the visit. It has further increased pressure on Prime Minister Sato to take a more positive stance on the China issue. The way may now be open for a resumption of extensive Japanese-Chinese contacts.*

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

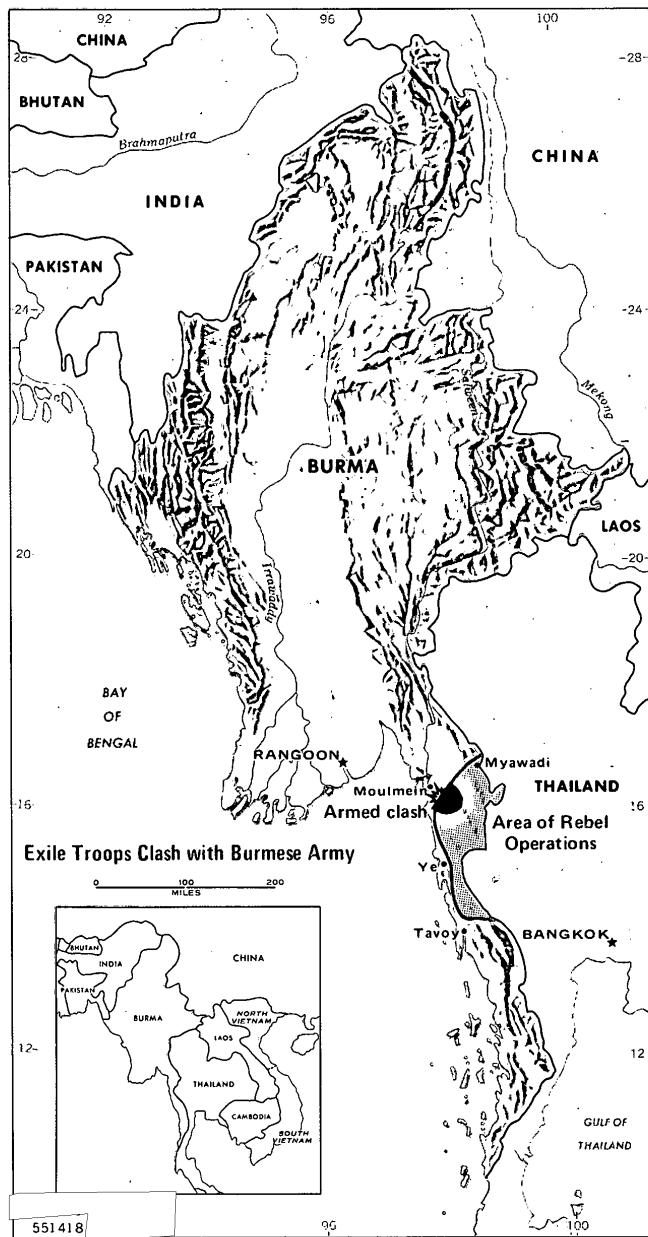
**GOLD**

Free market gold prices reached \$41.30 per ounce yesterday, the highest level since October 1969. Uncertainty regarding the future of the international monetary system and recent purchases of \$422 million of US Treasury gold by the central banks of Belgium, the Netherlands, and France are contributing to the unsettled market.

*These purchases bring the US monetary gold stock to its lowest level since World War II, covering less than one quarter of US short-term liabilities to foreigners.*

*The increase of the free market gold price, however, does not signal the imminent collapse of the two-tier system, in which monetary authorities deal in gold at \$35 per ounce, but the free market price is determined by supply and demand. Until new German and Dutch currency parities are fixed, however, the free market price of gold probably will fluctuate in an erratic manner.*

**FOR THE PRESIDENT ONLY**



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*FOR THE PRESIDENT ONLY*

**BURMA**

Rebel forces of former prime minister U Nu killed five Burmese Army troops near Moulmein on 5 May, while suffering only one fatality themselves

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Since the first of the year, rebel bands which have ranged through the remote border areas of eastern Burma have concentrated on recruiting and propaganda and have generally tried to avoid military contact. U Nu's forces may now feel ready to open the oft-postponed military phase of their plans.

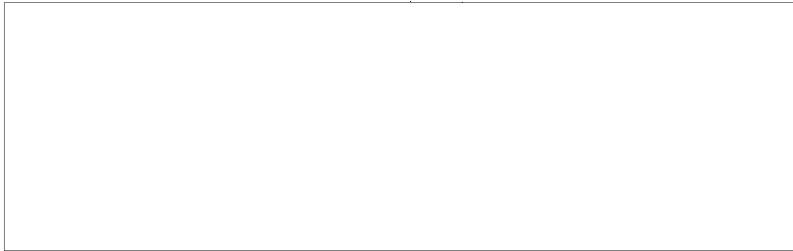
The military capabilities of U Nu's some 500 men under arms remain extremely limited. Nevertheless, continuing rebel action around Moulmein--where antiregime sentiment is still strong following the forceful suppression of a student uprising last November--could bring to life the relatively subdued Burmese public interest in U Nu's resistance movement.

*FOR THE PRESIDENT ONLY*

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**FOR THE PRESIDENT ONLY**

**NOTE**

India-Pakistan: The influx of about two million East Pakistani refugees has sorely strained Indian relief facilities, and sharply rising food prices in the border areas are antagonizing the local Indian population. New Delhi is concerned that tension between the residents and the refugees could lead to violence between Indian Hindus and East Bengali refugees, many of whom are Muslim.

**FOR THE PRESIDENT ONLY**

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## *The President's Daily Brief*

15 May 1971

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

15 May 1971

**PRINCIPAL DEVELOPMENTS**

Sadat has acted to consolidate his purge, and is seeking particularly to exploit popular grievances against the ousted interior minister. (Page 1)

Brezhnev's proposal to start negotiations on force reductions in Europe seems designed to shift the burden of the dialogue to NATO. (Page 2)

On Page 4 we discuss Hanoi's statement of Thursday on the prisoner-of-war issue.

In South Vietnam, the breach between Thieu and Ky is being widened by attempts to curtail Ky's actions. (Page 5)

The Israelis have made a bid to obtain transit fees for that portion of Tapline that crosses the Golan Heights. (Page 6)

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**EGYPT**

President Sadat took further steps yesterday to consolidate his bloodless purge. He placed under house arrest the dismissed minister of war and a number of senior officers in the ministries of war and interior. The National Assembly dropped 17 of its members and elected Social Affairs Minister Hafiz Badawi as the new speaker. US officials in Cairo believe that Sadat has effectively destroyed his opposition.

In his speech to the nation, Sadat appeared to be laying the groundwork for additional moves against some of the deposed officials, especially unpopular Interior Minister Goma. Sadat claimed to have foiled a coup attempt, and accused Goma and Ali Sabri of plotting to thwart him from announcing Thursday night a referendum on reforming the Arab Socialist Union. As Egypt's security officer Goma had attracted much criticism, especially from the country's youth; Sadat's denunciation of Goma and his decision to curb certain internal practices is clearly designed to exploit popular grievances against the ousted minister.

In a further effort to cultivate popular support, Sadat gave major attention to his pledge to democratize Egypt's political institutions. He stated that "sooner or later" the Arab Socialist Union would be dissolved and free elections held under his personal supervision.

We believe that Moscow will maintain a low profile while it assesses the significance of the purge, which it apparently did not anticipate. The Soviets can be expected to take a more active hand in internal Egyptian affairs, however, if Sadat's moves appear to threaten their position in Egypt.

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**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**USSR-NATO**

We believe Brezhnev's proposal Friday to "start negotiations" on Mutual Balanced Force Reductions was keyed to the June NATO ministerial meeting in Lisbon. Aware that the US and some of its allies have cited Moscow's reluctance to engage in substantive discussions on the subject of force reductions as a reason to move cautiously on the pet Soviet project of a Conference on European Security, Brezhnev apparently wants to shift the burden of the dialogue to NATO.

These latest remarks, in a speech at Tbilisi, added nothing to the substance of the position which the Soviet leader took at the 24th party congress--that Moscow favors reducing "armed forces and armaments" in areas of dangerous confrontation such as central Europe.

We think that Brezhnev's remarks were prepared in advance of Senator Mansfield's amendment proposing a unilateral reduction of US forces in Europe and are not an effort to take into account the new circumstances created by the Mansfield move.

In the past the Soviets have said that discussions on reductions could take place either in a body to be established by a Conference on European Security or in any other forum acceptable to all interested parties. They have usually qualified this latter position, however, by insisting that such a conference should precede discussion of "complex" problems such as mutual force reductions.

\* \* \*

In another development related to NATO, the European members, who pledged last December to raise \$420 million for the infrastructure portion of the European Defense Improvement Program by the time of the NATO Defense Ministers' meeting later this month, have a shortfall of some \$32 million at this time.

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**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

*Most of the shortfall results from Belgium's failure to plan sufficient funds in its defense budget. If the full subscription is to be met by the deadline--and the Mansfield amendment has increased pressure to do so--the West Germans probably will have to pick up the deficit. Bonn has already financed most of the program either directly or indirectly.*

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**NORTH VIETNAM**

Hanoi's statement of Thursday on the prisoner-of-war issue seems designed mainly to take some of the steam out of recent South Vietnamese initiatives on the subject. The conditions Hanoi lays down for a prisoner turnover are more specific than previously proposed in advance of exchanges but are not much more stringent than those under which actual transfers have taken place.

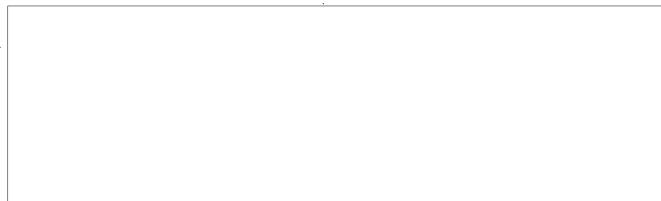
Hanoi has good intelligence on the state of prisoners held in the South and must be aware that few of the 1,770 prisoners Saigon says it is willing to release have expressed a willingness to return to the North. Many remain subject to discipline of the Communist apparatus, and can be ordered to refuse repatriation. Saigon says that 570 sick and wounded could be released directly; the Communists may well calculate that South Vietnam cannot produce that many who are willing to return, and that the offer can then be branded as a propaganda ploy.

Hanoi's statement is concerned only with Vietnamese prisoners and there is no hint of a change in policy on US captives in North Vietnam. Even if Saigon's proposal is fully implemented, we see little likelihood that Hanoi would permit an early release of Americans as a reciprocal gesture.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

SOUTH VIETNAM



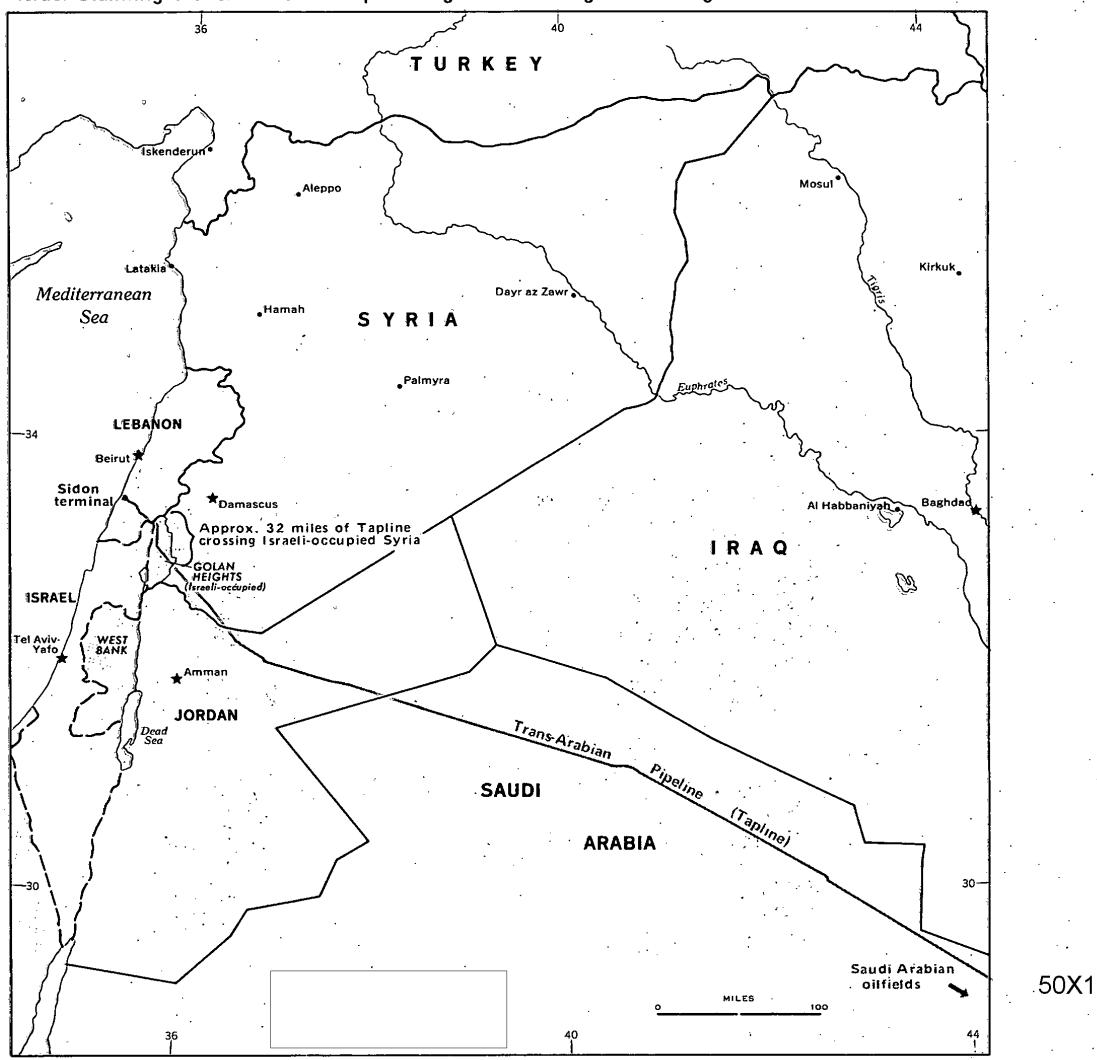
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Several aides of Ky have complained recently to US Embassy officers that Prime Minister Khiem has instructed members of the cabinet not to invite Ky to government-sponsored public functions. They also report that orders have gone out to all province chiefs not to receive Ky or provide him with any of the facilities normally given to a vice president.

The most recent incident involved the cancellation of a scheduled meeting of a group of Vietnamese Nationalist Party politicians in Saigon on 12 May, which Ky was to have addressed. The owner of the meeting hall refused to open the doors, reportedly on instructions from the Saigon police. A Saigon paper closely identified with Ky accused Thieu of responsibility for the refusal. Issues of the paper have been seized with increasing frequency since Ky began his series of harsh attacks on the government several weeks ago.

*FOR THE PRESIDENT ONLY*

Israel Claiming Transit Fees for Tapline Segment Crossing Golan Heights



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**FOR THE PRESIDENT ONLY**

**ISRAEL**

Israeli Deputy Finance Minister Dinstein has asked the US-owned Tapline Company to discuss the question of transit fees for that portion of the pipeline crossing Israeli-occupied Syria. When the company representative noted the absence of Israeli sovereignty over the territory, Dinstein called this position "unacceptable" and asked for further discussion after consideration by Tapline management.

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*Israeli intentions in raising the issue of transit fees at this time apparently go beyond the question of revenue, which we estimate to be \$3-4 million per year. The claim seems designed to reinforce Israel's position that it will retain the Golan Heights in any peace negotiations. Company officials point out that Dinstein insisted that the Golan Heights must be considered "part of Israel" for practical purposes in contrast to Sinai, where the Israelis are conducting affairs under established Egyptian laws.*

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**NOTES**

**Communist China - Iran:**

Communist China - Iran:	

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**Argentina:**

Argentina:	

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# *The President's Daily Brief*

17 May 1971

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*FOR THE PRESIDENT ONLY*

**THE PRESIDENT'S DAILY BRIEF**

17 May 1971

**PRINCIPAL DEVELOPMENTS**

Communist attacks in Laos have forced the abandonment of a number of government bases on the Bolovens Plateau. (Page 1)

Developments in Egypt are discussed on Page 3.

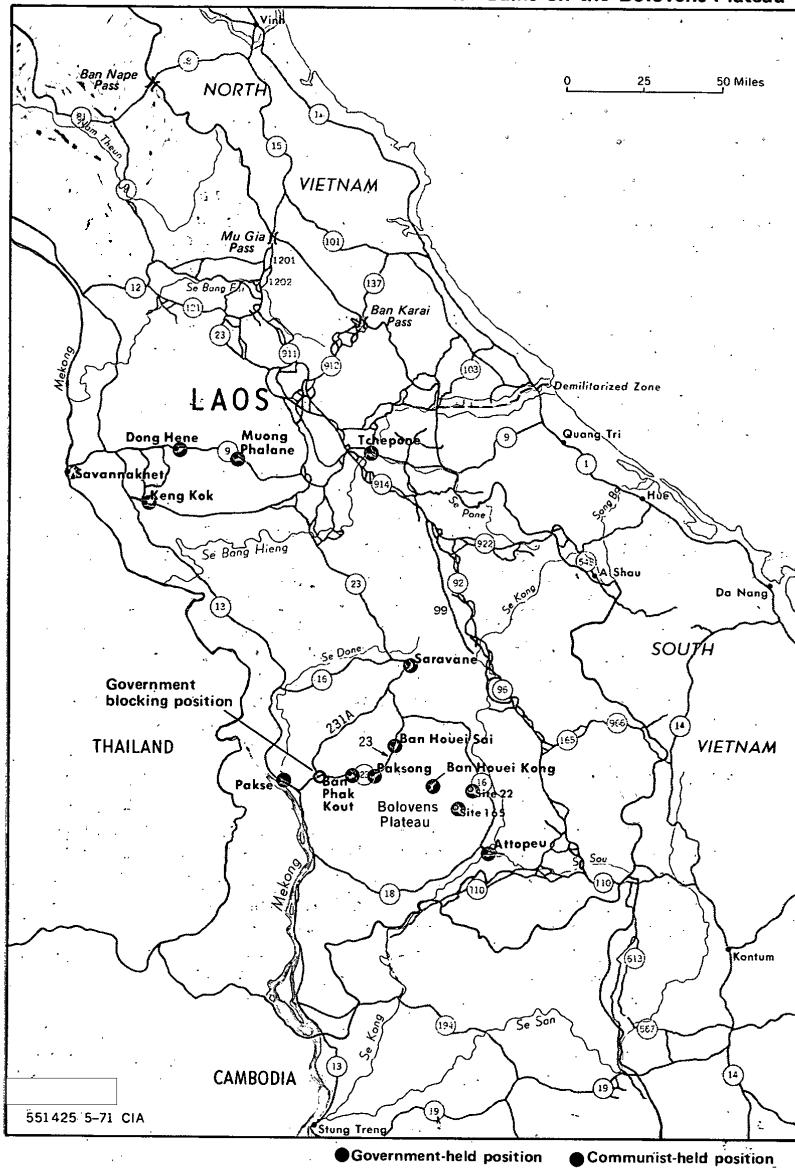
The Communist Chinese are making an effort to cultivate the Malaysians and Filipinos. (Page 4)

The Pakistani Army is reported to be pursuing a policy of extermination against Hindus in East Pakistan. (Page 5)

A Soviet submarine tender appears headed toward the Caribbean. (Page 6)

*FOR THE PRESIDENT ONLY*

Communist Gains on the Bolovens Plateau



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## FOR THE PRESIDENT ONLY

## LAOS

A series of sharp coordinated Communist attacks on 16 May forced the government to abandon a number of strategically located bases on the Bolovens Plateau. Among the positions lost were Ban Houei Sai, which guarded the northern approaches to the plateau, and Ban Phak Kout, whose loss cuts land access to Paksong town via Route 23. So far, no attack has been reported against Ban Houei Kong; the last major irregular base on the plateau, but Communist troops have been seen in the vicinity.

At last report, Communist troops have captured Paksong itself and the government defenders were forced to abandon their positions nearby. Reinforcements are being moved in from Pakse [redacted]

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[redacted] to establish blocking positions at the junction of Routes 23 and 23LA. This is the first time the Communists have hit Paksong, the largest population center on the Bolovens, although it has been cited as a possible target for several years.

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*The Bolovens has been relatively quiet since February and March, when the Communists forced government irregulars to abandon bases on the eastern rim overlooking the Se Kong infiltration corridor. A renewed offensive has been expected for several weeks, but government commanders thought there might be further delays because of recent Pathet Lao defections in the area.*

*The current drive is the latest phase of a general campaign in the Bolovens area that began in 1968 when the Communists re-entered the Se Done Valley and cut off the provincial capital of Saravane. Since then the Communists have taken Saravane, Attapeu, and other government positions around the edge of the plateau while eroding the government's once firm control of the Bolovens itself.*

*It is still too early to tell whether the present Bolovens offensive is part of a developing wider offensive in south Laos. Reinforced Communist units have been increasingly active along Route 9, where they are currently threatening the government*

**FOR THE PRESIDENT ONLY**

towns of Dong Hene and Keng Kok. Such an offensive presumably would be designed to drive government troops farther from the Communists' infiltration corridor, perhaps as a belated response to irregular harassment operations during Lam Son 719. The Communists launched a ground assault against Dong Hene early today but it is not yet clear whether this is anything more than a probing action.

