

The President's Daily Brief

2 June 1969

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FOR THE PRESIDENT ONLY

I. MAJOR PROBLEMS

VIETNAM

Le Duc Tho's two-hour rejoinder to Ambassador Lodge's statement in their meeting on 31 May is the first solid indication that Hanoi believes the time has come for grappling in private with the main issues. The main new element was his proposal that US and DRV negotiators take up "everything" issue by issue on the basis of the Front's ten points, reach agreements, and finally call in the Front and a "reformed" Saigon government to sign agreements and carry them out.

While this cuts across the allied position that Saigon should carry the ball on issues involving South Vietnam, Hanoi has taken pains to make the suggestion tempting by dropping its long-standing insistence that only the Front could speak for the Communists on matters involving South Vietnam. This dropping of some pretenses about the status and authority of the Front is a major departure for the Communists, even though its main purpose at this time is to isolate the Saigon government.

Le Duc Tho's comments concerning the Saigon government were tough and categorical. He confirmed once again that the Communists would never accept elections held under the aegis of the GVN or within the present constitutional framework. Tho flatly ruled out direct talks with GVN representatives in any forum at least until there were changes in both Saigon's policies and its leadership.

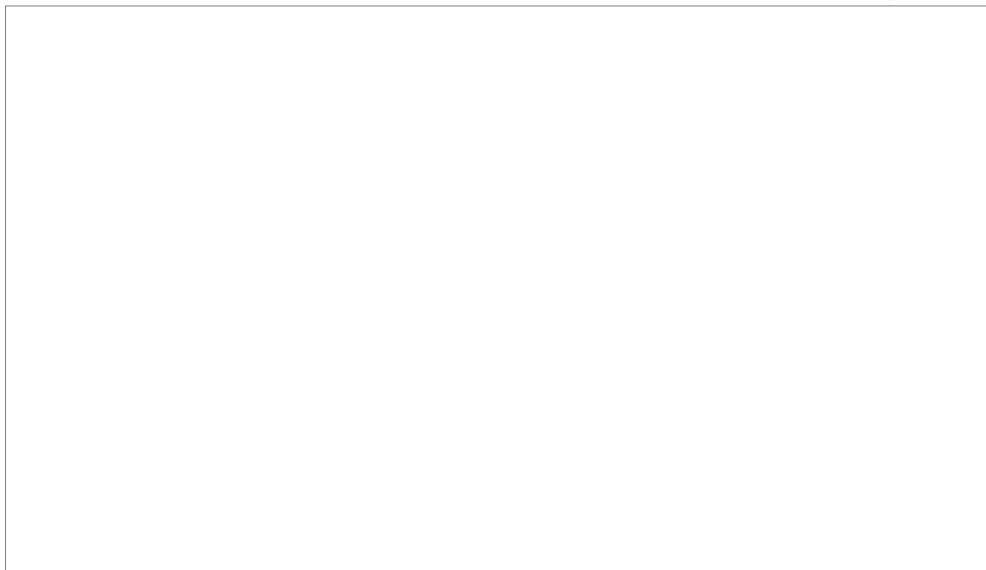
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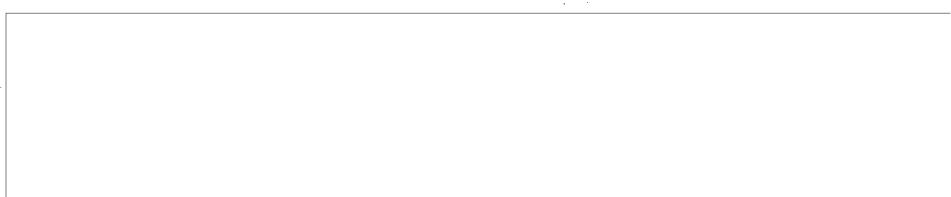
Nothing Tho said suggests the Communists are going to give any substantive ground soon or easily. His hard line on the South Vietnamese Government in effect sets the stage for a period in which Hanoi will concentrate on trying to split Washington and Saigon in hopes of bringing down the Thieu government.

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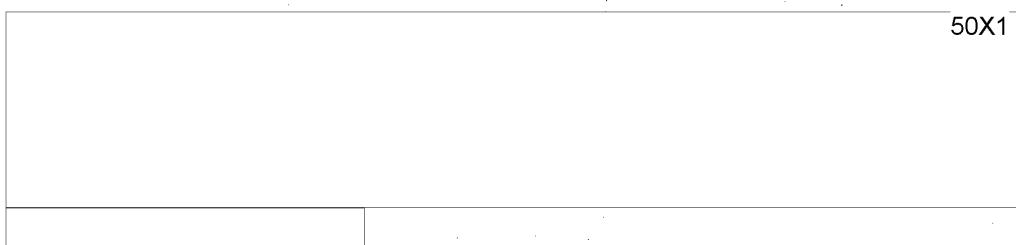
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EUROPE

Pompidou's share of the first round balloting--44 percent of the vote--is not only three percent more than the polls had predicted but also more than De Gaulle himself received on the first ballot in 1965. This contrasts sharply with runner-up Poher's 23 percent and Socialist Defferre's humiliating five percent. Poher's poor showing, coupled with the fact that the Communist candidate, Jacques Duclos, received over 21 percent of the vote, will enable the Gaullists effectively to attack Poher on the grounds that his victory in the second round would be absolutely dependent on Communist voter support. Moreover, in order to win on the second ballot Poher will have to pick up not only all first-ballot Communist and Socialist voters but also some support from those who cast their ballots for minor "new left" candidates--an extremely difficult undertaking. Poher's task may also be complicated by defections from his own centrist camp.

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Another important consequence of the election will be to increase the leverage of the Communist Party in its relations with the non-Communist left. The trouncing of Defferre by Duclos in the "election within the election" will add strength to the argument that without Communist support the left is not a viable political force in France.

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The West German cabinet agreed on 30 May that in the future Bonn will not automatically break diplomatic ties with any state recognizing East Germany. This declaration is to be given to all governments with whom the West Germans have diplomatic relations. Although the Federal Republic will continue to regard recognition of East Germany as an unfriendly act, its response in each case will be determined by prevailing circumstances.

This is a victory for Foreign Minister Brandt and the Social Democrats, who have long wanted to drop officially the so-called Hallstein doctrine calling for severance of relations with countries recognizing East Germany. It is also a further stage in the development of West German attitudes toward acceptance and ultimate recognition of East Germany, although formal recognition is still a long way off.

SOVIET AFFAIRS

At a Czechoslovak party plenum on 29-30 May Husak and his colleagues began a housecleaning of the party membership in order to consolidate their own position and to convince

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the Soviets that they are speeding the process of "normalization." The leadership reprimanded or expelled a number of unreconstructed reformists and initiated investigations into the activities of others. Husak indicated that these measures were just the beginning and that the party would take action in the future against dissidents in other sectors of society--for example, the trade unions, intellectuals and students. Punitive actions, however, will probably be confined to expulsion from the party and possibly dismissal from jobs. Arrests are apparently not contemplated.

Pro-Soviet conservatives, who have been making a concerted bid for power, failed to make significant gains at the plenum and are probably only partly satisfied with the results. Husak has made it clear that he will not tolerate hardliners who want to return to the repressive practices of former party boss Novotny. The expected removal of a liberal from the party secretariat, however, appears to have given the conservatives a slight majority on that body.

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The communiqué issued at the end of the preparatory meeting of Communist parties in Moscow indicates that differences over the text of the main document--on imperialism--remain unresolved and that the chief dissidents, the Rumanian and Italian parties, are still unappeased. Although the communiqué does not specifically state 5 June will be the opening date of the conference, there is no positive evidence of further postponement. Soviet prestige has been bolstered by the announcement that the hitherto recalcitrant Cuban party will send a

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delegation of high-level observers to the conference. The Yugoslav party has officially announced that it will not attend.

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There is nothing of significance to report on the Middle East.

II. OTHER IMPORTANT DEVELOPMENTS

VENEZUELA

President Caldera's request that the Rockefeller mission postpone today's visit will probably encourage other governments to request postponement or cancellation of visits scheduled for later this month. President Frei of Chile has already told the US ambassador that Santiago would have to be turned into an armed camp to deal with expected demonstrations against the visit. Argentina is also a good bet to request cancellation.

Demonstrations and possibly some violence were being planned by Venezuelan students and extremist groups, but they probably would not have been any more serious than those already encountered by the Governor and his party.

CURACAO

Government officials have publicly blamed the difficulties of the last few days on "foreign-trained Communists."

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small radical element were active during the rioting. Many of the activists, however, are probably now under arrest, and the original construction workers' strike has been settled. Dutch marine reinforcements have raised military strength on the island to 1,200 men, which should be sufficient to maintain order. The government probably will ignore the labor unions' demand of 31 May that it resign or face new disorders. The unions, however, are threatening a new general strike and increasing numbers of threats are being received by US citizens resident in Curacao.

MALAYSIA

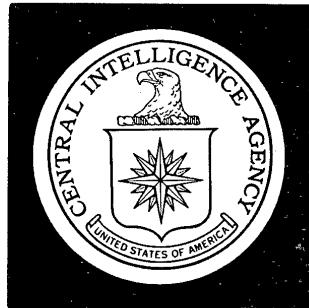
The security situation in most parts of Malaysia has improved, but Malays and Chinese are still eyeing each other with deep suspicion. Among the Malays, exultation at having bested the Chinese has given way to fear of Chinese retaliation. Many members of the Chinese community are indeed talking of retaliation, but for the moment at least, Chinese leaders are urging restraint.

Deputy Prime Minister Razak and Home Minister Ismail, who currently dominate the regime, see a period of at least six months before their emergency council can relinquish control.

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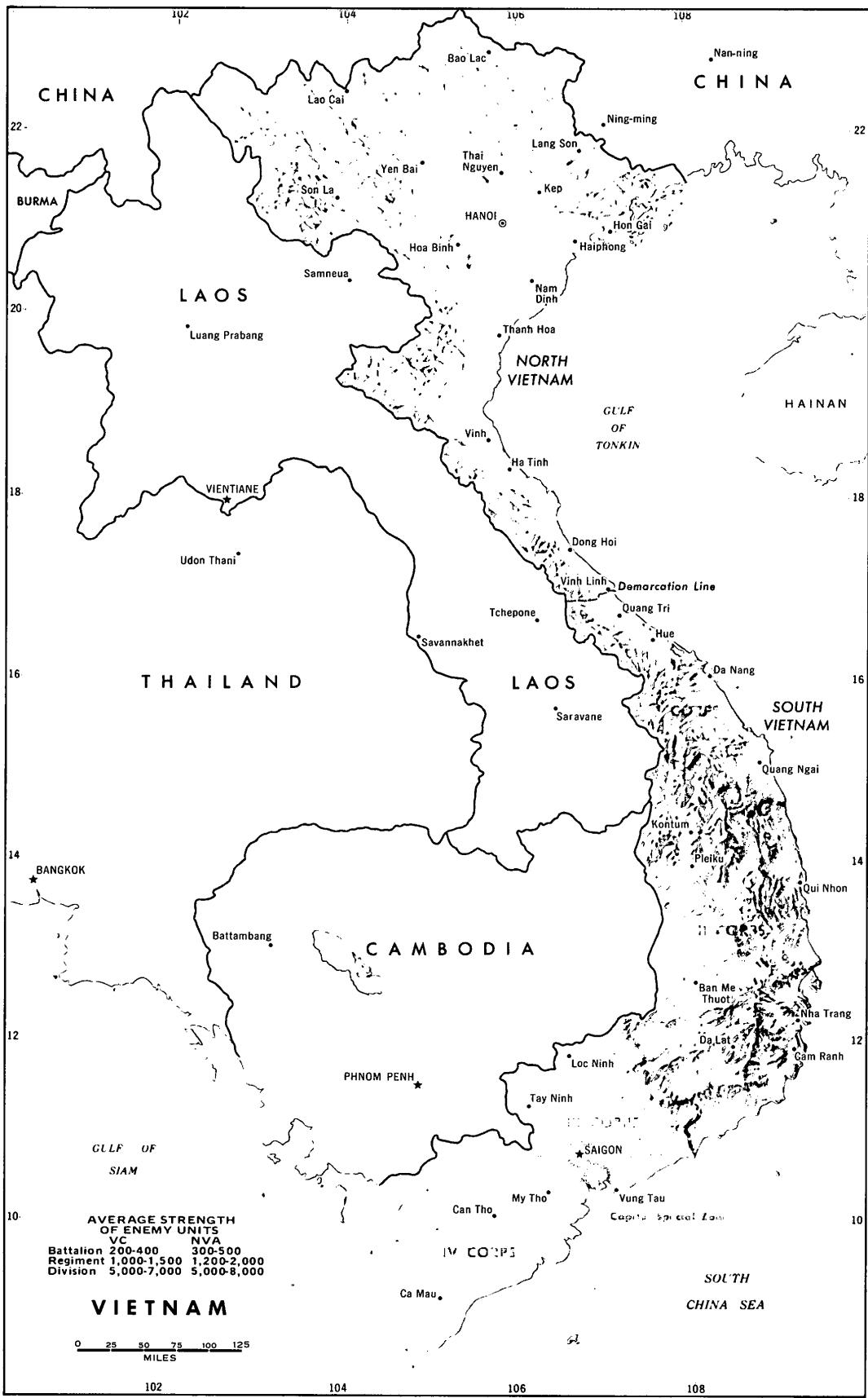


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FOR THE PRESIDENT ONLY

I. MAJOR PROBLEMS

VIETNAM

There are hints from prisoners [redacted] 50X1

[redacted] that another phase of intensified military action may 50X1 begin soon this month throughout South Vietnam. Captured documents have also alluded to a new offensive in the works. Such an effort probably would follow the pattern of the "May action phase," which emphasized attacks against American forces and installations.

Two North Vietnamese regiments, which have been refitting north of the DMZ since late last year, are now en route to the South through Laos. They seem likely to be headed for their former areas of operation in the northern two provinces, where they will pose an added threat to Hue and other allied targets there.

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MIDDLE EAST

As the Israelis charged last week, the Jordanians have indeed been showing more aggressiveness.

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the intensity of recent artillery duels was due partly to Jordanian assertiveness.

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nevertheless notes a growing mood of fatalism in Amman: a feeling that hostilities are inevitable and that perhaps the Jordanian Army will give a good account of itself this time.

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Tapline, the US company whose pipeline was blown up by terrorists Friday, is sending a representative to Tel Aviv to discuss repairs with Israeli authorities. The Israelis give every indication, however, of being very sticky indeed. Tel Aviv's semiofficial Hebrew Maariv gives the impression that the government will not permit reopening of the line without guarantees from both Tapline and the Arab governments that similar sabotage will not occur in the future.

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EUROPE

The French Communist Party's call for its followers to abstain on the next round of the elections is out of character, and we have no authoritative reading on the reasons for it. We suspect that party leaders decided that much of the Communist vote would go to Poher on the second round no matter what they said; moreover, they could not very well declare for either candidate, having already asserted that choosing between Poher and Pompidou was like choosing between the plague and cholera.

Two other possible considerations occur to us. Moscow may have told the party to order an abstention in hopes of helping Pompidou, who is quite obviously the Soviet choice. On the other hand, it is also possible that the French party hierarchy is hoping to deflate what will surely be Pompidou's campaign theme for the next two weeks: that Poher can only win with Communist support. If the Communists officially declare hands off, Pompidou's theme will fall flat--and many Communist voters will vote for Poher anyway.

Perhaps the most important variable in the next round will in fact be the abstention rate. Poher seems more vulnerable than Pompidou on this score, since even before the Communist announcement the voters he needs from the left may have been getting pretty jaundiced about the choices before them in the final runoff. Nothing is certain in the present state of French politics, however, and both candidates will doubtless be spending much of their time trying to get their reluctant followers to the polls.

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SOVIET AFFAIRS

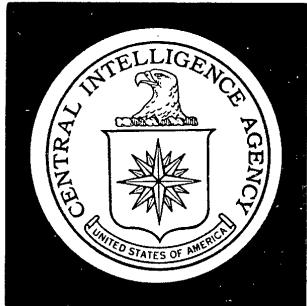
There is nothing significant to report.

II. OTHER IMPORTANT DEVELOPMENTS

There is nothing significant to report.

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I. MAJOR PROBLEMS

EUROPE

The Bonn coalition seems to have reached a compromise on whether or not to break relations with Cambodia. Under a formula expected to receive final cabinet approval today, the SPD can take comfort from the fact that the Hallstein Doctrine has not been cited and that a formal break will be avoided. On the other hand, Kiesinger will get his way with the closing of the embassy in Phnom Penh and the restriction of aid to those projects already committed. Cambodia will be free to make its own decision concerning its embassy in Bonn; Phnom Penh's ambassador is also accredited to France and resides in Paris.

SOVIET AFFAIRS

Czechoslovak conservatives have pressured Husak into appointing hard-liner Lubomir Strougal to a newly created post as his deputy. Since Strougal also heads the highest party organ in the Czech portion of the country, he now becomes Husak's equal in everything but name. (Husak is a Slovak). Other moves taken since the plenum last week also suggest that Husak's position is weakening.

Moscow seems to have been giving Husak a chance to prove himself, but it is unlikely that the Soviets would stand in the way of his replacement by Strougal, who is considered thoroughly orthodox in their eyes.

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There is nothing significant to report on the Middle East or Vietnam.

II. OTHER IMPORTANT DEVELOPMENTS

BRAZIL

We understand the Costa e Silva government is greatly irritated by press stories that the US has made public the freeze on its aid programs for Brazil. The Brazilians say the freeze--instituted after Brazil's turn toward authoritarianism last December--was "officially" surfaced in the AID request to Congress. Its existence is widely known in the Brazilian Government, but the Brazilians thought it would be kept out of the public domain. Now they say they will have to respond in some fashion, and their irritation will color their reception for Governor Rockefeller.

CHILE

The negotiations between the Chilean Government and Anaconda Copper promise to be difficult. President Frei is pressing to acquire a controlling interest in the company's operations. He says that if he settles for anything less than this, the Chilean legislature will nationalize the company.

Anaconda has backed a good distance away from its initial intransigence, but it remains extremely reluctant to

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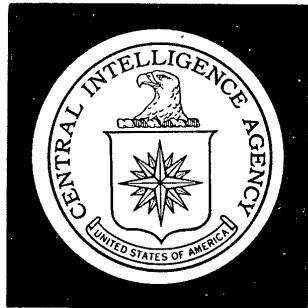
yield control of its operations. If nationalization does become an issue, the company has attached a \$900-million price tag to its properties; the Chileans are thinking in terms of the book value of \$300 or \$400 million.

