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The President's Daily Brief

1 August 1973

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THE PRESIDENT'S DAILY BRIEF

1 August 1973

PRINCIPAL DEVELOPMENTS

China's exchange program with the US is having some impact on a growing controversy in Peking over returning to the approach to education and science that prevailed before the Cultural Revolution. *(Page 1)*

We have further evidence that Sihanouk and the Khmer Communists will maintain their tough stance on a cease-fire and negotiations. *(Page 2)*

The Soviet leadership is walking a thin line between extolling detente and urging the communist movement to remain vigilant against ideological subversion. *(Page 3)*

Notes [redacted] the departure of Soviet ships from the Persian Gulf, and Indian grain purchases appear on *Page 5*.

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CHINA

There is a growing controversy in China over returning to traditional trends in education and science that may be related to politicking before the 10th Party Congress. The exchange program with the US is also having some impact on this issue.

Much of the debate over education reflects a split between those who favor a return to a more traditional university system and those who argue for retention of the heavily politicized system introduced during the Cultural Revolution. Authorities in Liaoning Province, for example, have publicly criticized the reinstatement of college entrance examinations, charging they are designed to screen out the children of workers and to turn academic institutions into training grounds for "intellectual aristocrats."

Reports by some Chinese delegations that have toured the US have also drawn criticism. In one case, a group of doctors was accused of being overly enthusiastic about things American.

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The heart of these controversies is the conflict of politically motivated activists versus experts that has plagued China for nearly two decades. The present trend in favor of the experts was almost certain to be opposed by Madame Mao and the militants. Others may have joined the debate for tactical reasons in preparation for the Party Congress.

Although the exchange program with the US has figured in these domestic disputes, the general policy of improving relations with Washington does not seem to be at issue.

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no major reversal of current trends is in prospect.

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CAMBODIA

Further evidence has appeared that Sihanouk and the Khmer Communists will maintain their hard line on a cease-fire and negotiations. [redacted] 25X1 Sihanouk indicated his "government's" negotiating policy and tactics would depend on the military situation in Cambodia.

Sihanouk claimed he and members of his political front group (FUNK) in Peking--in collusion with in-country insurgent leaders--had agreed some months ago that if a military stalemate should evolve in Cambodia, they would negotiate. If, on the other hand, it appeared that the Lon Nol regime would collapse under military pressure, FUNK would see no need for talks. Sihanouk said this second option is now governing FUNK's policy.

Sihanouk reaffirmed his position that FUNK would not discuss the mechanics of its "take-over" with any Phnom Penh group that included or represented members of the High Political Council. He added that the FUNK Central Committee would determine his own role in any talks.

Sihanouk noted that it was no longer possible for Washington to arrange discussions between the two Cambodian parties, nor would FUNK agree to talk with the US or other foreign powers about internal Cambodian affairs. He indicated, however, that he would be willing to meet Senator Mansfield because he is a personal friend and is a "good friend of Cambodia."

Although these comments are dated, they are generally consistent with Sihanouk's most recent public statements. More important, however, the current Khmer Communist offensive in the Phnom Penh area underscores the insurgents' determination to try the military option that Sihanouk described. Insurgent intercepts continue to call for a "military victory."

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USSR

The Soviet leadership is trying to walk a thin line between extolling detente and convincing the population and fraternal parties of the need to remain vigilant against ideological subversion. Several leaders have spoken on these subjects since Brezhnev's return from his trips to Bonn, Washington, and Paris. None has expressed any reservations about detente, nor is there any evidence of important institutional opposition to that policy. Even the Soviet military--led by Marshal Grechko--have strongly supported current policies.

Brezhnev hinted at the existence of reservations about detente in the USSR and among its allies when he observed, in his Lenin Peace Prize speech on July 11, that moving from confrontation to peace is not easy. He offered implicit reassurance that Soviet leaders would remain vigilant, but reaffirmed his commitment to detente and said that the USSR must also be ready to head off any attempt to resume the cold war.

Two days later Brezhnev, addressing Communists at home and abroad, said that the USSR's foreign policy ensures better relations among Communist states and promotes unity among the Communist parties of the world. He ended by noting that implementation of the "Soviet peace program" is likely to diminish the danger of a new war.

Brezhnev's words could very well be aimed at critics who suspect that detente may weaken the socialist bloc and the world movement.

Suslov, the party's ideologue, speaking on the same occasion--the 70th anniversary of Lenin's Bolshevik Party--reminded his audience of Lenin's bitter quarrels with other leftist leaders over the need for a highly centralized and disciplined organization. He endorsed detente, but pointed out that the Soviet party, just last April, had called for vigilance against "imperialist" schemes and hostile ideology.

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Since then, many Soviet commentators have discussed detente and the questions that it has raised. They have defended it as a long-term phenomenon representing the USSR's best interests--as well as those of the other socialist countries, the international communist movement, and all mankind--from which benefits have already begun to flow. They have also reassured critics that the leadership will not be "too trusting" vis-a-vis the "capitalists," that Soviet military strength will be preserved, and that trade with capitalists will not open the door to "penetration" or "exploitation" of the Soviet economy.

Commentators have also said that the USSR will not desert its socialist allies and will continue to support aspirations of "national liberation" movements. Such commentators warn that the recent relaxation of international tension does not mean for anyone in the communist movement that it is time for peaceful coexistence on the ideological front.

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NOTES

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USSR-Iraq: Three Soviet naval ships have ended a month's stay in the Persian Gulf. A naval repair ship remains behind, probably in support of Iraqi naval port and coastal defense construction near Umm Qasr.

India: Since mid-June New Delhi has purchased about 1.5 million tons of wheat and coarse grains, mainly from the US This is still far short of the 4.5 million tons that the Indians hope to obtain before the harvest begins in late October. Meanwhile, India is experiencing another erratic monsoon, but it is still too early to forecast its impact on the fall harvest.

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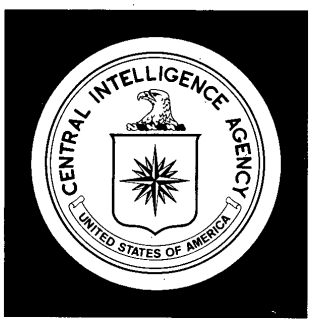

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THE PRESIDENT'S DAILY BRIEF

2 August 1973

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PRINCIPAL DEVELOPMENTS

25X1

25X1

Cambodia

25X1

(Page 1)

25X1

Romanian President Ceausescu apparently is contemplating a new Middle East peace initiative. *(Page 2)*

In Chile, the Christian Democrats expect a negative reply from President Allende today to their reiterated terms for a political truce with the government. *(Page 3)*

Notes on Libya, EC-US, and East Germany appear on *Page 4*.

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CAMBODIA - SOUTH VIETNAM - THAILAND

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EGYPT-ROMANIA

Romanian President Ceausescu is apparently contemplating a new Middle East peace initiative. 25X1

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seems willing to discuss some new form of dialogue, possibly with Romanian mediation. Egyptian Presidential Adviser Hafiz Ismail is planning to visit Bucharest, apparently at Romania's invitation, to discuss settlement prospects. He will arrive Friday and probably will meet with President Ceausescu.

Romania, as the only East European state to maintain full diplomatic relations with Israel and the principal Arab states, is in a good position to act as middleman. There has been no indication, however, that Israel has so far been contacted.

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CHILE

President Allende has promised to reply today to the Christian Democrats' restatement of their terms for a political truce, according to opposition party president Aylwin. Aylwin expects a negative answer [redacted] In the anticipated absence of an agreement with Allende, Christian Democrats are discussing various forms of congressional action including impeachment of the entire cabinet.

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Two meetings between the party and government leaders on July 30 were unproductive, and Allende's subsequent efforts to stall for time apparently have been unsuccessful. Aylwin sent a letter to Allende on July 31 reiterating opposition demands that the government agree to bring the military back into the government, implement a controversial bill on the economy, disarm the workers, and return factories seized last month to their owners.

Allende faces the difficulty of formulating a reply that will keep alive the dialogue with the Christian Democrats, but at the same time keep his Popular Unity coalition together. He fears that if he negotiates a compromise with the Christian Democrats, his own Socialist Party might leave the coalition claiming that he has "betrayed the revolution."

Violent incidents continue to increase with the most serious cases involving government efforts to requisition idle trucks. The government may be making some headway, however, in negotiating an end to the partial bus owners' strike. A break could also be coming in the standoff between the regime and striking truck owners.

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NOTES

Libya: Negotiations with the oil companies have resumed, and the government is again concentrating its demands on the major independent producers, Occidental and Oasis. It has threatened a complete take-over on August 15 unless a settlement is negotiated that includes government acquisition of 51 percent of company assets and an oil buy-back agreement. This proposition represents a major withdrawal, however, from the "100-percent participation" that Libya was demanding earlier.

EC-US: Although the French have conceded that President Nixon's visit to Europe could be the starting point for a dialogue with the European Communities, spokesmen for several member states have cautioned that Europe will not be united in time for the meetings. The British have cited the difficulty of getting the nine EC members to agree on fundamental questions and have warned US diplomats not to press Europeans to "go too far too fast." The West Germans say they doubt that a definitive relationship between Western Europe and the US can be worked out until after a united Europe has become a reality. The Dutch maintain that Europe is "not ready" to meet the President. All the above spokesmen claimed, however, that their governments would try their best to cooperate with the US.

East Germany: Walter Ulbricht's death will not have much impact on the East German regime. Ulbricht had been without effective power since Erich Honecker replaced him as general secretary of the party in May 1971. Honecker is in firm control of the political apparatus, in part because of the uncertain health of his only possible rival, Minister-President Willi Stoph.

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THE PRESIDENT'S DAILY BRIEF

3 August 1973

PRINCIPAL DEVELOPMENTS

Khmer Communist forces continue to test Phnom Penh's outer defenses. The insurgents reportedly have no present plans to capture the capital itself, but are disappointed that their pressure has not brought down the Lon Nol government. *(Page 1)*

In the past week the dollar gained slightly against the mark and the French franc, but dropped with respect to the British pound and the yen. *(Page 2)*

The French [redacted] *(Page 3)* 25X1 25X1 25X1

The US veto of last week's Middle East resolution in the UN has strained relations with the non-aligned nations and with the other Western members of the Security Council. *(Page 4)*

India [redacted] Pakistan 25X1

[redacted] 25X1

A note on coup-plotting in Haiti appears on *Page 6*.