The coincidence of the attacks in the south with the recent Communist-proposed cease-fire raises the possibility that a southern offensive would have political objectives as well. The Communists might hope that a threat in the south would increase pressure on the government to negotiate on their terms. The short-term impact, however, is likely to have the opposite effect. Prime Minister Souvanna is likely to react negatively to the Communist military pressure in a letter he is preparing to send Pathet Lao leader Souphanouvong later this week.

**FOR THE PRESIDENT ONLY**

FOR THE PRESIDENT ONLY

EGYPT

All of the principals in the purge, as well as a number of members of the Arab Socialist Union and lesser government officials, are reported to have been jailed or placed under house arrest.

*The opening of investigations by Egyptian authorities yesterday tend to confirm earlier indications that Sadat plans to bring to trial some of those deposed. With his swift action, Sadat has squelched any countermoves from his opponents, and his position, at least in the short run, appears to have been strengthened.*

*War Minister Sadiq's prompt pledge of the military's support suggests that Sadat had the tacit blessing of the armed forces before his decisive moves last Thursday. One of the purposes of his trip to the canal zone on 11-12 May may have been to ensure the indispensable backing of his key command-level officers. Senior police officials, whose former chief was the deposed minister of interior Goma, have also pledged their allegiance to Sadat.*

Meanwhile, Egyptian officials have held a round of meetings with leaders and representatives of several Arab states, presumably for the purpose of briefing them on the latest changes. Sudan and Syria have issued statements of support. In Tel Aviv, Israeli Defense Minister Dayan assessed developments in Egypt as "very significant," but added that he did not believe that the upheaval was related to Cairo's policy toward Israel. The Soviet press has carried a factual account of the situation without comment.

*There is no evidence to support press reports that Moscow has suspended military and economic assistance to Cairo, or that it has recalled merchant ships en route to Alexandria with military cargoes. Soviet seaborne military deliveries to Egypt during April and the first half of May have been steady, although below the levels in February and March when the Soviets were delivering additional advanced equipment to improve Egypt's air defenses.*

FOR THE PRESIDENT ONLY

**FOR THE PRESIDENT ONLY**

**COMMUNIST CHINA**

*In The President's Daily Brief of 14 May we reported the favorable impact in Japan of some deft diplomacy by the political leader of the visiting Communist Chinese ping pong team. The Chinese also seem to be making a special effort to be friendly to the Malaysians and the Filipinos.*

A Malaysian trade delegation was recently accorded a warm reception in Peking, including a meeting with Chou En-lai. The visit followed several months of diplomatic gesturing by both Kuala Lumpur and Peking. The Chinese handling of the visit--including the use of the term Malaysia without quotes for the first time in official media--suggests Peking's first implicit acceptance of the legitimacy of the almost eight-year-old federation.

A private Filipino trade delegation was also received by Chou En-lai in Peking last week, and Chou is reported to have commented on the possibility of developing closer relations with Manila. Peking extended typhoon relief aid to the Philippines last November and has been refraining from direct attacks on President Marcos in its official media.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**INDIA-PAKISTAN**

The US consulate general in Dacca has received a growing number of reports that the Pakistani Army is systematically searching out and killing Hindu males in East Pakistan.

*This may be part of a plan to rid East Pakistan as completely as possible of the Hindu community which the army considers to be a subversive element. There were at least ten million Hindus in East Pakistan before the military crackdown in late March; the army may hope that a campaign of terror against them will force most to flee to India.*

*These reports do not augur well for relations between Hindu and Muslim communities in neighboring Indian states. The refugee influx, which now exceeds 2.6 million and is continuing at the rate of 100,000 persons daily, has already generated friction between local residents and refugees, many of whom are Muslim. News of fresh atrocities against Hindus in East Pakistan could spark savage communal violence that Indian authorities would find hard to control.*

*The Indians are also worried that the refugee camps will become centers of discontent vulnerable to leftist agitation, thereby aggravating the already serious problem posed by Naxalite extremists in eastern India.*

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**NOTE**

USSR: A Soviet submarine tender currently about 900 miles southwest of the Canary Islands appears to be heading toward the Caribbean and could arrive in Cuba late this week. The tender has been in the Mediterranean and is the same ship that was operating in Cuban waters until early April.

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*FOR THE PRESIDENT ONLY*

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# *The President's Daily Brief*

*Sunday Cable 16 May 71*

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On the military front, government forces today abandoned a base on the northern Bolovens Plateau--Ban Houei Sai--in the face of stiff enemy pressure. Nearby, the town of Paksong has been entered by Communist troops, and Lao commanders on the scene see little hope of holding Paksong without massive air support. This is the first time Paksong has been attacked by the Communists, although it has been mentioned as a potential target for several years. In addition to being at one time the largest population center on the Bolovens, Paksong was used by the Communists to purchase foodstuffs and other goods.

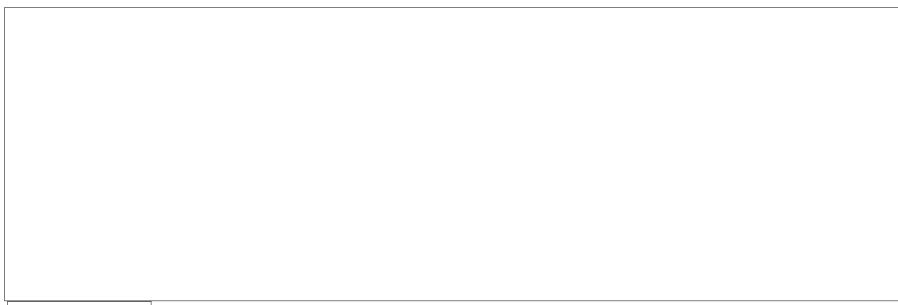
An offensive on the Bolovens has been expected for several weeks, although government commanders thought that there might be further delay because of recent Pathet Lao defections in the area. It appears to be part of a wider Communist offensive in South Laos, that is also targeted against government positions farther north near Dong Hene along Route 9. The situation there has been relatively quiet for the past several days, but the Communists are making preparations for offensive operations.

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PDB SUNDAY CABLE

16 May 1971

LAOS



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On the military front, the Communists early today  
hit two government positions on the Bolovens Plateau.



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16 MAY 1971

SUNDAY CABLE  
16 May 1971

EGYPT

The atmosphere in Cairo two days after the purge remains untroubled and Sadat still appears to have the situation well in hand. It is now clear that all of the principals in the shakeup as well as a number of members of the Arab Socialist Union and lesser government officials have been either jailed or placed under house arrest. In so doing, Sadat has moved swiftly to prevent any counter-moves from his opponents. His actions undoubtedly had at least the tacit blessing of the military. One of the purposes of his trip to the Canal Zone on Wednesday may have been to ensure the indispensable backing of his key command-level officers.

Popular reaction in support of Sadat continues. Cairo radio reported yesterday that various groups of citizens were demonstrating in the capital and other parts of the country throughout the day.

Meanwhile, Egyptian officials have held a round of meetings in the past few days with representatives from several Arab states, presumably for the purpose of explaining the latest changes in Cairo. In Tel Aviv, Israeli Defense Minister Dayan assessed developments in Egypt as "very significant" but expressed his belief that the upheaval was not related to Cairo's policy toward Israel. The Soviet press has carried a factual account of the situation without comment.

16 MAY 1971

*Top Secret*



## *The President's Daily Brief*

18 May 1971

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

18 May 1971

**PRINCIPAL DEVELOPMENTS**

[redacted] Soviet [redacted]  
(Page 1)

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Gromyko suggested to Ambassador Beam yesterday that Moscow would be receptive to a proposal on Mutual Balanced Force Reductions, but did not expand significantly on Brezhnev's recent remarks. (Page 2)

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The latest military developments in southern Laos are reported on Page 3.

[redacted] Fatah [redacted]  
(Page 4)

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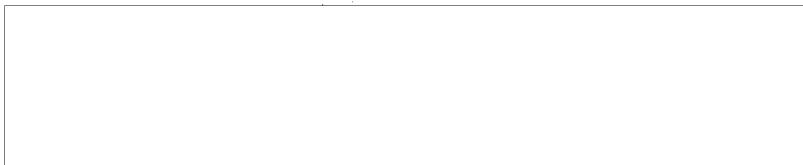
Recent incidents threaten to end talks between Greek and Turkish elements on Cyprus. (Page 5)

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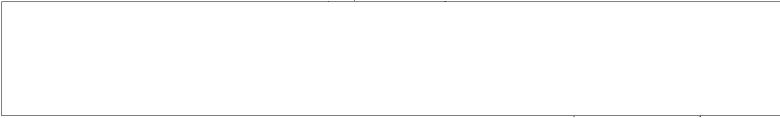
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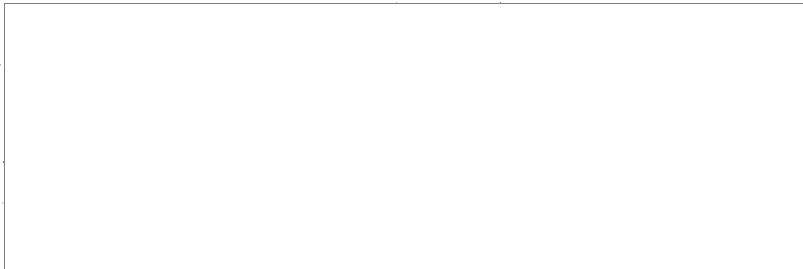
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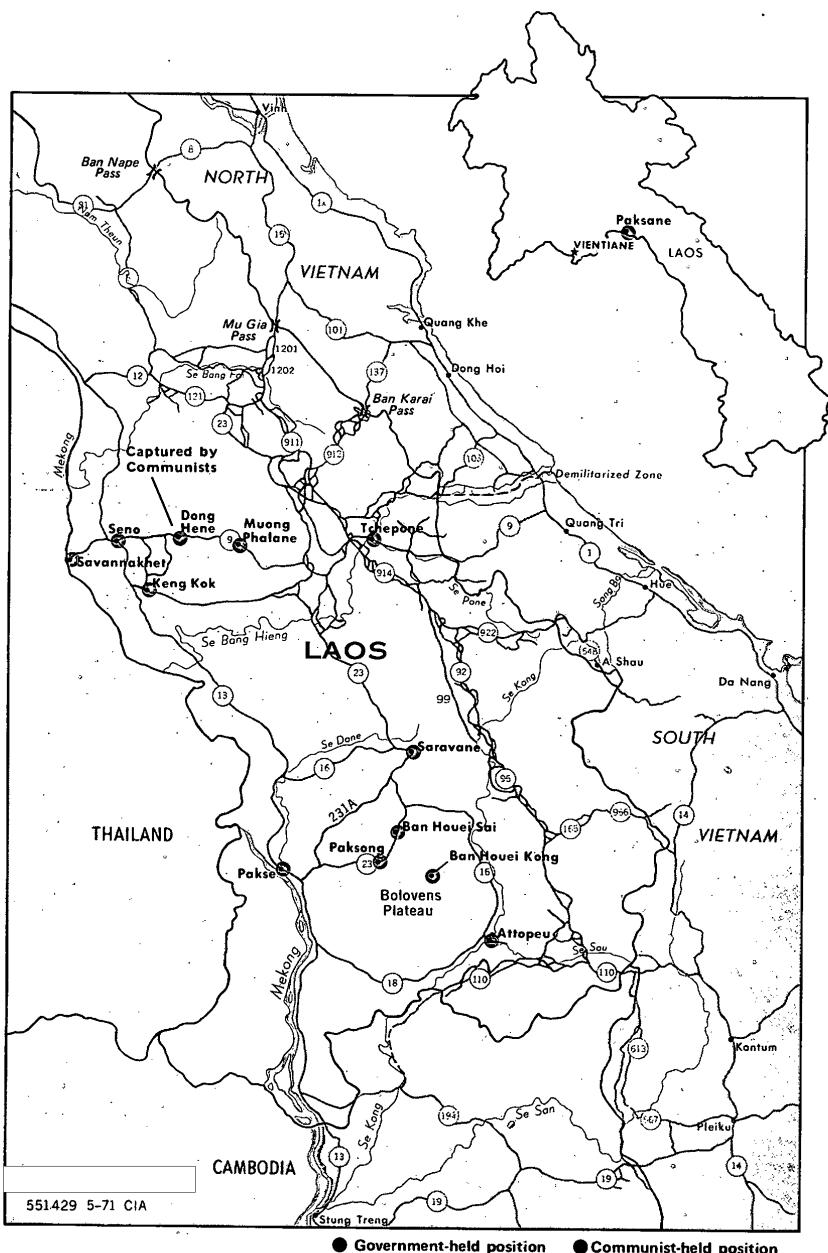
**FOR THE PRESIDENT ONLY**

**USSR**

In his meeting with Ambassador Beam yesterday, Foreign Minister Gromyko suggested that the Soviets would be receptive to a Western proposal on Mutual Balanced Force Reductions (MBFR), but he did not significantly expand on Brezhnev's recent proposal to "start negotiations." He did confirm that the USSR is now prepared to discuss either foreign or foreign and indigenous forces.

The most interesting nuance was his suggestion that the Soviets now favor negotiations on MBFR independent of a Conference on European Security (CES). The official Pact position has been that MBFR could be considered either in a body to be established by a CES or in any other acceptable forum. He took care to note, however, that Moscow did not accept the NATO concept of "balanced" reductions, which could imply larger reductions in Soviet than in NATO forces.

Gromyko was completely noncommittal in regard to questions of timing, site, and specifics of negotiations, and instead invited further discussion of these questions between Washington and Moscow. His reluctance to spell out the Soviet position at the present time suggests that Moscow intends for the moment to leave the burden of initiative with the West.



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*FOR THE PRESIDENT ONLY*

**LAOS**

The Communists captured Dong Hene in the pan-handle yesterday following a heavy mortar and rocket attack. Evacuating government troops were able to take their artillery with them.

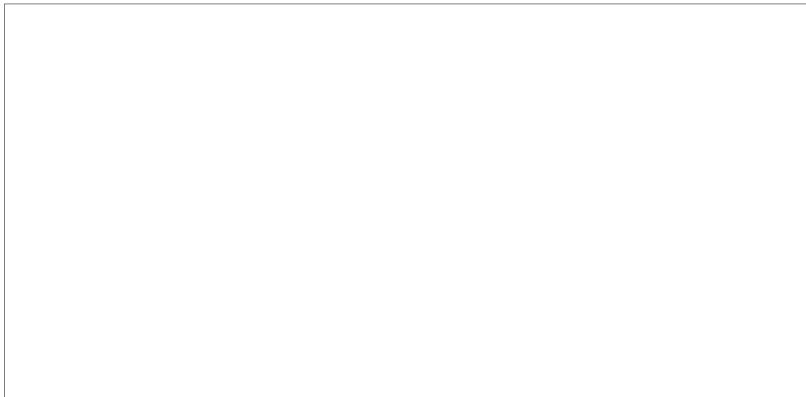
*This is the farthest the Communists have penetrated westward along Route 9 in several years. Communist forces in the area--elements of at least three North Vietnamese regiments plus support units--are sufficient to threaten Seno, some 20 miles farther to the west. Communist prisoners and ralliers have said that Seno would be a target if Dong Hene fell. If they follow past practice, the Communists will take some time to consolidate before undertaking such a thrust, however, and it could be several days, or even weeks, before their intentions become clear.*

In the Bolovens area, the Communists fired rockets into the now isolated base at Ban Houei Kong, the only important site on the plateau still in government hands. Three North Vietnamese battalions were reported closing in on the base yesterday. The government has moved four battalions of irregulars into the area between Ban Houei Kong and Paksong. Two are to move north to try to retake high ground near Ban Houei Sai and the other two will move toward Pak-song.

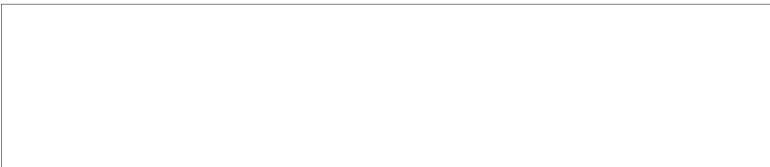
To the north, sketchy reports indicate that a Pathet Lao sapper battalion hit an ammunition dump in the Mekong River town of Paksane yesterday. Rocket fire also hit the Paksane airfield. Although highly vulnerable to Communist attack, Paksane heretofore has been relatively free from enemy harassment.

*FOR THE PRESIDENT ONLY*

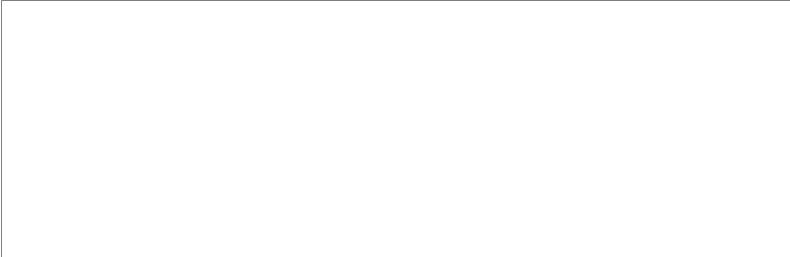
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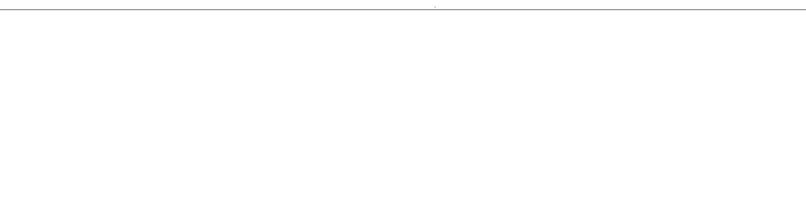
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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**CYPRUS**

Several recent incidents have threatened to end the talks between the Greek and Turkish elements on the island and bring a new outbreak of communal strife. Trouble began when President Makarios made several statements favoring enosis, an issue he had allowed to remain relatively dormant for the past few years. Ankara replied by asserting that the intercommunal talks, now in their third year, were proving fruitless and deserved one "last chance."

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Athens, believing that the Turks will not support the intercommunal talks beyond July, has agreed to resume direct talks with Ankara--presumably in the hope of spinning out negotiations and postponing a crisis. Even if Athens and Ankara could agree on partition as a solution, Makarios believes he can resist any imposed settlement by using Soviet diplomatic support and the aid of other friends in the UN.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**NOTES**

Romania: Reports [redacted] leave [redacted] little doubt that President Ceausescu intends to tour Peking, Pyongyang, and Hanoi, most likely in June. Despite Moscow's inevitable objections, Ceausescu presumably for some time has been considering a visit to his Chinese benefactors, who only recently granted Romania a sizable long-term loan. In the Romanians' view such a prestigious trip is called for because of the steadily improving political and economic relations with Peking, and would help to balance Ceausescu's private tour of the US last fall.

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Japan: The government has given no indication that it is about to revalue the yen [redacted]

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[redacted] With foreign exchange reserves now up to \$6.5 billion and mounting by about \$50 million a day, the Finance Ministry has sought further to impede the flow of speculative dollars by suspending the acquisition by foreign investors of bonds and debentures not listed on the Tokyo Stock Exchange. It is also requiring foreigners to obtain special permission to buy listed ones.