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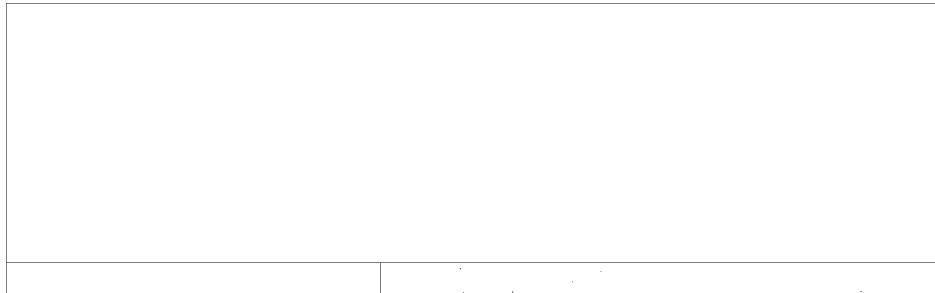
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I. MAJOR PROBLEMS

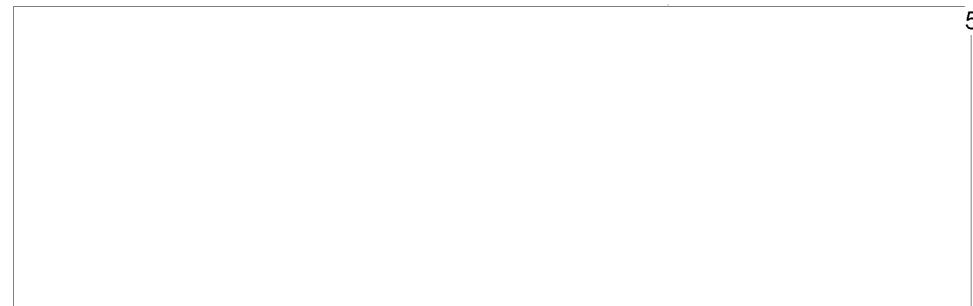
VIETNAM



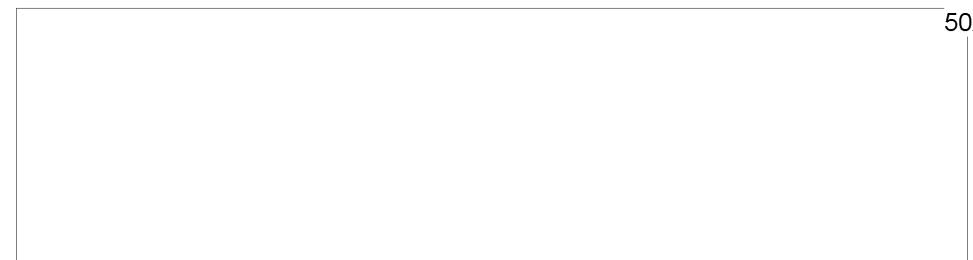
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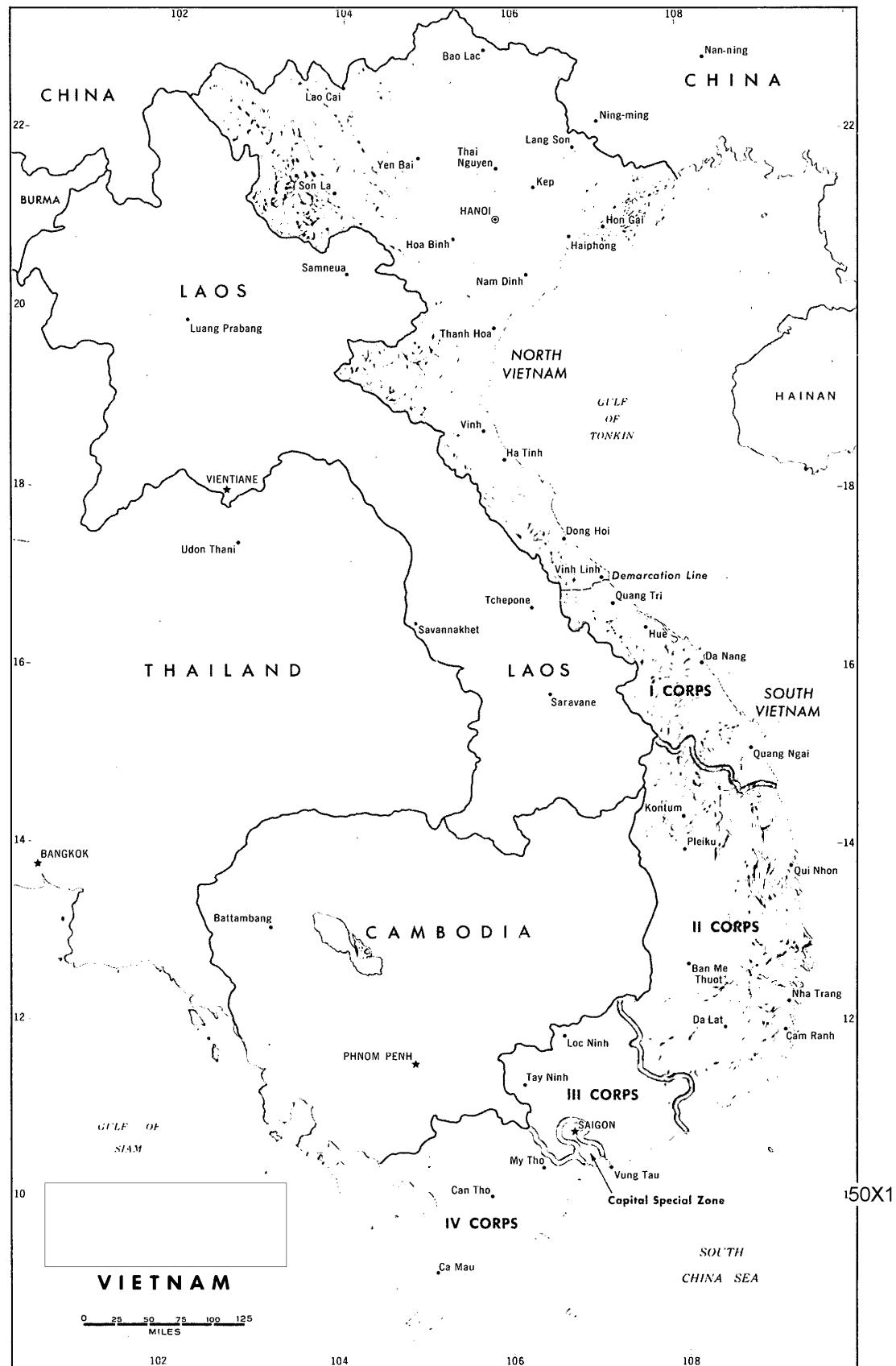


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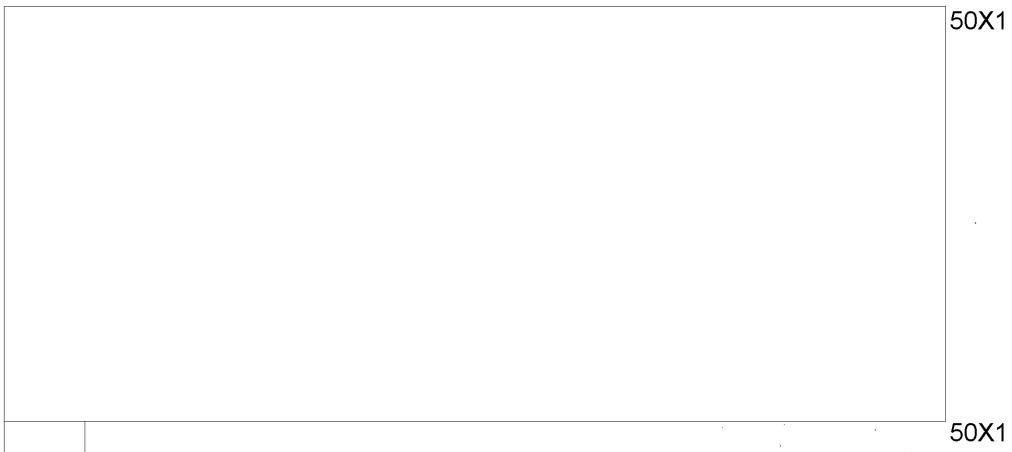
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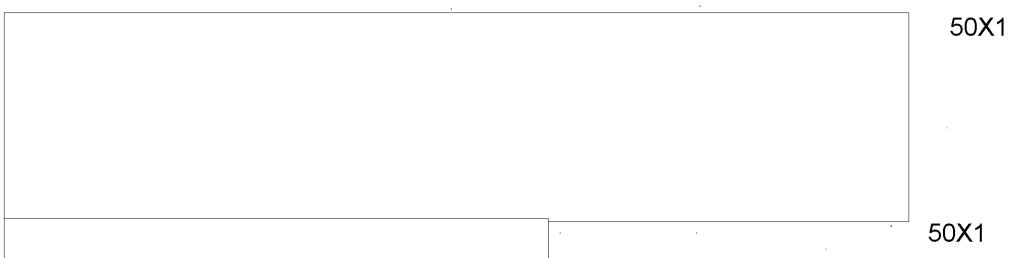
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SOVIET AFFAIRS

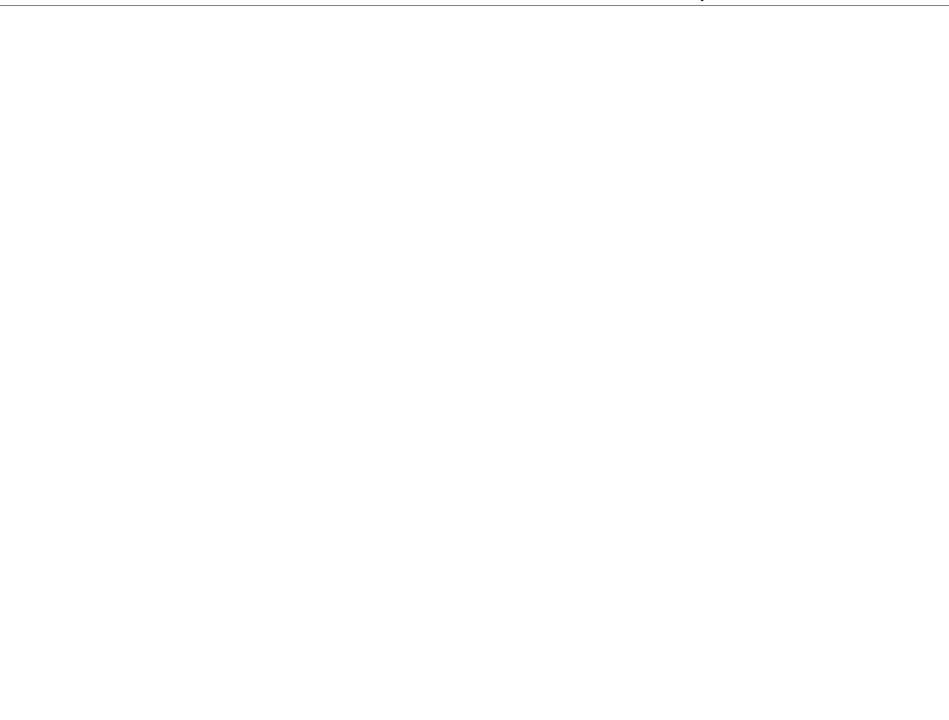
The international conference of Communist parties, in the planning stage for over five years, will convene in Moscow today with representatives from more than 70 parties in attendance. Several of the ruling parties will not be present,

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although the Soviets achieved a breakthrough of sorts in persuading the Cubans to send a delegation of observers.

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This conference, the first since 1960 when 81 parties unanimously approved a lengthy and largely ambiguous statement of principles, will probably produce a document which Moscow believes can serve as a source of doctrine suitable to the times and amenable to its purposes. This will certainly be loyally supported by the overwhelming majority of parties, if the central problem of China can be settled by the use of language interpretable as placing Peking beyond the pale without openly making Chinese apostasy an issue in the conference.

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MIDDLE EAST

The terrorist group which blew up the oil pipeline running through Israeli-occupied Syrian territory last week now says that this action is the beginning of a campaign to destroy all US "interests" in the Arab world. This probably translates as a pledge to attack US-owned oil installations and perhaps commercial aircraft in the area. This group is one of the most active and the most irresponsible of the fedayeen organizations--it masterminded the various attacks on Israeli El Al airplanes last year--and it is apparently undeterred by the almost universal condemnation of its action against Tapline by Arab governments of all stripes. The fedayeen organization is a small one, but both the oil installations and commercial aircraft transiting the Middle East are highly vulnerable to hit-and-run attacks.

There is nothing significant to report on Europe.

II. OTHER IMPORTANT DEVELOPMENTS

LATIN AMERICA

Opposition forces in Brazil will be encouraged by the Chilean Government's decision to cancel the visit of Governor Rockefeller scheduled for later this month. Radical Brazilian students, according to a CIA report, are ready to try to stage demonstrations against the mission even if they bring down heavy government repression. The students not only want to harass the US but also show their opposition to the Costa e

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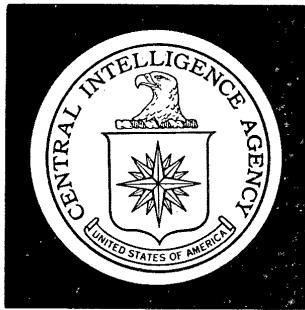
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Silva administration, thus proving that they are as militant as students in other countries. While Brazilian security forces and public apathy will probably combine to make nationwide demonstrations unlikely, even limited agitation could encourage terrorist groups to act on their own.

Meanwhile, Chile's cancellation of the visit following two days of anti-Rockefeller student riots in Santiago and Venezuela's postponement of the scheduled visit to Caracas will probably cause other Latin American governments to take a harder look at their situation and perhaps also suggest cancellation or postponement of the Rockefeller mission.

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I. MAJOR PROBLEMS

VIETNAM

Current Communist military activity is confined to sporadic ground attacks and occasional shellings. A single enemy rocket round struck the Tan Son Nhut Air Base early this morning local time following a rash of terrorist incidents in the Saigon area yesterday. First reports indicate that the rocket caused no damage, but the terror attacks killed two civilians and wounded nine others.

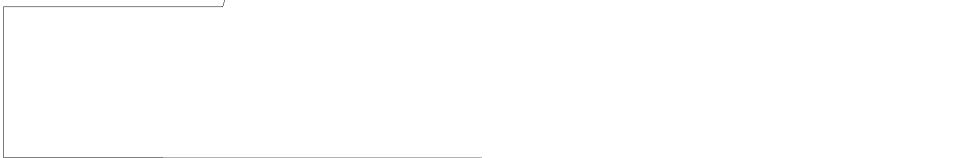
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MIDDLE EAST

Rumored demonstrations in the Arab countries on the second anniversary of the six-day war failed to materialize. In Israeli-held Arab territory, however, planned "strikes" by businessmen and students met with spotty success. Two Israeli soldiers were killed in Gaza; another was wounded in Jerusalem.

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If Tapline officials cannot work out arrangements with the Israeli authorities for repair of the oil pipeline, the

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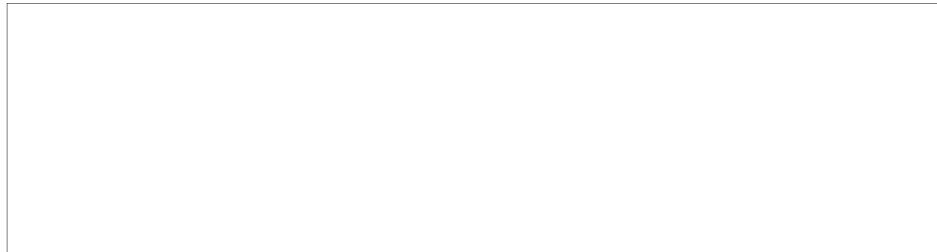
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company will be obliged to shut down oil deliveries to Jordan's Zerqa refinery, since supply of small quantities of crude to Jordan alone would be uneconomical for Tapline.

The Jordanian armed forces and virtually the entire Jordanian economy are dependent on the Zerqa refinery output, and the Jordanians are understandably upset about the situation.

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SOVIET AFFAIRS

As the conference of Communist parties opened yesterday, Soviet propaganda did not reflect a high degree of confidence in the outcome. Soviet contacts of the US Embassy privately have also displayed pessimism; one journalist has claimed that the conference organizers are themselves uncertain as to its results. The Embassy feels that it is highly unlikely that the meeting will heal existing breaches in the international Communist movement. It could even exacerbate them or place Moscow's pretensions to leadership in further question.

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There is nothing significant to report on Europe.

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II. OTHER IMPORTANT DEVELOPMENTS

URUGUAY

The government has asked for a postponement of Governor Rockefeller's visit until at least early July, ostensibly because it needs more time to develop the Governor's program, but apparently because it fears renewed student demonstrations. 50X1

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student

demonstrations keyed to the Governor's visit, while initially likely to be small, could quickly turn into major disorders.

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OKINAWA

Yesterday's labor demonstration outside a US installation, while pretty small stuff in itself, resulted in the wounding of a moderate Okinawan legislator by an American military policeman. Leftist elements may use the incident to drum up support for a general strike protesting the presence of B-52s. According to Chief Executive Yara, there already has been talk of such a strike this month or next. Last February, Yara averted a general work stoppage by claiming that the B-52s probably would be removed by midyear.

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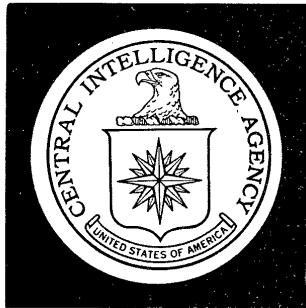
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I. MAJOR PROBLEMS

VIETNAM

Last night Da Nang city and air base were hit by several dozen rounds of rocket fire. Nearby military installations also were shelled. There were a number of military and civilian casualties. These attacks followed the widespread ones of the night of 5-6 June which evidently launched the "June phase" of the Communists' summer offensive.

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Vietnamese Communist spokesmen are coming down hard on the line that the talks are deadlocked and that there is no prospect for an early break unless the US changes the guard in Saigon. Le Duc Tho took this position in his session with Ambassador Lodge on 31 May

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It is not clear why Soviet diplomat Tcherniakov, in a chat with Assistant Secretary Green, got out of step with the current line. He said Thieu did not have to step down, just agree to a coalition. This seems much closer to the position the Communists will ultimately take if the US makes it clear

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that Thieu must stay and be dealt with. But it is equally clear that Hanoi is not yet ready to retreat to this position. 50X1

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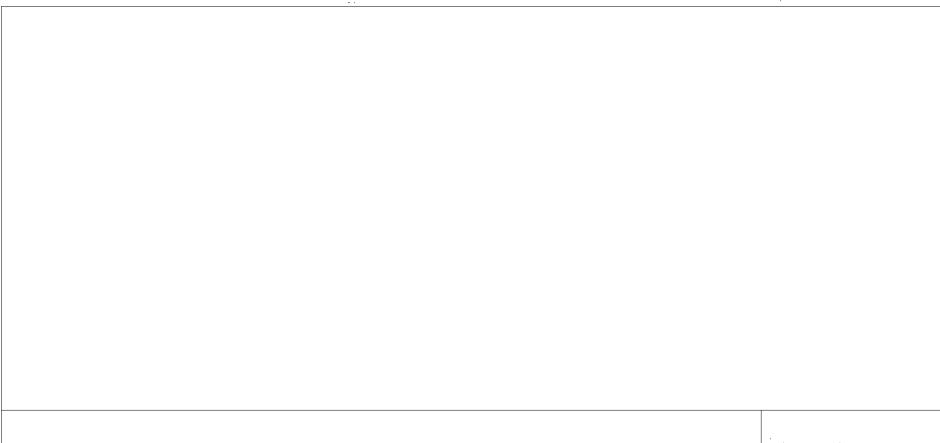


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MIDDLE EAST

The second anniversary of the 1967 Arab-Israeli war was marked by Pravda with an article strongly advising the Arabs against any action which might risk another war. The article, one of Moscow's bluntest public statements, warned those Arabs who want to recarve the map of the Middle East that such efforts are a boon to Israel and a threat to "progressive Arab regimes." The article seems aimed both at recent fedayeen actions against the oil line in the Golan Heights and any disposition on Cairo's part toward rash activity in the canal area.

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SOVIET AFFAIRS

In a move clearly timed to undercut Moscow's position in the world Communist conference, Peking yesterday rebutted recent Soviet charges of border provocations by issuing lengthy allegations of its own.

The Soviets will feel compelled to respond in full, although they obviously would prefer not to become involved in full-scale acrimony during the sensitive proceedings of the conference. A preliminary foreign ministry statement yesterday maintained that the frontier is "absolutely quiet."

Moscow's sensitivity to this sort of friction, however, is evident from the high level of Soviet military activity

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along the border since early May. In addition, the Soviets appear to be preparing for a large-scale combined forces exercise, perhaps to emphasize their military superiority in the area.

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There already has been discord in the Communist conference over the Chinese question. Two speakers--Poland's Gomulka and the Paraguayan delegate--lashed out at Peking. It can be taken for granted that they had the Russians' blessing. The Rumanians, who had been given to understand that this would not happen, lodged an immediate protest. On past form, the Rumanians should walk out if the issue is pressed too hard. By sticking together, however, they and such others as the Italian and British party delegates could yet succeed in getting the Russians to back down. Brezhnev's speech, scheduled for this morning, should point the way.

EUROPE

Poher's supporters are slipping away. The small right-wing Republican Alliance Party has decided to endorse Pompidou, and the National Center of Independents, which also endorsed Poher originally, is sharply split. Other center leaders are either privately leaning toward Pompidou or keeping silent.

In the most recent poll, only 42 percent of those who have made up their minds to vote support Poher, while Pompidou polls 58 percent. Of Poher's supporters, 25 percent said

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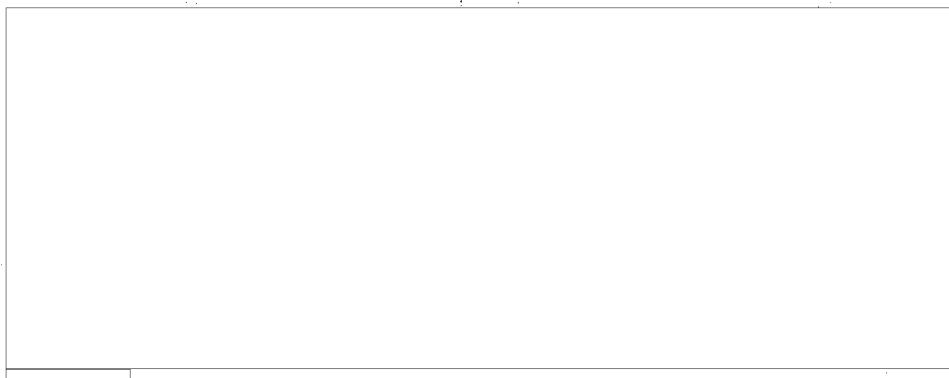
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they might change their minds before 15 June; only 9 percent of the Pompidou backers were not firm in their decision. Furthermore, the poll showed that 51 percent of those who supported Duclos on the first ballot are planning to abstain. Although the polls erred by a fairly wide margin last Sunday, they are likely to be more accurate this time because the voters have only two choices.