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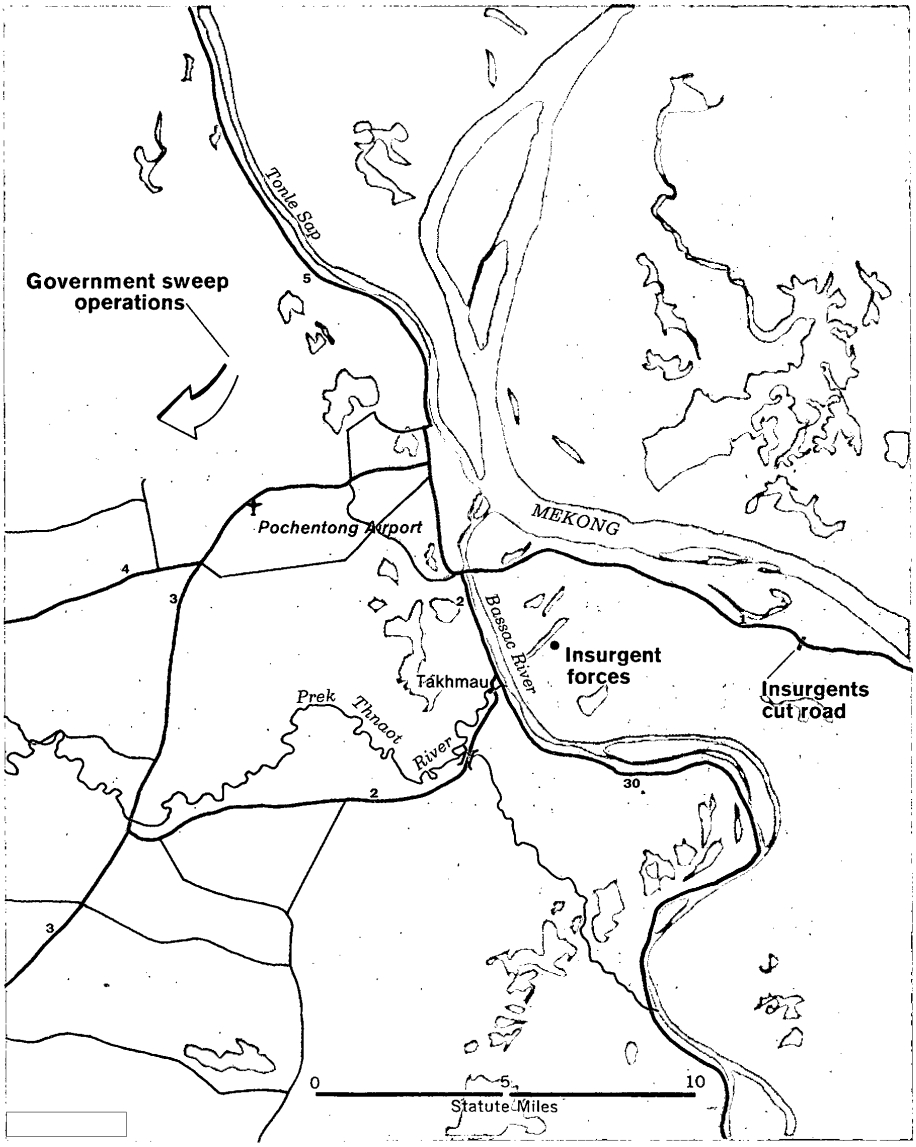
Phnom Penh



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CAMBODIA

Khmer Communist forces are continuing to test Phnom Penh's outer defenses.

In an apparent effort to divert Cambodian Army units from the defense line south of Phnom Penh, insurgent units in the past several days have stepped up attacks between the Bassac and Mekong rivers. A small insurgent force in this area is now operating within two miles of Takhmau, the capital's largest suburb. Other Communist units have cut Route 1 twelve miles from the capital. Army commanders, in response to these threats, are planning to shift the 1st Division from the Route 3 front, where a new government counterattack has met stiff resistance.

Northwest of Phnom Penh, government sweep operations are putting pressure on small insurgent elements that have infiltrated into an area three to five miles from Pochentong Airport. Intercepted messages suggest that the insurgents in this sector have been trying to consolidate their units for an attack on the airport or other key installations on the western outskirts of the capital. 25X1

[redacted] 25X1

[redacted] the Communist offensive against Phnom Penh has not gone as well as expected. [redacted] 25X1 [redacted] a group of local insurgent officials from the Phnom Penh region met in mid-July and conceded that the offensive had been ineffectual since it had not brought down the Lon Nol government. The officials agreed that the offensive had foundered because heavy air strikes had caused substantial casualties and hindered tactical movement and supply activity. They noted, however, that they were under orders to continue the struggle by increasing pressure on Phnom Penh's outskirts, although no action to capture the capital itself was being planned. 25X1 25X1

[redacted] 25X1

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INTERNATIONAL MONETARY DEVELOPMENTS

The dollar showed a modest advance yesterday on European money markets. Since July 26 it has gained slightly more than 2 percent against the mark and the French franc, but lost some ground to the British pound. Pressure on the EC joint float has eased because the mark has dropped more than the other participating currencies. The dollar's recovery and the mark's fall are largely attributable to the easing of credit conditions in Germany. Few observers, however, believe that the mark's problems are over.

The dollar fell slightly with respect to the yen this week. Last month's demand for the dollar, stimulated by Japanese exporters' repayment of debts to the central bank, has largely dissipated. Japanese monetary officials are in general agreement that the yen should be allowed to appreciate another 5 to 6 percent in the coming months. They expect upward pressure on the yen partly because Japan usually runs a large trade surplus during the third and fourth quarters.

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FRANCE

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[redacted] 25X1

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UN

The US veto last week of a Middle East resolution sponsored by non-aligned nations has strained relations with those countries. They may reciprocate by counteraction on such issues as the Korean question in the General Assembly this fall, where they hold a majority and there is no veto. In the past week, non-aligned representatives blocked Western initiatives for UN action on terrorism and issued a statement condemning US bombing in Cambodia.

The veto also opened a rift between the US and the other Western members of the Security Council. They considered the non-aligned resolution acceptable and were unwilling to line up with the US against Arab countries, with whom they have major commercial interests. They have let it be known that in their view the US was unnecessarily rigid; some of them also see in last week's events evidence of increasing US disinterest in the UN.

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SOUTH ASIA

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NOTE

Haiti: Persistent coup rumors continue to circulate in Port au Prince in the wake of the palace fire on July 23 that destroyed much of the government's store of arms and ammunition.

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THE PRESIDENT'S DAILY BRIEF

4 August 1973

PRINCIPAL DEVELOPMENTS

George Papadopoulos' position has been strengthened by the plebiscite last month that made him president of Greece until June 1981, but criticism of his personal role will continue and could eventually develop into a move by his colleagues to unseat him. *(Page 1)*

The North Vietnamese still seem reasonably satisfied with the implementation of the cease-fire agreement. *(Page 3)*

The composition of the new cabinet in Afghanistan apparently represents a compromise between Daud and the young officers who seized power in his name. *(Page 4)*

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Notes on Chinese grain purchases, the latest Sino-Soviet trade agreement, Soviet [redacted] Libya, and the health of North Vietnamese party boss Le Duan appear on *Page 5*.

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GREECE

George Papadopoulos' position has been strengthened, at least for a time, by the vote on July 29 that confirmed the new republic and made him president until June 1981. Criticism of his personal role will continue, however, and could develop into a move by one or another of his colleagues to unseat him.

Papadopoulos worries about three categories of opposition forces. The least worrisome are the pre-revolutionary political leaders. The most vocal of these are in exile and are more of a nuisance than a threat. Many of them represent the extreme right or left in pre-revolutionary politics and have little or no following at home. More moderate politicians in this group, exemplified by former premier Karamanlis, are beginning to stir again, and there are signs that they are cooperating with each other. They have no leverage on the present government, and it will be a long time before they can hope to rally popular support in Greece.

The second group is an amorphous band of "super-revolutionaries" made up of younger officers of the Greek armed forces, who want to "purify" the revolution and carry it even further than their superiors.

It is those who comprise the third category, his comrades of the 1967 coup, that Papadopoulos must persuade or, more typically, outmaneuver if he is to stay in power. The big four--Pattakos, Makarezos, Angelis, and Ioannides--control either directly or through their subordinates most of the units in the armed forces. Ioannides alone could make or break a coup through his control of the military's internal security apparatus and his personal following among second-rank officers. Papadopoulos has been able to play his colleagues off against each other, and most of them would rather have him out in front anyway. They know, however, that he would prefer to rule without them, and they rankle at the inroads he is making into their individual and collective authority.

Most of the trouble Papadopoulos encountered during the pre-plebiscite period came from these leaders. Although most of them favored the switch from monarchy to republic, there was consternation among them when Papadopoulos moved so swiftly, leaving them no time to object to the details of his plans. They dislike the idea that Papadopoulos gains even more power under the new republic, while theirs may

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be substantially diminished. Some senior military people--like Ioannides--fear that parliamentary elections would open the door to the influences their 1967 move was intended to suppress.

They chafe most of all, however, over Papadopoulos' secrecy, which has separated them from policy-making.

25X1

During the next month or so, Papadopoulos and his senior colleagues will be testing each other's strength. They will also be establishing the government apparatus for the new republic. There will be minor institutional changes; for example, a constitutional court may soon be set up to oversee the eventual formation of political parties. Some cabinet members may be installed in office, but the important posts will not be filled until fall. That should give Papadopoulos time to decide which of his military associates he can safely fire and which must be kept on.

Later in the fall, Papadopoulos will face renewed criticism from outside the regime. The students have promised to resume their agitation for educational reform. Their demonstrations last spring turned into an attack on the regime, and Papadopoulos' heavy-handed tactics were an embarrassment to many government leaders, including key military officers. Inflation, an even more serious problem, could lead to protest strikes in the big cities.

These and other problems may significantly weaken Papadopoulos' position. Having committed himself to parliamentary elections in 1974, Papadopoulos will be under international pressure to meet that deadline. During the same period, military resistance to elections is likely to rise, and some time before the voting actually occurs, Papadopoulos could face a concerted effort by his associates to bring him down.

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VIETNAM

North Vietnam's propaganda on the first six months of the cease-fire suggests that Hanoi is reasonably satisfied with the implementation of the agreement so far. The assessments, which include a Foreign Ministry statement and an interview with Le Duc Tho, are relatively balanced between what Hanoi views as "positive" and "negative" aspects of the agreement.

On the positive side, Hanoi touts the "victories" achieved in the withdrawal of US military forces, the return of Communist POWs, and the consolidation of the Communist hold on the "liberated" areas of the South. Continued fighting in the South is given as a negative factor and is of course blamed on Saigon and the US. The negative aspects, however, are treated in a relatively low key, suggesting that Hanoi is not trying to manufacture an excuse for a return to large-scale military operations.

In contrast to the tone set by Hanoi, there have been reports that key cadre in the South are disappointed with the gains made by the Communist side since the cease-fire and hope that Hanoi will return to a more militant policy.