*FOR THE PRESIDENT ONLY*

*Top Secret*

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## *The President's Daily Brief*

*19 May 1971*

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

19 May 1971

**PRINCIPAL DEVELOPMENTS**

Laotian Government forces have abandoned their last important site on the Bolovens Plateau. (Page 1)

The Communists have infiltrated 4,000 or more troops through the Laotian panhandle this month. (Page 2)

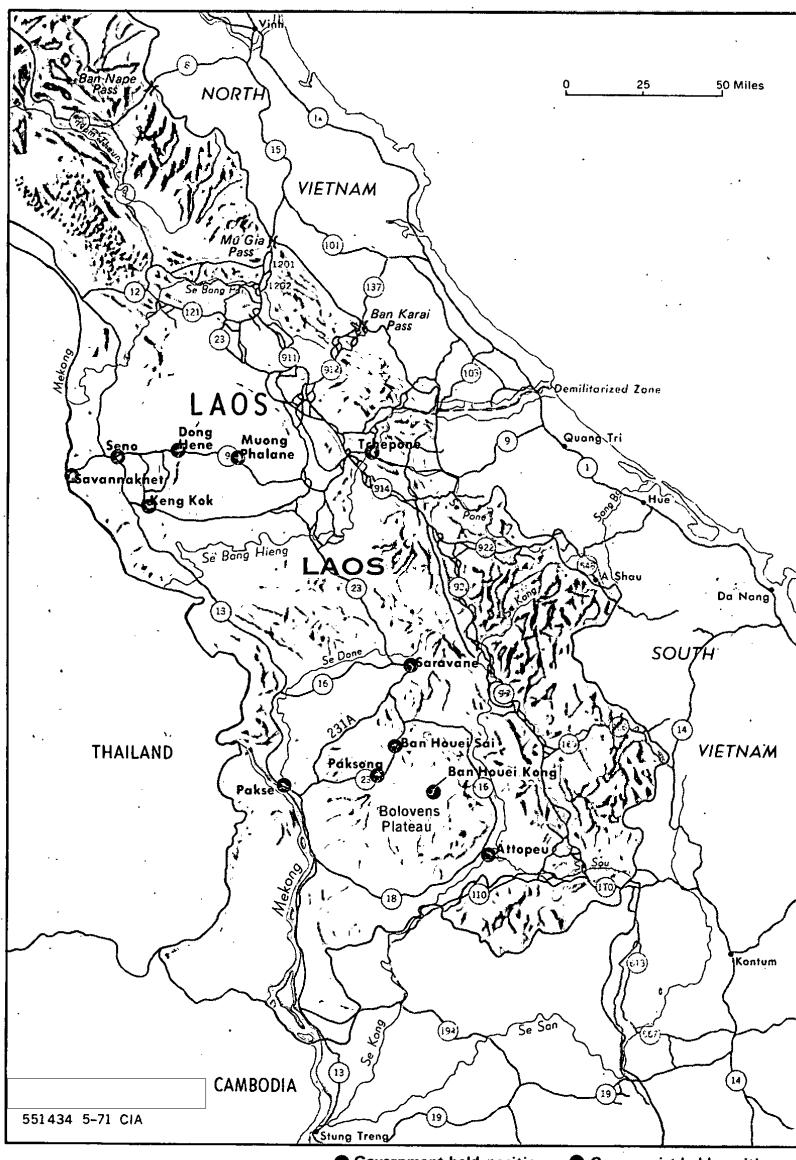
In South Vietnam, there is evidence that Communist forces are preparing for another period of heightened combat (Page 3)

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The Soviets evidently are about to try another unmanned Mars probe. (Page 6)

**FOR THE PRESIDENT ONLY**



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*FOR THE PRESIDENT ONLY*

**LAOS**

Government forces today abandoned Ban Houei Kong, the last important site they had retained on the Bolovens Plateau, following a North Vietnamese ground attack. Elsewhere on the plateau air observers report that the Communists have been using substantial numbers of heavy machine guns; there also are numerous signs of tracked vehicles there.

We believe that total available North Vietnamese forces in and around the Bolovens now number about 5,000 men. At least some elements of the 1st Viet Cong Regiment of the 2nd NVA Division have moved into the area. (These forces participated in the counterattack on Lam Son 719 earlier this year.) An independent regiment and some six other combat battalions are also operating on the Bolovens.

The government at the same time is mounting a limited counteroffensive in the central Bolovens. Eight battalions of irregulars, whose 1,200 men constitute virtually the only organized government force left on the plateau, are securing a base area between Ban Houei Kong and Paksong.

The government has established blocking positions on Route 23 about 20 miles east of Pakse and has organized a receiving station for refugees now streaming off the plateau headed for Pakse. Nervousness in Pakse itself is also on the rise, and some prominent Lao civilians are moving their families across the Mekong. The US Embassy has evacuated all American dependents in Pakse, although it still estimates that an attack on the town is unlikely.

In the Dong Hene area, government forces attempting to withdraw along Route 9 were ambushed and forced to abandon their artillery, two tanks, and two armored cars. In addition, their commander was wounded.

**FOR THE PRESIDENT ONLY**

**NORTH VIETNAM**

Intercepts from Communist way-stations located in the Laos panhandle reflect the southward movement of more than 20 infiltration groups through the area since the beginning of May. Ten of these groups, totaling about 4,000 troops, are infantry headed for southern Laos or northern South Vietnam. The rest of the groups total fewer than 300 persons and apparently consist of specialists in military or civilian tasks. Gaps in the numbering suggest that several thousand additional troops are either now en route or about to depart.

*Some of the infantrymen now in the system could serve as replacements for Communist losses earlier this spring in South Vietnam's central highlands or in the current fighting in southern Laos. The Communists' intent may be to go beyond replacement of losses and provide enough reinforcement to increase their capability in these areas later in the year. We do not, however, look for large groups of infiltrators to make the long trek to southern South Vietnam and Cambodia until the rainy season draws to a close next fall.*

*There continue to be indications that the Communists will keep the bulk of their logistic forces in the Laos panhandle over the current rainy season. In addition to claiming some success for their May "transportation offensive" through the panhandle, the Communists are moving trucks along their main road link between Laos and northern Cambodia. During the dry season, they built or upgraded some 200 miles of new roads and motorable trails in northern Cambodia.*

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**SOUTH VIETNAM**

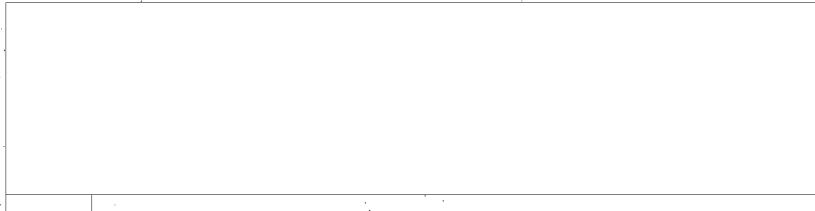
There is evidence that Communist forces are set for another period of heightened combat. Intercepts from units in the DMZ area and elsewhere during the past few weeks have reflected preparations for another "offensive." Captured documents and other reports indicate that allied installations and roads will come under attack in the central coastal region and that militia and territorial security forces will be among the main targets farther south.

*Although the coming round is pegged by some sources to Ho Chi Minh's birthday today, we think it more likely that most of the action will occur during the dark of the moon later this month. The activity will again consist mostly of shellings and light ground probes, with an occasional heavy attack against a remote outpost or refugee center. This provides the Communists with a relatively cheap means of weakening the government's position in the countryside, at least for a time. In those provinces where the Communists focused their greatest effort earlier this year, government control of the population registered a subsequent decline.*

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

SOUTH VIETNAM

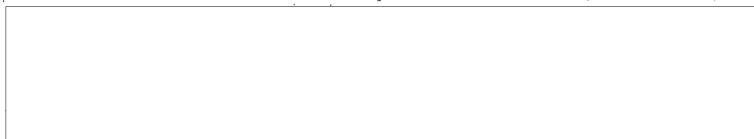


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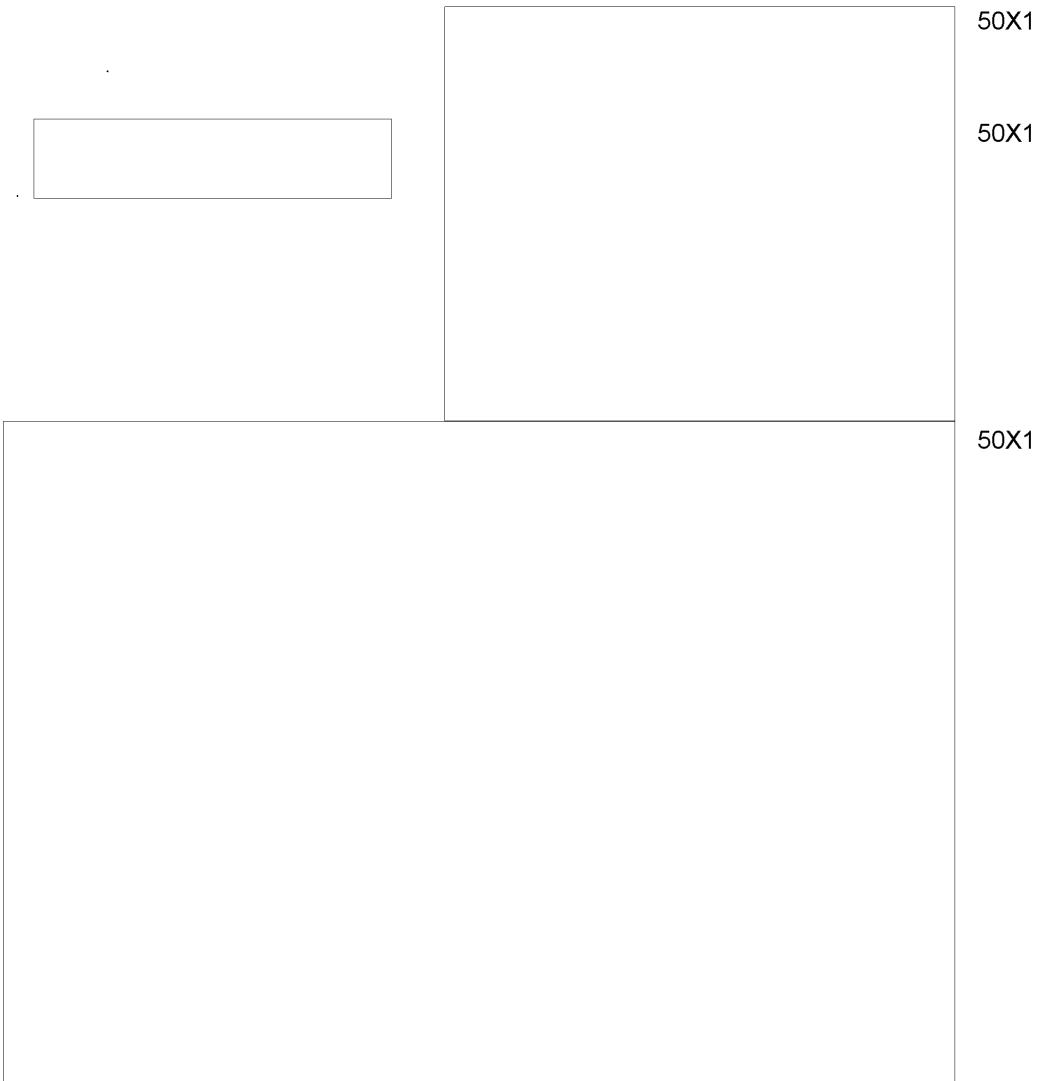
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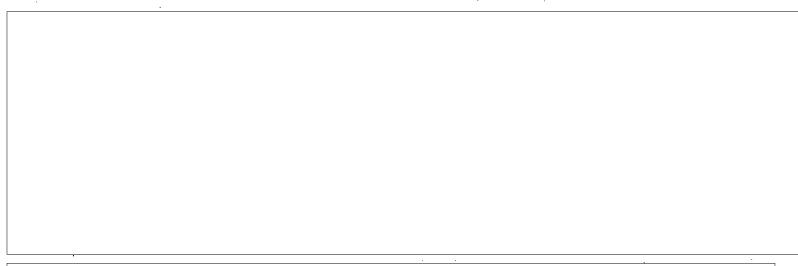


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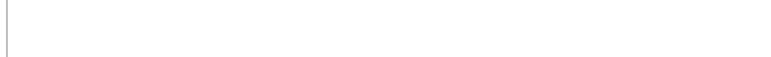


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*FOR THE PRESIDENT ONLY*

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NOTES

USSR:

[redacted] the Soviets will soon try again to launch an unmanned Mars probe. The three ships which participated in the unsuccessful launch of 10 May are at or near their support positions. Once again the Soviets are using an SL-12 booster, the type which failed to put the probe of 10 May into a suitable parking orbit and which has an exceptionally bad record.

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India-Pakistan:

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Panama: President Lakas appears once again to be in a mood to resign because of his unhappiness with the policies of General Torrijos. Lakas told Ambassador Sayre he is upset about last month's cabinet shakeup that brought back several extreme leftists and over the Foreign Ministry's hardening position on canal treaty negotiations. Lakas is also inclined to disbelieve the National Guard's charges that US soldiers last week tried to kidnap three US servicemen being held by the Guard. Two are soldiers who escaped from the stockade in the Zone and the other an airman under investigation for larceny. Lakas believes Panama's handling of the incident undercuts its argument that it can responsibly handle jurisdiction in the Canal Zone.

*FOR THE PRESIDENT ONLY*

*Top Secret*



# *The President's Daily Brief*

20 May 1971

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

20 May 1971

**PRINCIPAL DEVELOPMENTS**

Moscow's concern over the recent political upheavals  
in Egypt is evident

(Page 1)

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Current Chinese Communist production rates of the  
MIG-19 and other military aircraft are discussed  
on Page 2.

Jordan

(Page 3)

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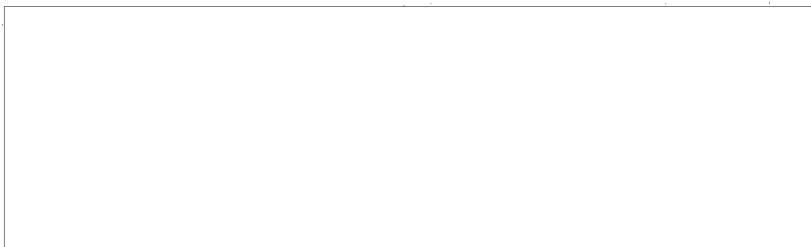
The Soviets have successfully launched a Mars probe  
on their tenth try. (Page 4)

**FOR THE PRESIDENT ONLY**

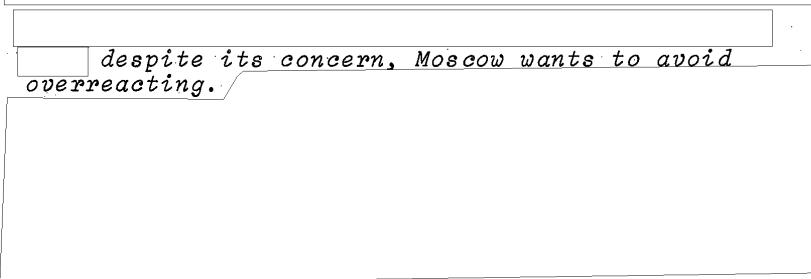
**FOR THE PRESIDENT ONLY**

**USSR-EGYPT**

Soviet news media continue to report on the changes in Cairo factually. In the only public comment thus far, "a responsible official source" in Moscow is quoted as saying that the USSR views the governmental changes in Cairo as an "internal matter."



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The extent of the Soviet setback is still not clear, probably not even to the Soviets. A common theme in comments by Soviet officials is that the recent course of events took Moscow by surprise and that the Soviets are worried over the implications of a possible Egyptian-US rapprochement. Moscow has previously experienced reverses in Cairo and probably feels that in the present circumstances it would be imprudent to get involved until the situation has sorted itself out. The USSR, however, is not likely to remain on the sidelines for long if it concludes its interests have been seriously threatened.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**COMMUNIST CHINA**

Our analysis of satellite photography [redacted] suggests that the production of MIG-19s could now be as high as 50 per month, compared to an average monthly rate of 35 last year. The latest photography showed 243 MIG-19s at the Shenyang airframe plant and 94 at a nearby airfield.

*This is the largest number of MIG-19s seen at the plant and the first sighting of more than a few at the airfield. The reason for this accumulation in the Shenyang area is unclear; it may simply reflect the inability of the air force to absorb new aircraft as rapidly as they are being produced.*

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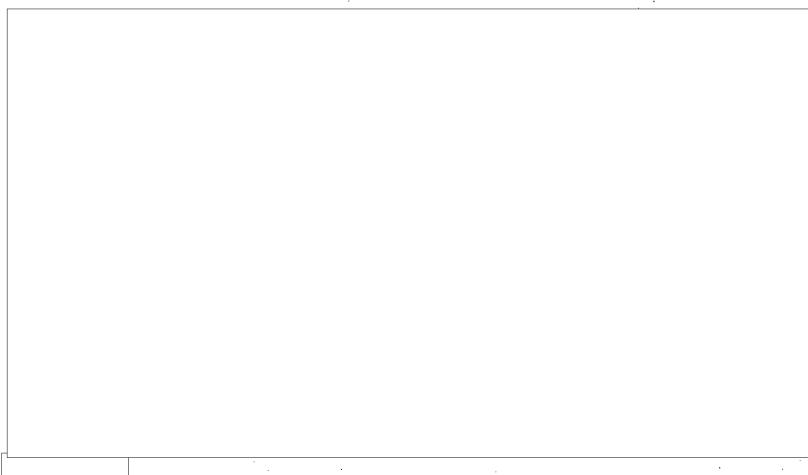
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**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

JORDAN

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*FOR THE PRESIDENT ONLY*



**FOR THE PRESIDENT ONLY**

**NOTES**

USSR: The Soviets successfully launched an unmanned Mars probe from Tyuratam yesterday, using an SL-12 booster.

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The probe, labeled Mars 2, probably is intended to soft-land a scientific package or to put a payload in orbit around the planet when it reaches there in late November. If the Mars probe succeeds in its mission, it will be the first successful one in ten attempts made by the Soviets since 1960.

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Laos: There have been no major North Vietnamese attacks since yesterday, when the Communists forced government troops to abandon Ban Houei Kong, the last government base on the Bolovens Plateau. The irregular task force operating between Ban Houei Kong and Paksong is continuing, however, to make some progress toward its high ground objectives near Paksong, although so far it has had only limited contact with the enemy. There have been several recent reports that Communist units are operating west of the Bolovens, suggesting that the North Vietnamese may intend to launch harassing attacks along Route 13 both north and south of Pakse. Two small-unit clashes occurred some 30 miles south of Pakse on 18 and 19 May.

Thailand - North Vietnam: Talks to arrange the repatriation of some 40,000 North Vietnamese refugees living in northeast Thailand have been suspended as a result of Hanoi's claim that the present "war" situation in North Vietnam would make such repatriation "unsafe." Both sides have used the negotiations, which resumed last fall when Hanoi sent a team to Bangkok, to raise political matters in corridor discussions. Hanoi's decision to withdraw its delegation suggests that it sees little reason at this time for trying to pursue a political dialogue with Bangkok.

**FOR THE PRESIDENT ONLY**

*Top Secret*



## *The President's Daily Brief*

21 May 1971

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

21 May 1971

**PRINCIPAL DEVELOPMENTS**

Cambodia

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(Page 1)

(Page 3)

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Communist China's internal politics are discussed  
on Page 4.