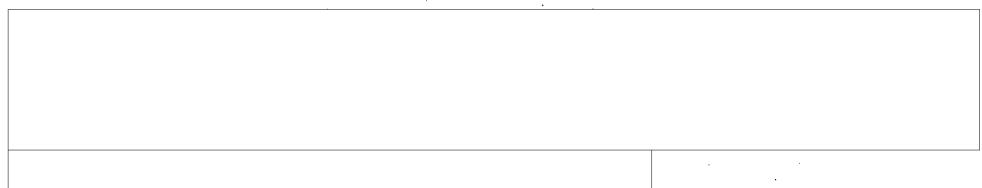
II. OTHER IMPORTANT DEVELOPMENTS

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NIGERIA



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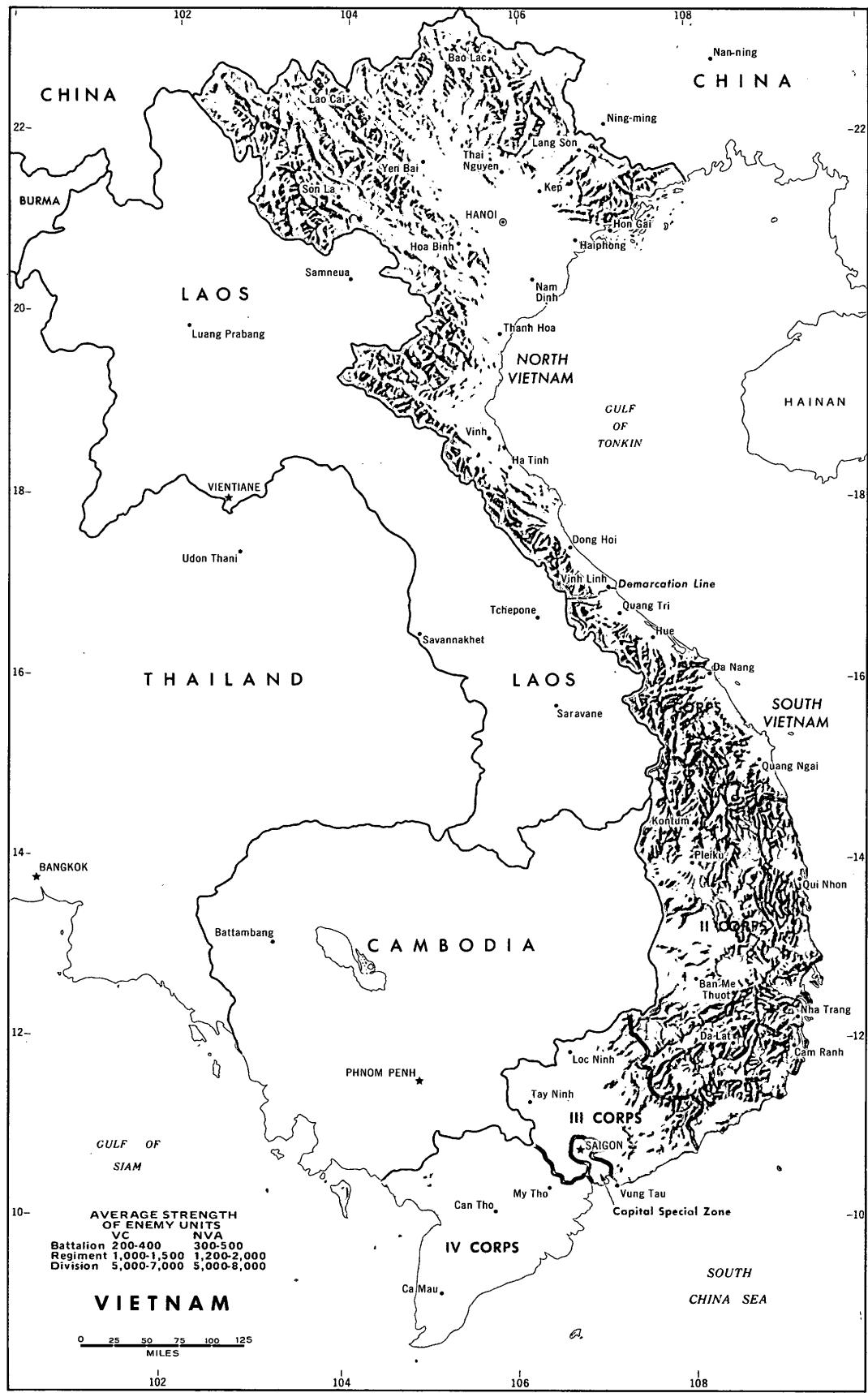
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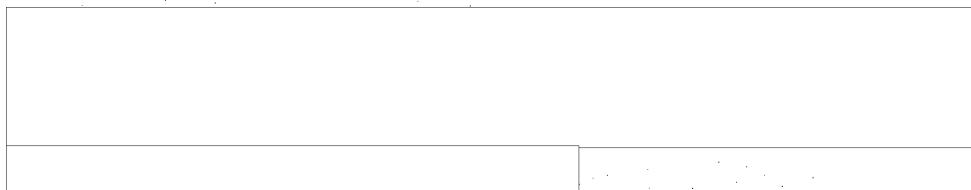
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I. MAJOR PROBLEMS

VIETNAM

Communist shelling continued today at a somewhat reduced level from the three days previous. Heavy ground battles were fought over the weekend in the outskirts of Tay Ninh city and An Loc, 50 to 60 miles northwest of Saigon, near the Cambodian border. Still, the June "action phase" is less intense than the mid-May upsurge although it has followed a similar pattern.

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Initial reaction to the announcement of the impending withdrawal of US troops has come from Japan, Australia and New Zealand and is highly favorable. Prime Minister Holyoake of New Zealand and Australian Foreign Minister Freeth, visiting in Japan, made statements pointing out that the withdrawal shows that South Vietnamese troops have increased their capability to take over more responsibility. They did not promise any similar reduction in the Australian - New Zealand unit. The Japanese statement hoped the withdrawal would aid the Paris peace talks.

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SOVIET AFFAIRS

Moscow's decision to bring the China issue to the floor of the international Communist conference has made it clear that the meeting will be remembered primarily for its display of disunity.

Brezhnev, on Saturday, accused the Chinese leaders of preparing their people for war against the USSR, of supporting splinter groups in foreign Communist parties, and of thwarting "anti-imperialist" unity.

Those parties which support Moscow's line can be expected to endorse these remarks in their conference speeches. This will give the Soviets a condemnation of China for the record even if it does not appear in the formal document. By raising the issue in such stark terms, however, Brezhnev is challenging those parties which have sought to avoid condemnation of China, and some of these--particularly the Rumanian and Italian parties--will feel called upon to reply.

Some of the parties may actually walk out of the conference after giving their address. Others may remain but withhold their signature from the conference document, which reportedly is not yet fully agreed upon. Still others may follow the Australian party's lead and take the offensive on the Czechoslovakian invasion or other divisive issues in the Communist community.

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Meanwhile, Peking has agreed to send a delegation to meet with the Soviet representatives in Khabarovsk on 18 June to discuss navigation on the Sino-Soviet boundary rivers. The Soviets hope to confine the discussions to narrow technical questions, but the Chinese almost certainly will use this forum to raise larger territorial issues. This tactic caused the last such meeting--in 1967--to break down, and there is little prospect that the new talks will reach substantive agreement.

There is nothing significant to report on Europe and the Middle East.

II. OTHER IMPORTANT DEVELOPMENTS

There is nothing significant to report.

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The President's Daily Brief

10 June 1969

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I. MAJOR PROBLEMS

SOVIET AFFAIRS

Although most attention has focused on his spectacular diatribes against the Chinese, Brezhnev also used the occasion of his lengthy keynote address to the Moscow conference to assert explicitly that the Soviet Union seeks an understanding "on measures for limiting and restraining the arms race." Brezhnev also said that the USSR intended to maintain its armed forces "at the highest level," but admitted that this retarded scientific and technical progress and restricted Moscow's ability to meet the needs of the Soviet people. This appears to have been an effort to square the Soviet Union's "anti-imperialist" posture with its advocacy of arms talks with Washington.

Brezhnev's attention in the context of the Communist conference to the need for negotiated settlements in general and to arms talks in particular underlines their importance to the Soviets. It also indicates a determination not to exacerbate relations with the US despite Moscow's tactic of using the anti-imperialism theme to minimize disunity in the Communist camp.

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Soviet military activity in the Far East, which we noted in Saturday's Daily Brief, is still at a high level. We still think this activity is related to a major combined forces exercise. An exercise of this nature, in addition to

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being useful to the Soviets as a timely bit of muscle-flexing, could be intended to test contingency plans against China.

VIETNAM

Communist attacks fell off to a moderate level yesterday after three days of stepped-up activity. [redacted]

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Hanoi's first response to the Midway communique was filled with invective but lacked substantive content. A North Vietnamese spokesman in Paris may have given the essence of Hanoi's real assessment of the Midway meeting: he described the troop pullout as designed to "appease" the American sentiment against the war. The initial South Vietnamese reaction to the results of the Midway meeting was generally one of calm acceptance. Several prominent National Assembly members approved the announcement of the troop withdrawal.

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MIDDLE EAST

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There is nothing significant to report on Europe.

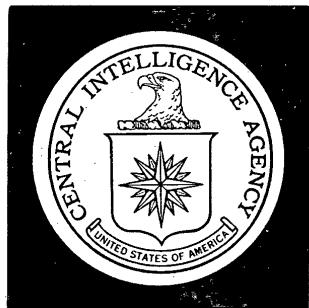
II. OTHER IMPORTANT DEVELOPMENTS

KOREA

Sunday's abortive North Korean infiltration attempt on South Korea's east coast points up two things. First, Seoul has considerably improved its security measures since last fall, when 120 agents successfully landed in the same general area. Second, Pyongyang is still committed to such efforts designed to undermine stability in the South and to give credibility to its claims of a growing revolutionary movement there.

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FOR THE PRESIDENT ONLY

I. MAJOR PROBLEMS

VIETNAM

The Vietnamese Communists have staked out a formal claim to a share of political power in South Vietnam by setting up a provisional regime as a rival to the Saigon government. The step, announced yesterday by the Viet Cong's Liberation Radio, was billed as the product of consultations between the Liberation Front and the other major Communist front organization, the Alliance.

Front chairman Nguyen Huu Tho said the "Provisional Revolutionary Government" would "regulate all our internal and foreign affairs." He also indicated that it is intended to mobilize support behind the standard list of Communist objectives, including the overthrow of the Saigon government. He described it as a "resistance government" for fighting the war and for applying "democracy" to the population.

Since the 1968 Tet offensive the Communists have been laying the groundwork for such a body by establishing, or claiming to establish, "revolutionary administrations" from the hamlet up through the province and region administrative levels. From time to time there have been strong suggestions that they were aiming ultimately for a national regime.

One major drawback to effective implementation of such a scheme has been the lack of prominent South Vietnamese personalities who would lend their names to it. As announced

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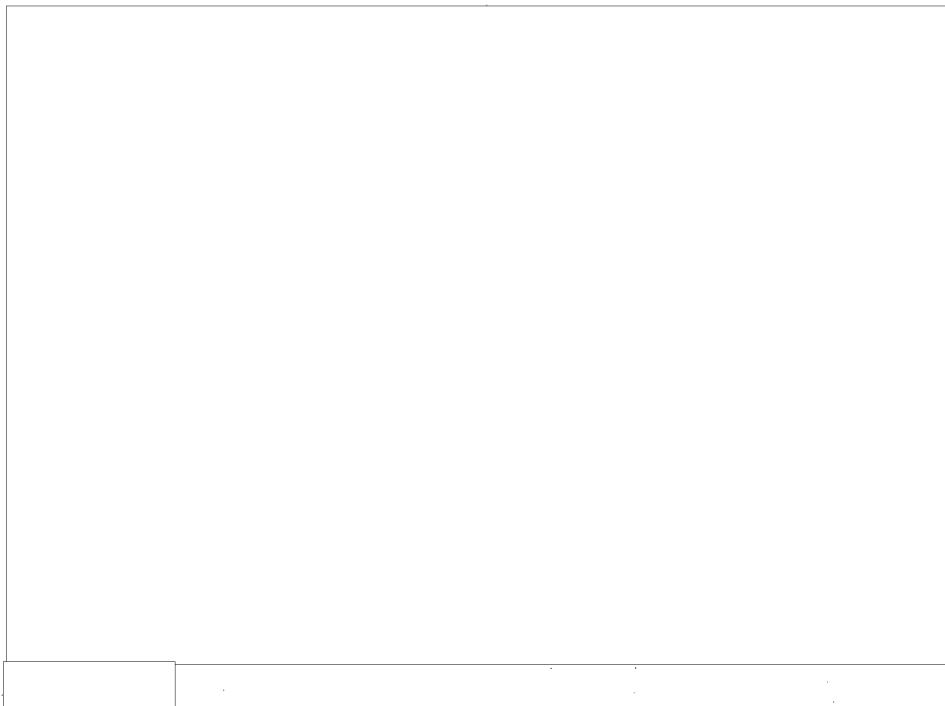
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by the Liberation Radio, the personnel in the cabinet and the advisory council of the new "government" appear to be drawn largely from familiar figures in the Front and the Alliance. Some more prestigious leadership would seem necessary if the Communists are to get more support from South Vietnamese who are unwilling to back the Thieu government.

The Liberation Radio announced today that henceforth the Liberation Front's delegation in Paris would be referred to as "the delegation of the Provisional Revolutionary Government of South Vietnam."

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Gromyko has gone to Cairo. We assume he is checking out Moscow's reply to the US proposals passed to Ambassador Dobrynin last month. The Soviets said last week that they would have their reply ready in the "next few days." On his last visit to Egypt, Gromyko won Egyptian approval of the "peace plan" the Soviets surfaced last December.

EUROPE

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SOVIET AFFAIRS

There is nothing of significance to report.

II. OTHER IMPORTANT DEVELOPMENTS

COMMUNIST CHINA

Peking has issued a strong warning to recalcitrant radical elements to fall in line. A joint editorial of the three major party and military journals, broadcast on 8 June by Peking Radio, strongly reaffirmed the current drive to restore political unity after the upheavals of the Cultural Revolution. Most pointedly, the editorial insisted that re-educated and "liberated" cadres--even some who earlier had opposed Mao himself--must be restored to positions of real authority.

Many of these men, purged by Red Guard action, are experienced managers and administrators. The editorial's call, therefore, suggests that those elements in China's leadership with the greatest interest in order and national development--primarily the central and regional military leaders, together with senior government administrators--are now strong enough to call the tune.

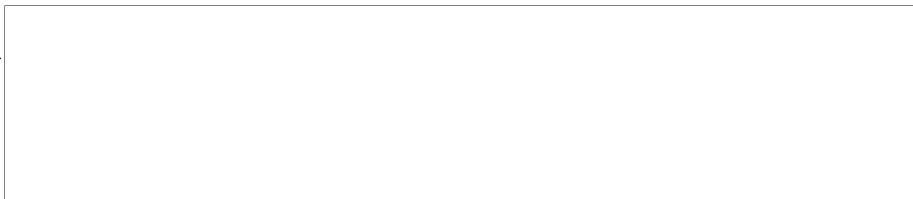
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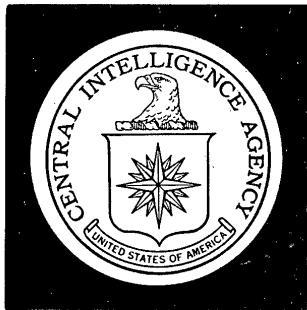
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Peking today lodged another protest with the Soviets
alleging that further incidents occurred last evening in the
West China border area north of the Dzungarian Gate.

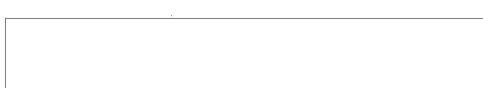
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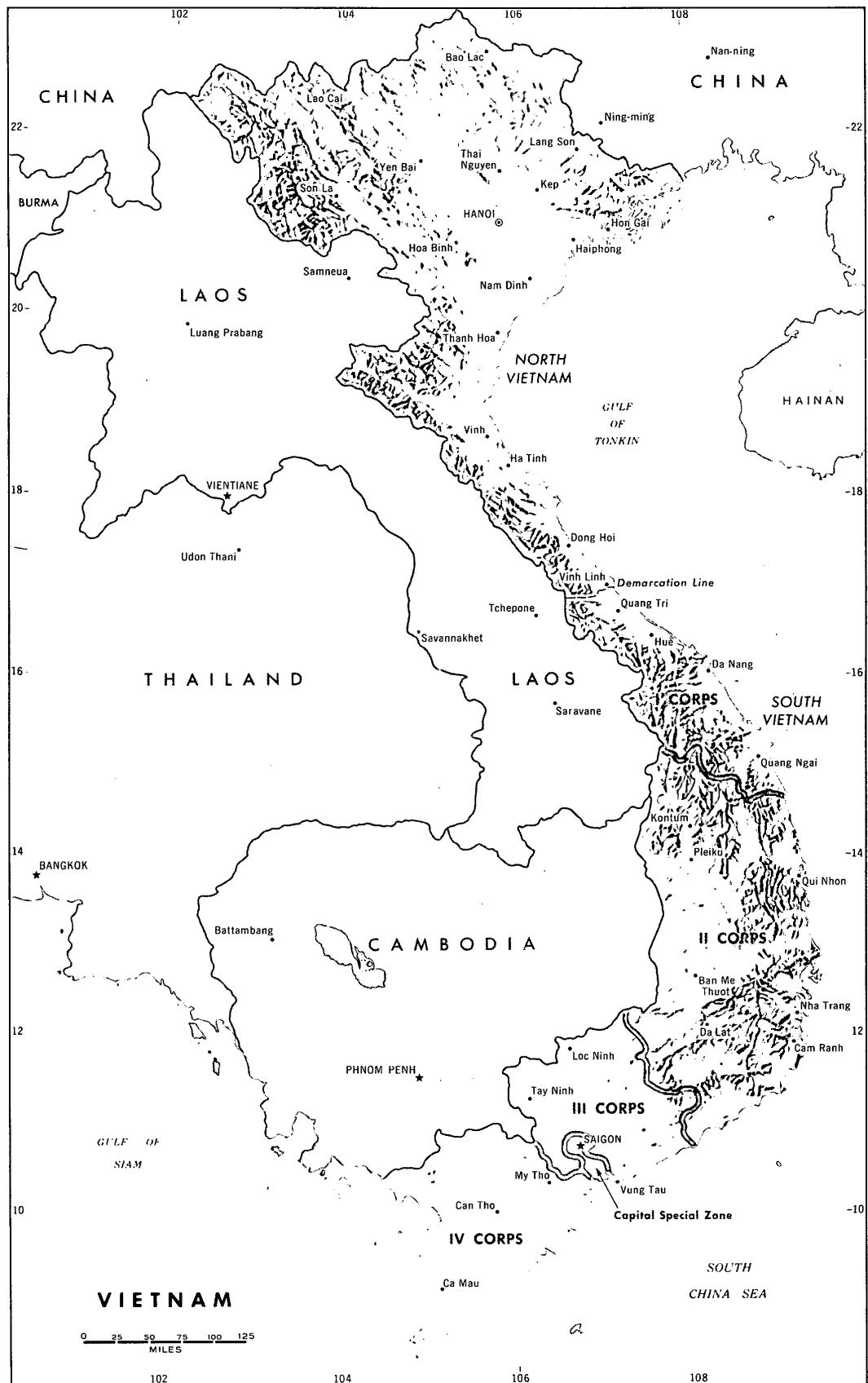
I. MAJOR PROBLEMS

VIETNAM

Further study of the namelist of the new Communist "Provisional Revolutionary Government" suggests that the Communists do not intend it to serve as a rallying point for neutralists and other non-Communists who oppose Thieu but had no stomach for the Front or the Alliance. The people named to the top spots in the new "government" are all well-known hard-core Communist-front professionals. On the other hand the powerless and faceless political hangers-on who for years have filled top positions in the Front and more recently in the Alliance have all been shunted aside into an "advisory council." The Provisional Revolutionary Government is clearly designed to be what it calls itself, a "revolutionary" government which has inserted itself as the South Vietnamese force to be dealt with on the Communist side of the table.

For openers, the PRG may well take as hard a line as Le Duc Tho did on 31 May on the subject of dealing with the GVN. The Communists may believe it is worth sticking to this line for some time in order to see how firmly the US is committed to backing Thieu. But if they find that their gambit fails to pay off in undermining the GVN, or in eliciting a favorable response from the US, they will almost certainly use it for other bargaining purposes.

Some of the language in the Front's ten-point program strikes us as especially significant in this regard. The program lays out broad ideas for a settlement, at the heart



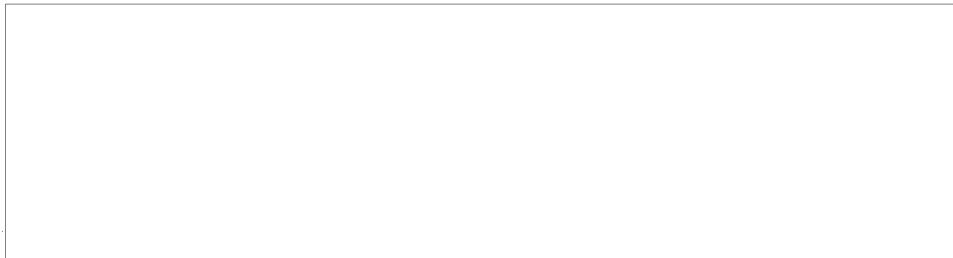
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of which is a "provisional coalition government" to be formed after a cease-fire and before new general elections. During this period, according to the ten points, "neither party shall impose its political regime on the people of South Vietnam." This language suggests that the Communists are not putting all their money on overthrowing the GVN or even on getting Thieu booted. It allows for the continued existence of both the GVN and the new Communist "regime" during such a period, with their conflicting claims to sovereignty still intact. It may mean that eventually the Communists will be willing to leave these claims unresolved for the transitional stage and to put them to the test of some form of elections. They may envisage some joint provisional executive agency, the members of which would be drawn from the PRG, the GVN and other "political forces." This executive would referee the elections.

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SOVIET AFFAIRS

The international Communist conference continues to bump shakily along with dissident parties challenging Moscow's position on China, the invasion of Czechoslovakia, and points in the conference document.

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The speech by the Italian party representative yesterday was particularly critical of the invasion and anti-Chinese statements on the floor. He said his delegation was not willing to sign the document in its present form. Czech party chief Husak rebuked the Italians later in the session.

The speech of Rumanian party boss Ceausescu on Monday was moderate by comparison with the Italians. He did insist on Rumania's right to dissent and to be independent of Moscow. He hinted that he might not be able to sign the final document but said his delegation would not walk out.

Many delegations are said to be critical of the vague and haphazard methods of the meeting, and much work still must be done on the wording of the basic document. No decision has yet been reached as to whether the parties must approve the document in toto or will be allowed to abstain on some sections.

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MIDDLE EAST

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The French have now decided--subject, of course, to review after Sunday's runoff election--to supply arms to Lebanon after all. They say they will provide a gift of enough arms to equip two infantry battalions and will also grant a nine-month credit of \$1.6 million.

EUROPE

A recent restatement by Pompidou of his foreign policy views showed a considerable degree of continuity with De Gaulle, especially in his emphasis on France's role as a leader in world affairs. The sharp edges were absent, however. Moreover, France's membership in the Atlantic Alliance was emphasized more than the General was wont to do.