> *These cadre will find little comfort in Hanoi's current propaganda, which seems designed to inform the rank and file that North Vietnam is willing to live with the cease-fire accord for the time being.*
>
> *The propaganda makes it clear that Hanoi is sensitive to the US position that the North Vietnamese must stop the fighting in the South and withdraw their forces from Laos and Cambodia before any agreement on US aid to North Vietnam can be reached. Le Duc Tho claims that these "preconditions" are a delaying tactic on the part of the US. Tho's relatively moderate language on this point suggests that Hanoi may eventually be willing to make concessions to the US stand.*

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AFGHANISTAN

The composition of the new cabinet appears to be a compromise between Daud and the junior officers who staged the coup in his name.

Daud has taken the top posts of prime minister, foreign minister, and defense minister and is expected to keep economic planning as well. The deputy prime minister and several lesser ministers are close to Daud. Three of the young officers involved in the coup and two civilians allied to them have been given portfolios, including finance and interior.

Ambassador Neumann has termed the cabinet a "peculiar hodgepodge" and doubts that it will be effective. Daud may be able to exploit the inexperience and disunity of the cabinet to increase his personal control, but in the long run his ability to stay on top may depend more on how effectively he deals with the country's many problems. The cabinet is unlikely to be of much help in this regard.

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NOTES

China: Chinese grain purchases for delivery in fiscal year 1974 now total nearly 6.7 million tons, of which about 5.6 million tons will come from the US. Last fiscal year, Peking imported about 6.3 million tons of grain including 1.4 million tons from the US.

China-USSR: The Sino-Soviet trade agreement, signed in Moscow on 1 August, calls for the same level of trade as in 1972--$250 million. The agreement covers Chinese purchases of 11 AN-24 aircraft and electric power equipment.

USSR: 25X1

25X1

25X1

North Vietnam - USSR: The Soviet press announced on 3 August that North Vietnamese party boss Le Duan had left Moscow for the Crimea, suggesting that he has recovered from the pneumonia he caught in Moscow about two weeks ago. Soviet party leader Brezhnev also is believed to be vacationing in the Crimea, and the two may get together to discuss unresolved issues such as economic aid for 1974.

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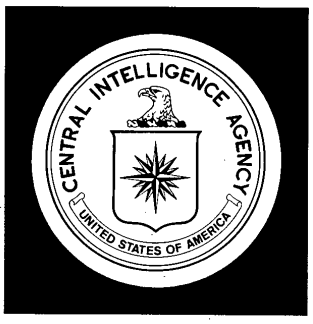

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THE PRESIDENT'S DAILY BRIEF

6 August 1973

PRINCIPAL DEVELOPMENTS

In Cambodia, there was a general decline in the level of military activity in the Phnom Penh area over the weekend, but insurgent forces remain in position to renew the fighting. *(Page 1)*

The North Atlantic Council has agreed to use the US paper, which was submitted on July 27, as the basis for developing an allied position for the force reduction talks this fall. *(Page 2)*

25X1

25X1

25X1

Israel

25X1

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(Page 3)

USSR

25X1

25X1

(Page 4)

Notes on USSR-Cuba, the latest Soviet space probe to Mars, and Greece appear on *Page 5*.

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CAMBODIA

There was a general decline in the level of military activity in the Phnom Penh area over the weekend, but insurgent forces remain in position to renew the fighting. Government troops succeeded in reopening a stretch of Route 1 some five miles east of the capital, easing at least temporarily the threat to the city from this direction.

The only exception to the general lull has been west of the city where enemy forces overran several key government positions some three miles from Pochentong airfield on August 5. Defenses in this area had been weakened by the diversion of government forces to Route 1.

The government has begun airlifting into Phnom Penh some five battalions of troops from the western provinces. Although Routes 4 and 5 remain open to government supply convoys, the further concentration of troops in the capital area is bound to weaken the government's efforts to keep these roads free of insurgent activity. An enemy message of August 4 revealed plans to resume harassing attacks against Route 4 in the near future.

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FORCE REDUCTIONS

The North Atlantic Council agreed on Friday to use the US paper, which was submitted on July 27, as the basis for developing an allied position for the force reduction talks this fall.

A number of points were raised, however, that will require lengthy consideration before an allied negotiating position finally emerges. The British representative thought the overall US goal of a "common ceiling" on NATO and Warsaw Pact ground forces would necessitate a second phase of negotiations, which he believes is not in the allied interest. The Dutch representative wants a second phase, which would involve the reduction of indigenous European forces, and believes it should be arranged before the end of the first phase. The Turks and Greeks raised questions about the effect on NATO's flanks of a force reduction agreement along the lines of the US paper. The Turkish representative thought that as the US proposal stands, it would increase the threat to the flanks; he suggested the addition of language to the effect that reductions would be "without prejudice to the undiminished security of the alliance as a whole."

The allies must also decide how actually to begin negotiating with the Soviets. Some, including the US, favor presenting an allied proposal early in the talks. The British want a more cautious approach, allowing time to sound out the Soviets. The Canadians cautioned that perhaps the only way the allies could stimulate a meaningful dialogue with the Soviets would be to table a proposal at the outset.

NATO's Senior Political Committee will begin further work on the allied position on August 7.

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ISRAEL

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YEMEN (SANA) - USSR

[redacted] 25X1
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[redacted] 25X1

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NOTES

USSR-Cuba: A Kresta class cruiser, a Kanin class destroyer, and an E-II class cruise missile submarine arrived in Havana on August 4. They will also call at other Cuban ports. Based on previous Soviet deployments in the Caribbean, the ships could remain in the area for as long as three months.

USSR: The Soviets launched another space probe to Mars yesterday. The probe--referred to by TASS as Mars 6--was launched from Tyuratam aboard an SL-12 space booster. Three Mars probes have been launched in the past 15 days. All three are performing satisfactorily and should arrive in the vicinity of the planet next March.

Greece: The identities and intentions of the Arab terrorists who shot up the Athens international air terminal yesterday, killing three and wounding over 50, are still being investigated. As in other recent terrorist incidents, Palestine resistance spokesmen in Beirut have denied responsibility.

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THE PRESIDENT'S DAILY BRIEF

7 August 1973

PRINCIPAL DEVELOPMENTS

25X1

Rioting in at least five Indonesian cities is a protest against higher rice prices, Chinese domination of commercial activity, and corrupt dealings between Chinese merchants and government officials. *(Page 3)*

Chile's President Allende reached a stalemate in his "dialogue" with the opposition party, and must cope with the intransigence of his own party in his attempts to maneuver. *(Page 4)*

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YUGOSLAVIA

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USSR-IRAN

Prime Minister Hoveyda's current trip to the USSR is the latest in a series of visits aimed at improving bilateral relations and reviewing regional policies. In March Premier Kosygin reciprocated the Shah's lengthy visit last fall. In June, Iranian War Minister Azimi met in Moscow with Soviet Defense Minister Grechko, who promised to give his request for arms prompt consideration.

[redacted] 25X1

Hoveyda will find it difficult, however, to back off from the general endorsement the Shah himself gave to Moscow's vague proposal during Kosygin's visit; last night, Kosygin reminded Hoveyda in a dinner speech that both countries have agreed to promote Asian collective security. 25X1

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INDONESIA

The anti-Chinese disturbances which began Sunday in the West Java capital of Bandung have so far caused considerable property damage, one possible death, and about 40 injuries. As of this morning, the disturbances had spread to several other cities. The riots were touched off by a minor traffic incident that developed into full-fledged demonstrations against higher rice prices, Chinese dominance of commercial activity, and corrupt dealings between Chinese merchants and Indonesian Government officials.

The right wing of the Indonesian military leadership, strongly suspicious of the Chinese community, will probably use the riots to argue for further delay in any restoration of diplomatic relations with Peking. The Chinese, who take the position that overseas Chinese communities are the responsibility of host governments in Southeast Asia, are unlikely to react to the events.

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CHILE

The political crisis has deepened after President Allende's "dialogue" with the Christian Democrats reached a stalemate last week. The country is in the midst of a serious transportation strike, which has aggravated food and fuel shortages during the Chilean winter. Military leaders feel more strongly than ever that they must do something to ease the situation, but have not agreed on a course of action.

The intransigence of the extremists in his own Socialist Party threatens Allende's control of the situation. Even the Castro regime is reportedly trying to convince the Socialists that they must moderate their position to keep Allende's coalition government alive.

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THE PRESIDENT'S DAILY BRIEF

8 August 1973

PRINCIPAL DEVELOPMENTS

25X1

25X1

the Black September Organization was responsible for Sunday's terrorist attack at Athens airport. *(Page 2)*

The more liberal trend in China's education policy has suffered a setback apparently because of resistance from those who want to keep alive the spirit of the Cultural Revolution. The latest change may signal increased contention over other domestic policies as important party meetings draw near. *(Page 3)*

Prime Minister Tanaka's trip to Washington has done little to strengthen his hand at home. Opposition parties have disparaged the results of the visit, and will probably continue to block key legislation proposed by the government. *(Page 4)*

In the Philippines, Muslim insurgents are making an increased effort to strengthen their hold on Sulu Province. *(Page 5)*

More terrorist incidents seem likely in Cyprus as Archbishop Makarios and General Grivas remain at loggerheads. *(Page 6)*

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USSR

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FEDAYEEN

[redacted] 25X1

[redacted] the BSO was responsible for the terrorist attack at Athens airport on August 5. 25X1

[redacted] the operation had been approved by Fatah's general command, and that Yasir Arafat knew about it in advance. 25X1

[redacted]. 25X1

[redacted] the Athens operation was a failure, since its victims were to have been passengers on their way to Israel. A TWA flight departed the Athens terminal for Israel just prior to the shooting. 25X1

Fatah and other fedayeen groups reportedly decided some time ago to disown the perpetrators of such incidents, in order to make it more difficult for Tel Aviv to pinpoint responsibility and retaliate.

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CHINA

The liberalizing trend in education policy has suffered a setback. The change may signal a sharpening dispute over other key domestic policies as important party meetings draw closer.

Over the last few years, education policy has gradually retreated from Mao's position during the Cultural Revolution, which called for admission on the almost exclusive basis of the applicant's political background. The liberalization is generally attributed to Chou En-lai, who reportedly was able to secure at least a lukewarm endorsement from Mao for a more moderate approach involving greater use of such criteria as scholastic background and exams.

This year, entrance examinations have been more widely used in determining university enrollment than at any time since the Cultural Revolution. Last month, however, the examination system was attacked in a series of broadcasts from Liaoning Province.

25X1 25X1

With a national party congress coming up, it appears that proponents of ideologies prominent during the Cultural Revolution are using education policy to symbolize their opposition to a broader range of relatively moderate policy proposals. These proposals, which are to be aired at the congress, can be expected to encounter resistance from those who wish to keep alive the spirit of the Cultural Revolution.