The mass exodus of refugees from East Pakistan to  
India threatens to bring relations between the two  
countries to the boiling point. (Page 6)

In addressing the National Assembly yesterday Sadat  
avoided new initiatives in foreign policy but prom-  
ised domestic reforms. (Page 7)

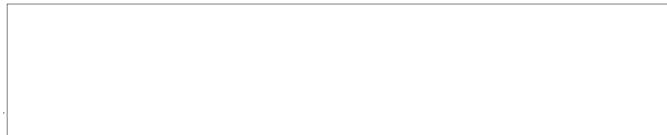
Communist China's new Mao-class submarine may have  
nuclear propulsion. (Page 8)

Peking is improving its space facilities. (Page 9)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

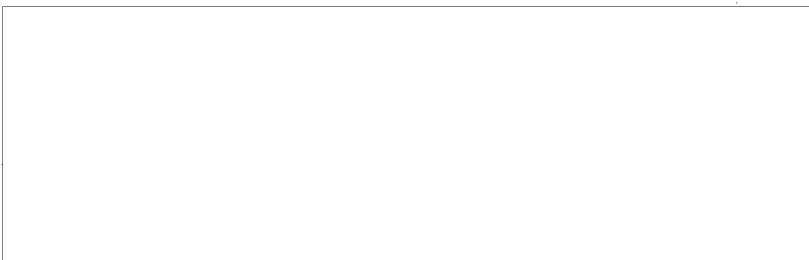
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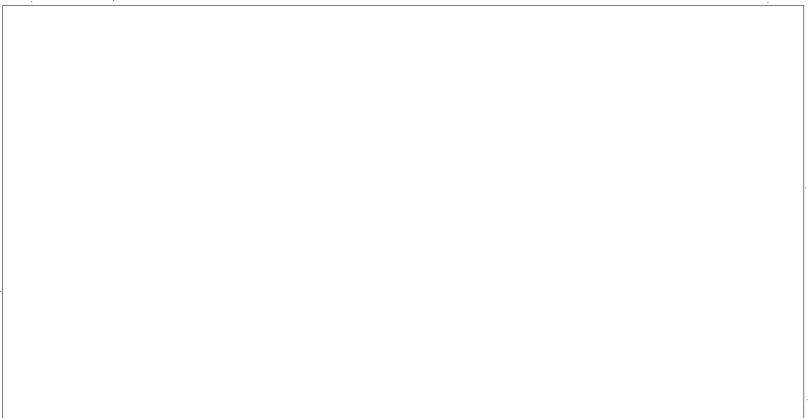


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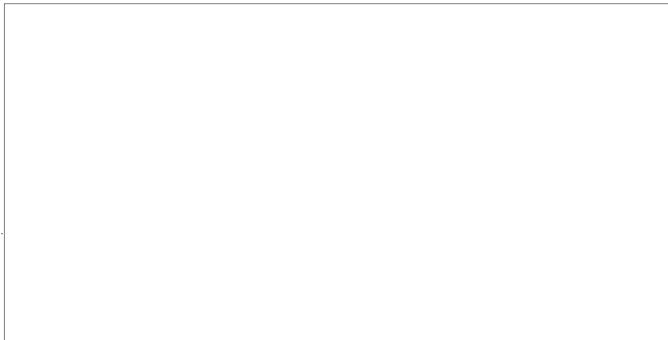


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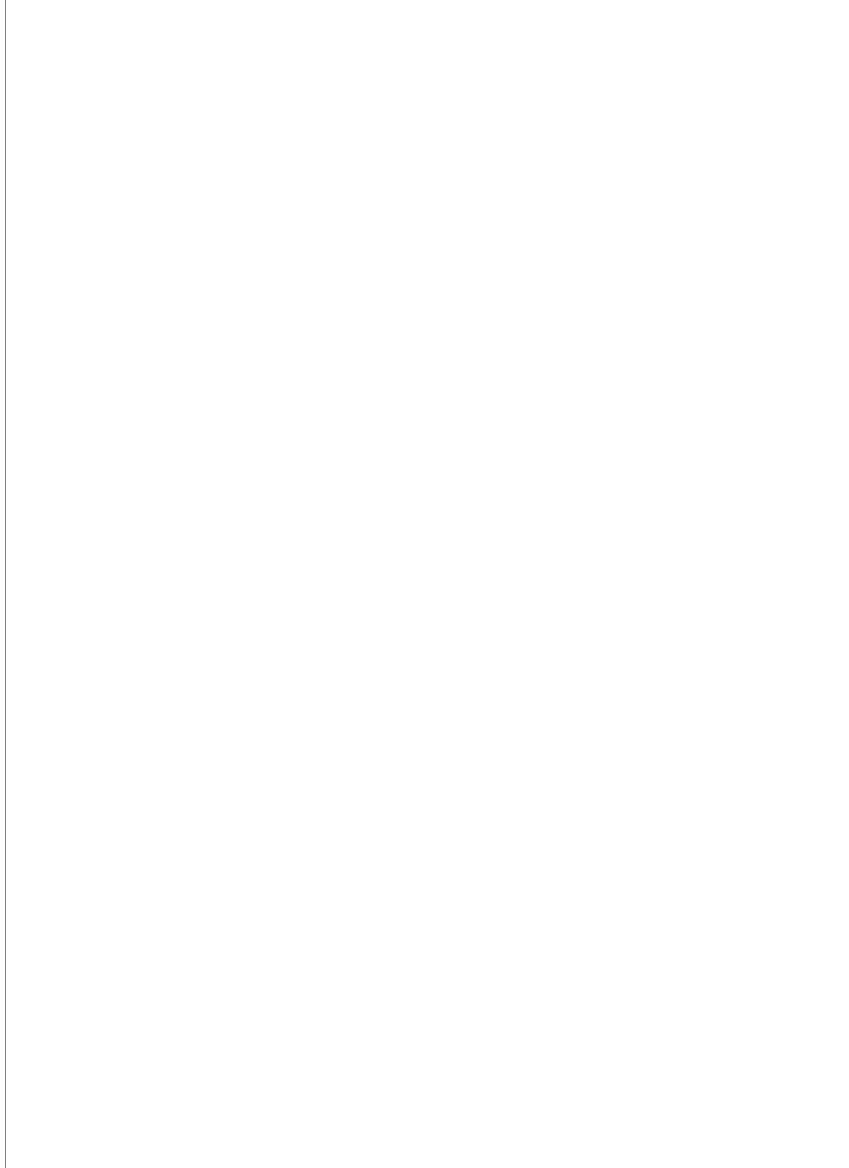
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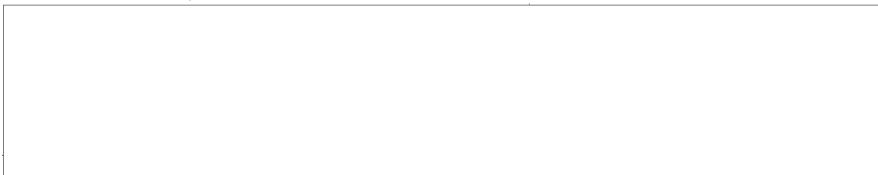
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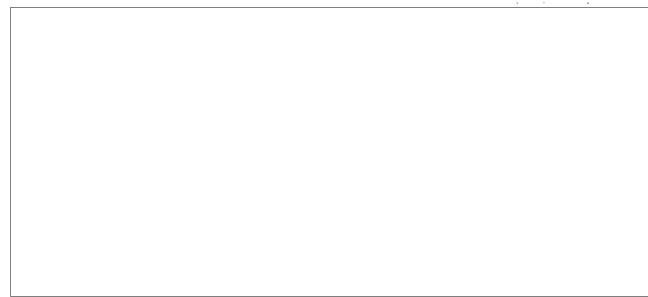
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FOR THE PRESIDENT ONLY

## COMMUNIST CHINA

*It is apparently now widely accepted in China that Chen Po-ta, Mao's personal secretary and fourth-ranking member of the regime's ruling politburo, has become the first major victim of the complex infighting which has been in progress within the politburo for the last year.*

[redacted] a recent article in the party theoretical journal Red Flag condemning "idealist apriorism" was an attack on Chen, even though he was not directly named. The article, given wide publicity on 15 May, excoriated sham Marxists who dispute Mao's view that theory must not be divorced from practice. Chen has long been the regime's leading theoretician, and the article is evidently intended to serve formal notice that Chen has been silenced.

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Chen's political demise clearly results from the long-standing dispute between radical ideologues--part of Mao's inner circle since the beginning of the Cultural Revolution--and a more vague grouping of proponents of relative moderation in domestic and foreign policy whose principal spokesman appears to be Premier Chou En-lai.

Chen is reported to have gotten into serious trouble because of his association with the notorious "May 16 Corps," an extremist organization that was denounced as "counterrevolutionary" in 1967 for its attacks on Chou En-lai, a number of his vice premiers, and several major regional military figures who are now on the politburo. An investigation of the activities of this group has been under way for some time. It apparently is a major effort, perhaps backed by Chou, to undercut the power of leftist elements in the politburo. The crackdown has affected nearly all levels of the central party and government and may soon reach a climax.

Other important leaders are probably implicated. Kang Sheng, the regime's top political security specialist, has been out of public view since last November, and [redacted] he and, to a much lesser extent, Madame Mao were criticized along with Chen Po-ta for "extremist" activities at a major party gathering last fall.

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(continued)

FOR THE PRESIDENT ONLY

**FOR THE PRESIDENT ONLY**

*Because both Chen and Kang have close personal and philosophic ties with Mao, the scope of the investigation raises serious questions as to the role of Mao himself. Evidently he has been persuaded that these leaders were working against him, but their eclipse will tarnish Mao's image and cast doubt on many of the aims and objectives of the Cultural Revolution.*

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**INDIA-PAKISTAN**

Ambassador Farland comments from Islamabad that the mass exodus of refugees from East Pakistan to India may be bringing relations between the two countries to the boiling point. He notes New Delhi's warning to the Pakistanis last weekend that the "deliberate expulsion" of Bengalis was "leading to a threat to peace in the region." This he believes is designed in part to lay the groundwork for any forceful action India might eventually decide to take to cope with the situation.

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a number of strongly worded articles appearing in the local press yesterday were clearly inspired by a Foreign Office briefing. The thrust of the stories was that India will be forced to act to protect its national interests if other nations fail to bring enough pressure on Islamabad to end the crisis in East Pakistan.

New Delhi is trying to give impetus to its current diplomatic offensive against Islamabad.

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Although some refugee relief aid has already been channeled to India through volunteer organizations, the Indians believe that much more will be needed and that the situation may become desperate.

Notwithstanding their sympathy for--and aid to--the Bengali dissidents, the Indians almost certainly hope that an armed conflict with Pakistan can be avoided.

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a growing number of Indian officials view armed intervention as a real possibility.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**EGYPT**

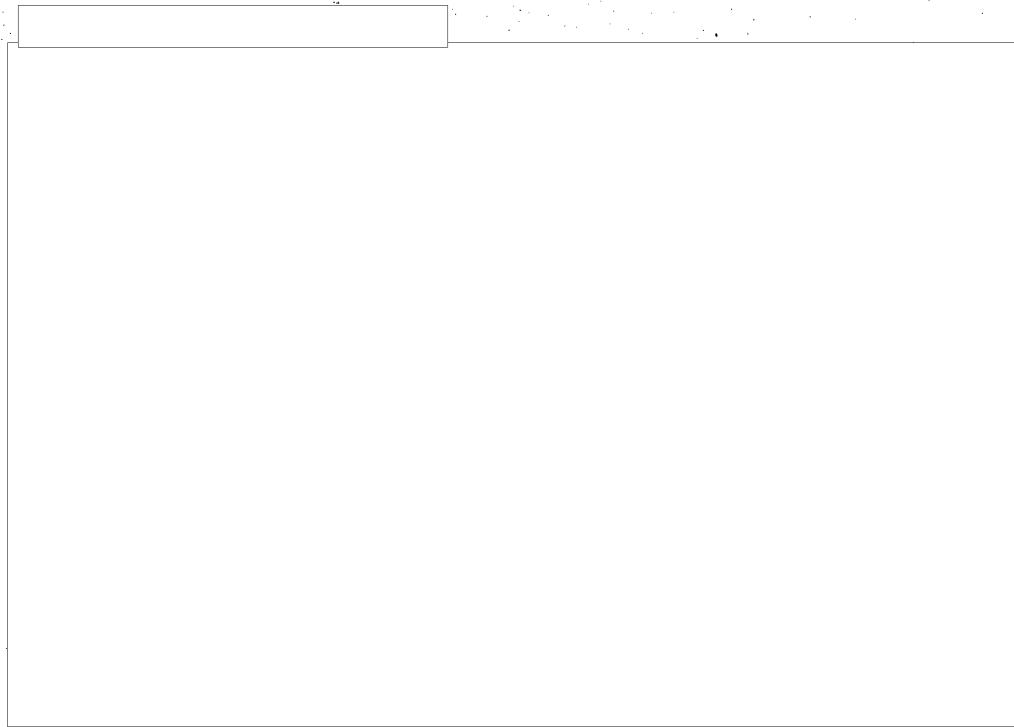
In his address to the National Assembly yesterday, Sadat put forth no new initiatives in foreign policy. He reiterated Cairo's position that Egyptian forces must be allowed to cross the canal under any interim settlement with Israel and that a partial Israeli withdrawal must be tied to an over-all settlement. He praised Egypt's "honest and sincere friend, the Soviet Union" in an effort to reassure Moscow on the status of Soviet interests following the major upheaval in the Egyptian Government. He also urged the US to "squeeze Israel" to break the impasse in the negotiations.

Sadat again stressed his policy of liberalizing Egypt's political institutions. He directed his government to draft a permanent constitution, a goal that Nasir had deferred until after a settlement with Israel. He also pledged to rebuild "from top to bottom" the Arab Socialist Union, Egypt's only political party, whose top leadership fell victim to last week's purge.

*Sadat's dramatic announcement that he would not seek another term presumably was meant to underline his call for "continuous rejuvenation" of higher officials. Inasmuch as his own current term does not expire until 1976, this self-denying statement does not carry much weight now.*

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*FOR THE PRESIDENT ONLY*

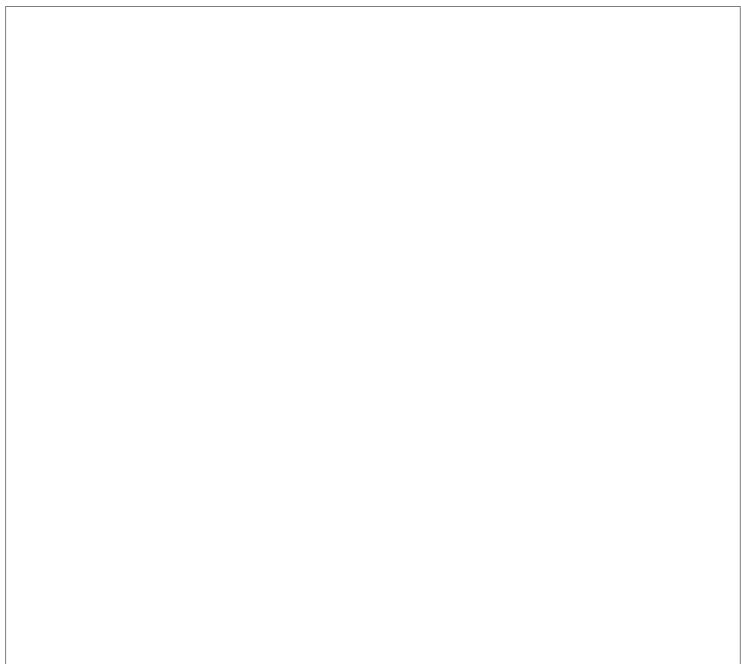
**COMMUNIST CHINA**

China's new submarine has recently been seen again in satellite photography at the north China shipyard where it was first observed in January. A large section of hull plating evidently has been removed from the pressure hull.

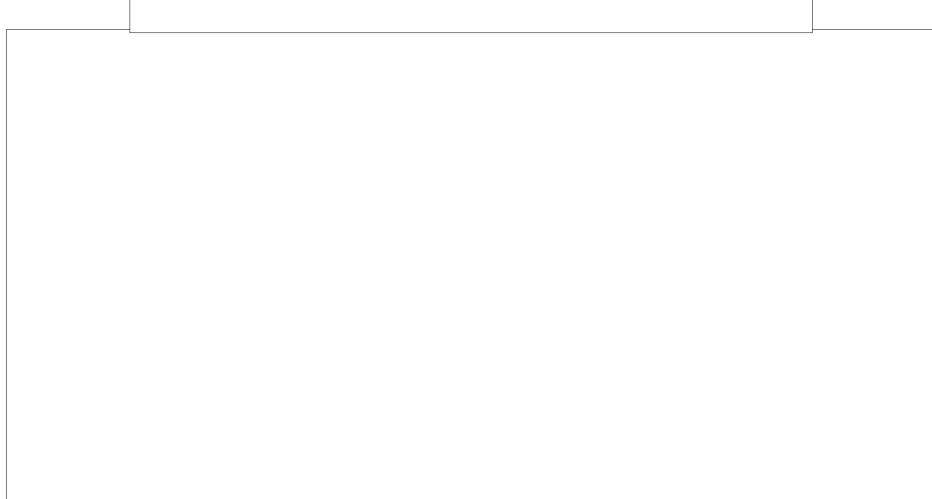
*The pressure hull opening is in the approximate area where a nuclear reactor would be located and is the kind necessary for fueling a reactor. This evidence, however, is not sufficient to permit a firm determination that the submarine is to have nuclear propulsion.*

*The submarine--designated the Mao class--is expected to be ready for sea trials within the next year. It is the first submarine of Chinese design and has a hull form suitable for high-speed operation.*

*FOR THE PRESIDENT ONLY*



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*FOR THE PRESIDENT ONLY*

**NOTES**

Communist China: Satellite photography shows that the Chinese are building a fourth permanent tracking facility near Kun-ming. The new installation apparently will have a large dish antenna similar to those at two other tracking stations, one west of Peking and the other near Shanghai. The remaining tracking station is in west China. Chinese space launch facilities have also been improved recently by the completion of a new launch site called B-2, at the Shuang-cheng-tzu missile test range. The new site can accommodate larger space boosters than the site from which both of China's satellites were apparently launched.

Egypt-Romania: [redacted]

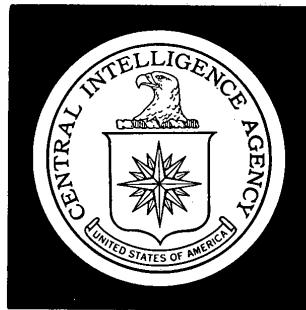
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*FOR THE PRESIDENT ONLY*

*Top Secret*



# *The President's Daily Brief*

22 May 1971

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

22 May 1971

**PRINCIPAL DEVELOPMENTS**

The Indians are making contingency plans for possible military action against Pakistan. (Page 1)

[redacted] preparations are under way for further major Soviet space operations. (Page 2)

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Military developments in the Laos panhandle are reported on Page 3.

50X1

[redacted]  
The Chilean Government is taking a tougher line toward US companies, perhaps because of pressure from Socialist Party leaders. (Page 5)

The Soviet economic delegation to the US hopes to secure a commitment permitting the export of technology and equipment for its truck industry.  
(Page 6)

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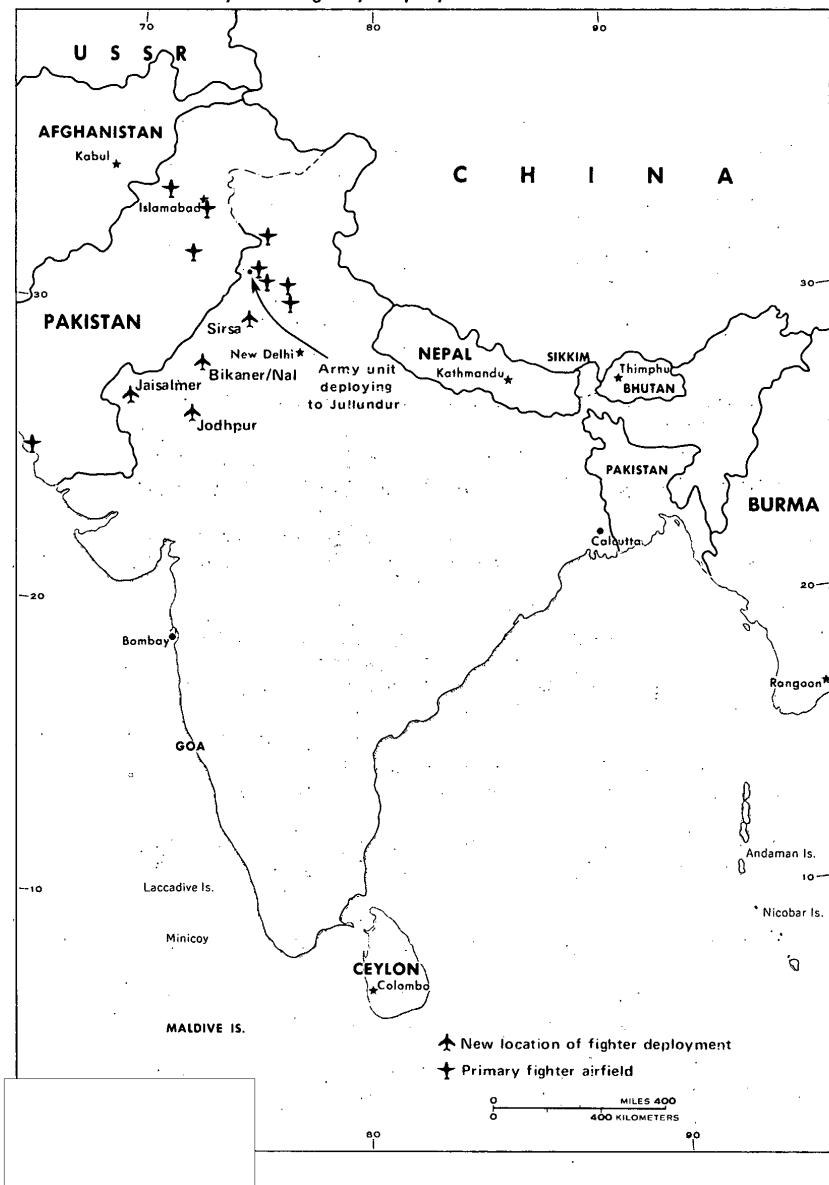
[redacted] Latin America [redacted] Page 7.