Some specific points made in the speech are as follows:

--On relations with the US: France intends to maintain its alliances, particularly with the US, always its friend and ally. Peace in Vietnam would remove the last clouds from US-French relations.

--On rapprochement with the East: This policy will be pursued resolutely--especially with Moscow--and must take precedence over condemnation of the Soviet invasion of Czechoslovakia because a policy of blocs will inevitably lead to conflict.

--On relations with Germany: France will remain faithful to this reconciliation but the cooperation will not be

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"privileged" (a term frequently used by De Gaulle) but "exemplary" (an example of cooperation for the rest of Europe).

--On Europe and enlargement of the Community: Move ahead with projects already under way; Pompidou expressed approval of the idea of enlargement but only after a meeting of the Six followed by discussion with "candidate states." (This could be interpreted as pointing toward a clearer but still distant prospect of UK entry, provided London would be satisfied with a good deal less than it wants.)

II. OTHER IMPORTANT DEVELOPMENTS

CAMBODIA

Sihanouk's statement yesterday regarding a resumption of diplomatic relations with the US is another sign that despite the tortuous twists and turns he is determined to get Cambodia in a better position to play the US off against the Vietnamese Communists. We do not know what, if anything, prompted Sihanouk's latest volte face, but his reference to an exchange of chargés suggests that, at least for the moment, he intends to follow through.

We cannot, however, rule out the possibility that the announcement was made to strengthen Sihanouk's hand in current negotiations with Hanoi over the border problem. Although the full text of the press conference is not yet available, Sihanouk once again referred to "very disturbing" Vietnamese Communist encroachments in the border area.

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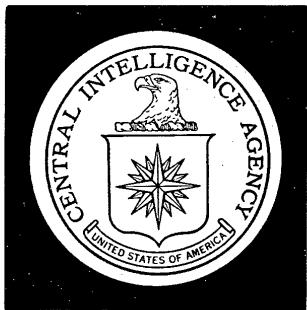
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Sihanouk's reaction to recent press stories regarding US military actions in Cambodia, and how he solves the thorny question of recognizing the Viet Cong's new "Provisional Revolutionary Government," may reveal what game he is currently playing.

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I. MAJOR PROBLEMS

SOVIET AFFAIRS

The summary of Husak's speech Wednesday before the international Communist conference, as released by Prague, shows that the Czechoslovak party chief stopped well short of backing the Soviet invasion last August. Although Husak criticized the Italian and Australian references to the invasion as unwarranted interference in internal affairs by parties not knowing the facts, he also was careful to point out that the situation in Czechoslovakia--from Dubcek's election in January 1968 to date--has never represented a diversion from socialism. He further pointed out that there had been enough internal strength to protect "socialist achievements" last August, and though he mentioned weaknesses existing in the party leadership and social structure at the time, he probably meant to imply that Prague could have handled the situation without Moscow's help.

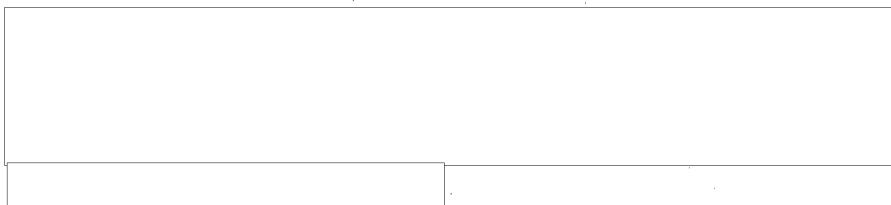
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A number of Soviet ambassadors to non-Communist Asia have been recalled to Moscow, presumably for a comprehensive review of foreign policy in that part of the world. So far we have no reports that diplomats in Asian Communist countries are to be included.

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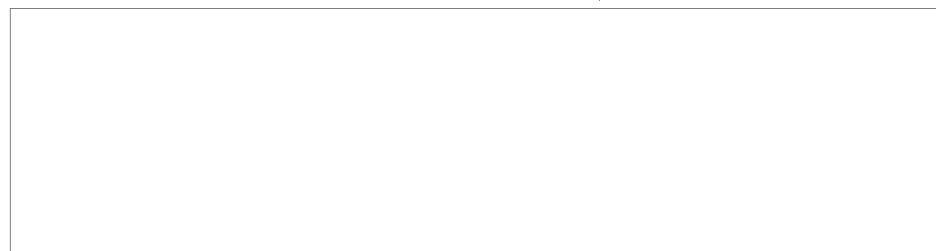
Moscow probably believes the prospects of progress toward settling the Vietnam conflict are now greater and wants to formulate a policy for Asia in the postwar era. The Soviets may also be influenced by signs that China is cranking up its traditional diplomatic machinery again after two years of inactivity.

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Military activity in the Soviet Far East continues at a high level. A small rectangular area of the document has been redacted with a solid black box.

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EUROPE

The French Communists have now implied they will do everything possible to assure that the party directive to boycott Sunday's election runoff is not ignored.

Jacques Duclos, the Communist candidate in the first round, stated recently that "there will be eyes everywhere to mark would-be cheaters who try to make voluntary abstainers vote." Duclos ostensibly referred to any attempts

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to rig the votes, but to many Frenchmen the implication was that "big brother" would be watching to scare off potential voters. A Ministry of Interior official stated that an abstention rate of 60 percent or higher among Communist voters was not unreasonable.

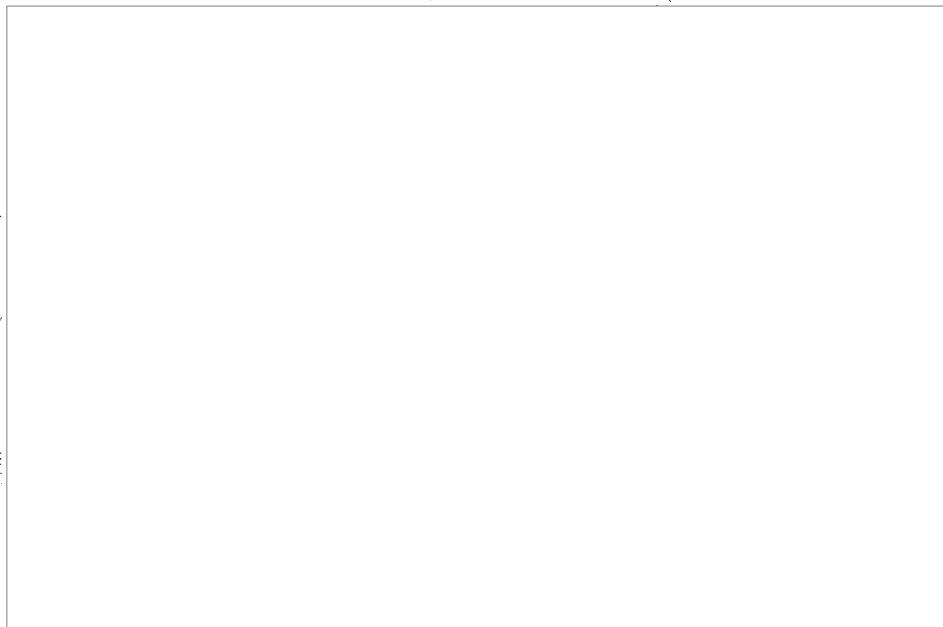
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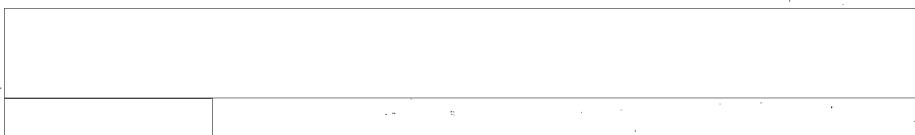
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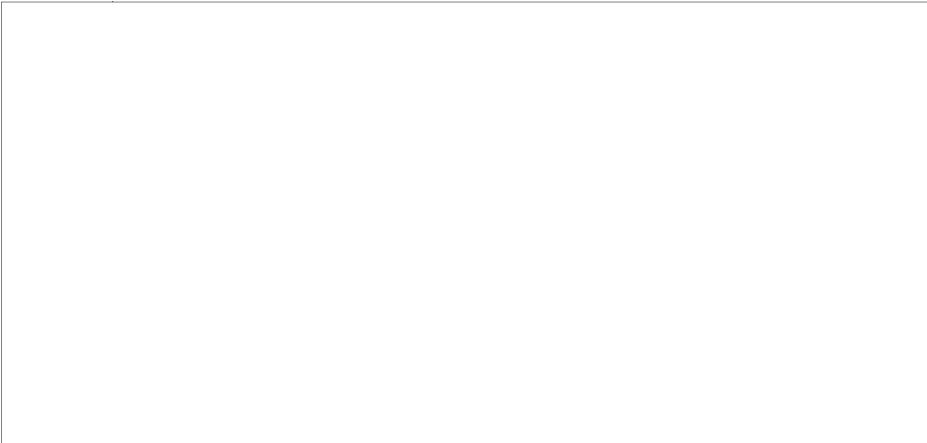


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II. OTHER IMPORTANT DEVELOPMENTS

KOREA

South Korean security forces lured a North Korean agent boat into a carefully prepared trap yesterday off the southwestern coast of South Korea. The 75-ton "spy ship" had been sent by Pyongyang to exfiltrate an agent who had been secretly captured and doubled by the South Korean CIA late in May. The boat sank and its crew are all dead. A similar trap, set last August on Cheju Island, also resulted in the loss of a North

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Korean boat. This incident comes in the wake of the abortive landing attempt, on the east coast of South Korea last Sunday, by the crew of another North Korean boat.

LIBYA

King Idris' recent acts of favoritism to powerful but widely disliked court hangers-on have tarnished his image and revived talk of removing him in favor of the ineffectual Crown Prince. At annex we discuss some aspects of the present political situation in this country, a classic example of slow deterioration toward instability.

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LIBYA: DESERT POLITICS

Many members of the Libyan establishment--the tribal, religious, political, and military leaders who have traditionally monopolized the positions of influence under King Idris--are getting worried about the power Idris has permitted the two Shahli brothers, Umar and Abd-al-Aziz, to accumulate. The brothers, whose beginnings were relatively modest, have benefited from the King's favor over the years to such an extent that Umar is now one of the most influential advisers at the court and Abd-al-Aziz controls the Libyan Army.

Faced with the prospect of possible eclipse by the Shahlis, other influential Libyans are plotting against the brothers. As a rallying point for their activities they are using the Crown Prince, a colorless and ineffectual nonentity whom the 79-year-old Idris has never allowed to be trained for the monarchy. The King's recent decision to modernize the army, which would provide the Shahlis with an even bigger power base, has stimulated the malcontents to even greater efforts. They may try to move against the brothers before the modernization is complete.

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Essentially all this plotting and infighting is a quarrel over who is to get the largest cut of the spoils, which have risen sharply with increased oil revenues. But there are larger implications as well. The Shahli family has long been known for its pro-Egyptian bias, although the attitude of

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its leading members have become increasingly conservative as they acquire a larger stake in things as they are. The family's numerous enemies, however, are totally committed to the status quo but are united only in their opposition to the Shahlis. They would almost certainly fall to quarreling among themselves if the King were forcibly removed or retired.

Idris himself has provided the cement that has held the disparate and antagonistic elements of the Libyan political scene together over the years. Were he to go--and particularly if he were to be removed by force--there does not seem to be a single personality or interest group strong enough to keep potential rivals for power from each other's throats. Moreover, instability in Libya is likely to have wider implications for the area as a whole.

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I. MAJOR PROBLEMS

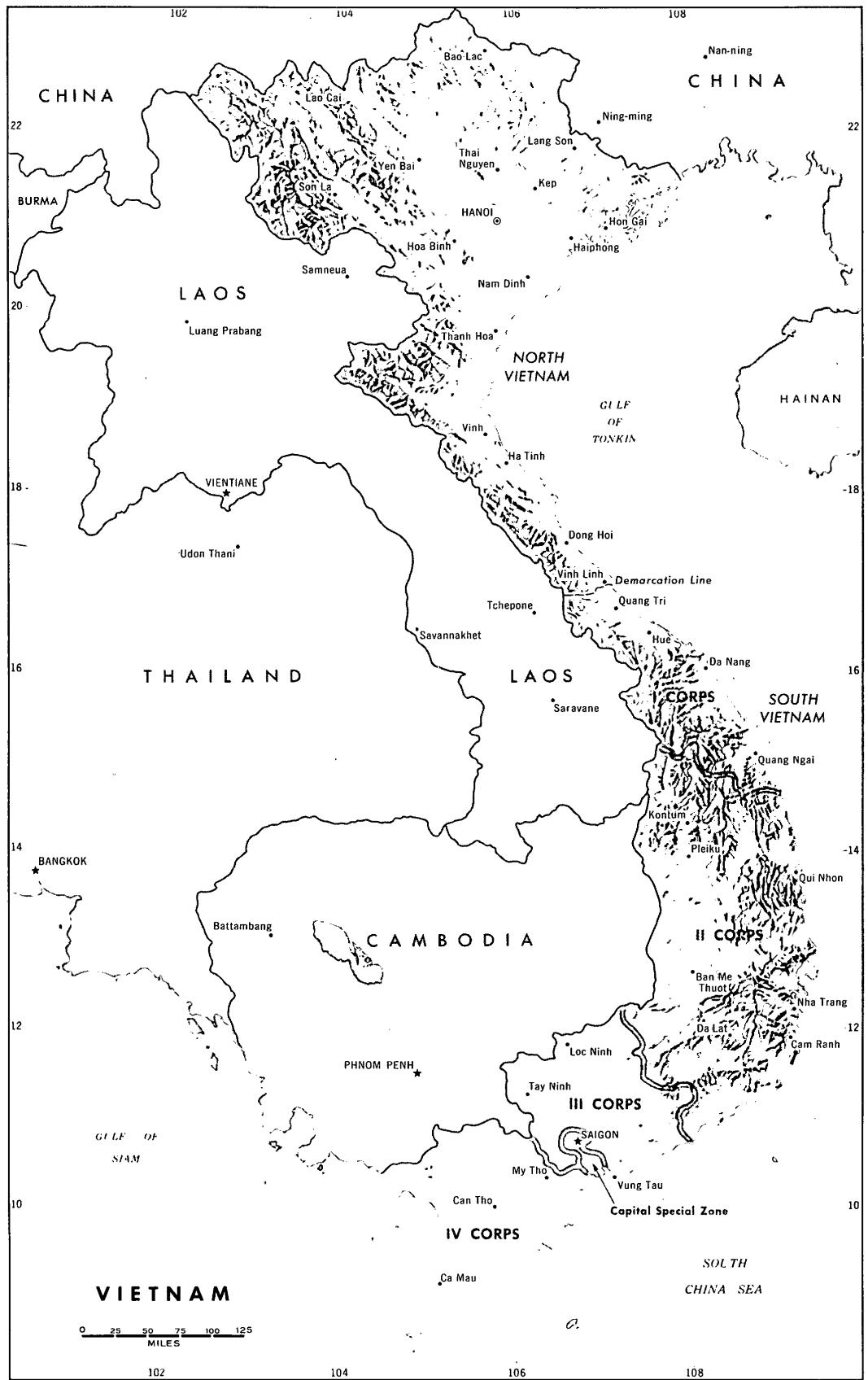
MIDDLE EAST

Gromyko left Cairo yesterday after protracted talks with Nasir and company. He conferred with the Egyptian President at least three times, and with officials of the Foreign Ministry as well. Egyptians present at the latter meeting have told the US representative in Cairo that the discussions were both difficult and detailed. We do not yet have a firm reading on the nature of the discussions, but a good bet would be that a joint counter-proposal to the US propositions for a negotiated settlement was being drafted.

* * *

In a rather frank discussion with the US representative in Cairo, one of Nasir's close advisers alluded directly to the key factor governing Egypt's reluctance to move toward meaningful negotiations: fear of a violently adverse reaction from the man in the street. The adviser said that the government's own sounding of Egyptian opinion on a settlement had produced unclear returns, but he was obviously and not surprisingly worried that any effective steps toward negotiations would result in an uncontrollable spasm among the populace. He twice remarked that it was a "miracle" that the government had remained in power for two years after the 1967 war.

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VIETNAM

Communist shelling increased in the northern provinces on 12-13 June, amid further signs of enemy plans for another intense flare-up of attacks similar to the "high point" of 6-8 June. There are continuing indications that the enemy will concentrate shelling attacks and ground probes at least in the I and III corps areas in a new offensive which could come as early as 15 June.

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EUROPE

Mayor Schuetz leaves Berlin today on a visit to Poland which has all the overtones of a typical cat-and-mouse game between European statesmen--and between West German domestic political rivals as well. The various participants in the game have a wide assortment of aims

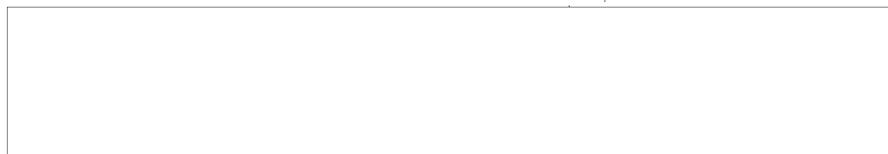
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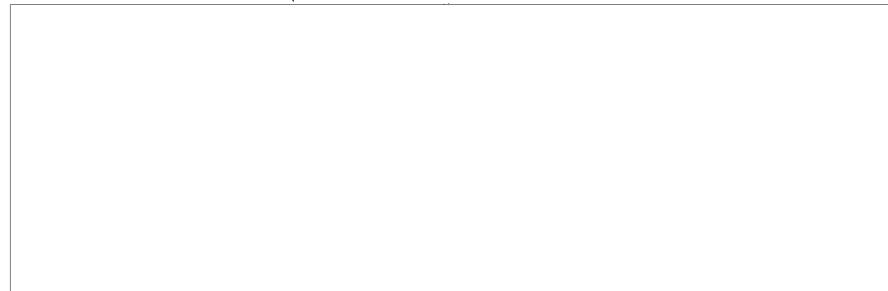
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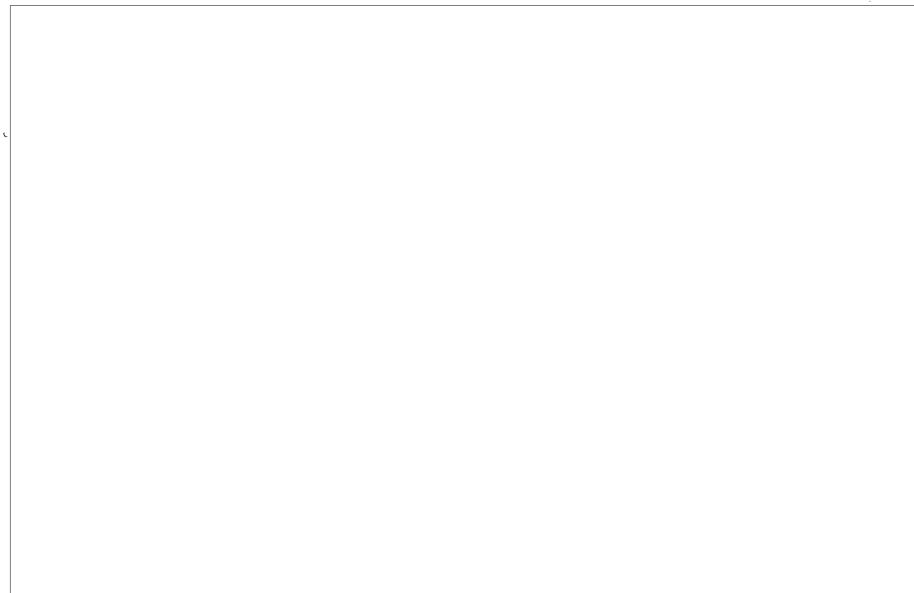
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SOVIET AFFAIRS

Moscow has publicized a note to the Chinese offering
to resume "unconditional" border talks in the next two or

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three months. The statement, a response to Peking's polemical call for talks of 24 May, is a bid both to buttress Moscow's position in the face of continuing Chinese propaganda blasts and to forstall further border incidents, which could be especially difficult for the Russians at this time.

The Soviets clearly have the international Communist conference in Moscow in mind, and the new appeal may represent a concession to parties made uneasy by the anti-Chinese direction the meeting has taken this week. Although placing the blame on China for breaking off border talks in 1964 and for all recent "provocations," Moscow sought to strike a note of reasonableness by stressing Soviet interest in early efforts to patch up border differences responsibly. Nevertheless, there is little likelihood that the talks, when they take place, will make much substantive progress.

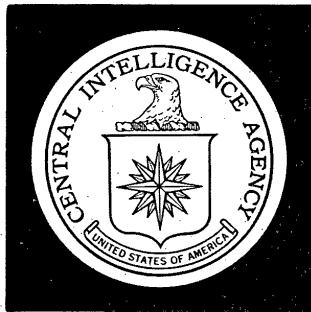
Soviet military activity along the Sino-Soviet border remains at a high level.

II. OTHER IMPORTANT DEVELOPMENTS

There is nothing significant to report.

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FOR THE PRESIDENT ONLY

I. MAJOR PROBLEMS

EUROPE

Pompidou now has seven years in which to establish his brand of "Gaullism without De Gaulle." We expect him to try to fashion a ministerial team which includes centrists, left-wing Gaullists, and Independent Republicans as well as orthodox Gaullists. In the process some familiar faces--Couve and Debré among them--seem almost certain to disappear from the lineup. National Assembly President Jacques Chaban-Delmas is currently the frontrunner for the premiership.