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JAPAN

Prime Minister Tanaka's US visit apparently will provide few dividends domestically. Although media reaction has been generally favorable, the opposition parties point to the bland nature of the communiqué and its lack of specifics on bilateral problems as signs that Tanaka got little for his efforts in Washington. The opposition charges that the trip signals an increasing Japanese subservience to the US.

For several weeks, the opposition parties have been boycotting the Diet, seeking to block passage of key legislation proposed by the government. There are signs now that the boycott may end, apparently because the opposition wants to zero in on Tanaka and the summit in parliamentary debate. The opposition also hopes to exploit a government-approved rise in the price of rice, which has added fuel to popular resentment over inflation.

In about a month Tanaka is scheduled to leave for Western Europe and the Soviet Union. Before then, the opposition will probably be able to create enough trouble over various domestic issues to prevent Tanaka from making much headway against his problems. This will increase his desire to try to make significant gains from his next foreign swing, especially the trip to Moscow, in the hope of applying the credit domestically.

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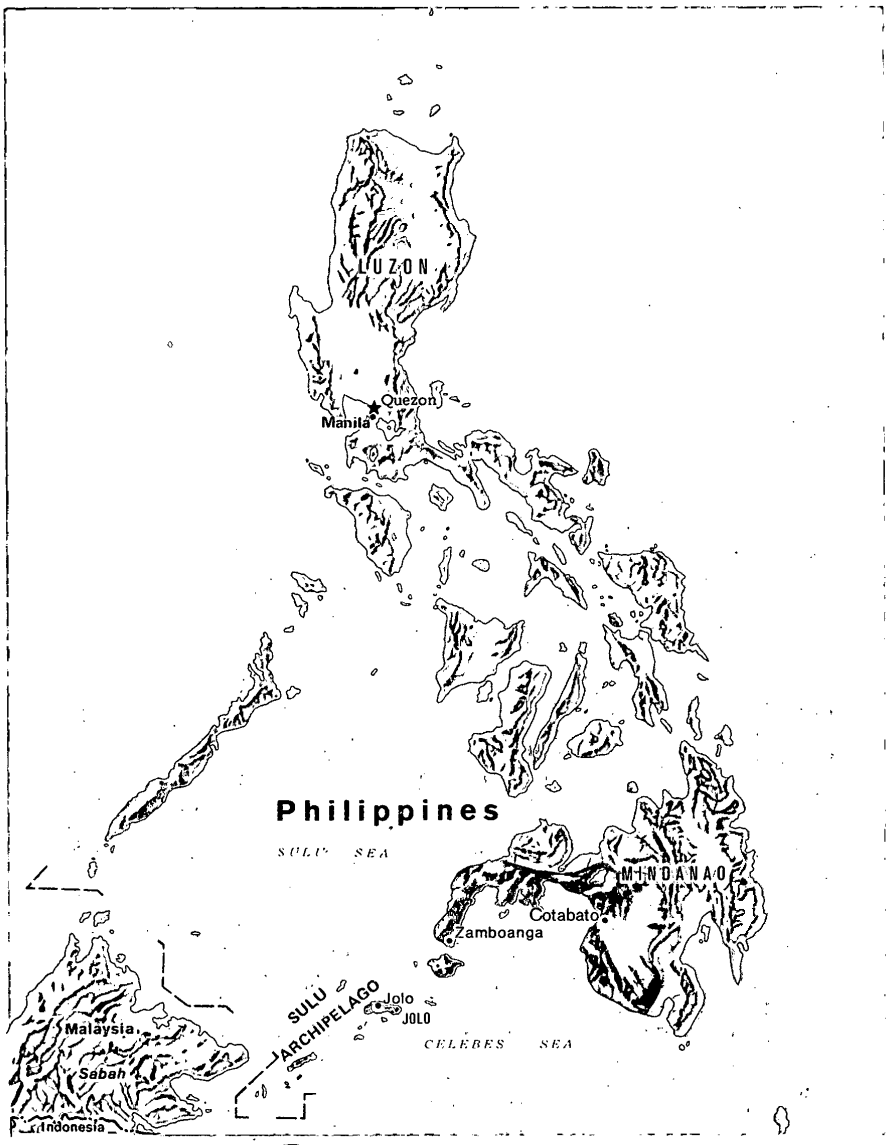

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Area predominantly Muslim

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PHILIPPINES

Rebel activity in the Sulu Archipelago is increasing. Except for scattered army camps and the provincial capital, Sulu Province has been largely in rebel hands since early this year. Muslim insurgents are now trying to eliminate the remaining government presence, and Philippine officers concede that government forces would be hard put to defend against a determined rebel push. With most of the army's combat strength already deployed in the south, there is little prospect of further reinforcement.

Increased rebel activity comes at an awkward time for the Marcos government. The foreign ministers of four Islamic nations--Libya, Saudi Arabia, Senegal, and Somalia--are scheduled to arrive in the Philippines next week to look into charges that the government is persecuting the Muslim minority. Marcos has agreed to accept the Islamic delegation in order to counter those charges, but increased hostilities can only make it more difficult for him to do so.

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CYPRUS

General Grivas has offered to end his campaign of terrorism and release the cabinet minister his followers kidnaped late last month if President Makarios either gives up his archbishopric or quits the presidency and holds new elections. Makarios has rejected the offer and urged the General to come out of hiding and engage in a "democratic" confrontation.

No early compromise is likely, and more bombings and other terrorist incidents seem certain.

This continuing turmoil in the Greek community is increasingly worrisome to the Turkish Cypriots. Both they and Ankara fear that the violence may spread and eventually be directed against the Turkish minority.

If the violence continues, Ankara will urge Athens to exert its influence over the two rivals to find a solution. The Greeks remain reluctant to get involved directly.

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NOTE

International Monetary Developments: Arab League economists and financial experts will meet in Cairo on August 12 to study the potential impact of international monetary reform proposals on Arab reserve holdings. The Arab press and some Arab officials contend that the US, in opposing the accumulation of large amounts of foreign exchange by any nation, is acting from political motives directed against the Arab countries.

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9 August 1973

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THE PRESIDENT'S DAILY BRIEF

9 August 1973

PRINCIPAL DEVELOPMENTS

The military situation around Phnom Penh is reported on *Page 1*, including indications that some Khmer insurgent forces in the area are temporarily pulling back, apparently for rest and refitting.

The Thai Government is studying a Foreign Ministry paper that recommends "urgent" negotiations on the future of the US military presence. *(Page 2)*

The role of the military in Chinese politics and the return of civilians to positions in the provinces are discussed on *Page 3*.

The Chilean Government has announced that the three armed forces chiefs will join the cabinet today. *(Page 4)*

North Korea [redacted] 25X1
[redacted] Egypt. *(Page 5)*

Notes on [redacted] 25X1
the anti-Chinese riots in Indonesia, and Japanese aid to Indonesia appear on *Page 6*.

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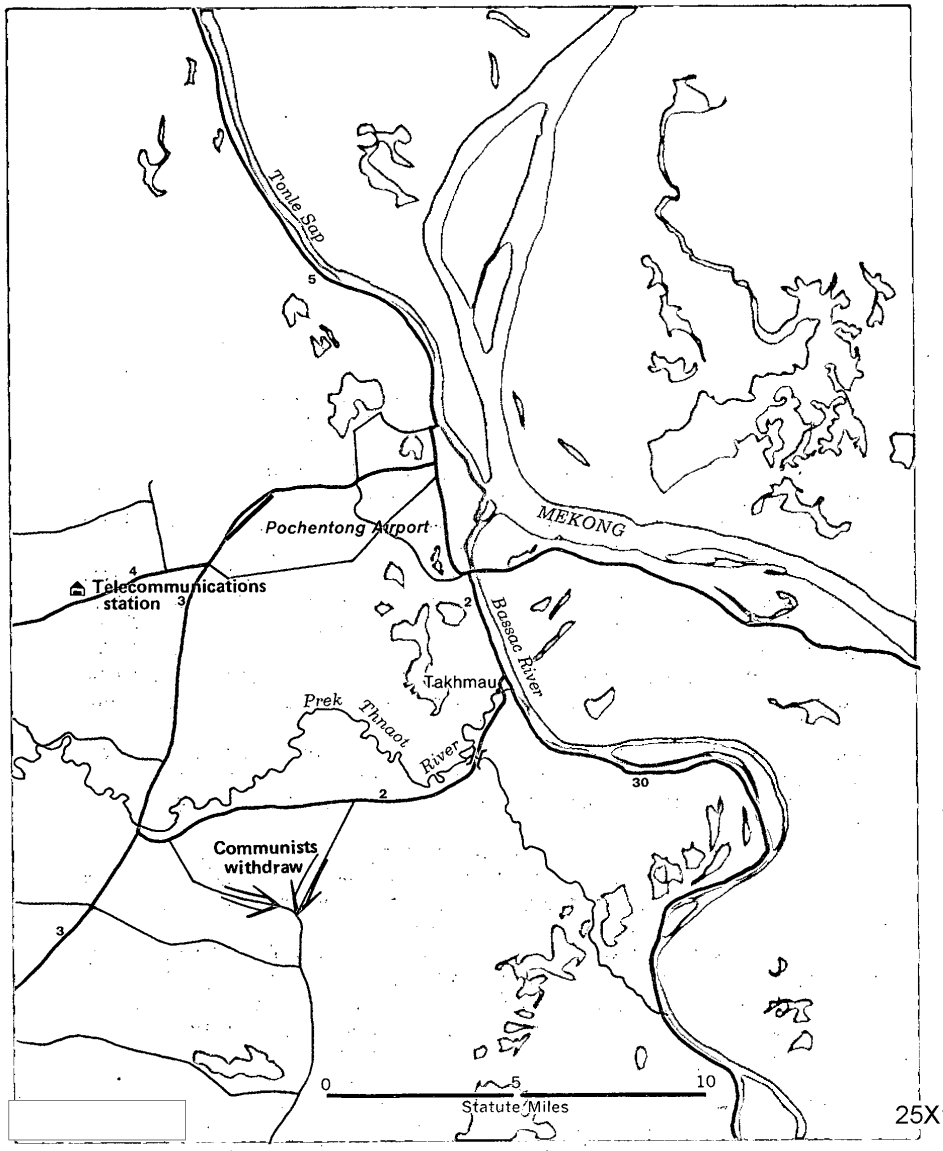
Phnom Penh



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CAMBODIA

An intercept of August 7 indicates that the insurgents are withdrawing most of their units from Routes 2 and 3 south of Phnom Penh, leaving "only a small force to conduct sapper attacks and to defend liberated territory." The message states that the withdrawal is part of "a buildup of forces to continue strong attacks in the future."