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The Bolivian Government has announced the expulsion of the Peace Corps. (Page 8)

**FOR THE PRESIDENT ONLY**

India Initiates Military Contingency Deployment



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FOR THE PRESIDENT ONLY

## INDIA-PAKISTAN

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the influx of refugees from East Pakistan is only one of the growing pressures on the Indian Government to take drastic action. The opening of parliament on Monday will tend to solidify public opinion--with which Mrs. Gandhi largely agrees anyway--in favor of some form of intervention. The main argument against military action is the possible Chinese reaction;

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*So far this seems to be only contingency planning.*

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We see no strong indication that hostilities are imminent, but we have recently noticed some preparations of the sort we would expect the Indians to make if they believed there was a possibility of armed conflict:

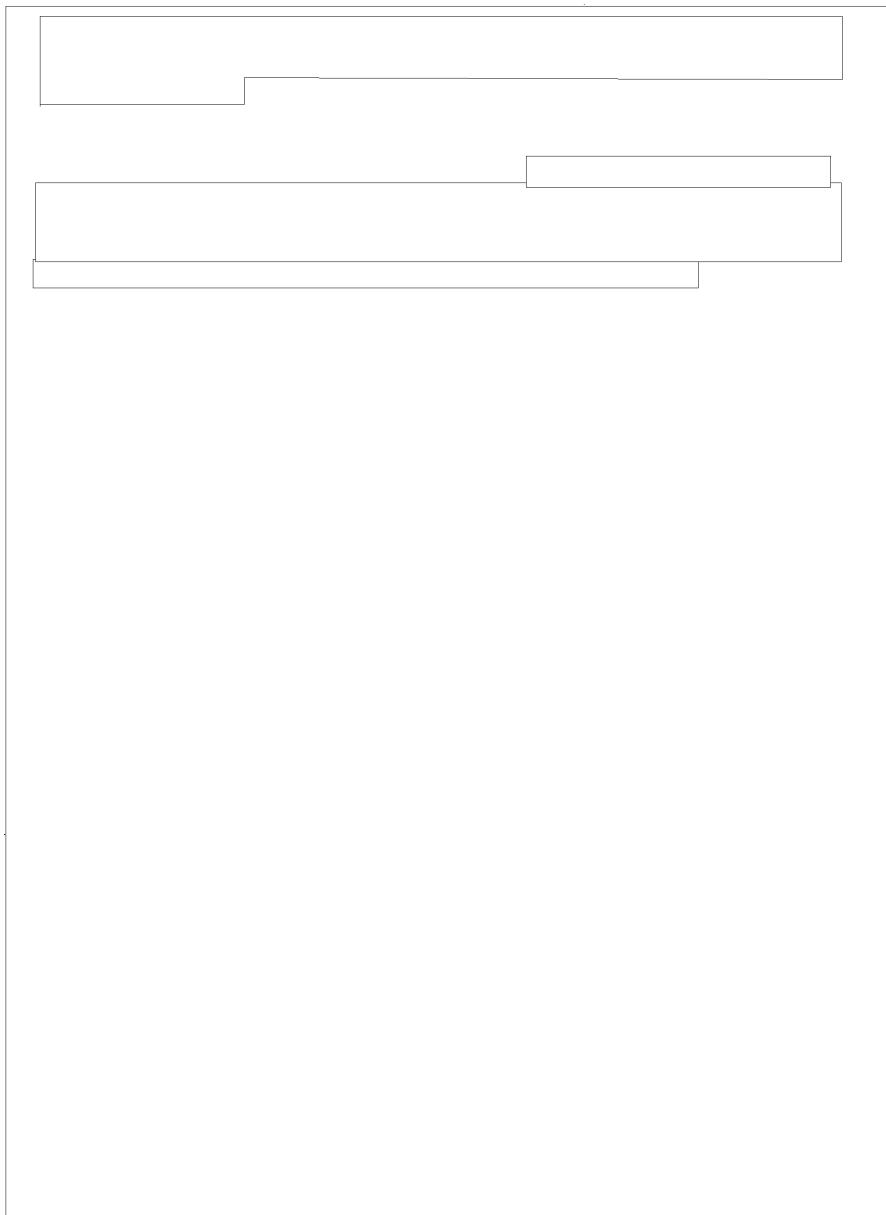
--In satellite photography of 6 May, combat aircraft were observed at three reserve airfields in northwest India that have been vacant for several years. In addition, Indian-built subsonic jet fighters were at Jodhpur airfield, a facility normally used for intermediate flight training. This suggests a dispersal of fighter units in a potential combat area.

--On 20 May an infantry battalion--600-800 troops--was seen moving westward, apparently from New Delhi or central India, accompanied by approximately 12 T-55 tanks. The US Army attaché thinks the ultimate destination of this unit is probably Jullundur, about 50 miles from the India - West Pakistan border. The troops were in full battle dress and all vehicles and tanks were camouflaged.

FOR THE PRESIDENT ONLY

*FOR THE PRESIDENT ONLY*

USSR



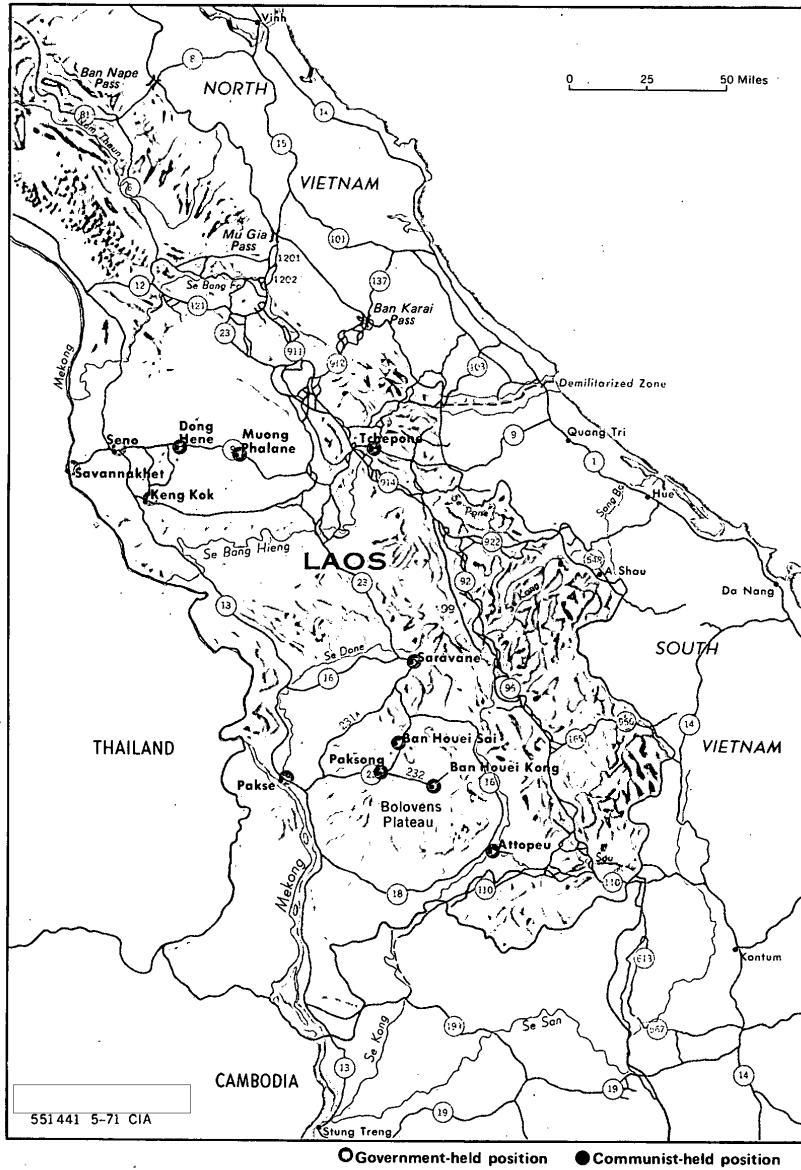
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*FOR THE PRESIDENT ONLY*



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FOR THE PRESIDENT ONLY

LAOS

According to an intercepted message, a Communist artillery company that is to be attached to the North Vietnamese 141st Regiment has been ordered to attack the government garrison town of Seno. Both units are believed to have participated in the capture of Dong Hene on 17 May. Intercepts associated with another North Vietnamese regiment in the same area suggest that it too is making combat preparations, but its target areas were not specified.

Government forces have established blocking positions to the west of Dong Hene and are actively patrolling around Keng Kok to the southwest. Several skirmishes have occurred around Dong Hene and a North Vietnamese reconnaissance unit reportedly has been active near Seno, but so far the Keng Kok area has been quiet.

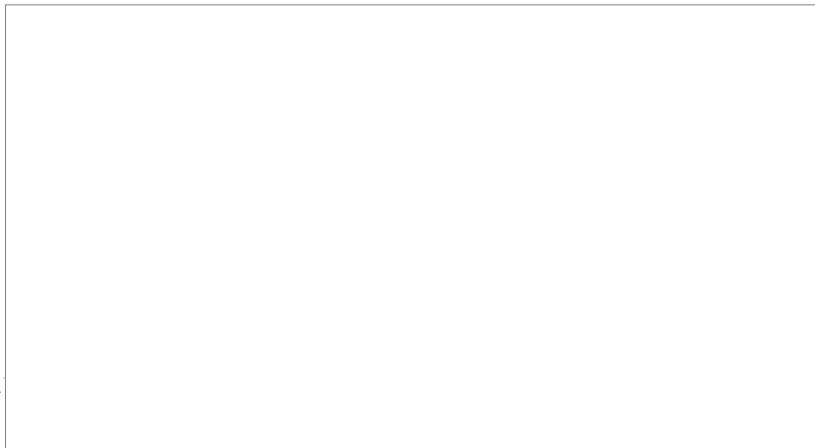
*The government's ability to hold either Seno or Keng Kok in the face of a determined North Vietnamese assault is uncertain. Regular army units are suffering from low morale and poor leadership, and their ability to withstand prolonged Communist artillery fire is open to question. Should they break, irregular units in the area probably could not stem any North Vietnamese advance.*

On the Bolovens Plateau to the south, the Communists, who seem to be trying to consolidate their recent gains, have been relatively inactive during the past two days. Government irregulars east of Paksong continue to move toward high-ground objectives near the town. They report that the enemy is well dug in at some of these positions as well as along Route 232, which enemy troops are actively patrolling. Government forces that withdrew from Ban Houei Kong on 19 May have been ordered back to that area; they are now about seven miles west of the town. None of these units so far has encountered significant enemy resistance.

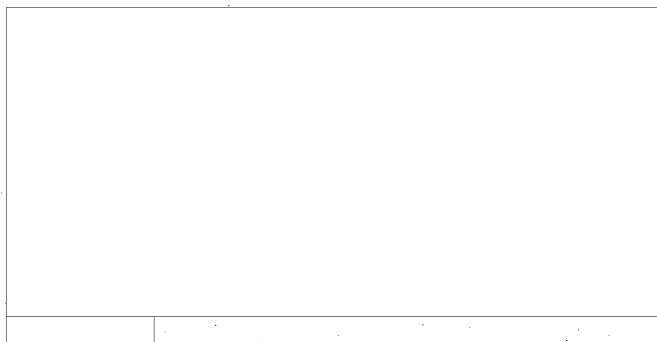
FOR THE PRESIDENT ONLY

*FOR THE PRESIDENT ONLY.*

SOUTH VIETNAM

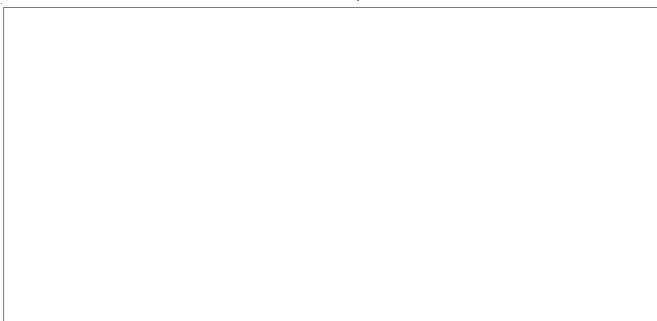


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*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**CHILE**

The government on 20 May took over the El Teniente copper mine, owned 51 percent by the Chilean Government and 49 percent by Kennecott, in violation of both the US company's management contract and of Chilean law. In addition, the government at the last minute held up publication of its agreement to buy out the Cerro Company's 70-percent interest in the Andina Rio Blanco mine.

*The government's tougher line seems to stem from the greater power of the Socialist Party, whose secretary general, Carlos Altamirano, was reported several months ago to be pushing for a confrontation between Chile and the US. Until recently Allende has followed a gradual approach, but his more vindictive Socialist Party colleagues now appear to have increased their influence over him and some of his more pragmatic advisers.*

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**USSR-US**

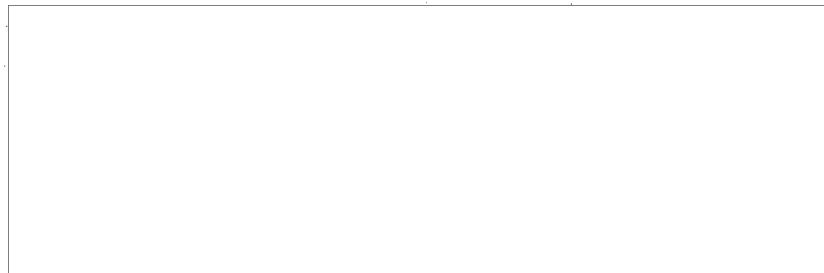
The Soviet economic delegation now holding talks with US officials (discussed in The President's Daily Brief on 24 April and 13 May) has indicated that it wishes to wrap up in one package a firm US commitment to permit the export of technology and equipment for the Soviet truck industry and tentative Soviet offers to buy large quantities of items not subject to trade controls. The USSR has signed an agreement that calls for Mack Truck to provide technology for the Soviets' Kama River truck plant assembly shop; it is ready to pay an estimated \$70 million in cash for foundry equipment and a production line for crankshafts, if licensing is available. It also wishes to barter nickel ore for 50 large off-highway trucks to be used for its nickel industry.

*To induce a relaxation in US trade controls, the Soviet delegates are vaguely referring to purchases over the next several years of "up to" \$1 billion in equipment to produce consumer goods, specifically mentioning food processing equipment and tools for the production of furniture and air conditioners. (This offer earlier was reported as \$1 million for consumer goods.) Given Soviet allocation priorities, we believe it unlikely that they would be prepared to use very much hard currency to set up efficient furniture factories or air conditioning plants.*

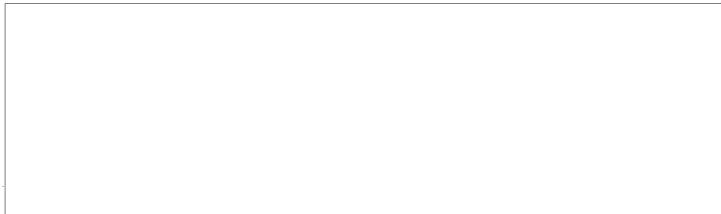
**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

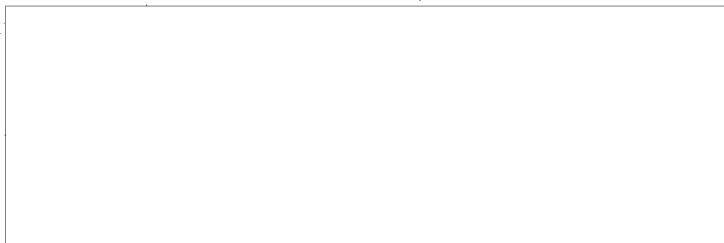
**USSR - LATIN AMERICA**



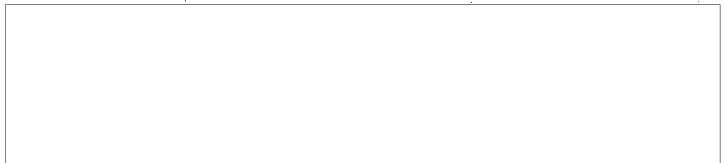
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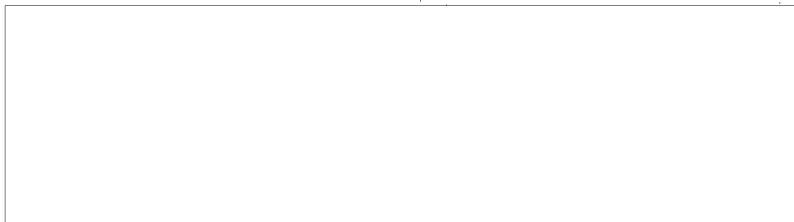
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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**NOTE**

**Bolivia:** The government unilaterally terminated the Peace Corps agreement yesterday and said the volunteers would have to leave the country. The expulsion, which climaxes a virulent campaign by the far left to have the Corps removed, is the first of its kind in Latin America. Ostensibly, the action results from charges of misconduct and from the government's conclusion that the Corps is no longer useful in Bolivia. Actually, however, it reflects the essential weakness of the Torres government and its critical need for support from the left.

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

Sunday Cable

23 MAY 1971

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HEREWITH PDB FOR 23 MAY

INDIA - PAKISTAN

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THESE INCIDENTS OCCURRED IN AN AREA WHERE CROSS-BORDER FIREFIGHTS HAVE BEEN NOTED FREQUENTLY SINCE THE TROUBLE IN EAST PAKISTAN BEGAN IN MARCH.

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PRESIDENT YAHYA'S STATEMENT ON 21 MAY REGARDING THE EAST PAKISTANI REFUGEES (NOW NUMBERING ABOUT 3,300,000) IS LIKELY TO BE OF LITTLE HELP IN LOWERING SUCH TENSIONS.

ALTHOUGH HE ACKNOWLEDGED FOR THE FIRST TIME THAT LARGE NUMBERS OF "INNOCENT PERSONS" IN ADDITION TO "MISCREANTS AND INFILTRATORS" HAD FLED THE EAST AND SOUGHT SHELTER IN INDIA, HE PUT MUCH OF THE BLAME FOR THIS EXODUS ON INDIAN BLANDISHMENTS AND INTERFERENCE. IT IS ALSO UNLIKELY THAT YAHYA'S CLAIMS THAT CONDITIONS IN THE EAST ARE RETURNING TO NORMAL AND HIS PROMISES OF AMNESTY TO "LAW-ABIDING CITIZENS OF PAKISTAN" WILL DO MUCH TO STEM THE FLOW OR ENCOURAGE THE RETURN EITHER OF BANGLA DESH SUPPORTERS OR OF HINDUS (ALMOST 85 PERCENT OF THE REFUGEES) WHO FEAR THAT ISLAMABAD INTENDS TO EXPEL ALL NON-MUSLIMS FROM ITS EASTERN WING.

23 May 71

LAOS

2

COMMUNIST FORCES IN THE CENTRAL PANHANDLE CONTINUED TO BE ACTIVE YESTERDAY, MAKING FURTHER ATTACKS ON GOVERNMENT BLOCKING POSITIONS NORTH, WEST, AND SOUTH OF DONG HINE, THE TOWN ON ROUTE 9 THAT FELL TO THE COMMUNISTS ON 17 MAY. SOME OF THE GOVERNMENT IRREGULARS NORTH AND NORTHWEST OF THE TOWN HAVE SINCE ABAONDONED THEIR POSITIONS AND MOVED TOWARD ROUTE 9.

FARTHER SOUTH, ON THE BOLOVENS PLATEAU, THE GOVERNMENT IRREGULAR TASK FORCE TRYING TO SECURE HIGH GROUND AROUND THE COMMUNIST HELD TOWN OF PAKSONG HAS NOW BEGUN TO ENCOUNTER TOUGHER RESISTANCE. A FEW MILES TO THE WEST OF PAKSONG ON ROUTE 23 HOWEVER, LAO ARMY UNITS SUCCEEDED IN REOCCUPYING A VILLAGE THAT HAD FALLEN TO THE COMMUNISTS.

ALTHOUGH THERE IS STILL NO EVIDEECE THAT THE NORTH VIETNAMESE FORCES ON THE BOLOVENS ARE PREPARING ANY IMMINENT MOVE AGAINST THE MEKONG RIVER TOWN OF PAKSE, TWO NORTH VIETNAMESE COMPANIES WERE REPORTEDLY SPOTTED ABOUT 15 MILES NORTH OF PAKSE ON 20 MAY NEAR A DAM THAT PROVIDES THE SOURCE OF THE CITY'S ELECTRIC POWER. ACCORDING TO THE US EMBASSY IN VIENTIANE, THERE CONTINUES TO BE CONSIDERABLE CONFUSION AND ALARM IN PAKSE, INCLUDING AN EXODUS OF KEY CIVILIANS, AN INFILUX OF REFUGEES FROM THE FIGHTING TO THE EAST, AND SHARP PRICE INCREASES.

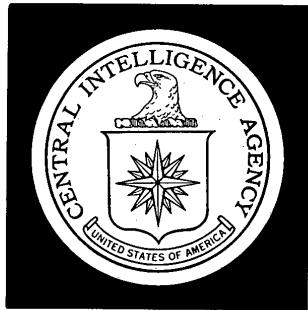
2

IN NORTHERN LAOS, GROUND ACTION AROUND LONG TIENG, REMAINS AT A LOW LEVEL, AND THERE IS EVIDENCE FROM INTERCEPTS THAT ADDITIONAL ELEMENTS OF THE NORTH VIETNAMESE 316TH DIVISION HAVE PULLED BACK FROM THE AREA AND ONTO THE PLAINES DES JARRES. AROUND THE ROYAL CAPITAL OF LUANG PRASANG, THERE CONTINUES TO BE A LULL IN COMMUNIST ACTIVITY AND GOVERNMENT COMMANDERS BELIEVE THAT ENEMY FORCES NORTHEAST OF THE CITY HAVE MOVED BACK TO MORE SECURE AREAS. GOVERNMENT TROOPS HAVE NOW REOCCUPIED ALL OF THE TERRITORY THEY LOST DURING THE NORTH VIETNAMESE OFFENSIVE AROUND LUANG PRABANG THAT WAS LAUNCHED ON 26-27 MARCH.