It is too early to predict with any precision what Pompidou's foreign policies will be. He was hewing ever closer to established Gaullist lines as the campaign closed, but with a strong parliamentary majority behind him he is free to put his own stamp on the traditional policies. We suspect he will not depart too quickly or too markedly from the paths traced by his predecessor.

VIETNAM

Chou En-lai's statement on Saturday recognizing the Provisional Revolutionary Government contains the most open and direct Chinese treatment to date of the issues surrounding a settlement in Vietnam. Chou urged the Vietnamese Communists to fight for "complete victory," warning that the US would never agree to "unconditional" military withdrawal or the establishment of a "revolutionary" coalition government in the South. This willingness to refer publicly to US withdrawal

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and to the possibility of a coalition government is a new development. It appears to be further evidence of Peking's grudging acceptance of the talks at Paris and of the possibility of eventual progress there.

SOVIET AFFAIRS

The Soviet space program suffered another setback Saturday when its largest operational booster--the SL-12-- was unsuccessful in an attempt to achieve orbit around the earth, probably because of a fourth stage failure. Although the precise nature of the intended mission is uncertain, the timing of the launch suggests a lunar probe [redacted]

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This marks the third time this year that the Soviets have been unable to conduct a lunar mission. SL-12 failures also prevented two probes to Mars in the spring. [redacted]

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Moscow has decreed measures to hold down grain losses at harvest time, and we believe this means it is worried about crop prospects. The weather has been bad so far this year in more than one important region. Adequate precipitation this summer and good weather during the harvest would still enable the Soviets to produce at least an average grain crop, but since the long-run goal is to increase production despite the weather, an average crop would be disappointing to the

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leadership. This fact could once again make agricultural policy a prime political issue, something it has not been during the last three years of successful harvests.

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There is nothing significant to report on the Middle East.

II. OTHER IMPORTANT DEVELOPMENTS

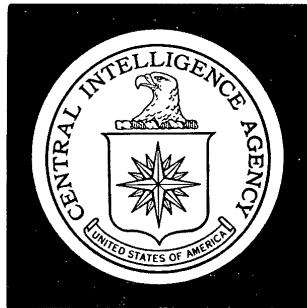
ARGENTINA

The armed forces are getting more and more unhappy with President Onganía. Their dissatisfaction over his handling of last month's student and labor unrest has not abated, and they are finding much to criticize in his newly reorganized cabinet. Key officers are denigrating the competence of the cabinet as a whole, and they are also making much of the new interior minister's alleged Peronist tendencies and the social welfare minister's advocacy of a corporate state. Adding to the officers' displeasure is the fact that Onganía did not consult them before he made the changes.

There are no indications yet that the military wants Onganía out of office, but it is keeping much closer tabs on the government these days. The government's next test may come tomorrow, when a general strike has been called in Córdoba, the city which saw the worst violence last month.

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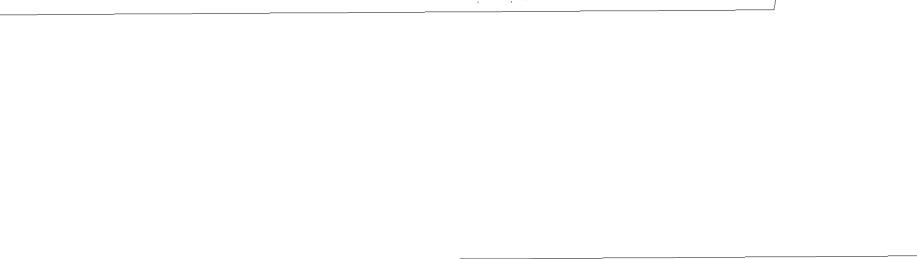
FOR THE PRESIDENT ONLY

I. MAJOR PROBLEMS

MIDDLE EAST

Since the six-day war, both Egypt and Israel have been upgrading their early-warning radar capabilities, and both countries are now substantially better prepared for any eventuality. In 1967 the Israelis penetrated Egyptian airspace both by flying under the Egyptian radar screen and by approaching Egyptian territory along routes not adequately protected by existing radars. A new study shows that this will not be so easy in the future.

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Because of its smaller size, Israel needs far fewer radar sites.

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In addition, occupation of the Sinai provides a larger buffer zone between Egyptian airfields and the Israeli cities.

VIETNAM

Two rocket rounds were fired into downtown Saigon on 16 June, with no casualties and minor damage. Communist forces staged several attacks on allied positions. At

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least two North Vietnamese regiments in northern South Vietnam are moving about, possibly a prelude to withdrawal for refitting.

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There is nothing significant to report on Europe or Soviet Affairs.

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II. OTHER IMPORTANT DEVELOPMENTS

SUDAN

Three weeks after seizing power, the new regime seems firmly entrenched. It has faced no effective resistance, and none is in sight for the moment. The populace seems willing to allow the regime a chance to fulfill its professed intentions; it has been quite successful in playing on popular discontent with the corruption of the former government.

The ultimate political orientation of the regime, however, still remains in doubt. The government is mouthing the usual Arab nationalist slogans, but there has been a slow drift to the left. In terms of numbers the Communist position is substantial, with a dozen or more top-level positions in the cabinet and the military-dominated Revolutionary Council held by known Communists. Some factions within the party, however, are concerned that close identification with the government could endanger its future should a strong anti-Communist reaction occur. The party also continues to be

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troubled by internal dissension, with some factions maneuvering to oust the present secretary general.

The degree of Egyptian influence in the new regime is also not clear. Pro-Egyptians, including the new prime minister, occupy important positions in the government, and Cairo has expressed great satisfaction with developments

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Neither would find much comfort in a Communist regime in the Sudan, and it is likely that they will work to prevent such a consequence.

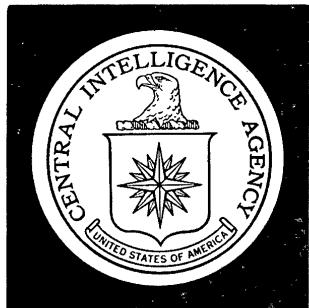
Whatever the outcome of the present maneuvering for power, the regime will be faced with an almost insurmountable task of building a modern state. Sudan's economic backwardness, its racial, religious and culturally divided populace, and its primitive political institutions present a challenge that has baffled all previous governments; this one is not likely to do much better.

ROCKEFELLER MISSION

Governor Rockefeller's arrival in Brasilia was unmarred by threatened violence. In Rio, police seem to have most of the violence-prone leftist leaders under wraps for the duration of the visit, but some demonstrations and a few noise bombs in the streets can be expected. In Sao Paulo, dissidents are still planning violence, and local security forces may react with greater vigor than in the other Brazilian cities. The ensuing street fight, if it occurs, will be noisy and could be bloody.

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FOR THE PRESIDENT ONLY

I. MAJOR PROBLEMS

VIETNAM

Communist military forces staged a series of shellings and ground assaults against allied military targets throughout South Vietnam yesterday.

It is too early to ascertain if these actions are a prelude to the widely anticipated upsurge of offensive action expected before next weekend. Additional indications of another round of widespread enemy activity lend credence [redacted] 50X1

[redacted] that another "highpoint" is imminent. 50X1

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[redacted]

Sihanouk's aim almost certainly is to pressure the Communists to reduce their presence in Cambodia and otherwise to

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limit their activities. High-level talks with the Communists have been under way in Phnom Penh for several weeks. Although little is known about these talks, Sihanouk's recent statement on resuming relations with the US suggests that Hanoi has not been forthcoming.

SOVIET AFFAIRS

The international Communist conference ended yesterday with adoption of a much worked-over basic document on the extent of the "imperialist threat" and the "unity" of the Communist world. The communique acknowledged that five of the 75 attending parties--including the Italian--did not sign all or part of the document. There are reports that seven other parties expressed reservations about some portion of it. Several of them--including the Romanian--will probably find ways of dissociating themselves from objectionable sections. The document has just been made public this morning and will be reported further when analysis has been completed.

* * *

Soviet military activity in the Far East apparently is returning to normal levels after two weeks of extensive operations. Most of the transports and many of the combat aircraft that flew to the Far East in the last few weeks are returning to home bases in the Western USSR and the naval units which deployed into the Sea of Japan have largely returned to port. Although ground forces field training in the southern Maritime Province is continuing, it is at a reduced level.

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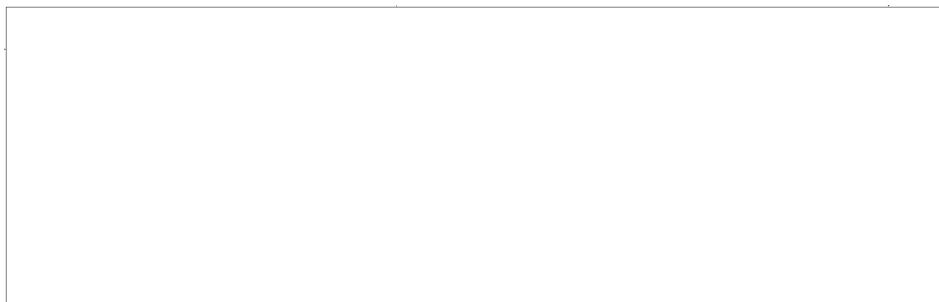
Czechoslovak party leader Husak, at a press conference in Moscow on Monday, said that Prague and Moscow would continue to consult about problems of "normalization," which suggests that the two have not reconciled their respective interpretations of the term. Husak implied, for example, that disagreement exists over whether the presence of Soviet troops in Czechoslovakia will remain necessary to Warsaw Pact security.

Husak indirectly denied reports that President Svoboda would go to Moscow later this month to negotiate a troop withdrawal or a Soviet loan. He said that no date has yet been set for such a visit, and there was a clear implication that negotiations would be protracted.

These remarks will disappoint Husak's countrymen and may add to political tensions in Czechoslovakia. Pro-Soviet conservatives probably will be encouraged in their campaign to return the country to a more orthodox system.

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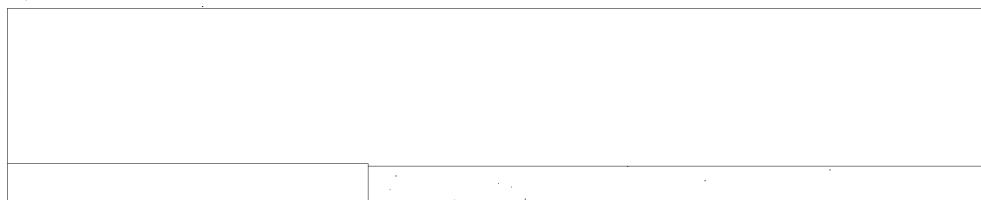
MIDDLE EAST



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There is nothing of significance to report on Europe.

II. OTHER IMPORTANT DEVELOPMENTS

BRAZIL

No violence was reported anywhere in Rio de Janeiro yesterday when Governor Rockefeller arrived there on the second leg of his Brazilian stop. Police and security precautions were heavy but not particularly conspicuous. In many cases police wore civilian clothes and used civilian state agency trucks.

Sao Paulo, where the Governor moves today, was also calm and no definite plans for violence have been uncovered. Security is likely to be heavy and effective. All news coverage of the visit has been favorable, with some complimentary headlines, and no accounts of hostile activities.

URUGUAY

Violence is increasing as Governor Rockefeller's arrival late this week approaches. Students and workers plan to continue the antigovernment demonstrations and strikes they have been staging for a month, and the large and well-organized

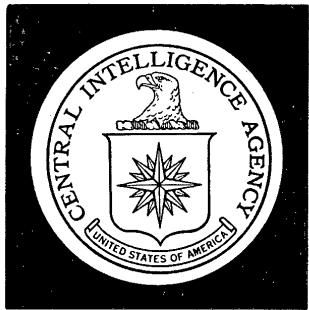
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Communist Party hopes to follow up, during the visit, last Friday's vandalism of the US Embassy. In an effort to deny students ready access to school areas and thus prevent agitators from arousing an otherwise passive majority, President Pacheco yesterday closed all schools, including the university, in the Montevideo area until 30 June using the pretext of the existence of a flu epidemic. Although security forces can probably cope with localized agitation, they will be hard pressed to maintain order if violence were to break out in several places at once.

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FOR THE PRESIDENT ONLY

I. MAJOR PROBLEMS

VIETNAM

The Saigon government apparently is cracking down on a left-wing opposition group, the National Progressive Force. This organization recently called for a "government of conciliation" to replace the present one and is said to advocate cooperation with the Communists' Provisional Revolutionary Government. Although it does not now have a wide following, its appeal could grow among those Vietnamese who believe the US may waver in its support of the present government and look around for leaders more acceptable to the Communists in order to reach a peace settlement. Its leader, Tran Ngoc Lieng, now claims that he and several of his followers have been ordered to appear before Saigon police for questioning, and that a number of other members of his group are being detained by the police.

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The Communists on 17-18 June continued their shelling of allied installations in widely separated areas of South Vietnam. Several air bases came under fire, including Bien Hoa northeast of Saigon.

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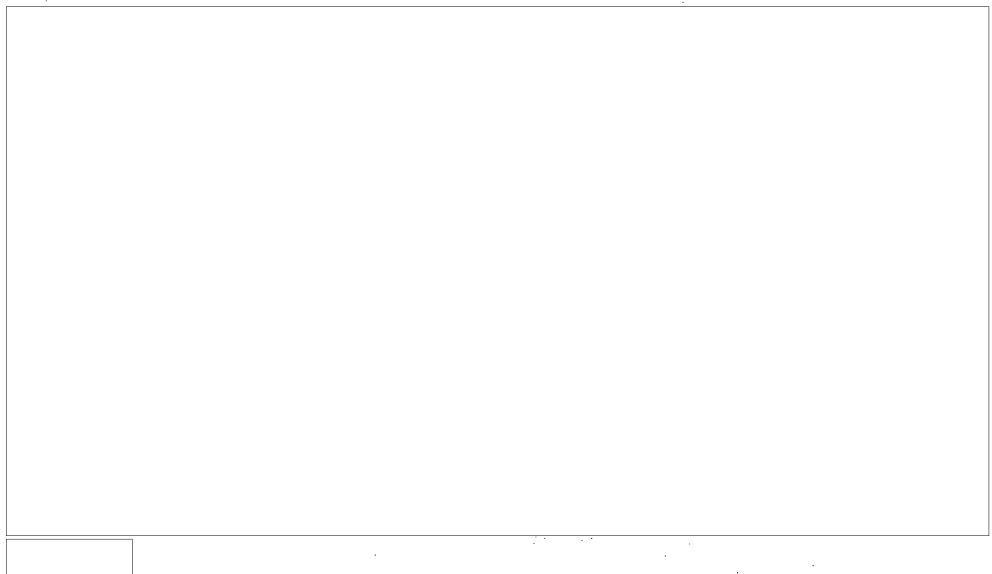
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MIDDLE EAST



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EUROPE

Pompidou's most pressing worries when he assumes the French presidency on Friday are sure to be in the domestic field; economic difficulties will probably be at the top of the list. Evidence of an overheating of the economy has been accumulating since early spring. As a result, prices are

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coming under heavy inflationary pressure, with evident dangers to French foreign trade.

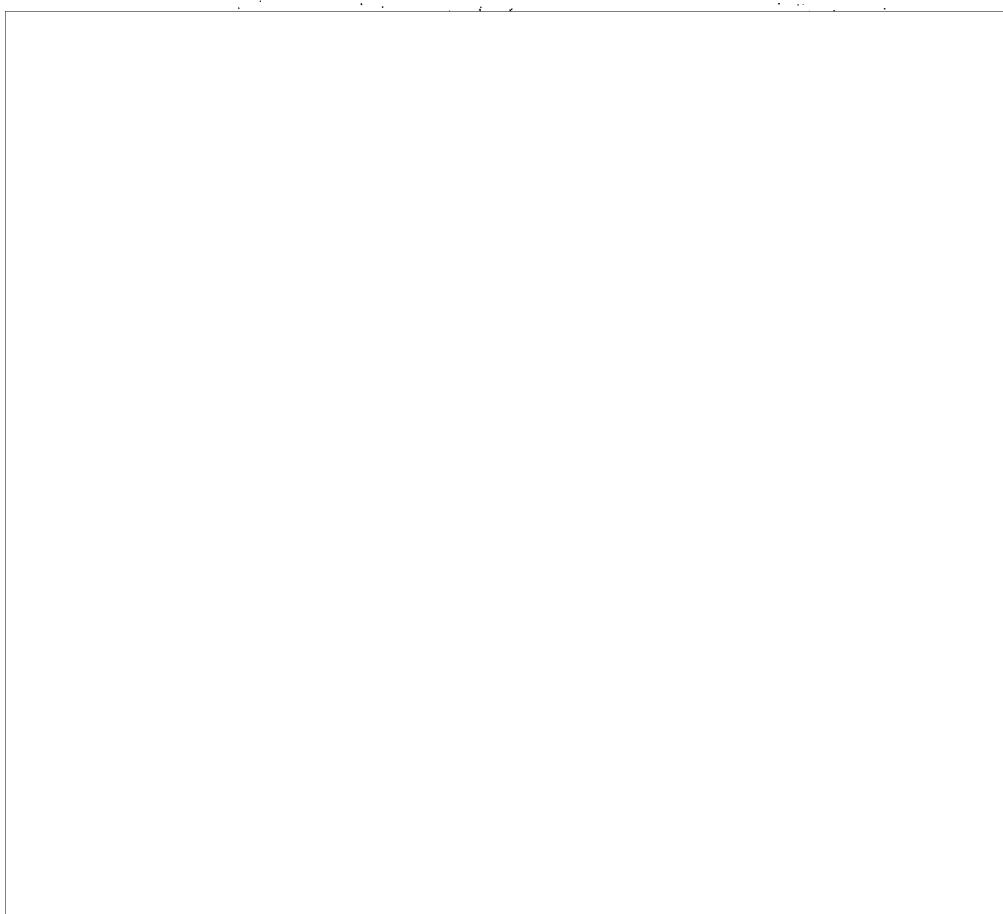
The unions, which were quiet during the De Gaulle referendum and the subsequent elections, will undoubtedly be renewing their agitation for higher wages. Their efforts will get a good deal of support from the parties of the left in general, and from the Communists in particular. The leftists, who are aware of their limited prospects in the political arena, will now be channeling most of their organizational and propaganda energy into efforts to take advantage of popular discontent.

SOVIET AFFAIRS

The main document issued by the Moscow conference avoids grappling with the controversial issues which came up in the delegates' speeches. The changes that were made right up to the last minute were primarily those of nuance and do not fundamentally alter the draft that was proposed by Moscow last March. Then, as now, the formulation of key points is aimed at winning support--no matter how grudging--from the largest possible number of parties rather than laying out a course of action for the Communist world. The document contains neither a condemnation of China nor specific endorsement of the Soviet invasion of Czechoslovakia. It does, however, contain enough vague rhetoric to provide the conference participants with words and phrases to quote in support of their divergent views.

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II. OTHER IMPORTANT DEVELOPMENTS

COMMUNIST CHINA

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We see some signs that government ministries are beginning to function more normally in the wake of the party congress in April. [redacted] several of the central government's key economic ministries--petroleum, metallurgy, chemical industries, and materials allocation--have called provincial representatives to national-level conferences this month to discuss planning commitments for the latter half of 1969. This represents the highest level of activity in these vital fields in three years.

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New attention is being given to the urgent problem of birth control, largely ignored during the Cultural Revolution, with medical personnel already dispersed to rural areas. In the field of foreign affairs, ambassadors are

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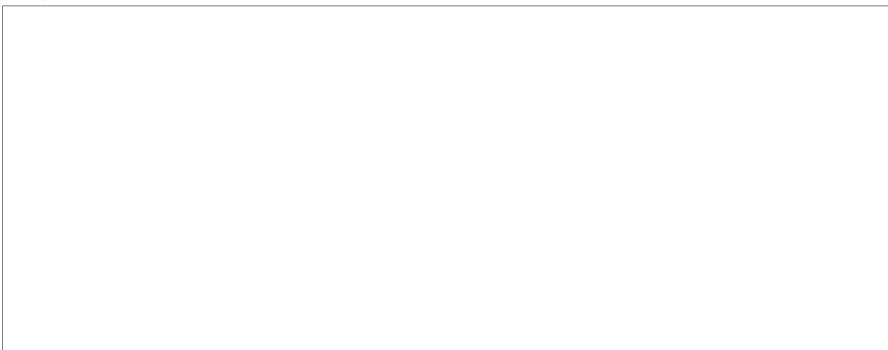
being sent abroad [redacted] for the first time
since early 1967.

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There is no indication yet, however, that the party congress made substantive decisions on basic economic and social policies or on restructuring and staffing central government organs. These problems, together with Peking's overriding preoccupation with achieving leadership "unity" at all levels, suggest that a meaningful return to normal governmental operations will be slow at best.

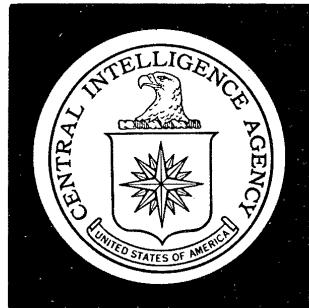
GUATEMALA

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FOR THE PRESIDENT ONLY

I. MAJOR PROBLEMS

VIETNAM

Ambassador Walsh's conversation with Soviet diplomat Oberemko on 16 June provides the best insight into Communist tactics in Paris since the US meeting with Le Duc Tho nearly three weeks ago. Like Tho, Oberemko said that the Communists want the US actively involved in the resolution of political issues. He insisted that the main stumbling block at present was Hanoi's uncertainty about specific allied terms for a political settlement. He repeated several times that the US must make some "concrete" proposals for steps leading to elections. He strongly implied that the Communist proposal for a "provisional coalition" was made for openers and that Hanoi is waiting for the US to make a counterproposal. He recommended specifically that we discuss where troops would be during the period leading up to the elections and "who would be in the government."