> *US bombing along these roads has been particularly heavy, and the Communists apparently have decided to conserve their strength in this sector until after August 15. Government forces along Route 3 have been edging southward toward the Prek Thnaot River for several days against only light resistance.*

Other intercepts reflect Communist plans to continue their offensive in the area between the Bassac and Mekong rivers southeast of Phnom Penh. Recent insurgent initiatives in this sector have been limited to shellings and minor ground attacks, however, and the Cambodian Army's 1st Division has been making steady progress in clearing Route 1.

Northwest of the capital, small insurgent forces continue to elude government sweep operations and to launch sporadic ground attacks on government positions within five miles of Pochentong airport. To the west, insurgent sappers have temporarily knocked out the telecommunications station at Kambol near Route 4, but this key highway as well as Route 5 remains open to truck convoys. The Mekong River also is still open to supply convoys from South Vietnam.

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THAILAND

The government is studying a Foreign Ministry paper that recommends "urgent" negotiations with the US to achieve the withdrawal of 7,000 to 10,000 men within the next three to six months.

--It proposes that if possible such an agreement be announced before August 15.

--It also calls for subsequent negotiations on reduction of US bases and further troop withdrawals.

These specific recommendations may reflect the thinking only of Deputy Foreign Minister Chartchai, who forwarded them. Prime Minister Thanom and General Praphat continue to put stock in the deterrent value of the US military presence and are not interested in a precipitate dismantling of the American force structure.

The general thrust of the Foreign Ministry paper, however, is in accord with Bangkok's continuing re-examination of US-Thai relations. Mounting popular criticism of the US presence in Thailand has convinced the leadership that present levels are politically unacceptable. Above all, Thanom and Praphat feel a need to maintain the impression that Bangkok retains the initiative on US force levels and will not merely be reacting to decisions made in Washington. The two leaders would probably like to reach agreement on a token withdrawal as soon as possible and may press for a firm public date for the beginning of deliberations on a phased withdrawal.

Bangkok's policy toward the US presence will be heavily conditioned by the Thai view of developments in Cambodia. There are indications that Bangkok is beginning to reconcile itself to the possibility of a future Cambodian government dominated by Sihanouk and the Khmer Communists.

Thai policy will be to maintain good relations with any Cambodian government not openly hostile to Bangkok. This message was to have been passed to Sihanouk.

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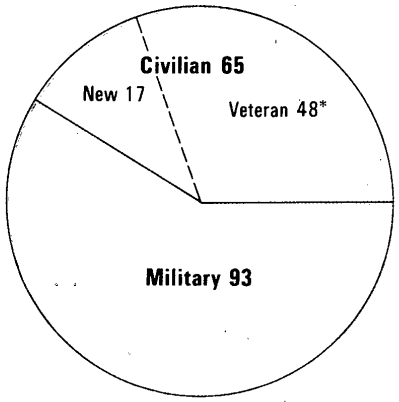
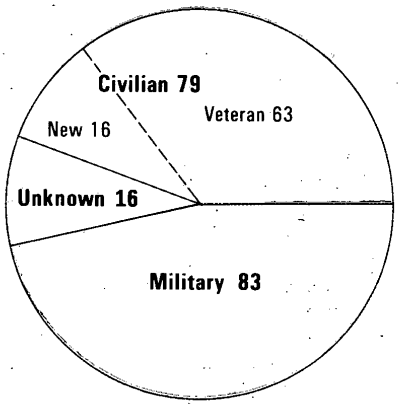
Composition of Provincial Party Committees

Original total at formation, September 1971 158



Current total, July 1973 178



Total additions since formation 57

Civilian 28	Military 11
Veteran 24	Unknown 18
New 4	

Total promotions since formation 13

Civilian 10	Military 3
Veteran 9	Unknown 0
New 1	

Total purged, absent since January 1, 1973 or demoted 28

Civilian 6	Military 19
Veteran 4	Unknown 3
New 2	

**Veteran cadre are cadre who held a party or government position prior to the Cultural Revolution*

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CHINA

The role of the military in Chinese politics is one of the major issues confronting the Peking regime as it prepares for the 10th Party Congress. Civilian representation on provincial party committees is now approximately equal to the military in absolute numbers. Senior military officials, however, still hold at least one of the two top posts in all but three of China's provinces and independent municipalities.

The military developed a dominant position in provincial politics as a consequence of the Cultural Revolution, but in late 1971 Peking began to reduce this influence. The civilians who are returning are chiefly rehabilitated second-level cadre. Prior to the Cultural Revolution, they were for the most part provincial party secretaries and vice governors; many are experts in rural and agricultural matters. All are experienced administrators capable of contributing to the resolution of China's agricultural problems and to the drive to rebuild party organizations.

On the other hand, most of those who held top provincial posts before the Cultural Revolution have not been rehabilitated. These men, unlike the civilians who have already returned, were contenders for national political power. Their rehabilitation is undoubtedly now being discussed.

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CHILE

Following several days of mounting tension, the government has announced that the armed forces chiefs will join the cabinet today.

> *President Allende apparently hopes this move will help to restore a semblance of political and economic order and end coup plotting by dissident military officers. It seems likely to put serious stress on Allende's Popular Unity coalition, however, and may not satisfy the opposition either.*

Meanwhile, the truckers' strike, now in its third week, is causing serious shortages. Scattered strikes by bus and taxi owners and drivers, doctors, and copper technicians have thus far been only partially effective. Other groups considering going out on strike have thus far been deterred by memories of the government's harsh retaliation after the general strike last October.

Terrorist incidents, allegedly in support of the strikers, are now more frequent and damaging than in October, raising the possibility of stronger reaction by armed civilian supporters of the government, and by extremists of the Movement of the Revolutionary Left.

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EGYPT - NORTH KOREA

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NOTES

Egypt: [redacted] 25X1

Indonesia: Quiet continues in Bandung and other cities hit by anti-Chinese riots last weekend, but the government is maintaining security precautions. The local consensus is that the riots were spontaneous--based on discontent with prevailing socio-economic conditions as well as on traditional Indonesian hostility toward Chinese. There is no evidence to support the thesis of some government officials that the disturbances were organized either by Communist remnants or right-wing extremist Muslims.

Japan-Indonesia: Japan's economic aid to Indonesia this year provides the most generous loan terms ever offered by Tokyo. In addition to loans and grants for food and fertilizer totaling $57 million, Jakarta will receive commodity and project loans amounting to $169 million at 2.75-percent interest with 30 years to repay, including a 10-year grace period.

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The President's Daily Brief

10 August 1973

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THE PRESIDENT'S DAILY BRIEF

10 August 1973

PRINCIPAL DEVELOPMENTS

25X1

In Cambodia, the serious fighting that has broken out between Khmer and Vietnamese Communist forces in the southern border areas emphasizes the fragility of the wartime alliance. *(Page 3)*

25X1

The dollar strengthened yesterday against major European currencies and is now about 3 percent above last month's low. *(Page 5)*

25X1

In Chile, President Allende's inclusion of the commanders of the three military services and the national police in his 17-man cabinet does not significantly affect his coalition's control of the government. *(Page 7)*

Notes on President Pompidou's scheduled visit to China and another Soviet probe toward Mars also appear on *Page 7*.

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ISRAEL - EGYPT - USSR - NORTH KOREA

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EGYPT-USSR

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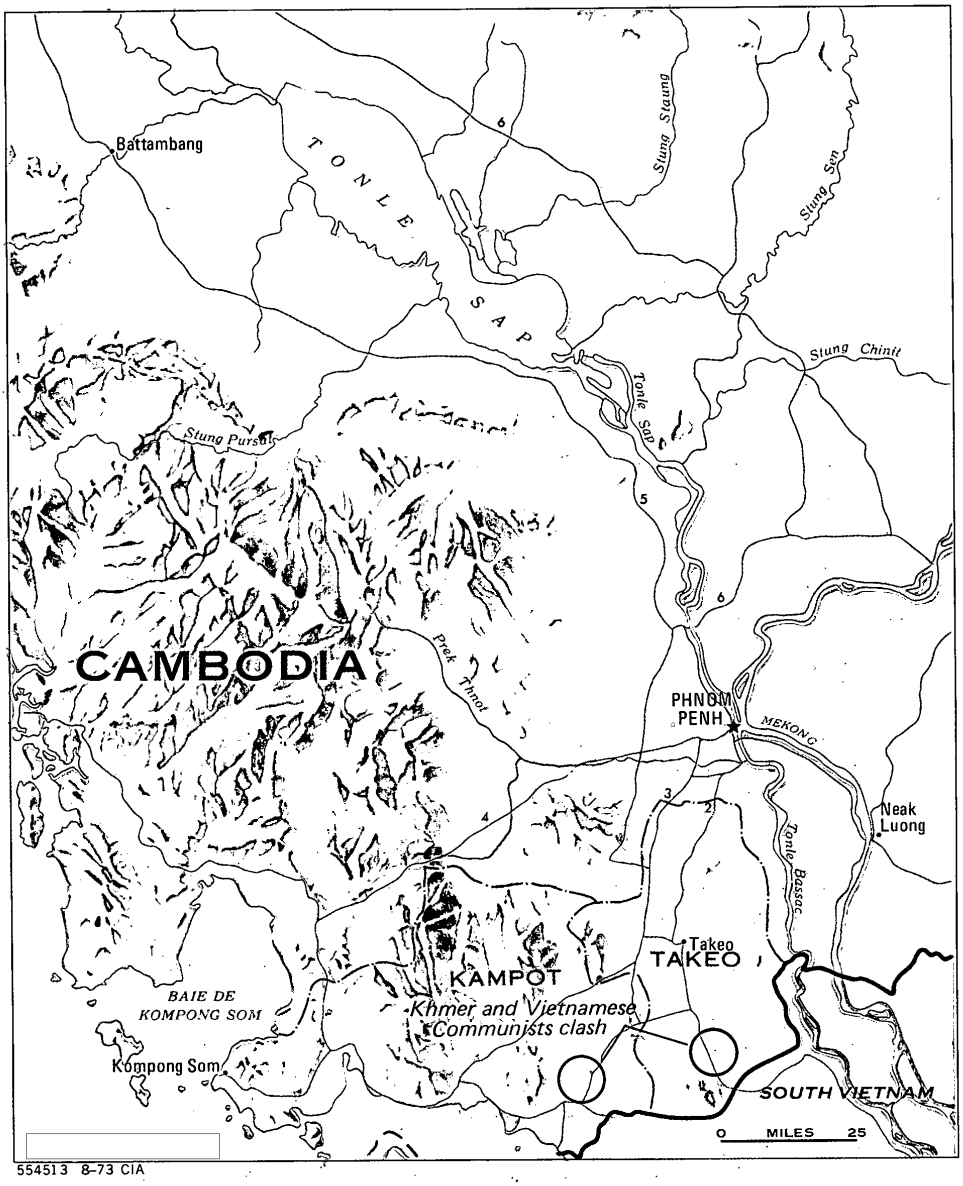

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CAMBODIA

Serious fighting has broken out between Khmer and Vietnamese Communist forces in the southern border areas. A Khmer Communist message on August 7 stated that Vietnamese Communist forces in Takeo Province "continue to attack us unceasingly." The message claimed that the insurgents "had killed and wounded many" Vietnamese troops, and that similar heavy fighting had occurred in neighboring Kampot Province. The Central Committee was asked to "intervene with high authorities." [redacted] 25X1 previous intercepted messages have indicated that fighting between the two sides in Kampot in late July caused between 50 and 200 Cambodian casualties.