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*Top Secret*



# *The President's Daily Brief*

24 May 1971

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

24 May 1971

**PRINCIPAL DEVELOPMENTS**

The opening of India's parliament will add a new forum for denunciation of Pakistan. (Page 1)

Podgorny is reported to be going to Egypt. (Page 2)

Chile

Cuba

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(Page 3)

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**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

## **INDIA-PAKISTAN**

*The opening of the Indian parliament today will provide an additional forum for anti-Pakistan denunciations and grist for the Indian press campaign of sympathy for the Bangla Desh secessionist movement. It is also likely to add to the pressures on Prime Minister Gandhi for diplomatic recognition of an independent East Bengal or for outright invasion of East Pakistan.*

*Mrs. Gandhi, in a statement on 22 May, again pointed to the "heavy and crushing burden" imposed on India by the refugees from East Pakistan and to the growing potential for communal conflicts throughout India because of the fact that so many of the refugees are Hindus. Reports of genocidal actions by the Pakistani Army--increasingly described as a "plot against Hindus"--have already resulted in violence against Indian Muslims living near the refugee camps. New Delhi is also concerned that there are Pakistani infiltrators in the camps.*

*President Yahya's public statement on 21 May urging the return of the more than three million refugees is likely to be of little help either in stemming the flow or in lowering tensions with India. Although he acknowledged for the first time that many "innocent persons" have fled in addition to "miscreants and infiltrators," he put most of the blame for the exodus on India. His claims that life in East Pakistan is "fast returning to normal" and that all "law-abiding citizens" will be welcome are not likely to persuade either Bangla Desh supporters or Hindus that it is safe to return home.*

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**USSR-EGYPT**

Soviet President Podgorny will go to Egypt on Tuesday for three days of talks, according to Arab press reports.

Such a visit, if it materializes, would be the most tangible sign so far of Soviet anxiety over Sadat's recent purge. There is evidence that Moscow is confused over Sadat's changes and would welcome an opportunity to obtain both an explanation and reassurances from him. A high-level visit would also help refurbish the public image of close Soviet-Egyptian ties, which has been tarnished by press speculation about the recent events.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY.**

**CHILE-CUBA**



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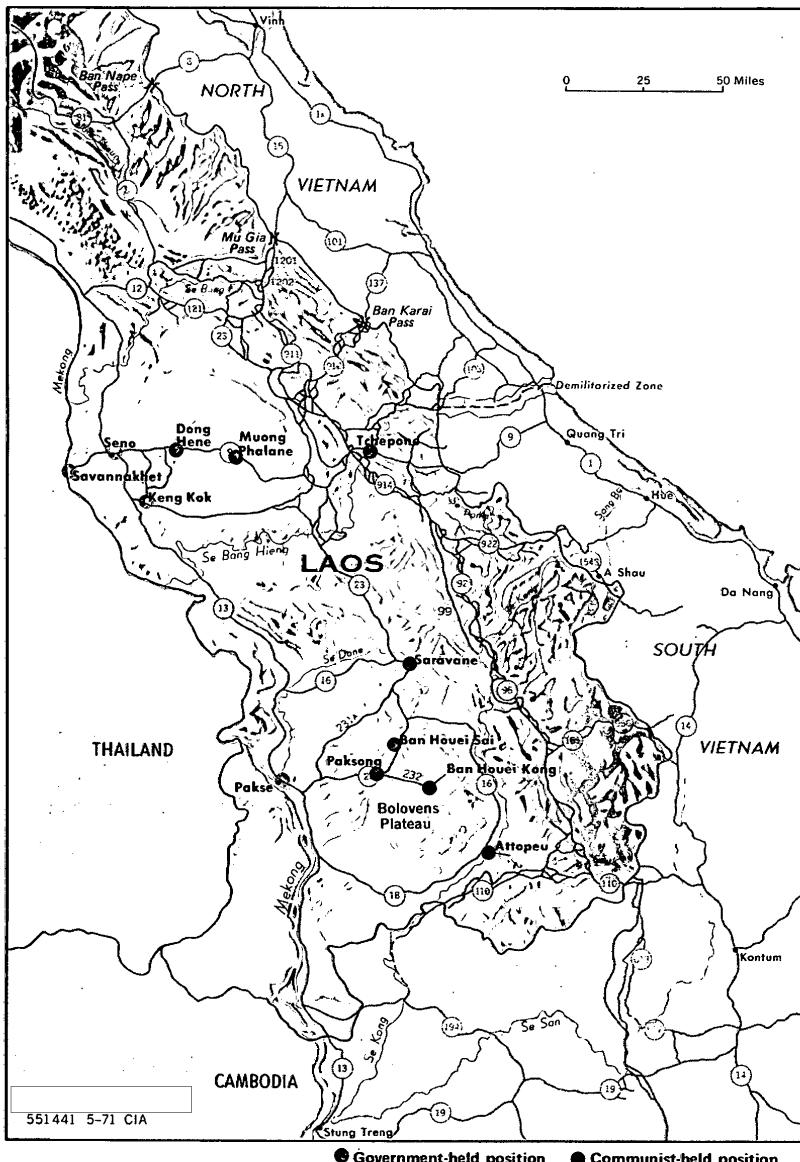


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**FOR THE PRESIDENT ONLY**



**FOR THE PRESIDENT ONLY**

**NOTES**

South Vietnam: The daily bombardments of allied targets just south of the eastern Demilitarized Zone since 19 May may be the Communists' most concerted series of shellings in this area of the past three years. There are indications that this activity has not yet run its course and that the Communists still plan attacks in some other areas during their present offensive phase. There were scattered engagements during the past week in and around the A Shau Valley, where allied troops are operating, and some heavy ground fighting in the central highlands. No comparable increase in Communist activity was noted farther south, however, where Communist offensive capabilities are more limited.

Laos: The government irregular task force which has been trying to secure high ground around the Communist-held town of Paksong on the Bolovens Plateau ran into fairly stiff resistance during the weekend. A few miles west of Paksong, however, Lao Army units reoccupied a village on Route 23. Although there is still no evidence that North Vietnamese forces plan to attack Pakse, the town remains in a state of alarm and confusion. In the central panhandle, clashes continue around Dong Hene, but there has been no significant Communist westward movement on Route 9 toward Seno, which [redacted] is an enemy target.

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USSR-Cuba: A Soviet submarine tender entered the Caribbean Sea on 22 May and is moving westward toward Cuba. This is the same ship that operated in Cuban waters until early April. TASS has announced that the tender and one submarine will visit Cuba in late May and early June.

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[redacted] According to TASS, the ships will replenish their supplies and give their crews shore leave while visiting Cuba.

(continued)

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

Argentina: The Trotskyite People's Revolutionary Army (ERP) claimed responsibility for the kidnapping yesterday of the honorary British consul in Rosario and says it will stage a week of terrorism to mark the second anniversary of the Cordoba and Rosario riots. The ERP, the largest terrorist group in Argentina, may have selected Consul Sylvester partly because he is local manager of the Swift Packing Company, which has been a frequent target of nationalist invective. The Argentine military is likely to react to a new wave of terrorism by pressing President Lanusse to take tougher internal measures.

**FOR THE PRESIDENT ONLY**

*Top Secret*



# *The President's Daily Brief*

**25 May 1971**

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

25 May 1971

**PRINCIPAL DEVELOPMENTS**

Yahya hopes that an early return to civilian government will ease the situation in East Pakistan.  
(Page 1)

Mrs. Gandhi's tough talk on the East Pakistani refugee problem is intended to maintain pressure on Pakistan while keeping India's options open. (Page 3)

Satellite photography again shows Egyptian-marked aircraft at several airfields in the USSR. (Page 4)

At Annex, we discuss Soviet economic leverage on Egypt.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**PAKISTAN**

President Yahya has told Ambassador Farland that next month he will announce a program for eventually turning the government over to civilians. Yahya expects the provincial and national assemblies elected last December to begin to function next fall. He says that only six to seven percent of the 479 East Pakistani seats--a handful vacated by fugitives and those guilty of "capital crimes"--will have to be filled through by-elections.

*Yahya may be badly overestimating the number of East Pakistani politicians who would be willing to participate. For example, of the 447 Awami leaguers who were elected to the two assemblies, only six have announced support for the government since military action began in the East wing on 25 March.*

Yahya admitted that the flow of refugees into India has been substantial, but said his plan for early establishment of civilian government would ease the problem. He charged that Indian interference is preventing a return to normal conditions in East Pakistan. He hotly denied there is any plan to drive Hindus out of East Pakistan and said that Farland's information to the contrary was based on Indian propaganda and the "provocative" comments of the Voice of America and the British Broadcasting Company.

*Yahya's vehement denials are not well founded.*

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*[Redacted] little doubt about the government's approach to the problem of the East Bengali Hindu minority. This policy could, of course, be reversed, but even if Yahya ordered prompt measures to ameliorate conditions in East Pakistan, there would be little the government could do to bring an early end to the flight of the frightened Bengalis. Few of those already in India are likely to return as long as the army remains the ultimate authority in East Pakistan.*

(continued)

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

According to Z.A. Bhutto, West Pakistan's leading politician, the civilian central government proposed by Yahya would operate under a constitution prepared by the military authorities. Bhutto says Yahya told him that the new system would be "generally responsive" to the East Pakistani demands for provincial autonomy.

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[redacted]  
considerable disagreement within the military over early establishment of civilian government in either East or West Pakistan. Whatever Yahya's intentions, his more hawkish generals may force him to retain preponderant power for the military.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**INDIA-PAKISTAN**

Prime Minister Gandhi's tough statement yesterday on the East Pakistani refugee problem was calculated to maintain pressure on Pakistan while keeping India's options open. In carefully measured language she told the opening session of parliament that Pakistan must provide "credible guarantees" for the return and future safety of the refugees. She added that unless the great powers take action to remedy the situation, New Delhi will be "compelled to take all measures as may be necessary" to protect Indian "social and economic life." Although Pakistani leaders will not miss the hint that military action is one possibility under consideration, Indian legislators can be expected in coming days to press for an even more bellicose endorsement of Bangla Desh.

\* \* \*

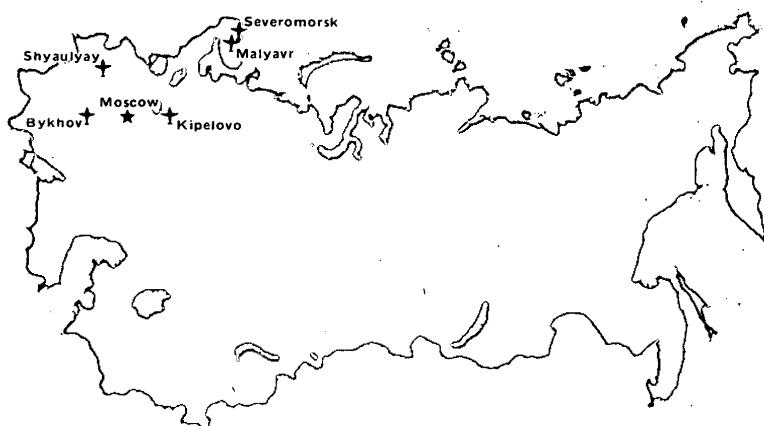
East Pakistani

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[redacted] secessionists now in India are increasingly discouraged at the prospect of a prolonged guerrilla struggle against the Pakistani Army. Some of the secessionist leaders seem to be falling back on the hope that India, in its own interest, will intervene militarily to alleviate the refugee problem within the next several weeks before the advent of the summer monsoon.

**FOR THE PRESIDENT ONLY**

Egyptian-Marked Aircraft in USSR



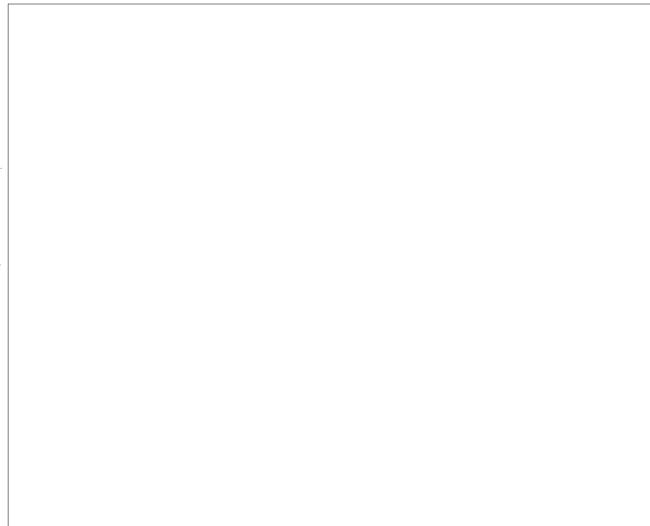
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**FOR THE PRESIDENT ONLY**

**USSR-EGYPT**

Recent satellite photography showed a number of IL-38 Egyptian-marked antisubmarine warfare aircraft and TU-16 bombers at four airfields in the USSR. Four IL-38 ASW aircraft with Egyptian markings were seen at Kipelovo airfield, and Egyptian-marked TU-16s were observed at Bykhov, Severomorsk, and Malyavr. The photography also shows at least one and possibly four similarly marked AN-12 transports at Shyaulyay airfield in the Lithuanian SSR. The number of TU-16s cannot be determined because of variations in image quality and canvas coverings on most aircraft. No air-to-surface missiles (ASMs) were seen with the Egyptian-marked aircraft.



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**FOR THE PRESIDENT ONLY**

**Soviet Economic Credits to the UAR Extended and Drawn**

(Million US Dollars)

	Date Extended	Amount Extended (as of 19 May 1971)	Amount Drawn (as of 31 Dec 1970)
Total		<u>1,205.3</u>	<u>669.1</u>
Oil drilling equipment a/	1957	8.6	8.6
Industrial development credit b/	1958	175.0	175.0
Aswan Dam, 1st stage b/	1958	100.0	100.0
Aswan Dam, 2nd stage b/	1960	225.0	225.0
Industrial development credit b/	1964	324.4	86.5
Of which:			
Expansion of Helwan Steel Mill		161	
Aluminum plant c/		53	
Phosphorous complex c/		55	
Fishing industry		7	
Ferrosilicon plant c/		2	
Power stations		2	
Oil exploration		N.A.	
Land reclamation a/	1964	66.7	49.0
General credits a/	1964	110.0	25.0
Rural Electrification b/	1971	66.7	
Land reclamation a/	1971	40.0	
Cement plants b/	1971	33.3	
Water development and agricultural storage d/	1971	55.6	

a. Repayment over a five-year period, at 2.5% interest.

b. Repayment over a 12-year period, at 2.5% interest.

c. Construction has not been initiated.

d. Repayment over an eight-year period, at 2.5% interest.

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FOR THE PRESIDENT ONLY

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## SOVIET ECONOMIC LEVERAGE ON EGYPT

The extensive buildup of Soviet economic interests in Egypt over the past 15 years gives the Soviets a capacity to discomfort Egypt by means of economic pressure, but not a strong enough economic hold to allow Moscow to dictate to Cairo. About one-third of Egypt's foreign trade, which amounts to over \$1 billion annually, is conducted with the USSR, including the sale of low-grade Egyptian cotton not readily marketable elsewhere. Although this gives Moscow short-term leverage to harass Cairo, the USSR has been unwilling over the years to assume responsibility for Egypt's day-to-day economic needs as it did in the case of Cuba. Moscow's role as chief supplier of development aid is diluted by the fact that most current deliveries are for long-term projects and by the potential availability of more investment funds from oil-rich Arab states such as Libya. More than half of the foreign exchange component of Egypt's capital investment budget is in convertible currency, most of it spent in the West.

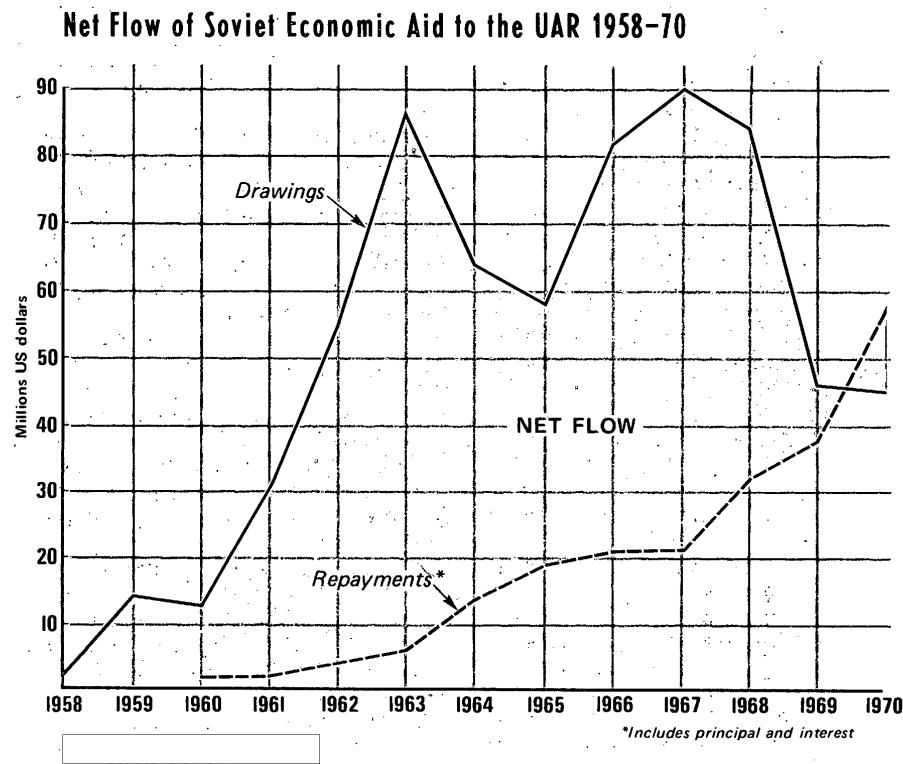
There are about 600 Soviet economic advisers and technicians in Egypt. Cairo, however, has easy access to technicians from the West as well as from the USSR, and Egyptian industrial managers and technicians--perhaps in contrast to Egyptian military personnel--are very much the masters of the technology they employ, whether furnished by East or West. Thus Egypt could, if it desired, expand commercial and industrial relations with the West even as it did with the USSR 15 years ago.

Even with these limitations, the USSR is still deeply involved in Egypt's economy. It has extended \$1.2 billion of economic assistance to Egypt since 1957, about half of which has been used. (See chart) This aid has constituted about ten percent of total Egyptian state investment and roughly 40 percent of Egypt's imports for state-run projects. Soviet assistance has included \$175 million to cover the foreign exchange costs of building some 50 industrial installations, all of which have been completed, and some \$325 million for the Aswan High Dam, Moscow's largest and most prestigious aid venture in a neutral country.

(continued)

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FOR THE PRESIDENT ONLY



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**FOR THE PRESIDENT ONLY**

The vastly reduced inflow of Western official and private capital in recent years has caused Cairo to become increasingly dependent on Moscow for the foreign exchange segment of its development program. The only significant Western capital input recently has been that invested by private oil companies in the development of Egypt's petroleum resources. This includes pledges last year of capital to finance a proposed pipeline linking the Red Sea and the Mediterranean.

Soviet credits of \$500 million extended in 1964 remain largely unspent, although funds have been allocated for the construction of three plants using power from Aswan, for land reclamation, and for expansion of the Helwan steel mill. At present, the steel mill is the USSR's major aid activity in Egypt. An additional \$200 million credit provided during the first quarter of 1971--also not yet drawn--will be used for such things as rural electrification, cement factories, and agricultural storage facilities. Except for the electrification program, however, only small amounts of these recent credits will be used during the remainder of the current development plan, which runs through mid-1975.

Egypt's economic retrenchment that began in 1967 resulted in a scaling down of the rate of use of Soviet aid, and Soviet economic aid deliveries declined sharply in 1969 and 1970. Since repayments were rising simultaneously, net aid has been reduced substantially, and in 1970 there was in fact a net outflow of Egyptian capital to the USSR. This situation may continue. Annual aid deliveries over the next several years are not expected to rise significantly over the present level of about \$50 million. The diversion of Egyptian resources to military uses, together with long lead-times normally required for large scale capital projects, is likely to delay implementation of many major projects.

*Top Secret*



# *The President's Daily Brief*

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

26 May 1971

**PRINCIPAL DEVELOPMENTS**

India [redacted]

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[redacted] Pakistan [redacted]

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(Page 1)

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On Page 2 we review the military situation in Laos.