Oberemko's concentration on the need for "active, energetic, and realistic" US proposals for an interim allocation of political power in South Vietnam is right in line with Hanoi's emphasis at present. He avoided dwelling on the Communist demand for overthrowing the present GVN, even though he mouthed the standard line that it is not the Saigon government itself but only "certain people" in it who are unacceptable. Oberemko's approach supports the impression we gained from Le Duc Tho's 31 May remarks that the Communists would like to put the status of the GVN--and the counterclaims of their PRG--on

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ice for the time being while Hanoi explores with the US terms for a political settlement.

SOVIET AFFAIRS

The latest satellite photography shows construction under way on two new groups of SS-9 missile launchers and one new group of SS-13 missile launchers. This makes five SS-9 groups started so far this year, compared with five starts in 1967 and six in 1968. All six in 1968 were started in the first half of the year.

The new groups bring the total of SS-9 groups completed or under construction to 43. When these groups are completed, probably in early 1971, there will be 258 SS-9 silos. Currently, 28 SS-9 groups--168 silos--are operational. Based on earlier photography it had appeared that 31 groups--186 silos--would be completed by this time, but the pace of construction has not been proceeding as fast as we had expected.

Completion of the new SS-13 group will make 50 silos at Yoshkar-Ola, the only SS-13 missile complex. One group of ten launchers probably is now operational and another soon will be. All five probably will be operational by mid-1971.

The search of photography for other ICBM deployment is continuing.

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MIDDLE EAST

Even before the Israeli airstrikes on Wednesday, Husayn was frustrated by the Jordanian cabinet's failure to face up to the country's major problems, in particular its softness on the fedayeen. [redacted] , he recognizes 50X1 that the cabinet's inactivity forces him to take some tough and unpopular measures himself. In an effort to strengthen the cabinet, Husayn plans to insist on certain changes, including if necessary, the removal of Prime Minister Rifai. Even with a much stronger cabinet, however, Husayn will have to make the hard decisions himself.

EUROPE

Mayor Schuetz' trip to Poland last weekend produced nothing earthshaking in the way of improved Polish-West German relations, but Schuetz claims he did get a better reading on Polish attitudes. He says he found an interest in more extensive trade and cultural contact between Poland and West Berlin. His reception was cordial and--by his own account at least--free of political complications. (Other West German officials, particularly those who happen to be CDU members, dispute the latter point. They charge among other things that Schuetz and the Poles between them kept Bonn's official representative in Warsaw from having anything to do with the visit.) It seems clear that the visit was successful enough to permit the SPD to tout it as a modest success for Brandt's eastern policy.

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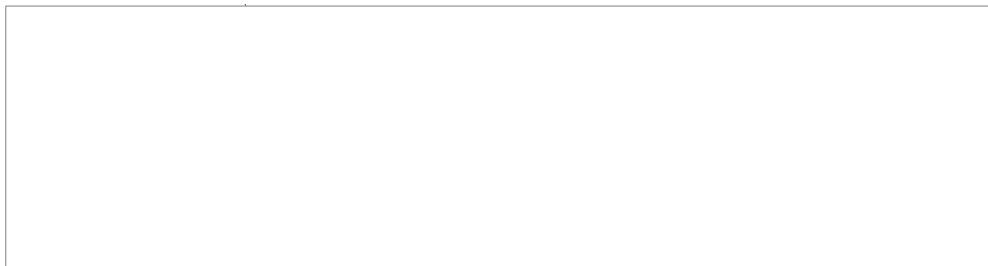
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II. OTHER IMPORTANT DEVELOPMENTS

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COMMUNIST CHINA



PERU

The Peruvian Government is making a detailed study of all US businesses and installations in Peru, ostensibly to arrange to protect them in case of anti-American outbreaks. The investigations may be a follow-on to President Velasco's recent remark that Peru now has its own "amendments" for use if the US should impose economic sanctions. Velasco said the US fishing industry, US sugar producers, and other US activities in Peru would bear the brunt of the sanctions.

In New York on 18 June, Prime Minister Montagne told US Ambassador Irwin that the Ministry of Mines and Energy is ready to announce its decision on the administrative appeal filed by the International Petroleum Company for adjustment of the debt it allegedly owes the state. IPC will have 15 days to appeal the decision to the president.

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FRANCE - SOVIET UNION

A joint Franco-Soviet project to place laser reflectors on the moon is in its final stages. The reflectors, manufactured by Sud-Aviation, are scheduled to be delivered to the Soviets next week, and they should be launched by a Soviet space vehicle a month or so thereafter. The purpose of the experiment is to pinpoint the moon's precise location.

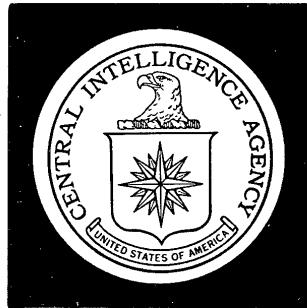
This is one of the more significant of the projects undertaken by the two countries in a variety of fields since 1966. Given the fact that both of them are world leaders in many types of laser research, the experiment is likely to provide considerable amounts of new information.

RHODESIA

The overwhelmingly white Rhodesian electorate votes today on proposals to declare Rhodesia a republic and to introduce a constitution that insures continued white rule. Although a significant minority of the whites apparently will abstain or vote against the proposals, approval seems assured.

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FOR THE PRESIDENT ONLY

I. MAJOR PROBLEMS

SOVIET AFFAIRS

Moscow is taking unusual steps to isolate China by urging Western nations not to recognize the Peking government.

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Further analysis of the satellite photography mission noted in yesterday's Brief shows a new SS-11 group under construction. This is the third group known to be started this year; seven were started during the same period last year. The total for the SS-11 now stands at 79 groups. When all known groups are completed, the USSR will have 790 operational SS-11 launchers.

EUROPE

Canada, reacting to strong NATO criticism of its force reduction plans in Europe, is apparently ready to reconsider

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some of its projected cuts. Ottawa's ambassador to NATO recently said that Defense Minister Cadieux would not make his planned public statement on the reductions before Parliament recesses next Monday.

The ambassador also thought his government might revise its plans and cut its forces in Europe by only 50 percent--instead of the 66 percent recently announced. He further stated that in addition to the two reconnaissance squadrons currently planned to remain, Ottawa might be willing to leave one or two air combat squadrons.

The Norwegian Ambassador to NATO has remarked that the impact on Norway and Denmark of the planned Canadian force cuts would probably be greater than the impact of the French withdrawal in 1966. He told Ambassador Ellsworth that he has a "feeling of uncertainty" about Norway's future in NATO. The US Embassy in Oslo, however, while recognizing that the Canadian reduction of forces will create difficulties, believes that there will have to be other and major defections before Norway's allegiance to the alliance wavers.

MIDDLE EAST

There is nothing of significance to report.

VIETNAM

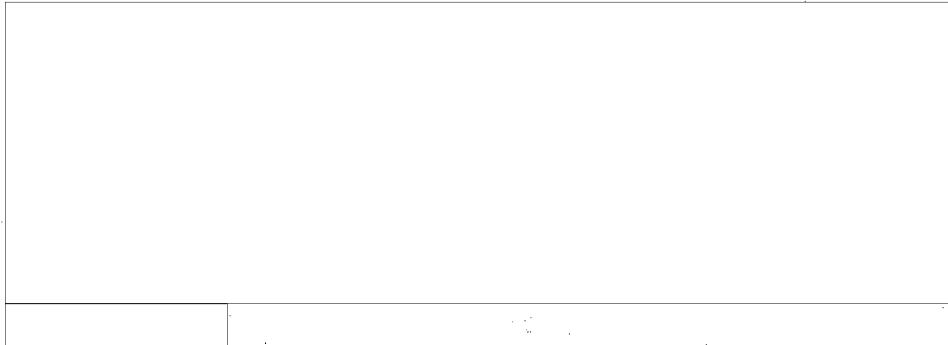
A dispatch by AP's George McArthur reported that President Thieu has presented his senior military supporters and cabinet members with proposals for elections in South Vietnam

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to include Communist representation in some form. McArthur cites "informed sources." Among Thieu's proposals is a plan to set up a government - Viet Cong commission to study election procedures, with the South Vietnamese to be represented by Duong Van Minh--popularly known as "Big Minh." McArthur's informants said that no public disclosures of Thieu's proposals were likely.

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The heavy fighting in Tay Ninh Province tapered off on 20 June, the Communists having suffered heavy losses, and activity elsewhere was light. [redacted]

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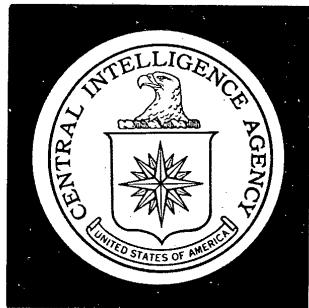
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II. OTHER IMPORTANT DEVELOPMENTS

There is nothing of significance to report.

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FOR THE PRESIDENT ONLY

I. MAJOR DEVELOPMENTS

EUROPE

The new French cabinet reflects a compromise between orthodox Gaullism and Pompidou's desire for greater flexibility in foreign policy. By unexpectedly naming Maurice Schumann as foreign minister, Pompidou served notice to orthodox Gaulists that he intends to chart his own course in foreign affairs, especially in the realm of European cooperation. The new foreign minister, a former member of France's Christian Democratic party, has been identified over the years with the cause of European unity. He has, however, been willing to adapt personal ideals to circumstances by participating in a number of Gaullist cabinets. Schumann in any case is likely to have little independent power.

Pompidou had been under strong pressure from orthodox Gaullists to retain Michel Debre as foreign minister. By naming Debre minister of state for national defense, a newly created post, Pompidou has avoided an early clash with the Gaullist party. In his new position, Debre will be formally the highest ranking minister below Prime Minister Jacques Chaban-Delmas.

Pompidou made good on campaign promises by naming centrists Jacques Duhamel and Rene Pleven to important posts. Both men broke ranks with their party by backing Pompidou in his campaign. Valery Giscard d'Estaing, leader of the Gaulist-allied Independent Republicans, was named finance minister. Leo Hamon, a left-wing Gaullist, was also brought into the cabinet.

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Parliament will meet next week for a short session, and Pompidou has promised to have the prime minister outline the general lines of his policy to the Assembly before it adjourns until October. Unlike the situation under the Fourth Republic, the new cabinet need not win a vote of confidence.

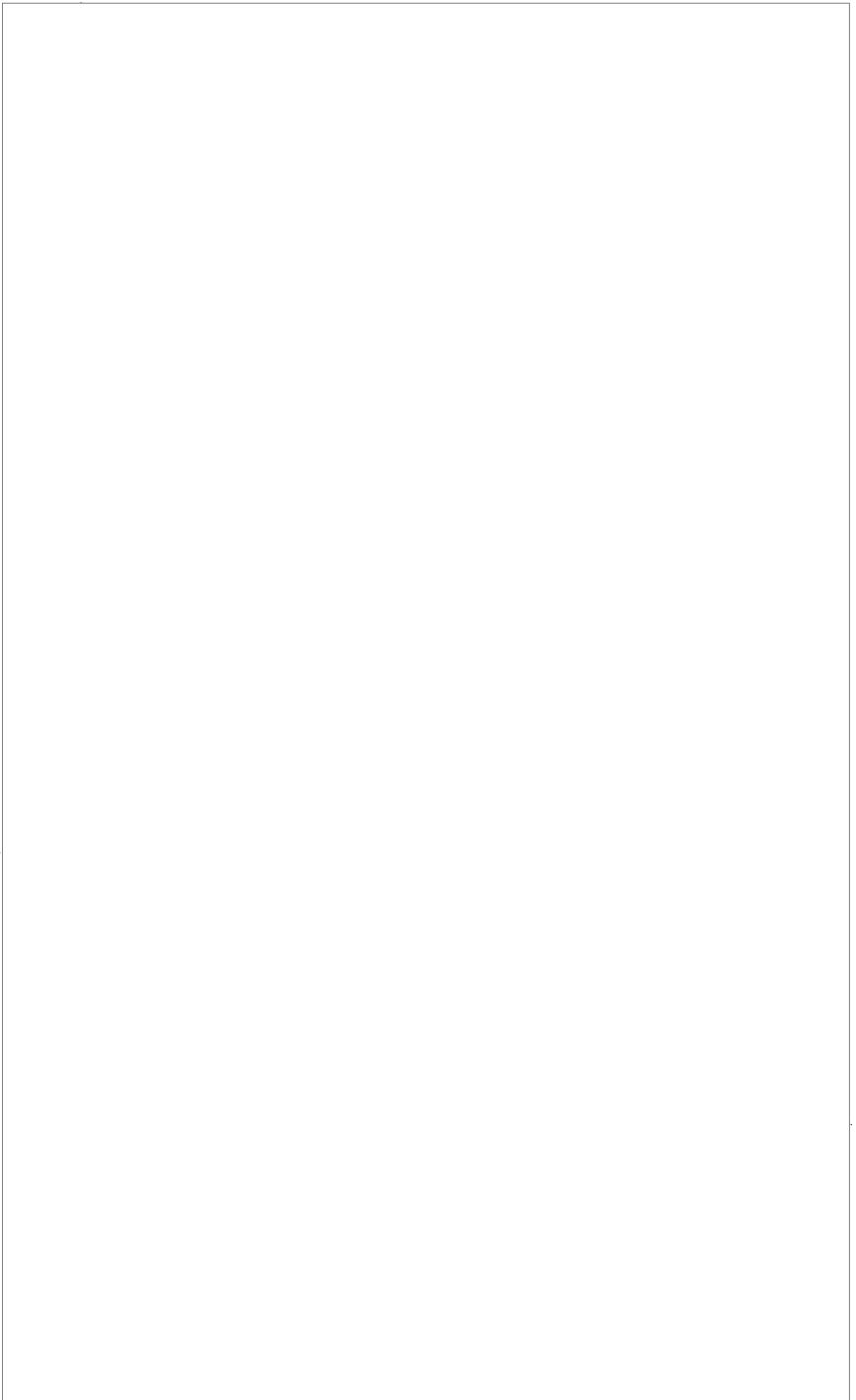
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Two leaders of the CDU/CSU have recently given US officials some revealing insights into the way election-year politics are figuring in their party's approach to foreign policy. The two--Franz-Josef Strauss and Kiesinger's adviser Kurt Birrenbach--made the following points, among others:

--Strauss claimed it would be undesirable for any politician to appear too close to the Americans during the campaign. He said he was wondering, in fact, whether his own and Kiesinger's forthcoming visits to the US were really wise. He apparently has been trying to sow some doubts in Kiesinger's mind on this score. (We doubt that the simple fact of the visits would be particularly harmful to Strauss' or Kiesinger's standing with the German electorate. Strauss has purely selfish reasons, of course, for keeping Kiesinger at home and out of the limelight. Moreover, he could be trying to get the US to provide additional inducements for his and Kiesinger's trips.)

--Strauss applied the same argument to the offset negotiations. He said it would be hard to wind up these talks before the elections because any agreement would open its negotiators to the campaign charge of "giving too much to the Americans."

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--Birrenbach, who arrives in Washington today, complained that he had not been able to see Brandt when he was preparing for the trip. He said that as a result he would be representing Kiesinger's viewpoint rather than the coalition's. He claimed the coalition was in a parlous state, and he made it clear he hoped it would not be reconstituted after the elections. He said he felt that if Brandt returned as foreign minister, most of West Germany's foreign policy resources would be harnessed to Brandt's eastern policy, rather than to more important tasks such as the construction of unity in Western Europe.

SOVIET AFFAIRS

Recent satellite photography shows that the second of two launch pads for the Soviets' huge new space booster is nearing completion at Tyuratam. A booster has been erected for the first time on this pad, located at Complex J. [REDACTED]

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VIETNAM

Sihanouk has announced a new arrangement with the Vietnamese Communists regarding their activities within Cambodia.

The signed agreement apparently came out of the high-level talks that have been going on for several weeks in Phnom Penh. Sihanouk said that the Viet Cong ambassador, admitting that Communist troops are on Cambodian soil, had "promised" the withdrawal of all but the sick and wounded "as soon as possible." All Communist troops would leave when the war was over.

Sihanouk gave no hint of any concessions on his part that may have been made, but the lifting of the recently imposed ban on shipment of supplies to the Communists could be one. He did make it clear that he is under no illusions that the Communists will honor the agreement. Sihanouk no doubt believes, however, that it can be used to good advantage in future negotiations over the ultimate disposition of Communist forces in Cambodia.

MIDDLE EAST

Heavy shooting across the Suez Canal has again become almost a daily occurrence. The artillery exchanges will probably continue as Egypt attempts to keep the major powers focused on the problem while at the same time trying to avoid provoking an all-out Israeli response.

The Israelis claim they attacked an Egyptian radar station near the southern end of the canal on Saturday night. This

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marks the first Israeli penetration in this area. Cairo announced it had sent two commando groups on raids across the canal the same evening.

II. OTHER IMPORTANT DEVELOPMENTS

SUDAN

The Dutch Embassy in Khartoum, to which the US interests section is attached, has been notified by the new Sudanese Government that the US staff must be drastically reduced. Only the chief of mission, an administrative officer, and a consular officer, along with some nondiplomatic staff members, will be allowed to remain.

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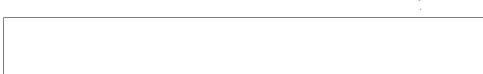


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FOR THE PRESIDENT ONLY

I. MAJOR PROBLEMS

VIETNAM

It now develops that Thieu's assistant for legislative liaison--Nguyen Cao Thang--was behind the recent no confidence motion against Prime Minister Huong in the lower house. Thang and Huong have long been political enemies, but what set Thang off this time was the promulgation of higher taxes on pharmaceutical products. Thang is a wealthy pharmaceutical importer.

The no confidence motion is not expected to get anywhere in the upper house, but the incident provides yet another example of Thieu's problems in harnessing the disparate and often contending elements which support him. Huong will most likely weather this latest storm, but growing criticism of his performance may soon prompt Thieu to make major changes.

MIDDLE EAST

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Egyptian Air Force officers think they will need 400 trained pilots before they can hope to gain air superiority in any offensive against Israel. At present, however, there are at most only 120. A number of Egyptians are being trained in the Soviet Union, but it will be months before they can be considered combat-ready.

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An oil pipeline in the Israeli port of Haifa was blown up this morning, according to Jerusalem radio.

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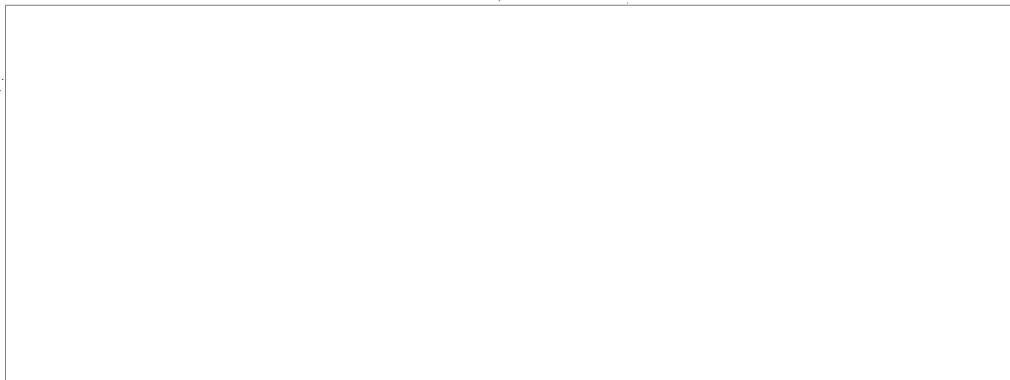
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There is nothing significant to report on Europe or Soviet Affairs.

II. OTHER IMPORTANT DEVELOPMENTS

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SUDAN - SOVIET UNION



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I. MAJOR PROBLEMS

EUROPE

The center-left coalition government of Italian Premier Rumor is once again threatened by the factionalism within its two major parties.