A main irritant between these allied forces has been the gradual--and sometimes forceful--displacement of Cambodian villagers in the border area by Vietnamese forces. Other factors have been a rice shortage caused by heavy Vietnamese requisitioning and squabbles over the division of arms and ammunition stocks.

Khmer and Vietnamese Communist leaders are trying to get the situation under control and probably will succeed. The incidents emphasize, however, the fragility of the wartime alliance and probably foreshadow increased problems over the long term.

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USSR

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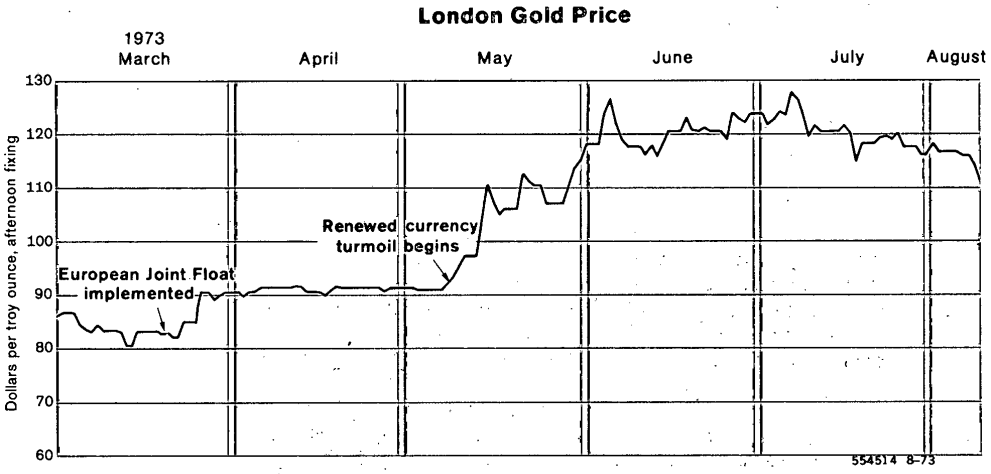

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INTERNATIONAL MONETARY DEVELOPMENTS

The dollar strengthened yesterday against major European currencies and is now about 3 percent above last month's low.

> *The main cause is rapidly rising US and Eurodollar interest rates, which are inducing money managers and speculators to switch back into dollars from marks, other currencies, and gold. The relative steadiness of the dollar during the past week is also encouraging speculators to sell gold they had bought as a hedge against monetary instability earlier in the summer.*

At one point yesterday, gold had dropped over $12 to $102 an ounce, but by the close of trading it was back up to $110 an ounce--as compared to the $127 peak reached on July 6.

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ROMANIA

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NOTES

Chile: President Allende's inclusion of the commanders of the three military services and the national police in his 17-man cabinet does not significantly affect his coalition's control of the government. Members of the Communist, Socialist, and other coalition parties retain the major posts, and relatively ineffective ministers made way for the military appointees. Allende apparently will try to deny the armed services the real authority that many officers demanded as a condition for military re-entry into the cabinet.

France: Plans are almost complete for President Pompidou's visit to China, which is scheduled for September 11-17. Pompidou probably regards the visit as an opportunity to demonstrate France's position as a world power and preserve his diplomatic flexibility. There are no significant problems between China and France, and the visit is expected to go smoothly.

USSR: Yesterday the Soviets launched the fourth probe toward Mars in the series that began on July 21. Each was launched from Tyuratam aboard an SL-12 booster. They should arrive in the vicinity of the planet next February and March.

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The President's Daily Brief

11 August 1973

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THE PRESIDENT'S DAILY BRIEF

11 August 1973

PRINCIPAL DEVELOPMENTS

The British now believe that the French may be more receptive than in the past to European defense cooperation based on collaboration between their two countries--including nuclear cooperation. *(Page 1)*

Senior Lao Army officers and other rightists are seeking changes in the draft agreement, possibly in a deliberate effort to scuttle the formation of a coalition government. Souvanna intends to arbitrate the differences in hopes of completing negotiations before August 15. *(Page 2)*

President Sadat, King Husayn, and possibly President Asad may meet later this month to discuss a restoration of the Eastern Front Joint Military Command. If Egypt has in fact dropped its previous unacceptable conditions for normalizing relations with Jordan, such a meeting could seal Husayn's reconciliation with Cairo and Damascus. *(Page 3)*

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FRANCE

London now sees Paris as being somewhat more receptive on the issue of European defense cooperation based on Franco-British collaboration.

[redacted] the British regard [redacted] Foreign Minister Jobert's speech on June 19, as positive signs that the French are changing their attitude toward European defense--including nuclear cooperation. Jobert reportedly told a West European ambassador last month that European defense ideas "could not be confined to purely conventional arms." 25X1 25X1

The issue of Franco-British nuclear cooperation has been aired many times over the past decade, with no discernible progress. Various initiatives have failed, largely because of the complex substantive problems involved, such as the role of Germany and each country's unwillingness to relinquish national control over nuclear forces.

The revival of interest has been sparked by French and British fears that there will be a significant pullout of US troops from Europe in the near future. They are also concerned that detente between the US and the USSR constitutes evidence of a declining US commitment to European defense. 25X1

25X1

[redacted] French [redacted] defense policy is undergoing a thorough re-evaluation, but so far Paris has offered no concrete suggestions. Paris may be raising the issue to find out if any support exists for a reorganization of European defense under French leadership. 25X1

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LAOS

Senior Lao Army officers and other rightists are still seeking changes in the draft agreement.

--They object to the requirement that most Lao Army combat troops withdraw from Vientiane and Luang Prabang.

--The army wants additional government enclaves recognized within the Communist zone.

--Several right-wing leaders reportedly want to delimit the duties of the Joint National Political Council, whose primary task will be to organize elections, to preclude it from replacing the National Assembly.

Negotiators on both sides believe that the army's shopping list of changes is not designed to improve the protocol but to delay its signing and perhaps scuttle the formation of a coalition government.

25X1

Souvanna is angered by this last-minute attempt to make major changes, but has agreed to make the effort to gain further concessions. At the same time, he has said that the Communists are unlikely to alter the agreement; he intends to arbitrate the remaining differences next week in order to complete negotiations around August 15. Souvanna met with senior Communist negotiator Phoumi Vongvichit yesterday, probably to discuss the rightists' objections.

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JORDAN-EGYPT-SYRIA

According to semiofficial newspapers in Cairo and Amman, President Sadat, King Husayn, and probably President Asad will meet later this month. The Jordanian paper reported that the three plan to discuss a revival of the Eastern Front Joint Military Command, which collapsed when King Husayn cracked down on the fedayeen in September 1970. The paper also said they will try to arrive at a common political stand in preparation for the visit of UN Secretary General Waldheim in late August.

25X1

25X1

Husayn has been seeking a reconciliation with Cairo and Damascus, largely in hopes that this will persuade the Kuwaitis to resume their annual subsidy. He has refused, however, to go along with the conditions previously set by Egypt--control by other participants over his army, and the readmission of the fedayeen and other Arab troops into Jordan.

Sadat may be dropping these demands now because he wants a show of unity to demonstrate Arab self-reliance in the face of the US-Soviet detente. Syria's Asad would probably go along with almost any tack Sadat chose to take with Husayn.

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The President's Daily Brief

13 August 1973

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THE PRESIDENT'S DAILY BRIEF

13 August 1973

PRINCIPAL DEVELOPMENTS

Military activity in the Phnom Penh area is at its lowest level since April. *(Page 1)*

Occidental Petroleum's acceptance of the new terms for continuing its operations in Libya probably will spur Persian Gulf countries to seek better terms from oil companies operating there. *(Page 2)*

The Saudis have been under mounting pressure to use their oil as a "political" weapon. *(Page 3)*

The UN Security Council meets today to hear complaints against Israel filed by Lebanon and Iraq over the Israeli intercept of a Lebanese civil aircraft last Friday. Some Arab governments have hinted at possible retaliation in kind for the Israeli operation. *(Page 4)*

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CAMBODIA

Military activity in the Phnom Penh area is at its lowest level since April. Government commanders are taking advantage of the lull in enemy attacks to expand their defense perimeter.

An enemy message intercepted on August 9 stated that the insurgents were preparing to resume their operations in the Phnom Penh area "within 10 or 15 days at the latest." Other messages, however, suggest that the Communists have suffered heavy losses from air attacks and are troubled by at least localized supply shortages. The insurgents are also attempting to organize additional sapper attacks. The discovery by police on August 8 of two arms caches within the city may have disrupted these plans.

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LIBYA

On August 11 Tripoli nationalized a majority share of Occidental Petroleum's Libyan assets and threatened to take the remaining 49 percent if the company resisted the action. Occidental aquiesced and will receive compensation on the basis of net book value--a low valuation method. The company also agreed to market Libya's share of the production and will pay a high price for the government-owned oil--more than a 50 percent increase over that previously paid by Occidental. Occidental produces about 15 percent of Libya's oil and exports most of it to Western Europe.

The Oasis Group of companies, which accounts for almost 40 percent of Libyan production, is scheduled to meet next with Libyan officials and probably will face demands to accept the same settlement as Occidental. Three of the Oasis partners--Continental, Marathon, and Amerada-Hess--have relatively little oil production outside of Libya and probably will acquiesce. Shell, the other partner, has most of its production in the Persian Gulf countries and Nigeria, and probably will resist Tripoli's demands in order to keep the Libyan terms from spreading to other oil-producing countries.

It is almost certain that acceptance of Tripoli's terms by Occidental and three of the Oasis partners will spur the Persian Gulf countries to seek improved terms from the oil companies.

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SAUDI ARABIA

Current daily oil production in Saudi Arabia is about 8 million barrels, and ARAMCO--owned by four US companies and the Saudi Government--had hoped to increase production to about 9 million barrels a day by the end of the year. It is not clear whether Faysal intends to cut back total oil exports or whether he will seek to decrease Saudi oil actually coming into the US, which currently amounts to only 300,000 barrels out of total US oil imports of 6 million barrels daily. If the Saudi King does order a production cutback, other Arab oil producers may follow suit.