USSR [redacted]

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and the Far East [redacted]

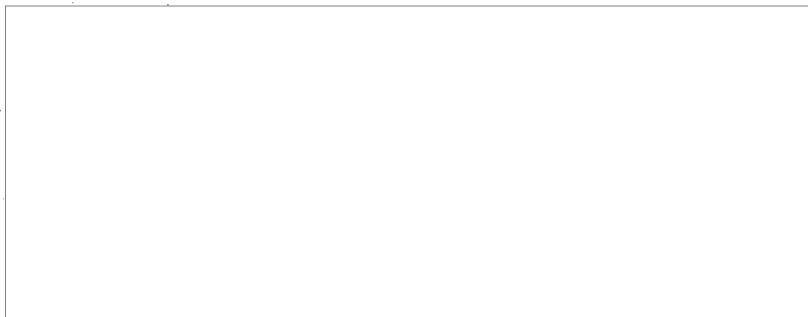
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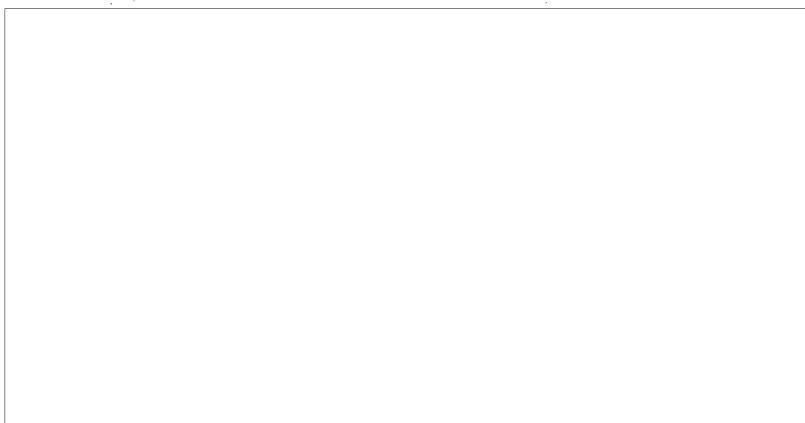
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*FOR THE PRESIDENT ONLY*

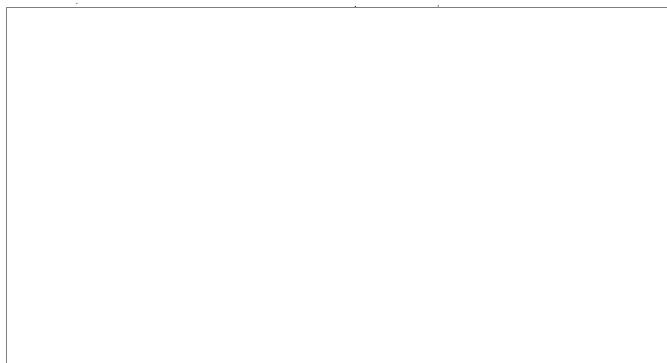
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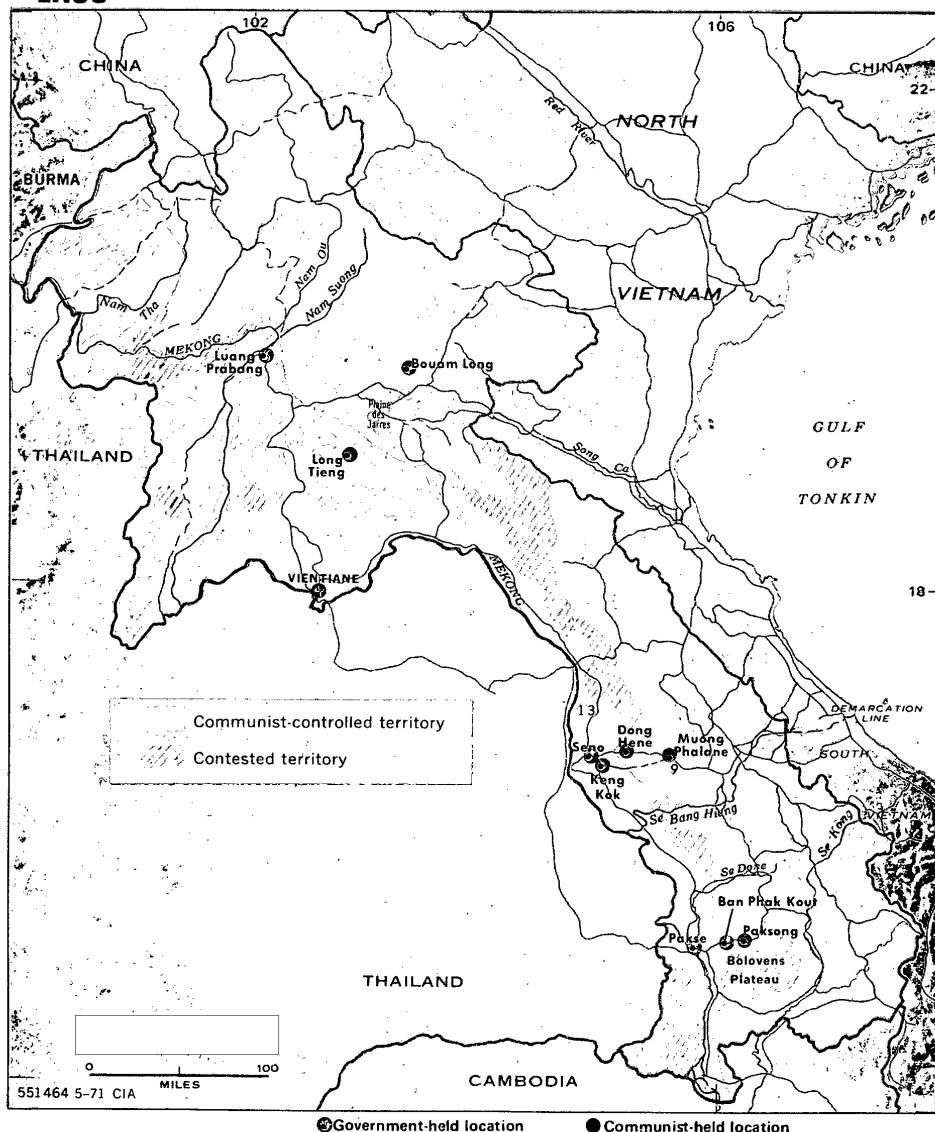
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*FOR THE PRESIDENT ONLY*

## LAOS



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**FOR THE PRESIDENT ONLY****LAOS**

Government irregulars north and east of Paksong have made little progress in their efforts to recapture high ground positions. Regular forces retook the town of Ban Phak Kout to the west of Paksong over the weekend, but reports suggest that the North Vietnamese are bringing in additional units.

Morale in nearby Pakse--the second largest population center in Laos--is low, and many residents apparently believe rumors of impending Communist attacks. So far Lao civilian and military officials there have not exerted strong leadership

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Communist units in the Dong Hene - Muong Phalane area--two regiments plus independent combat and artillery battalions--continue to threaten government forces defending Seno, Keng Kok, and Route 13. The Communists, however, have yet to move in force toward Seno. One North Vietnamese unit--the 64th Regiment of the 320th Division--which was believed to be operating with Communist forces on Route 9, has returned to North Vietnam.

The military situation in northern Laos has eased during the past two weeks. Action around the Long Tieng complex has slackened, and there are continuing indications that some main-force North Vietnamese units are pulling back. The 316th Division, which has carried much of the fighting around Long Tieng for nearly two years, may be withdrawing. The headquarters of one of its two regiments, the 148th, has recently moved to an area east of the Plaine des Jarres, and at least two battalions of its other regiment, the 174th, have been shifted to the Bouam Long area.

*These battalions, together with an independent NVA regiment, probably are responsible for recent attacks on Bouam Long, the only major irregular base north of the Plaine des Jarres. The North Vietnamese may hope to tie down irregular units there and to forestall the use of the base to support raids against Communist supply lines near the Plaine during the rainy season.*

(continued)

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY.**

In the Luang Prabang area, government forces have reoccupied all of the ground lost during the Communists' dry season offensive north and east of the royal capital. The NVA 335th Independent Regiment, which was responsible for the offensive, appears to have overextended its supply lines and to have taken heavy casualties. It has now pulled back toward more secure base areas and will probably devote much of the rainy season to rest and refitting.

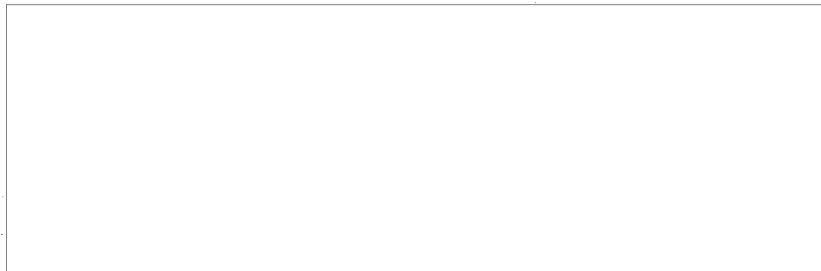
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Souvanna Phouma has said publicly that his government will not negotiate with the Communists while under military pressure. He reiterated his position that the government would neither bow to threats nor accept any bombing halt and cease-fire unless these measures were immediately followed by the withdrawal of all foreign troops from Laos. Souvanna has not, however, issued a formal rejection of the Communist proposal, and he appears to be using the press interviews to buy time and keep open his options for future talks with the Communists.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**USSR - FAR EAST**



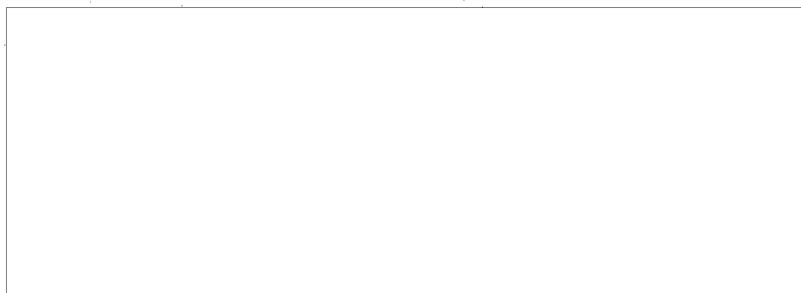
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**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**NOTES**

USSR: According to Pravda, Lunokhod-1 is nearing the end of its life after roving the surface of the moon for six months. The Soviets say this is more than double the life span they had originally expected. Its well-publicized operations came at a time when the USSR was having trouble with other space ventures, such as the Soyuz-10 with its docking problems and the first of the two recent Mars shots, which failed early in its mission. During its time on the moon, Lunokhod-1 has survived seven lunar days and nights, enduring variations of temperature ranging from 200 degrees below zero to 300 degrees above.

Argentina: The junta has approved the formation of a federal court with jurisdiction over subversive activities throughout Argentina, a move that should help allay military concern over the government's wishy-washy response to terrorism. More sweeping government changes, including a four-way breakup of the powerful Ministry of Economy and Labor, are expected in the next few days, according to the US Embassy. A scheduled speech by President Lanusse on Saturday, Armed Forces Day, may provide the occasion to announce any shake-up.

**FOR THE PRESIDENT ONLY**

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

27 May 1971

**PRINCIPAL DEVELOPMENTS**

Cairo has warmly received Podgorny and talks seem to be going well, despite a semiofficial editorial warning against foreign intervention. (Page 1)

The status of Cardinal Mindszenty is receiving fresh attention from Hungarian and Vatican diplomats. (Page 2)

The North Koreans suggest they might welcome visits by US newsmen. (Page 3)

The Soviets may be preparing to launch another Mars probe. (Page 3)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**EGYPT-USSR**

*Cairo's warm reception for President Podgorny since his arrival on Tuesday underscores Sadat's desire to reassure the Soviets that the recent purge of key Egyptian officials has not jeopardized Soviet interests. Moscow, which apparently took the initiative in arranging the visit, had seemed genuinely confused as to the import of the upheaval.*

*Initial reports that the Soviets have reaffirmed their wide-ranging commitments to Egypt suggest that the talks are proceeding smoothly. The Soviets presumably recognize that their influence in Egypt hinges less on connections with highly placed Egyptians than on Cairo's continuing dependence on Soviet military aid.*

*Amidst the generally pro-Soviet tone in the Egyptian press this week, however, the semiofficial al-Ahram has in effect warned the Soviets not to assume too much from Sadat's willingness to brief them on the shake-up. In a front-page editorial, al-Ahram categorically rejected foreign "intervention in domestic affairs."*

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**HUNGARY**

The status of Cardinal Mindszenty, who has spent the past 15 years exiled in our Embassy in Budapest, is being given fresh and serious study by Hungarian and Vatican diplomats. Following a meeting last month between Hungarian Foreign Minister Peter and the Pope, a Vatican negotiator and Cardinal Koenig of Austria are expected to arrive in Budapest soon with some specific proposals in hand.

*In the past, similar negotiations have run aground because of Mindszenty's insistence on full restitution of previous titles and complete exoneration. He also has consistently refused to promise to abstain from antiregime activities once he leaves his self-imposed exile.*

*The Vatican has always deferred to the Cardinal's position, but the new developments suggest that Pope Paul has become more receptive to advice that he take a firmer stand with Mindszenty. Next March the Cardinal will reach the mandatory retirement age of 80, and the Pope may consider this an opportune time to prepare for the appointment for a replacement. The Kadar regime's recent display of interest in improving relations with the Church also provides the Vatican with new leverage to deal with the case.*

*FOR THE PRESIDENT ONLY*

**NOTES**

North Korea: In recent weeks, two North Koreans--a diplomat in Moscow and a news service official in Tokyo--have suggested to two US newsmen that they consider possible visits to North Korea. In taking a leaf from Peking's book, Pyongyang may be seeking to avoid becoming isolated by the movement in Sino-US relations. The North Koreans may also hope that visits by American newsmen will cause consternation in Seoul, which already is jumpy over trends in US Asian policy.

USSR: There are signs that the Soviets are preparing for the launch shortly of another Mars probe. Three support ships that monitored the earlier launches have maintained their stations,

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The probe launched on 19 May appears to be functioning normally. An earlier one, fired on 10 May, failed shortly after launch.

USSR: The submarine tender that entered Caribbean waters last week arrived on 25 May at the port of Antilla in northeastern Cuba. Soviet and Cuban press releases have stated that the tender and a submarine would visit Cuba in late May and early June, but the submarine has not yet been detected. An ocean rescue tug that has been in Cuba since last September is also in Antilla. The two submarine support barges, which also arrived last September, remain in Cienfuegos.

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*[Handwritten signatures]*



## *The President's Daily Brief*

*28 May 1971*

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*FOR THE PRESIDENT ONLY*

**THE PRESIDENT'S DAILY BRIEF**

28 May 1971

**PRINCIPAL DEVELOPMENTS**

On *Page 1*, we comment on the Soviet-Egyptian treaty signed in Cairo.

The US consul in Dacca expects prolonged turmoil in East Pakistan, increasing the danger of military conflict between Pakistan and India (*Page 2*); India, meanwhile, plans diplomatic moves aimed at increasing economic pressure on Pakistan. (*Page 3*)

In Laos, Souvanna has taken a flexible approach to the latest Pathet Lao peace proposals as rains begin to slow Communist supply movements through the panhandle. (*Page 4*)

A protocol has been signed between the Soviet economic delegation now in the US and Mack Truck. (*Page 5*)

Chile is intensifying its moves to nationalize its economy. (*Page 6*)

*FOR THE PRESIDENT ONLY*

FOR THE PRESIDENT ONLY

USSR-EGYPT

The treaty of "friendship and cooperation" signed by Presidents Podgorny and Sadat yesterday in Cairo formalizes the special relationship between their two countries, but sets forth no new commitments by either side. It spells out in some detail their desire for further development of their present political, economic, and cultural relations, however, and proclaims the willingness of both parties to continue working for a "lasting and fair peace" in the Middle East. It also expresses, in separate articles, their intention to continue cooperating in military matters on the basis of "appropriate agreements" and to consult "without delay" whenever they see a threat to peace. The treaty, when ratified, is to remain in force 15 years and has a provision for automatic renewal.

Moscow almost certainly took the initiative in concluding the new treaty in an effort to insure its interests in Egypt over the long term. It is aware that its present influence on Cairo rests largely on the military support it provides the Egyptians in their conflict with Israel. Recent rapprochement between Washington and Cairo, together with Sadat's purge of numerous pro-Soviet officials, have clearly aroused Soviet fears that their influence could in time be eroded.

The treaty provides Egypt a means of dispelling Soviet fears and guaranteeing continued Soviet support. Sadat carefully stressed in a speech yesterday that the treaty is merely "a further expression" of a relationship that has been in existence many years.

*FOR THE PRESIDENT ONLY*

**EAST PAKISTAN**

Consul General Blood in Dacca sees no early end to the present turbulent conditions in East Pakistan. He cites several factors as being responsible for the turmoil. First, the effects of a growing guerrilla resistance are now being felt, including the disruption of transportation and communications. A second factor is the disruption resulting from the apparent systematic persecution of the Hindu population by the Pakistan Army that threatens the eventual dislocation of a fifth of the province's population. Finally, in all but a few major cities, criminal elements have begun exploiting the dearth of law enforcement officials.

The consul general believes such conditions mean that the refugee flow will continue for some time, thus increasing the chance of an eventual Indo-Pakistani military confrontation. The breakdown of law and order will have an adverse effect on the sowing and harvesting of crops, on industrial production, and on commercial activity in general. As attitudes harden and personal grievances and losses mount, the prospects for a political settlement between East and West Pakistan, in Blood's judgment, will recede even further.

*FOR THE PRESIDENT ONLY*

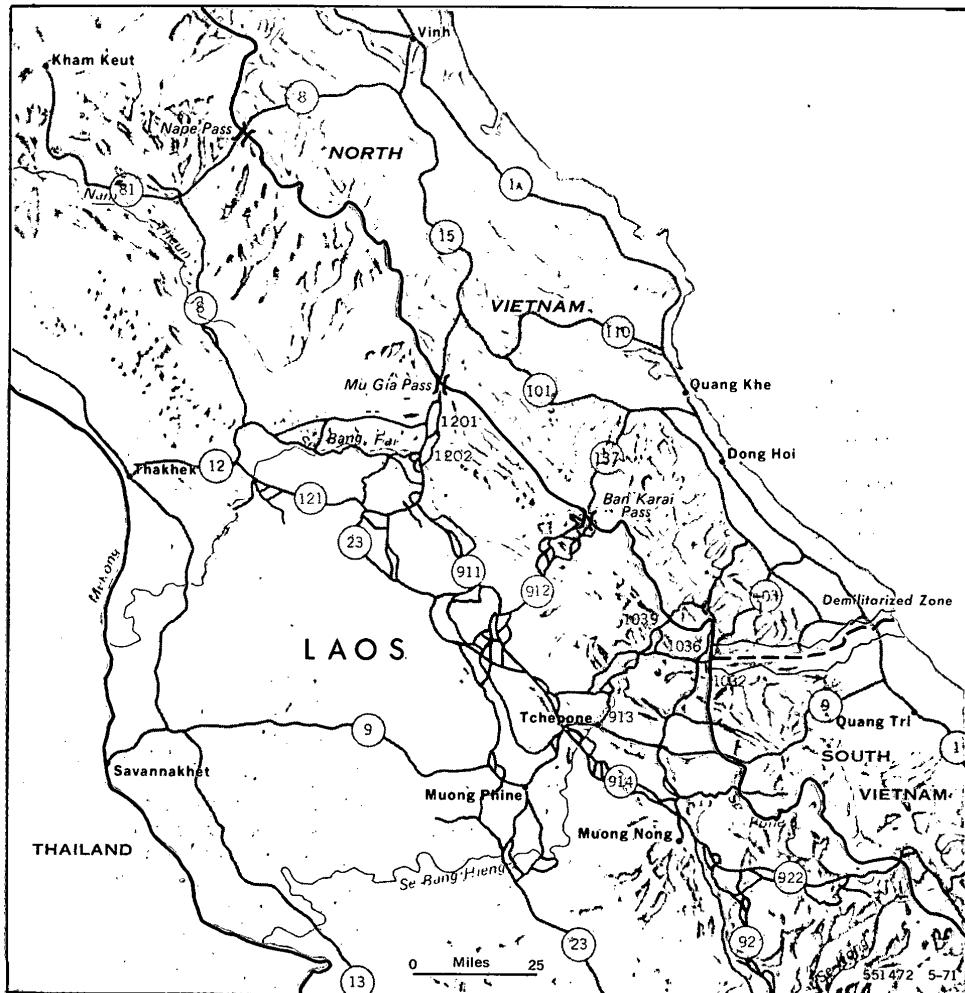
**FOR THE PRESIDENT ONLY**

**INDIA-PAKISTAN**

The Indian Government is thinking of sending a delegation of cabinet ministers to those countries which are members of the Pakistan Aid Consortium. The Indians believe economic pressure is the strongest weapon available to bring Pakistan to modify its present policies toward East Bengal. Foreign aid donors will be asked not to underwrite Islamabad's policies in East Pakistan by concluding new aid agreements. The planned diplomatic-economic offensive is projected for the first half of June, well before the Pakistan Aid Consortium meeting in August.