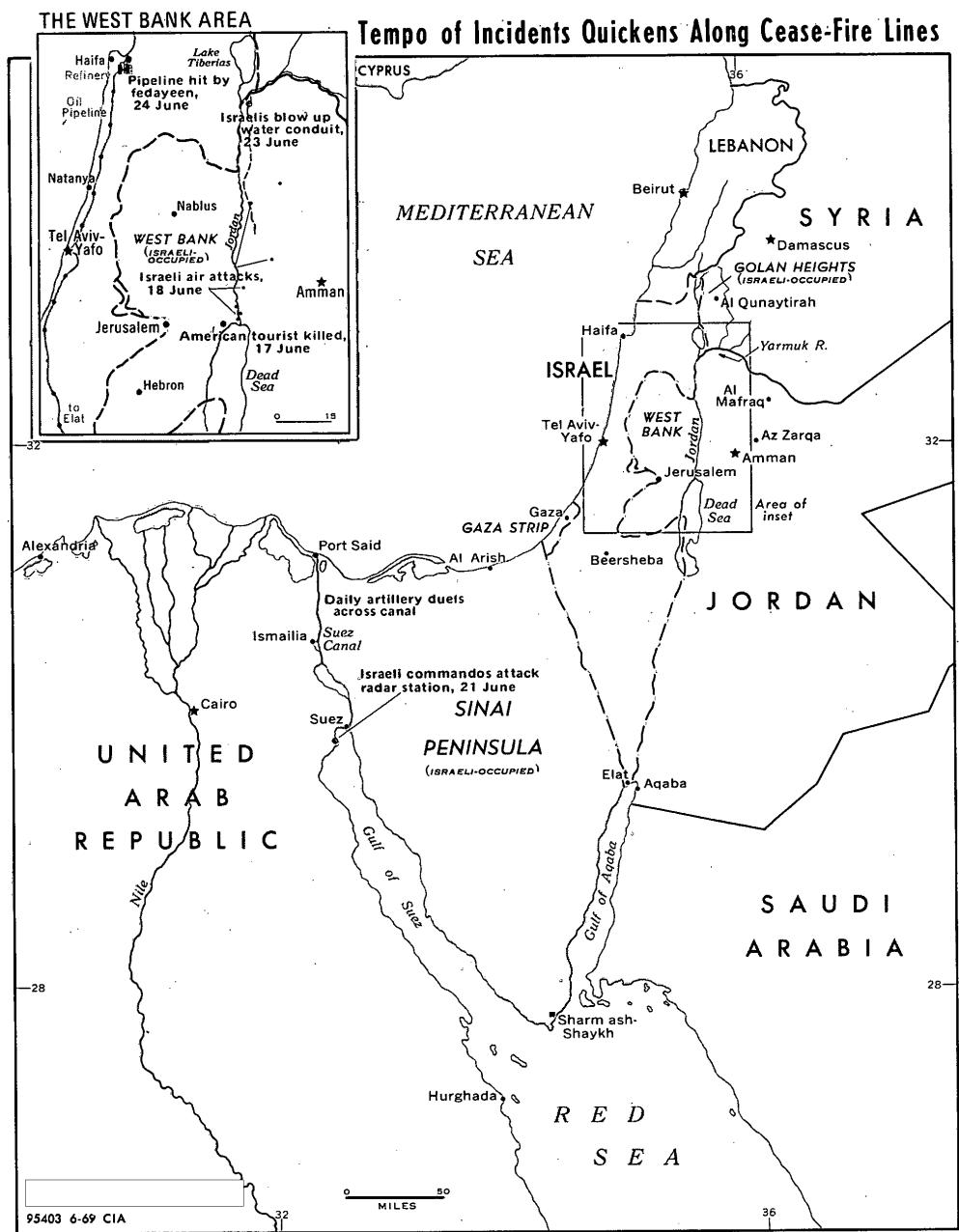
The Christian Democrats will hold a national congress starting Friday, at which a primary issue will be the desire of left-wing leaders to gain a role in the party leadership, now in the hands of the center and conservative factions. If this problem is resolved by major shifts in the party leadership, it could lead to a government shake-up as well.

The Socialist Party central committee is scheduled to hold a meeting on 2 July which could lead to a walkout by the conservative wing over an effort to exclude it from the controlling group of the party. If they take a walk, the conservatives may re-form the Social Democratic Party, which merged with the Socialists in 1966.

Another issue, which is divisive for both parties, is whether the Communist Party is worthy of eventual consideration as a coalition partner. This has become particularly crucial following the Italian Communists' relatively independent stand at the recent international conference in Moscow.

In recent months the Rumor government has made important progress on domestic programs. It put a new Social Security

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pension law into effect and has gone forward on other legislation ranging from university reform to a divorce bill. An early government crisis would slow the momentum. Rumor has developed and bring into sharper relief the problem of the Christian Democrat - Socialist party relations with the Communists.

SOVIET AFFAIRS

A striking example of Moscow's current disinclination to stir up trouble with the US is the low-key Soviet reaction to a Black Sea visit by two US destroyers last week. Although the ships were subjected to air and surface surveillance, Moscow did not lodge a diplomatic protest with Washington or Ankara as it has in the past. Also missing were the usual propaganda broadsides.

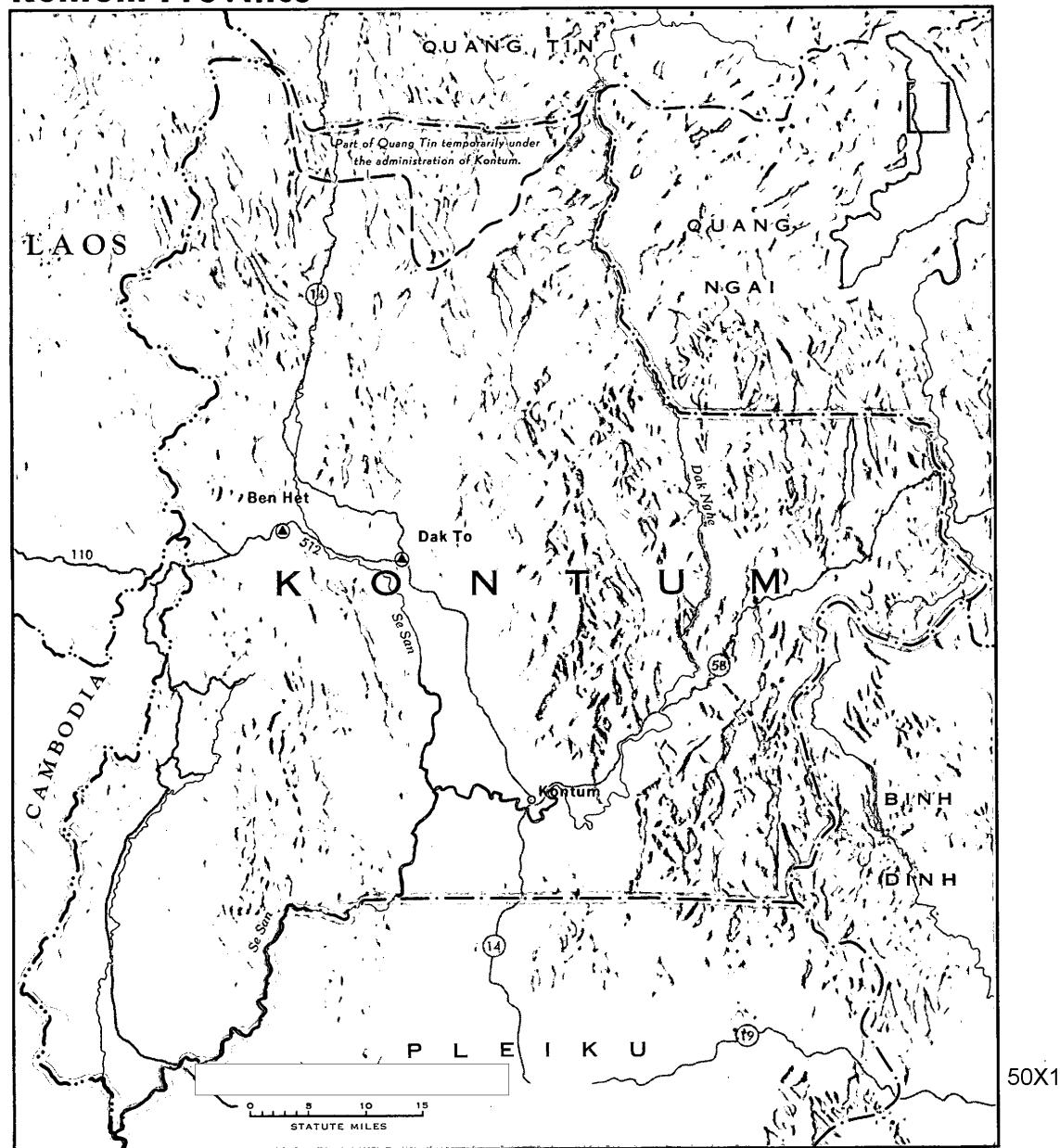
MIDDLE EAST

The rhythm of provocation and retaliation across the cease-fire lines between Israel and its neighbors has quickened. Artillery duels with Egypt are occurring daily, and recently both countries have resumed commando raids across the Suez Canal. Incidents on the Jordanian border have increased in number and severity after a brief cooling off period in early June.

The Arabs have little to gain militarily from such operations--Israeli retaliation is almost always greater than the provocation--but they are unlikely to forgo attacks for

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Kontum Province



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more than a short period. The Egyptians not only want to satisfy the militants in their midst, but probably also feel the continuation of military action will stimulate the peace-making efforts by the great powers.

Against a background of frustration over the unlikelihood of a peace settlement satisfactory to them, the Israelis have toughened their policy of retaliation. Always sensitive to any movement in their own casualty rate, the Israelis are currently irked at the new aggressiveness of the regular Jordanian forces. Last week they mounted heavy air attacks exclusively against Jordanian Army positions.

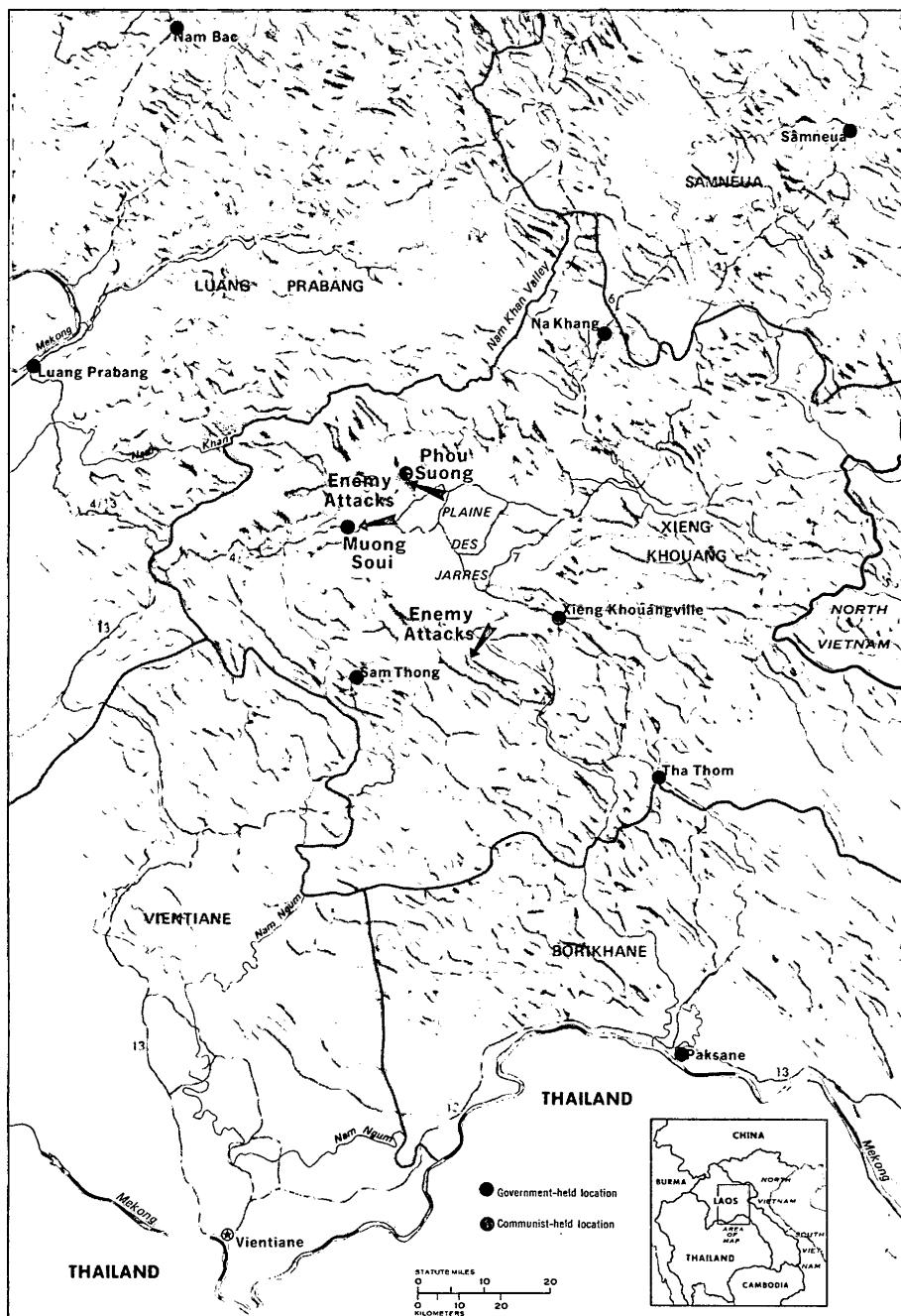
VIETNAM

The enemy offensive against the allied Special Forces camp at Ben Het this week has included some of the heaviest actions of a campaign which began in early May, including the first direct ground assault against the camp.

The camp and its neighboring base at Dak To are largely defended by South Vietnamese regular and paramilitary troops. Prisoners captured during recent engagements in this area claim their units' mission was to encircle and attack South Vietnamese Army units exclusively. The Communists may thus be seeking to force a major test of strength with the South Vietnamese in a region in which they enjoy advantages of terrain and easy access to cross-border sanctuary.

Moreover, there is evidence that the enemy intends to maintain pressure for a considerable period against these

Communists Launch Ground Attacks Near the Plaine des Jarres



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South Vietnamese bases in western Kontum, which it may consider vulnerable, perhaps with an eye toward an eventual thrust against the provincial capital of Kontum city. Such a course of action is suggested by reports that the Communists have, over the past few months, engaged in the highly unusual practice of pressing large numbers of infiltrated replacement personnel directly into battle rather than gradually absorbing them into existing units in base areas distant from the combat zone.

II. OTHER IMPORTANT DEVELOPMENTS

LAOS

Communist forces have launched a series of ground attacks against government positions near the Plaine des Jarres.

The action was highlighted by a sharp attack on 24 June against the neutralist headquarters at Muong Soui. At least two battalions of Communist troops supported by tanks overran a number of the base's outlying defense positions and inflicted light casualties on government defenders. The air-strip, however, remains in government hands and the situation was quiet as of noon local time today.

The attack on Muong Soui, the first major action against that position in five years, may have been intended as a commensurate response to the government's capture this spring of the once inviolate Communist base of Xieng Khouangville. It may also have been launched for political reasons. The

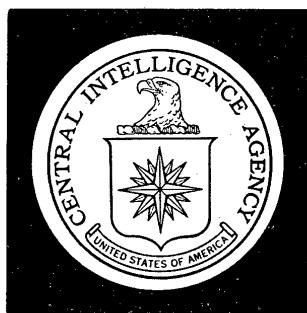
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Communists and Souvanna Phouma have long contended for control of the neutralist faction, which has split and declined in influence over the past few years. The capture of the progovernment neutralist headquarters at Muong Soui would strengthen the Communists' claim that their "neutralists" were the real representatives, but there is some feeling that since the defenders were successful in withstanding the enemy attacks during the night of 24-25 June their chances of holding Muong Soui have improved though another enemy effort will probably be made tonight. They now have a better assessment of the enemy force and have the opportunity to organize a systematic defense.

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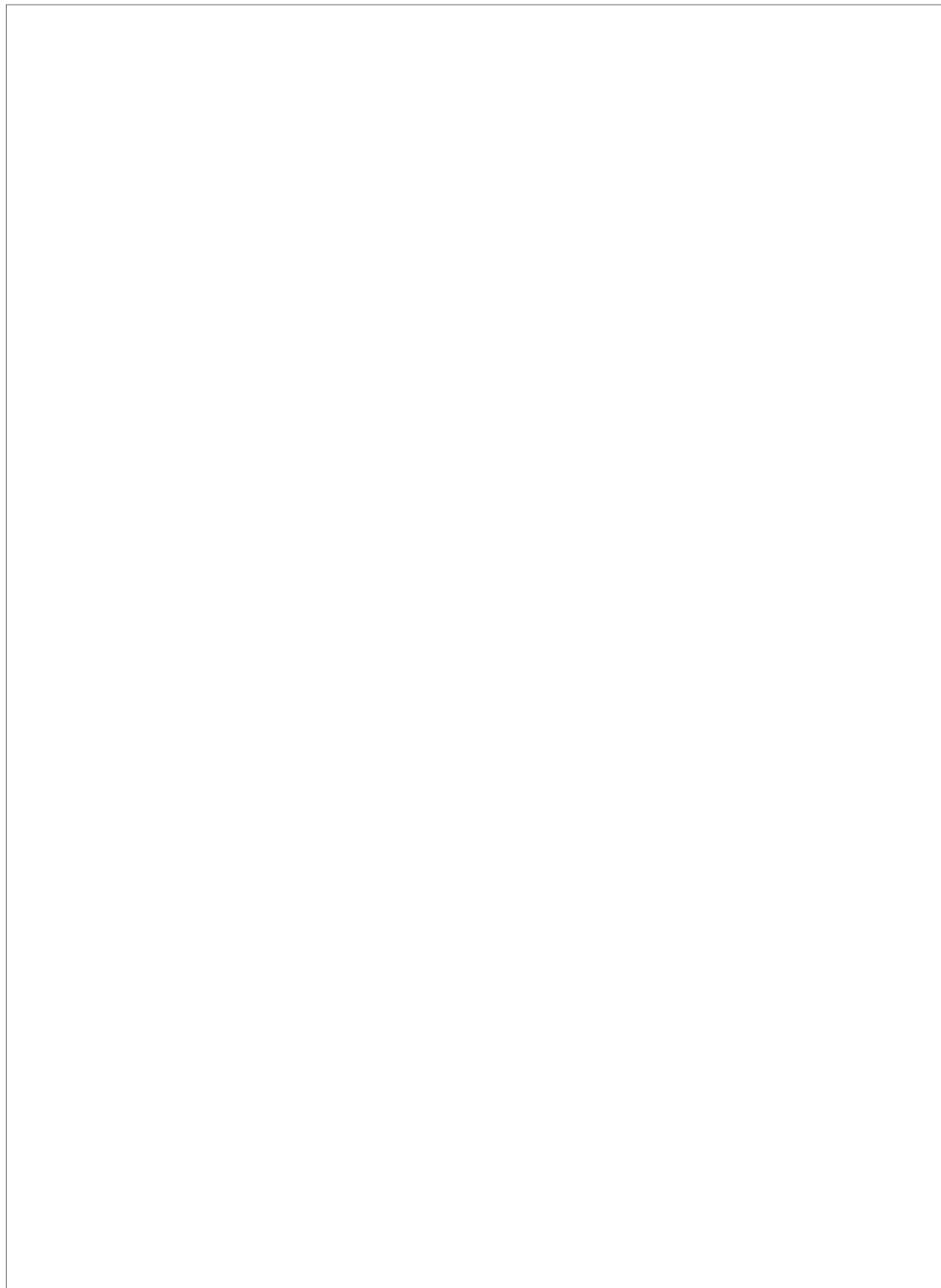
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I. MAJOR PROBLEMS

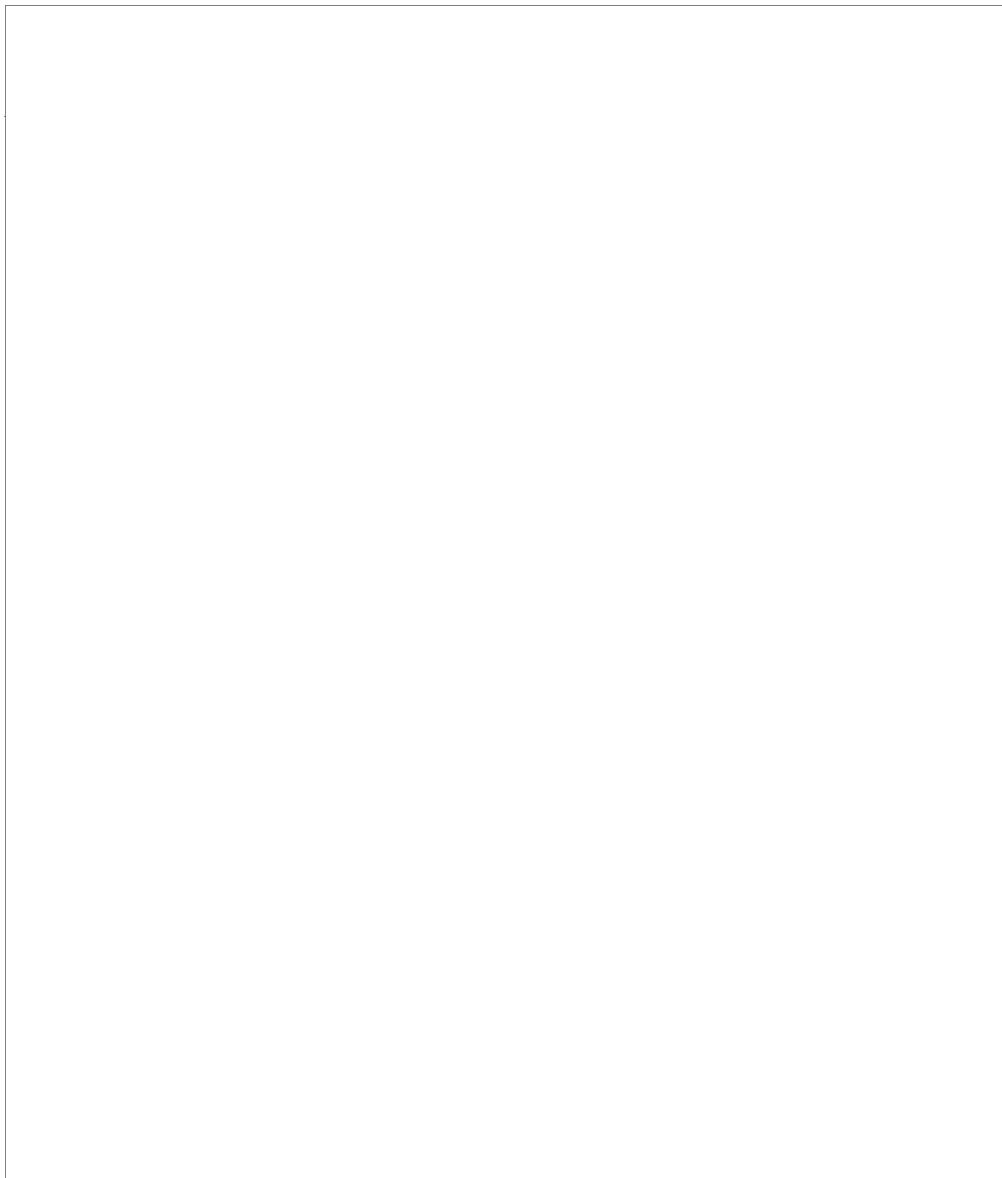
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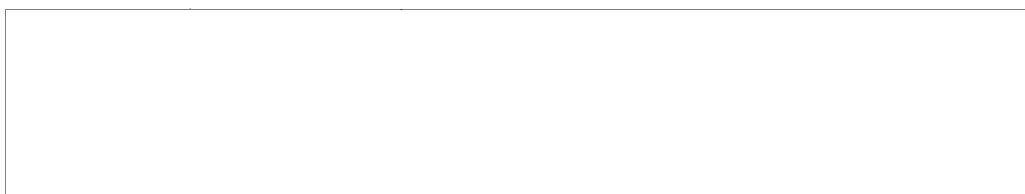
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VIETNAM



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Thieu's conversation with Ambassador Bunker on 23 June illustrates once again his fundamental attitude toward the whole issue of negotiating with the Communists. As he remarked, he sees his offers on the election issue as a means of "buying time" with the American public. He calculates that the Communists are unlikely to accept any offer he feels able to make. However, he is becoming concerned that he is being pushed toward substantive concessions while Hanoi sticks to its hard position. He told Ambassador Bunker that he wants assurances from the US that if the Communists should turn down any new offer on elections, he would not then be asked for still further concessions.