Foreign visitors who have met recently with Faysal confirm that he has been increasingly critical of US policy in the Middle East since the Security Council veto. The Saudis also have been under growing pressure from other Arabs to use the country's oil and rapidly mounting cash reserves as levers to get the US to modify its stand on Arab-Israeli questions.

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ISRAEL

[redacted] 25X1

Defense Minister Dayan's public statement justified the action in similar terms and described George Habbash--the fedayeen leader who was scheduled to be on the airliner and who was the target of the operation--as a mass murderer. 25X1

The UN Security Council will meet today to consider complaints against Israel filed by Lebanon and Iraq, which had chartered the Lebanese airliner. Although the Lebanese have not yet drafted a resolution, Beirut has called on the international community to impose sanctions against Israel. Iraq will take a tough line at the UN if Lebanon does not. A complaint also has been lodged with the International Civil Aviation Organization, which is scheduled to meet in Rome later this month to consider legal sanctions against states that encourage or condone hijacking.

In the Arab world, the action is being met with predictable indignation, and some Arab governments have hinted they may retaliate in kind.

The fedayeen are probably somewhat disconcerted at the ability of Israeli intelligence to pinpoint Habbash's travel plans and at the implications this has for their freedom of movement. Nevertheless, they will make propaganda capital out of Israel's failure to capture Habbash. They are not likely to be deterred from efforts to retaliate.

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The President's Daily Brief

14 August 1973

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THE PRESIDENT'S DAILY BRIEF

14 August 1973

PRINCIPAL DEVELOPMENTS

Although intercepted Khmer insurgent messages call for simultaneous attacks in the Phnom Penh area on the night of August 14, a major offensive against the capital is probably beyond present insurgent capabilities. *(Page 1)*

In Chile, the chief effect of the military's return to the cabinet last week is to buy President Allende time. *(Page 2)*

Some progress has been made in talks between the Syrian and Lebanese foreign ministers on reopening the border between their two countries, and the matter has now been referred to higher levels. *(Page 3)*

The Prime Minister of Bangladesh may show enough flexibility on the key issue of war crimes trials to permit further progress in the negotiations scheduled to resume in New Delhi on August 18. *(Page 4)*

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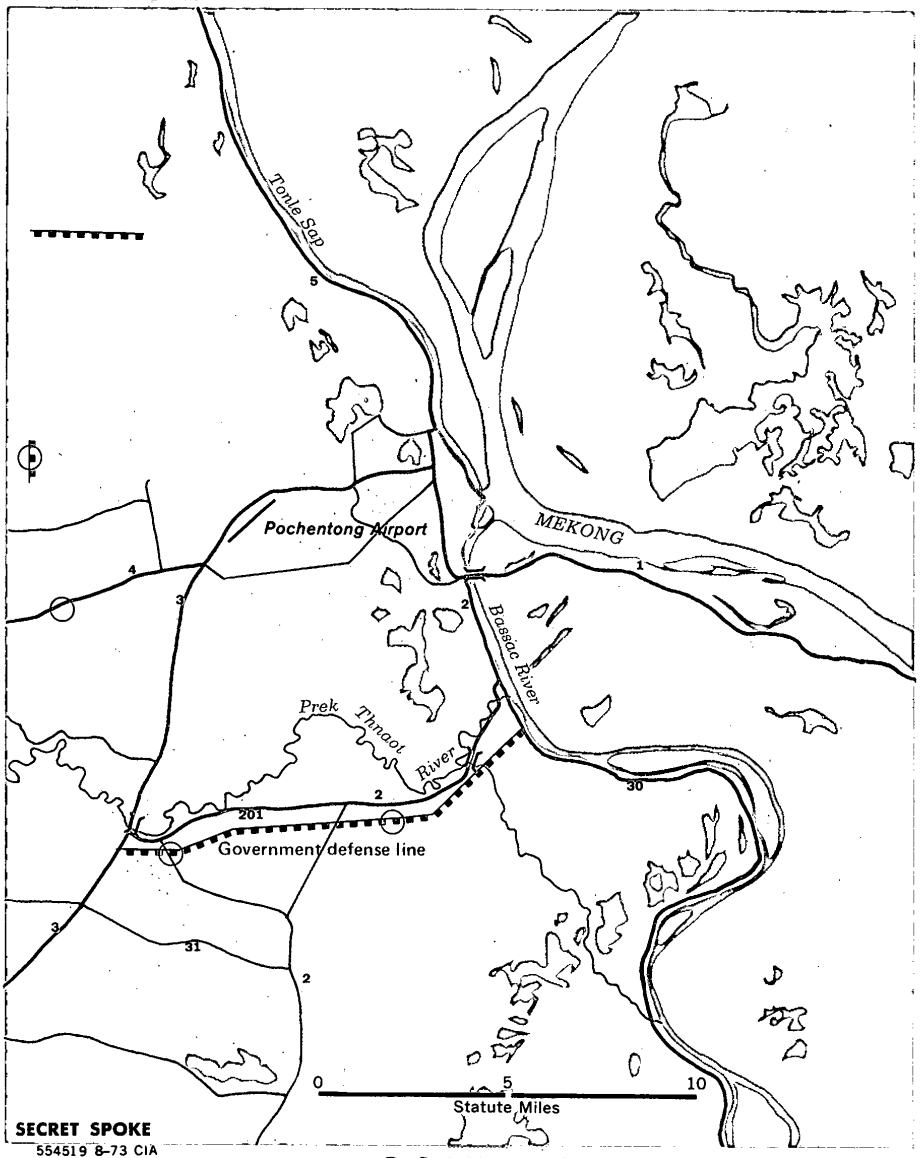
Phnom Penh



Probable area of Communist attack

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CAMBODIA

Khmer insurgent units on Phnom Penh's southern front have been instructed "to attack swiftly and strongly" during the night of August 14 and to enter Phnom Penh "if the situation favors it." An intercepted message of August 13 also calls for simultaneous attacks on the capital's northern defenses. Other messages of August 12 and 13 mention plans for attacks on several fronts immediately following the bombing halt.

The Khmer insurgents probably will attempt widespread shellings and small-scale ground assaults to exploit the psychological impact of the bombing halt, but it is doubtful that they will make an all-out effort to capture the city within the next few days. Insurgent units withdrew from the southern front last week for rest and refitting, and fighting on the northern front and along Route 1 has slackened significantly. Many of these insurgent units are short of supplies and have taken heavy casualties from air strikes. A major offensive against Phnom Penh on such short notice is probably beyond their present capabilities.

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CHILE

The chief effect of the military's return to the cabinet last week is to buy President Allende time. Although some coup plotting continues, chances for success of any actual attempt have been further reduced. Even among those officers who disapproved of military re-entry into the cabinet, the general reaction has been to support the four service commanders who assumed portfolios.

The military, however, lacks the authority to restore order and get the transportation system working. Although military commanders have been appointed for each province, they have not been given emergency powers. The under secretary of transportation, a radical Socialist, has in fact sabotaged military efforts to end the truck strike.

Discord continues within the opposition Christian Democratic Party (PDC). Party President Aylwin has announced that the PDC favors the continuation of the truckers' strike in defiance of the government, but there are indications that other elements in the party are ready to explore some compromise with Allende.

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SYRIA-LEBANON

Some progress has been made in the talks between the Syrian and Lebanese foreign ministers on reopening the border between their two countries, and the matter has now been referred to higher levels.

Syria closed the border in May to bring economic pressure to bear on the Lebanese Government, which was then embroiled in a fight with the fedayeen. Damascus hoped then to achieve better terms for the guerrillas, force Lebanese policies into closer alignment with Syria's, and keep the fedayeen on the other side of the border. In the present talks, Syria apparently is trying to get Lebanon to crack down on its political opponents living there.

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BANGLADESH

Prime Minister Mujibur Rahman may show enough flexibility on the key issue of war crimes trials to permit further headway in the negotiations set to resume in New Delhi on August 18.

Last month, India and Pakistan agreed to a formula under which Bengalees in Pakistan and Pakistani prisoners of war in India would be repatriated immediately. Excluded would be 195 Pakistanis charged with war crimes and 203 Bengalees accused of treason whose fate would be decided later. If Mujib agrees to this formula, Pakistan says it will end its opposition to Bangladesh's admission to the UN.

Mujib probably will not compromise on the principle of holding trials eventually. But the government is having trouble preparing cases and is not yet in a position to obtain convictions. Moreover, Mujib wants to appear in a good light at the nonaligned conference in Algiers next month; he also knows early trials would preclude UN membership this fall.

Mujib will gauge public opinion carefully before making a decision. Both his deep personal convictions and public actions by his government--such as the passage of legislation authorizing the trials--limit his ability to maneuver.

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The President's Daily Brief

15 August 1973

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THE PRESIDENT'S DAILY BRIEF

15 August 1973

PRINCIPAL DEVELOPMENTS

Khmer insurgents are preparing for all-out attacks against Phnom Penh, but heavy casualties and supply difficulties could make an immediate effort impossible. Although government forces have the edge in troop strength and firepower, morale may prove to be the decisive factor. *(Page 1)*

The price of gold has continued to drop, largely because of rising interest rates in the US. *(Page 2)*

The USSR's recent anti-Chinese campaign is a way of forcing East Europeans to demonstrate their allegiance to Moscow, as well as a criticism of Peking's policies. *(Page 3)*

[redacted] 25X1

[redacted] fedayeen [redacted] 25X1

[redacted] *(Page 4)* 25X1

The Egyptians see recent official and unofficial US statements as signs that the US is growing increasingly worried about the possible political leverage of Arab oil. *(Page 5)*

Notes on problems facing Peron in Argentina, last week's Israeli-Egyptian air clash, and Japan [redacted] 25X1

[redacted] Indonesia [redacted] 25X1

[redacted] *Page 6.* 25X1

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CAMBODIA

The Khmer insurgents are ordering an ambitious series of attacks against Phnom Penh timed to coincide with the cessation of US bombing.

The insurgents can be expected to hit government forces as hard and as quickly as possible, but the "instant" all-out effort urged by the Khmer Communist command may prove impossible. Intercepted insurgent messages indicate that recent US air attacks have inflicted heavy casualties on some units, and some continue to experience supply difficulties. Flooding in the area of the capital may also hamper preparations.

Based on its edge in troop strength and firepower, government forces should be able to withstand any attacks the insurgents are likely to mount in the next few days. The defense of Phnom Penh, however, will hinge primarily on the morale and pyschological attitude of its defenders. Government troops are already suffering from morale problems, and no one can say with assurance how they will react psychologically to the US bombing halt. Leaders in Phnom Penh, buoyed by the recent slackening of insurgent activity, are expressing confidence that government forces can hold their own.