*Pakistan's deteriorating economy and rapidly disappearing foreign exchange reserves make it particularly vulnerable to this kind of effort by India.*

**FOR THE PRESIDENT ONLY**



FOR THE PRESIDENT ONLY

LAOS

Prime Minister Souvanna, in a letter given to Pathet Lao emissary Souk Vongsak on 26 May, proposed that the two sides get talks started without further foot-dragging. Blaming the unproductive contacts so far on Communist stalling and posing of preconditions, Souvanna stressed the urgent need for a total and complete cease-fire--on the ground and in the air--and said that negotiations should not be limited in any way. He also suggested that, to facilitate talks, Souk be empowered to negotiate directly with Souvanna's representative.

*This reply to the most recent Pathet Lao proposals is softer than Souvanna's statements in public that the government will not negotiate while under military pressure and will not accept any bombing halt without a provision for the supervised withdrawal of all foreign troops from Laos. It presumably reflects Souvanna's desire to avoid any impression that he is not bending every effort to end the war.*

\* \* \*

[redacted] heavy rains are slowing vehicles transporting supplies through the Laotian panhandle, but the Communists apparently intend to persevere as long as they can. [redacted] some portering of supplies will be needed until road conditions improve.

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

*SENSE US*

USSR-US

A protocol has been signed by Mack Truck and the chief of the high-level Soviet economic delegation now visiting the US. The protocol proposes that Mack act as principal consultant for engineering services and for equipment purchased from the West.

If the protocol is fully carried out, the huge Soviet truck plant now being built on the Kama River will receive extensive US engineering and technical assistance, and the combined value of contracts could reach \$700 million. The Soviets have kept their options open, however, and retain the right to buy or not to buy equipment recommended by Mack. They may be inflating, in the early stages of the negotiations, the amount they intend to purchase in order to improve prospects for Mack to obtain official approval of export licenses.

If export licenses are granted, however, the Soviets almost certainly will purchase a substantial amount of US-manufactured plant equipment. The Soviets are particularly anxious to procure American foundry equipment and specialized machine tools for automotive production.

FOR THE PRESIDENT ONLY

**FOR THE PRESIDENT ONLY**

**CHILE**

The Allende government used some relatively harsh tactics this week to accelerate movement toward centralized control. On Monday, Economy Minister Vuskovic told the Chilean Manufacturers' Association that 200 of the country's leading industrial enterprises would be nationalized in the next few weeks. When negotiations for the purchase of 14 major textile factories subsequently foundered over the government's price offers, textile workers occupied the plants. As a result, the government has now requisitioned the factories in the name of law and order.

*The government's actions in this instance are a warning of what could occur to the 186 enterprises yet to be nationalized.*

*Allende gave the impression, in a long meeting with US officials Wednesday, that he was prepared to take a tough stand also toward US copper subsidiaries in coming negotiations with such firms as Kennecott and Anaconda.*

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

NOTES

Argentina: [redacted]

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Japan: Tokyo is bracing for a possible series of protests by radical students against the terms of the Okinawa reversion agreement, which leftists believe will not sufficiently reduce US presence and activities on the island. Formal announcement of the terms is tentatively scheduled for sometime next month. The first large demonstrations are planned for this Sunday (a date of no special significance) and the police intend to mobilize 10,000 men to cope with them.

Greece: Prime Minister Papadopoulos has relieved the head of the army parachute training school and six other officers because he suspected them of planning a coup. [redacted]

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[redacted] Once again, Papadopoulos has displayed an ability to neutralize his opponents. Strains between him and various military officers are likely to persist, but he has averted an immediate threat.

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*FOR THE PRESIDENT ONLY*

**THE PRESIDENT'S DAILY BRIEF**

29 May 1971

**PRINCIPAL DEVELOPMENTS**

Pakistan	50X1
	50X1
India. (Page 1)	
Tokyo	50X1
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(Page 2)	50X1

The Soviets have successfully launched another probe toward Mars. (Page 3)

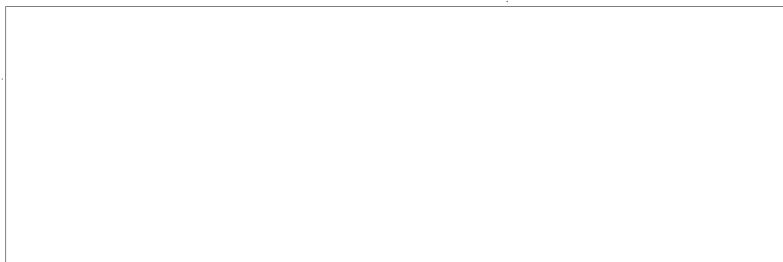
Australia is following through with plans to seek a political dialogue with Communist China. (Page 5)

A Soviet nuclear-powered cruise missile submarine has been photographed in the bay at Antilla in eastern Cuba. (Page 7)

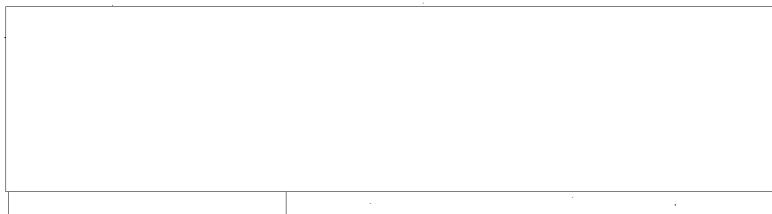
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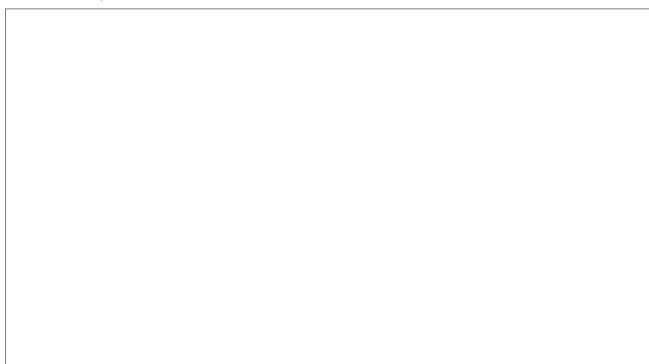
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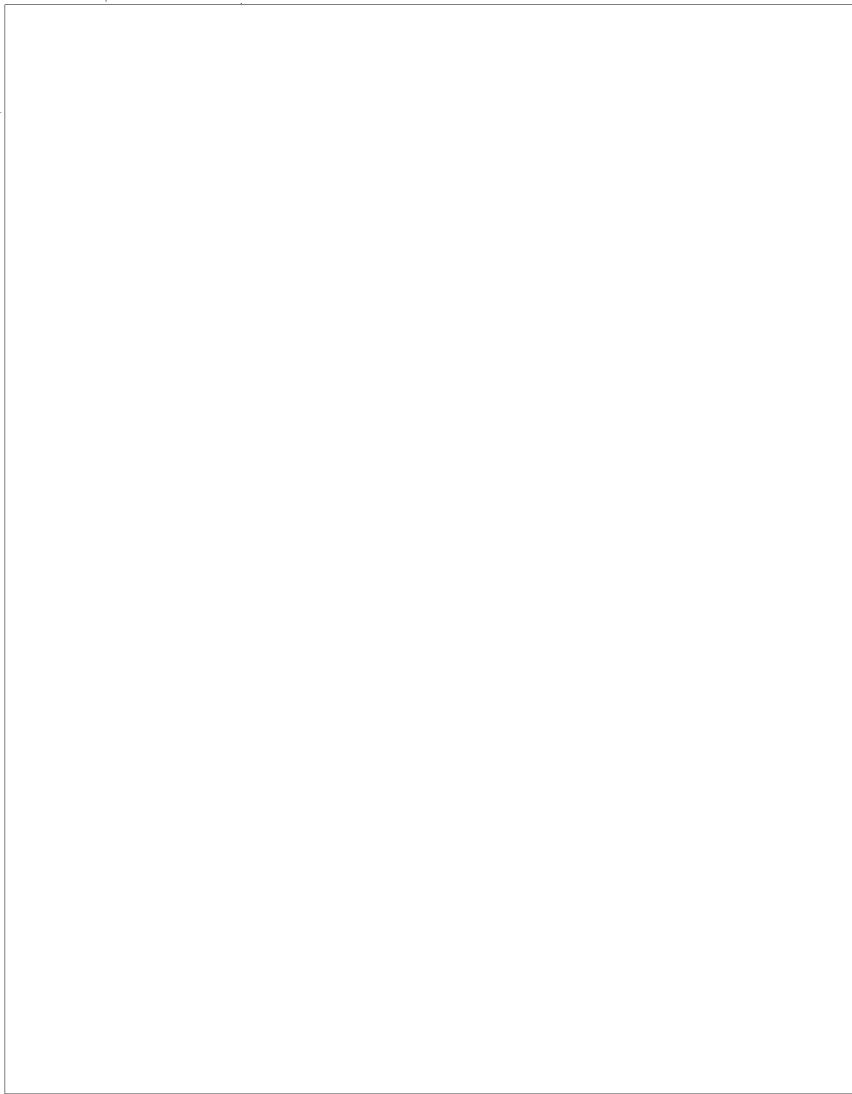
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**FOR THE PRESIDENT ONLY**

**USSR**

Yesterday the Soviets successfully launched a scientific probe toward Mars, the third such launch attempted during the current window. According to TASS, this shot is carrying instruments developed and manufactured by French specialists.

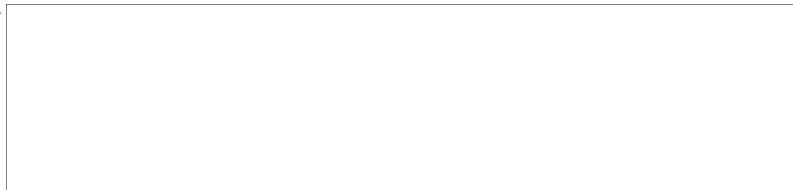
The first probe, launched on 10 May, failed to eject from its low earth parking orbit and was destroyed on re-entry; the second, launched on 19 May, seems to be functioning normally on a Mars trajectory. The two successful vehicles are expected to reach Mars late this year.

The booster used for these three Mars shots was the SL-12, the USSR's largest operational launcher. This booster has suffered 14 failures in 27 firings since its first attempted launch in early 1967. The high number of failures is not unprecedented for the Soviets in their development of space boosters. They accepted an even worse failure rate in the early stages of development of the SL-6, which became a highly reliable booster used for a variety of space missions.

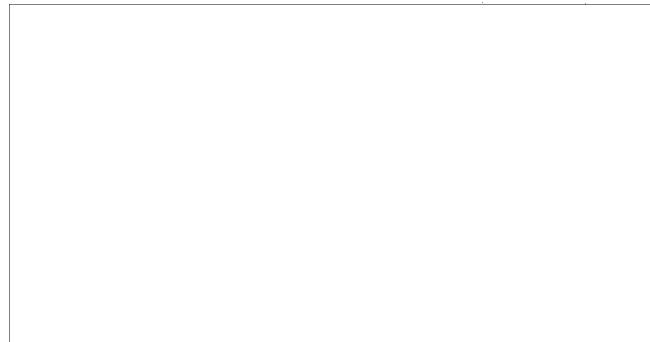
The incentive to persist with a system in the face of failure is strong. The time required to rework the basic design or develop an entirely new system of this size--roughly equivalent to the US Saturn I--could inflict unacceptable delays on space programs. Also, the cost of developing a new large booster is high: the Soviets spent an estimated \$2 billion on the SL-12 before the first launch attempt. The booster cost per launch--about \$45 million--is relatively low by comparison. Problems that have occurred in all four stages of the SL-12 appear more related to quality control than to basic design deficiencies; Soviet persistence suggests that they have remained confident of their ability to eliminate the difficulties. The recent record--seven successes in the last eight launches--tends to bear out this confidence.

*FOR THE PRESIDENT ONLY*

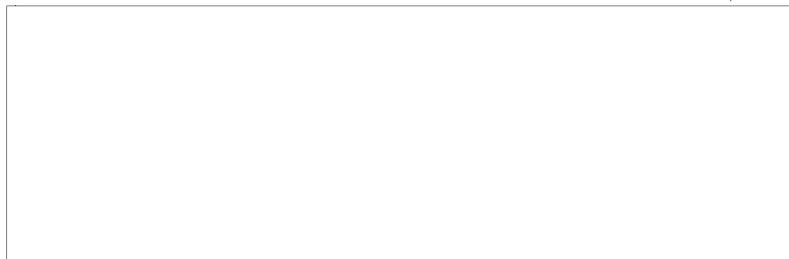
SOUTH VIETNAM



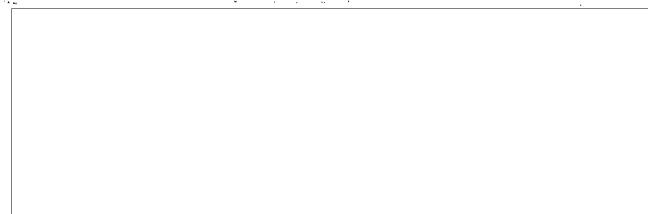
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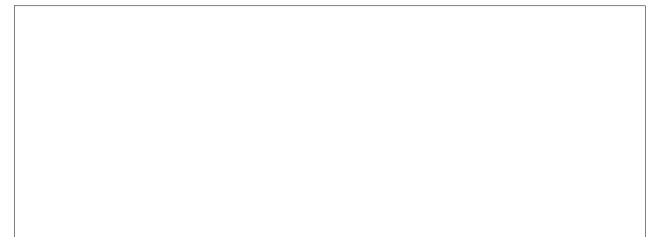
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*FOR THE PRESIDENT ONLY*

FOR THE PRESIDENT ONLY

AUSTRALIA - COMMUNIST CHINA

Prime Minister McMahon has announced that the government has followed through with plans to try to open a political dialogue with Communist China. The US Embassy in Canberra reports that the approach was made by the Australian ambassador in Paris, who saw his Chinese counterpart last Thursday. The Australians said they were prepared to discuss matters of mutual interest such as trade and the presence in China of Australian citizens in "unofficial" capacities. Although Australian Foreign Ministry officials were surprised at the speed of the Chinese response, they are doubtful the discussion will be fruitful because Canberra is still unwilling to move toward establishing diplomatic relations.

*The government has been on the defensive regarding its China policy since April when Peking refused to discuss the purchase of Australian wheat and implied that the reason was Canberra's stand on recognition. This has produced considerable pressure on the government from agricultural interests to assume a more flexible attitude toward China. The opposition Labor Party has also sought to capitalize on the China question by reminding the country that it favors recognition of Communist China, and it has arranged a visit in June by party members to Peking to discuss trade.*

FOR THE PRESIDENT ONLY

**FOR THE PRESIDENT ONLY**

**NATIONALIST CHINA - US**

On 11 May Nationalist Foreign Minister Chow Shu-kai specified to Ambassador McConaughy certain very limited conditions under which he claimed Tai-peh might not feel compelled to break ties automatically with any state that recognizes Peking. Chow said Taipeh could maintain relations only if Peking were not recognized as "sole legal government of China," "government of all Chinese people," or similar phrases; if Peking's claim to Taiwan were not included in the formula; and if asked to remain, Taipeh must continue to be accepted as the "government of the Republic of China."

On 25 May, Chow assured McConaughy that these conditions have been clearly presented to Ankara and Tehran, which are currently negotiating with Peking, and asked for strong supporting demarches there by the US.

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*Chow's proposals appear to be a tactical move made within the context of Chiang Kai-shek's continuing determination not to allow coexistence with Communist Chinese diplomatic representatives, or any derogation of Nationalist claims to represent all of China. Chow's conditions effectively rule out any formula likely to be acceptable to Peking. The failure of the Nationalists to present forcefully Taipei's "new policy" and the ambassadors' instructions to leave Ankara and Tehran if recognition formulas are unacceptable further suggest that the Nationalists' apparent flexibility may only be for the benefit of the US.*

**FOR THE PRESIDENT ONLY**

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*FOR THE PRESIDENT ONLY*

NOTES

USSR-Cuba: U-2 photography [redacted] showed an E-II class nuclear-powered cruise missile submarine in the bay at Antilla in eastern Cuba. The submarine was tied up alongside the Ugra-class submarine tender that arrived in Cuba [redacted]. The E-II class carries eight antiship missiles having a range of 220 nautical miles. This is the second visit of an E-II to Cuba; one of these units made a two-week visit to Cienfuegos in May 1970.

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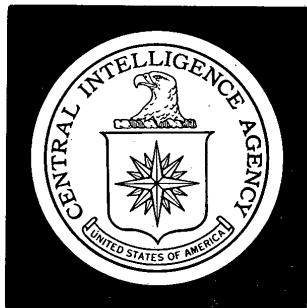
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USSR-Syria: [redacted]

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*FOR THE PRESIDENT ONLY*

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*31 May 1971*

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

31 May 1971

**PRINCIPAL DEVELOPMENTS**

North Korean officials have threatened retaliation if the UN Command does not return a defecting pilot, who appeared at a news conference today. (Page 1)

Japan	Peking	50X <sup>50X1</sup>
(Page 2)		50X1

The Indians report that the influx of refugees continues, and hint of possible consequences unless the situation improves. (Page 3)

Dissension is said to be growing within Allende's Socialist Party. (Page 4)

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**NORTH KOREA**

Pyongyang, upon being informed at Panmunjom on 26 May that the North Korean pilot who strayed into South Korean airspace late last year wished to remain in the south, rejected an offer to have a "disinterested third party" verify that this was the pilot's free decision. North Korean officials at the meeting maintained the pilot was being held for "a foul political purpose" and threatened "disadvantageous results" for the UN Command if he were not returned.

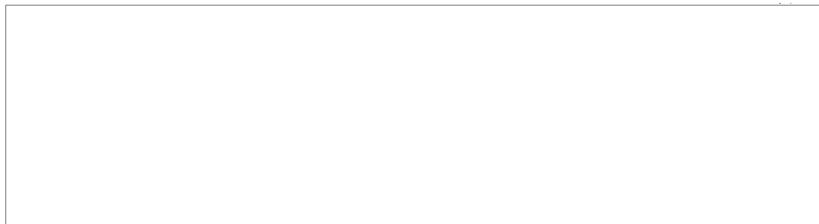
Ambassador Porter in Seoul believes North Korea's threats, and similar warnings issued recently concerning alleged US overflights of its territory, must be taken seriously. He suggests that Pyongyang may try to hijack US commercial air flights in the area, kidnap someone from the Panmunjom conference site, or attack US picket ships in the Sea of Japan. Although we have no evidence that Pyongyang is actively preparing any dramatic reprisals, a move against US citizens or interests cannot be ruled out, given North Korea's penchant for sudden, apparently irrational acts of this sort.

The pilot has been in the hands of the South Korean Government for the past six months. His appearance at a news conference today is likely to set the North Koreans even more on edge.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**JAPAN-CHINA**



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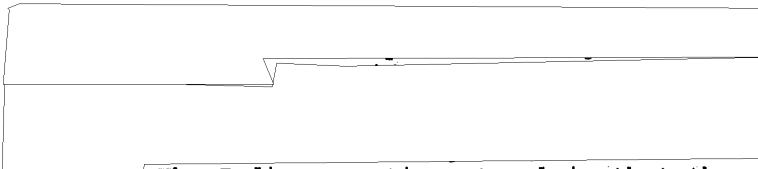
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**FOR THE PRESIDENT ONLY**

**INDIA-PAKISTAN**

Indian External Affairs Secretary Banerji told US Chargé Stone on Saturday that there had been no abatement in the number of refugees entering India, and warned that it will be difficult for New Delhi to follow a "correct policy" if the influx continues. Reports that Pakistani authorities have destroyed the deeds to property of fleeing Hindus have added to Indian concern. Moreover, during the past few days 160 refugees in camps in West Bengal have died of cholera, and medical officials fear a severe epidemic when monsoon rains begin in early July.



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The Indians continue to claim that the Pakistanis are trying to provoke them.

Both countries are intensifying their efforts to curry favor abroad--the Indians with a 40-page brochure complete with grisly photographs of alleged Pakistani atrocities. On Saturday Peking reiterated its "firm support" for Pakistan's "just struggle to safeguard state sovereignty and oppose foreign intervention," but did not commit China to any course of action in the event of hostilities.

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**CHILE**

Dissatisfaction is rising among both young extremists and the old guard within Allende's Socialist Party,

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Many of the veteran Socialists lost access to party councils when Carlos Altamirano became secretary general in February. They complain that the central committee disregarded the need for political credentials when it bestowed party membership on more than 50 officials appointed to government positions. They are also irked by the efforts to improve party organization and discipline.

The young extremists, for their part, are said to object to instructions from the party leadership to end cooperation with the Movement of the Revolutionary Left (MIR). They are particularly critical of its efforts to curtail MIR land invasions and organizational activities in the slums.

*The extremists' resentments could lead them, like dissenters in the past, to bolt the party. Many of the complaints of both groups stem from measures that Allende and Altamirano apparently consider necessary to strengthen the party against the better organized Communist Party. Altamirano's current travels to Havana and Moscow may be part of another effort to protect the Socialists' flanks among friends abroad.*

**FOR THE PRESIDENT ONLY**

*Top Secret*