Thieu suggested that any new proposal be coordinated carefully by joint US-GVN working groups. His intent here is not only to push back the timing of any new move, but also to nail down what further steps the US might have in mind should the Communists prove adamant.

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At the time of this conversation, Thieu had not seen Le Duc Tho's interview with Murray Marder, in which Tho dismissed a suggestion that the Communists might join the GVN on an electoral commission and flatly ruled out international supervision of elections. These statements can only have strengthened Thieu's reluctance to move ahead with any new election proposal.

Tho's comments were aimed at increasing the divisive pressures on Washington and Saigon, in line with Hanoi's present diplomatic campaign to portray Thieu as the sole stumbling block to a settlement. Tho's remarks also were meant to emphasize his suggestion in private to Ambassador Lodge that bilateral US-DRV talks offer the only avenue for progress toward ending the war.

* * *

Military activity was generally light. Attacks on the Special Forces camp at Ben Het continued, however. Defenders reported renewed ground fighting and artillery attacks.

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There is nothing significant to report from Europe or the Middle East.

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II. OTHER IMPORTANT DEVELOPMENTS

LAOS

Communist pressure on Muong Soui eased yesterday. Government defenders, aided by continuous air support, beat back a number of small-scale enemy attacks. Light, sporadic firing continued throughout the night.

A North Vietnamese sapper captured during the early fighting says his unit moved into Laos from North Vietnam in early June with the specific purpose of attacking Muong Soui. This rapid and undetected deployment points up the vulnerability of the neutralist headquarters to fresh enemy troops moving in from the east.

PERU

Peru's new agrarian reform law, which provides for the expropriation of all major land holdings and associated "agro-industries"--many owned by US companies such as W. R. Grace--seems sure to meet strong opposition among Peruvian landowners. The sweeping reforms strike at the heart of the political and economic power of the traditional oligarchy. Many responsible Peruvians have been unhappy with Velasco's performance over the past few months, and the new law may be the irritant that will cause effective opposition to coalesce. At the moment, however, those who oppose the reforms lack the political strength to force President Velasco to retract or modify the law.

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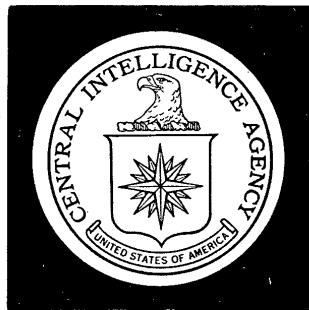
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The cabinet debated the proposed law for 20 hours before it was promulgated late on 24 June, evidence that there is opposition even within the government. Probably the opposing cabinet members were less concerned about the discontent of the landowners than they were about the possible effect of the law on the Peruvian economy. President Velasco claims that the reforms will not lower agricultural production, but disruptions in output seem inevitable.

The measure is apparently not directed at the US. Moreover, the expropriation of US-owned property will be moderated somewhat by Velasco's statement that compensation will be paid--partly in cash, partly in bonds. The amount to be paid each landowner has yet to be determined.

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27 June 1969

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I. MAJOR PROBLEMS

MIDDLE EAST

The Soviets are maintaining the rate of their military deliveries to the Middle East at close to last year's levels. Egypt, Syria, and Iraq are receiving a wide variety of equipment, and the Sudan, as we noted earlier, apparently has been added to the group of regular Soviet clients.

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SOVIET AFFAIRS

A major space launch seems in the cards for early July. The movement of Soviet space support and recovery ships suggests that the mission will be an unmanned circumlunar flight similar to Zond 5 and 6 last year. Since the successful flight of Zond 6 in November 1968, the Soviets have attempted three lunar operations. Two of these failed [Redacted Box]

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EUROPE

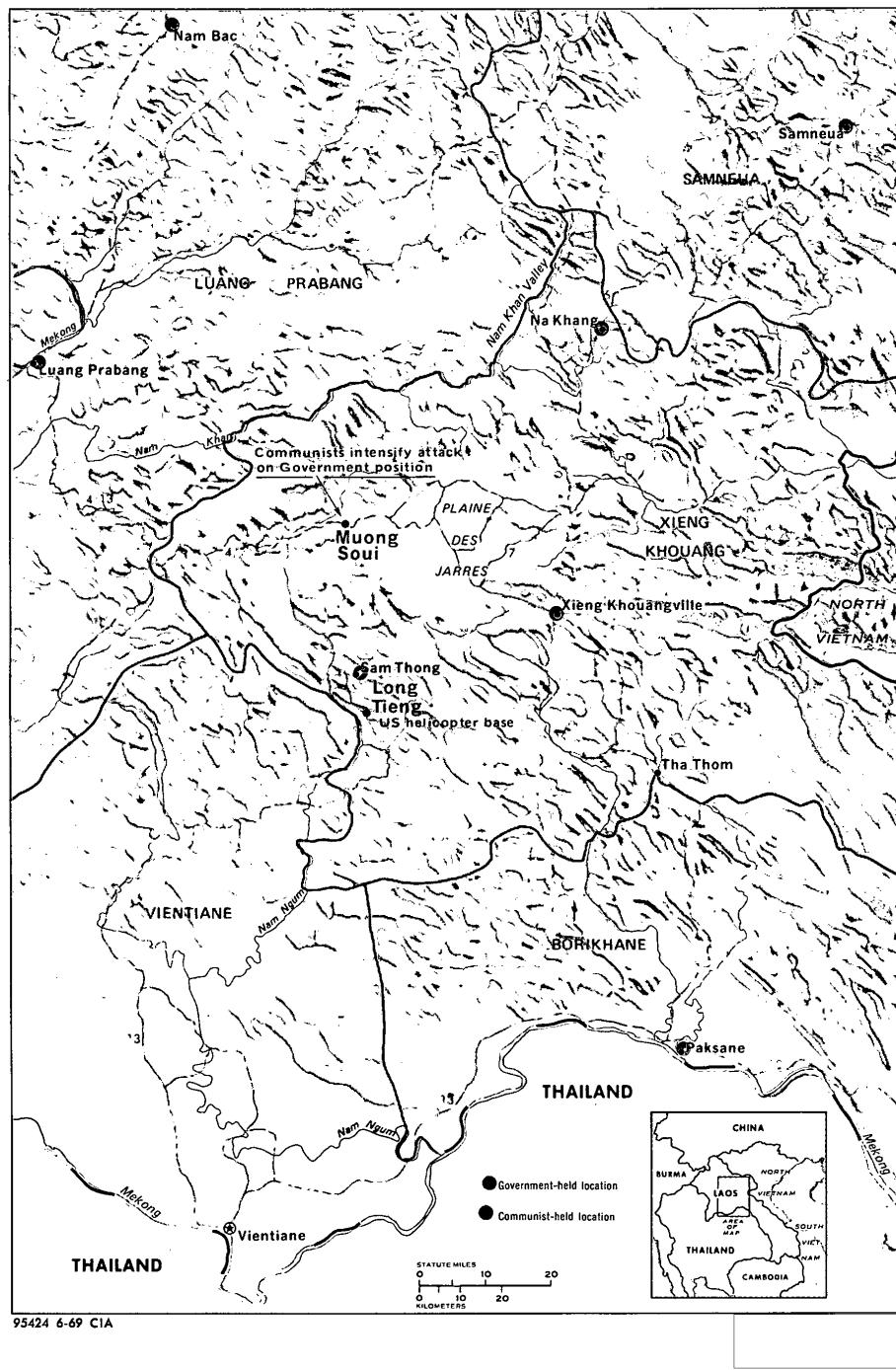
The French have announced that the test firing of their land-based IRBM on 24 June was successful, and that the missile is completely satisfactory. This clears the way for production of operational missiles, which the French must start soon if they are to meet their scheduled deployment date of late 1970 for the first nine IRBMs. Further testing and modification of the missile and its components will take place both before and after deployment.

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There is nothing significant to report on Vietnam.

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LAOS: Current Situation



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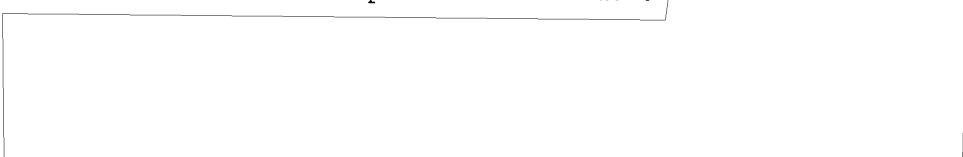
II. OTHER IMPORTANT DEVELOPMENTS

LAOS

Communist troops again attacked Muong Soui early today. Large numbers of the government's neutralist troops deserted, and the base's defensive perimeter was further reduced. The headquarters compound and the Thai-manned artillery outpost are still being held.

Lao military leaders must soon choose whether to give up Muong Soui or send in reinforcements. Even with more troops, however, the situation will be difficult to salvage if the Communists continue to press their attack.

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Loss of the base would put the Communists in a better position to move westward and re-establish themselves in northern Vientiane Province, from which they were driven several years ago. The attack in any case will deflate the recently raised hopes of Lao leaders of reaching some political settlement with Hanoi.

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PERU

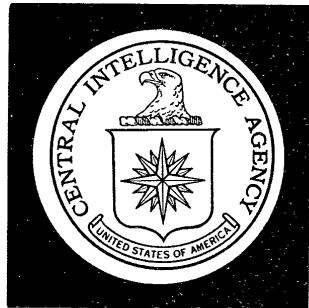
The government began to implement its agrarian reform program yesterday by taking over the eight largest sugar plantations, including those of W. R. Grace & Co. Government administrators were sent to the plantations and the companies' business offices in Lima, and the firms' bank accounts were frozen. By moving first against foreign-owned lands, the government apparently hopes to generate nationalistic support for the land reforms and thereby counter expected opposition from wealthy Peruvian landowners.

LATE ITEM: LAOS

Ground commanders decided today to evacuate all progovernment troops from Muong Soui. As of midafternoon local time, the airlift of troops out of the area had begun.

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I. MAJOR PROBLEMS

VIETNAM

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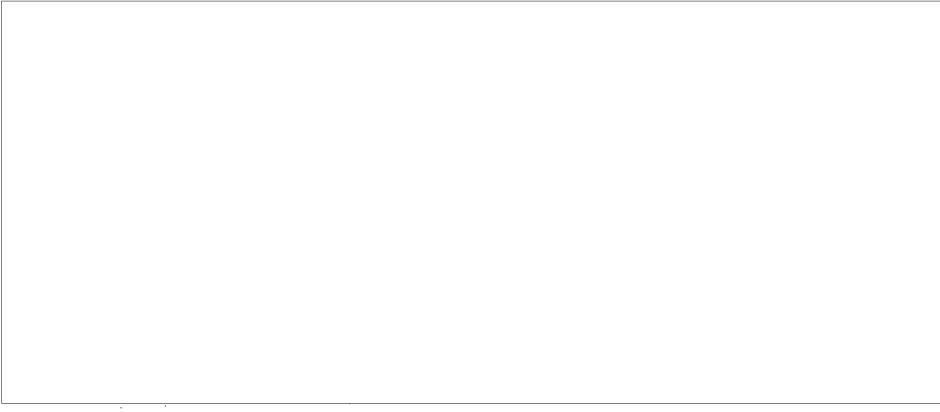
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The Communists stepped up their shelling of Ben Het on the night of 26 June. There are indications from intercepts and other sources that they hope to increase the pressure still further.

MIDDLE EAST

The Israelis are still preventing the repair of the Jordanian irrigation canal they blew up on Monday. They told the embassy in Tel Aviv that they would stop shooting at the repair crews as soon as the area is quiet. This warning apparently is aimed mainly at Jordanian Army units. Although the fedayeen also have a base in the area, they have been fairly quiet recently.

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Lebanon has now been without a government for over two months, and seems unlikely to have one soon. Caretaker Prime Minister Karami is still trying to put together a new cabinet,

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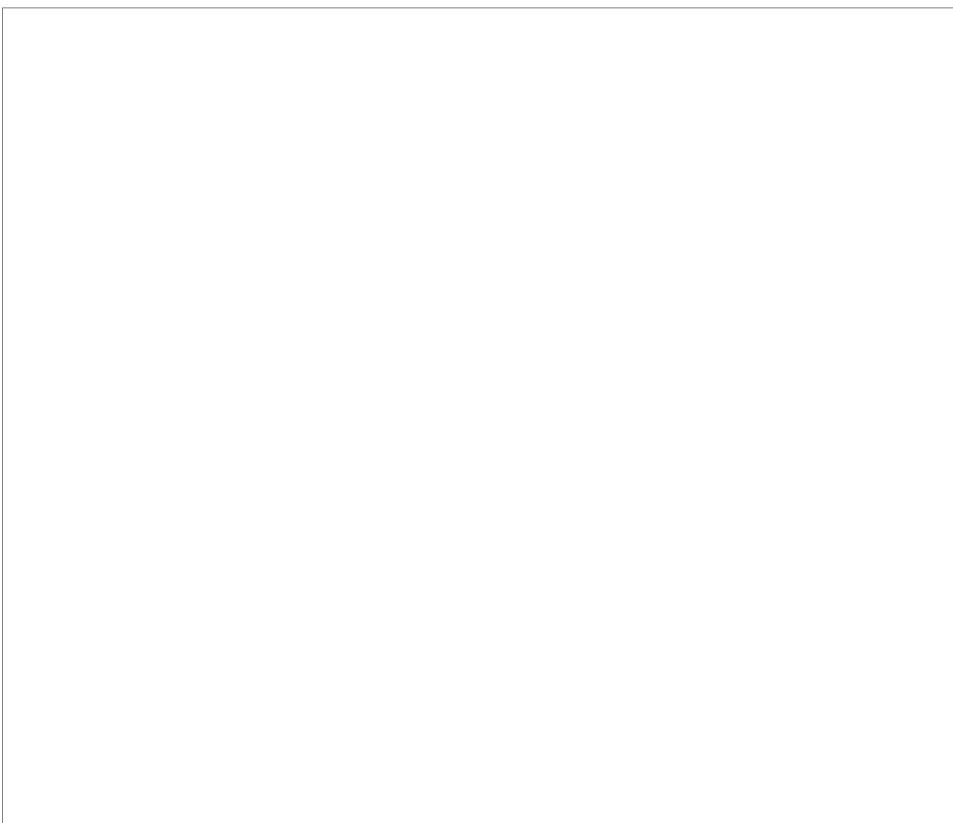
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but his efforts have been vastly complicated by President Hilu's refusal to moderate his hard line on the fedayeen.

The fedayeen themselves, meanwhile, seem to be lying low and biding their time. The number of Arab guerrillas inside Lebanon has stabilized at around 2,000, and they do not seem anxious at the moment for more clashes with the Lebanese. The Lebanese Army apparently is under orders not to provoke a new confrontation.

SOVIET AFFAIRS

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There is nothing significant to report on Europe.

II. OTHER IMPORTANT DEVELOPMENTS

LAOS

The evacuation of government forces from Muong Soui on Friday was triggered by the wholesale desertion of neutralist troops. Enemy pressure on the post had actually eased before the neutralists decamped.

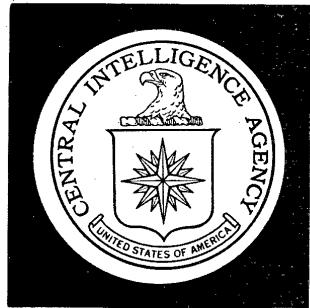
The Communists have mounted several small-scale attacks against government positions west of Muong Soui, but there are no signs that they are moving large numbers of troops into the area. In the light of past Communist practice, and given the poor weather, we believe they will focus their immediate attention on consolidation of their newly won positions.

ARGENTINA

One demonstrator was killed last night in Buenos Aires when police clashed with students protesting Governor Rockefeller's forthcoming visit.

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I. MAJOR PROBLEMS

VIETNAM

Communist propagandists have played up the Ben Het attacks as a blow to allied plans to "Vietnamize" the war.

The North Vietnamese party daily claimed on 28 June that Communist military activities throughout the highlands have undermined US hopes to have South Vietnamese troops take over more of the fighting.

* * *

Huynh Tan Phat, head of the Communists' Provisional Revolutionary Government, is now in Phnom Penh for talks.

It appears that Sihanouk is at best a reluctant host. He may have agreed to Phat's visit at this time as part of the price for the Communists' recent promise to remove their troops from Cambodian soil "as soon as possible." [redacted]

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[redacted]
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Phat may have a number of other problems relating to the Vietnam war that he wants to discuss now with Sihanouk. One likely request would be the easing of military pressure against Communist elements in Cambodia.

SOVIET AFFAIRS

The Soviet proposal for a "collective security system" for Asia, surfaced by Brezhnev on 7 June, "is still no more

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than a general concept," according to a Soviet foreign ministry official. A planning group is working on details, the official added, and a more concrete plan may soon be offered for international discussion.

The Asian security system probably will resemble past Soviet proposals for European security, calling for all nations to abolish military blocs and to work peacefully toward better economic, political, and cultural relations. The Soviets probably have no illusions that such a system could be implemented, but by proposing it they would be able to portray themselves as more interested in Asian peace and harmony than are the Chinese.

* * *

In Czechoslovakia, more than two months after Dubcek's ouster, party leader Husak is still enmeshed in a factional struggle that has frustrated his efforts to gain complete control. Husak's insistence on a relatively moderate retreat from Dubcek's liberalism has created a series of disputes with pro-Soviet conservatives who desire a return to full orthodoxy. At the same time his repeated compromises have moved the nation steadily toward a conservative position. Thus far, Husak has achieved a period of relative domestic calm, partly because he has refused to impose police terror to enforce the retrogressive decrees.

The people regard the regime as a creature of Soviet pressure, and they have become increasingly alienated by

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Husak's compromises with the conservatives. Passive resistance is growing among workers, students, and intellectuals--demonstrated primarily in popular determination to reject further concessions to Moscow and to oppose austerity measures which are being drafted to bolster the sagging economy.

EUROPE

The general attitude in NATO toward strategic arms limitations talks between the US and the USSR is favorable. The allies are pleased by US plans for a comprehensive exchange of views, but have nagging fears that the US will enter NATO consultations with an inflexible position.

The Allies will seek assurance that the US will not accept any agreement which might have the effect of lessening Western European security. The UK and West Germany will probably urge that bargaining explicitly include NATO nuclear forces and similar Soviet forces targeted against Europe. The UK would prefer as a first step to freeze such forces rather than to reduce them.

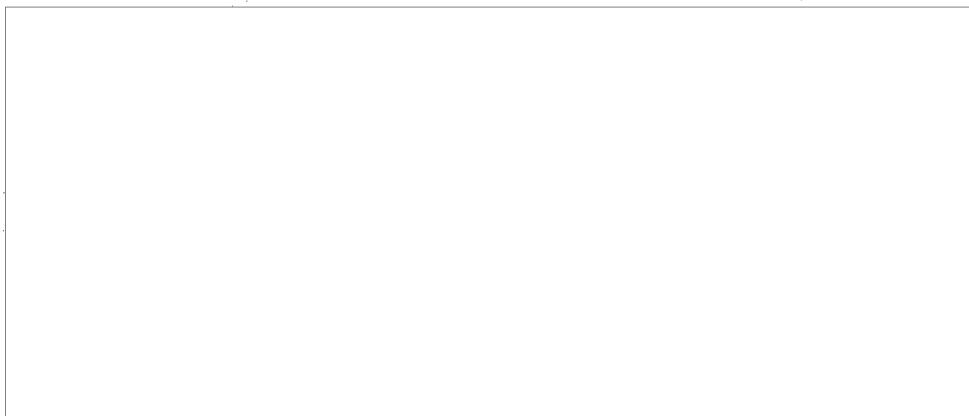
The West Germans, while supporting the talks in principle, fear an arms limitation arrangement which might appear to formalize the political status quo in Europe. They have urged parallel progress on the political problems deriving from the division of Germany and have advised the US not to accept nuclear parity without political concessions from the Soviets.

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MIDDLE EAST

The UN Security Council is scheduled to meet today to consider another protest by Jordan about Israeli activities in Jerusalem. If Jordan presses for a strongly worded resolution, a full-scale debate could result which might be damaging to the four-power negotiations. [redacted]

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II. OTHER IMPORTANT DEVELOPMENTS

MALAYSIA

Communal clashes in Kuala Lumpur over the weekend were the worst since the rioting of mid-May. Security forces apparently have the immediate situation in hand, but the city is still highly volatile. The emergency government, almost

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exclusively Malay, is likely to point to the latest incidents as a further argument against reinstituting parliamentary government. In fact, a major cause of the unrest is lack of progress toward adequate Chinese representation.

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