In the past, however, army field commanders have taken a pessimistic view of their troops' willingness to fight without the boost of US air support. In terms of measurable physical capabilities, the insurgents should not be able to overrun Phnom Penh at this time. But the army's morale and attitude--the key factors--are hard to measure and impossible to quantify. If a defeatist mood develops within the army, even moderate insurgent pressure could cause resistance to crumble.

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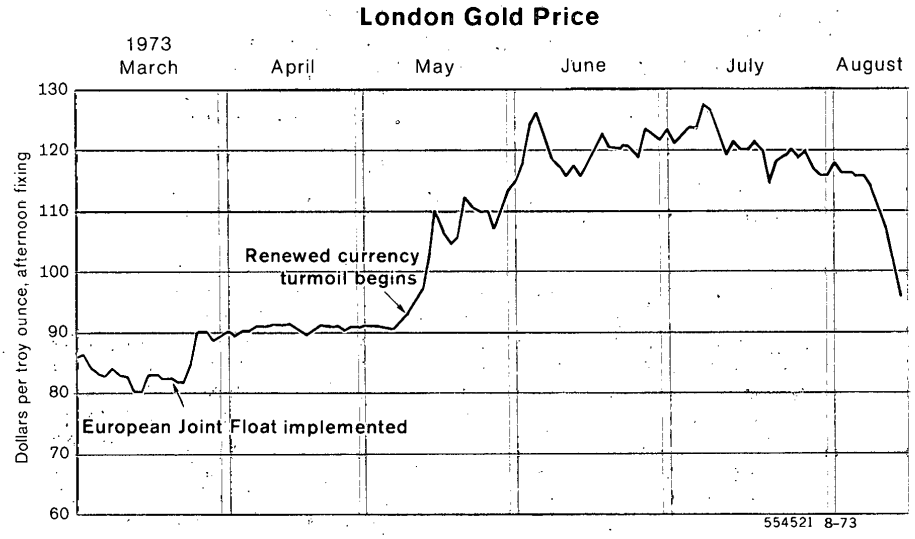

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INTERNATIONAL MONETARY DEVELOPMENTS

The price of gold continued its sharp drop, falling to $95 an ounce yesterday.

> *Rapidly rising US interest rates remain a key factor, since they induce money managers and speculators to bypass gold purchases in favor of investments producing interest. The rising rates also account for much of the dollar's growing strength with respect to other currencies.*

Swiss banks offered unusually large quantities of gold for sale in London and Zurich at the end of last week, an action which suggests profit-taking by small holders. There is no firm evidence yet that speculators are unloading on a large scale. Most of the gold buying in the last month has been for commercial use, in contrast to the speculative purchases which overshadowed commercial buying from May to mid-July.

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USSR - CHINA - EASTERN EUROPE

The Soviets are orchestrating an anti-Chinese campaign that seems aimed as much at forcing the East Europeans to demonstrate their allegiance to Moscow as it is at condemning Peking's policies.

When East European party leaders gathered in the Crimea late last month, Moscow had to settle for a thin veneer of unity. To achieve this it had to forego any mention of China in the communiqué, lest the Romanians take exception. Over the past several days, however, the Soviets and their more submissive allies have taken the gloves off. They have denounced Peking harshly and stressed the need to close ranks against the Chinese apostasy.

Pravda led the way last week with a major editorial charging that the Chinese leadership represents a force hostile to the Socialist world. Taking their cue, Moscow's more loyal allies--the Poles and the Bulgarians--chimed in at once. The Czechs took the unusual step of reprinting the full text of the Pravda article, and pointed to its "exceptional significance."

Not surprisingly, the Romanians have remained silent, but they have begun to squirm.

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25X1

The Romanians, of course, have good reason to be on their guard. They are only too well aware that the USSR is trying to use the China issue to forge more Soviet-style unity in Eastern Europe, and to assert Moscow's self-assumed right to define the limits of permissible behavior for Socialist states. As contacts increase between Eastern European countries and China on the one hand, and Western Europe on the other, Moscow will find it both more necessary and more difficult to impose conformity, and Romania will see that much more need to keep resisting.

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EGYPT

The Egyptian press and radio have been giving extensive coverage both to the Standard Oil Company's appeal for a more pro-Arab Middle East policy by the US and to Assistant Secretary Sisco's statement that the world energy situation plays a part in US policy.

Most commentators welcome Standard Oil's position, but write off the likelihood that it will have an effect, and dismiss the Sisco statement as a calculated attempt to stave off Arab moves to use oil as a form of pressure. They say the US veto in the UN last month is a more accurate gauge of intention than a statement by a government official.

Nevertheless, the papers point out that the comments do show that the US is worried about the political leverage of Arab oil. They see the criticism raised by Israel and Jewish organizations in the US as an indicator of Israeli concern that US policies might, in fact, shift. Editorials are warning against false optimism, but Cairo will be studying both official and unofficial American moves for any further signs of change.

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NOTES

Argentina: Peron's behavior since his return in June has thrown increased doubt on whether he is up to coping with the country's serious economic and political problems. The naming of his wife as his running mate in the presidential election has blocked efforts to achieve a national conciliation slate with the opposition, and has done nothing to unify the fractious Argentine community. The wide support he has enjoyed is likely to dissipate unless he soon shows greater initiative, forcefulness, and sense of purpose. There are already signs that disaffected Peronist extremists may again resort to violence.

Israel-Egypt: The Israeli plane originally reported to have been downed on August 9 after an engagement with an Egyptian aircraft apparently returned safely to Israeli-held territory. 25X1

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Japan-Indonesia: 25X1

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16 August 1973

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THE PRESIDENT'S DAILY BRIEF

16 August 1973

PRINCIPAL DEVELOPMENTS

Logistic problems and casualties from recent US air attacks apparently have forced the insurgents to put off early attacks on Phnom Penh. They have been getting sizable shipments of arms and ammunition over the past few days, and one insurgent message speaks of a "new offensive" planned for August 21. *(Page 1)*

If the generally good weather holds, the USSR is likely to have a record grain crop of 155 to 160 million metric tons. Even so, it probably will have to import 11 to 16 million tons in order to meet its requirements until the harvest in 1974. *(Page 2)*

Brezhnev has lent his personal prestige to the current campaign against China by publicly condemning "the practice of Maoism." *(Page 3)*

The sharp rise of the dollar on international money markets this week has become at least partly self-sustaining, and has enabled major central banks to sell some of the dollars they had acquired earlier. Announcement yesterday of improved US balance-of-payments figures may give further impetus to the rally. *(Page 4)*

The French have publicly attacked recent EC Commission proposals on agriculture, and have aimed unusually sharp criticism at Bonn. This has raised hackles among West German officials who are inclined to attribute French acidity to resentment over West Germany's growing political and economic power. *(Page 5)*

Notes on new Soviet - North Vietnamese economic agreements and on recent snags in West Germany's Ostpolitik appear on *Page 6*.

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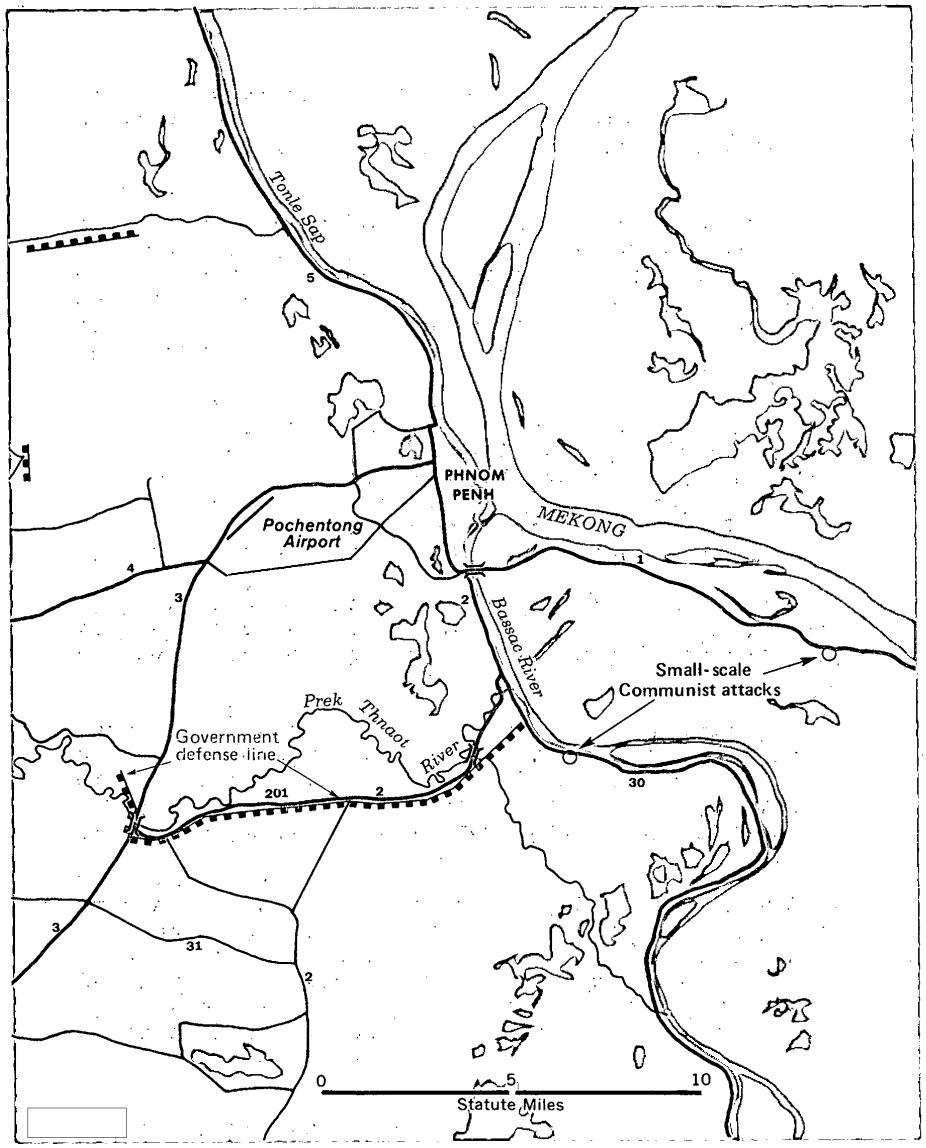
Phnom Penh



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CAMBODIA

Khmer insurgent attacks against the capital scheduled for the night of August 14 have been postponed a week. According to an insurgent message of August 14 from the Phnom Penh area, a "new offensive" will begin on August 21. In preparation for the planned attacks, insurgent forces around Phnom Penh have received sizable shipments of arms and ammunition in the past few days.

> *Logistic problems and casualties from recent US air attacks apparently forced the Communists to delay plans for earlier action.*

Combat activity on August 15 was limited to relatively small-scale shellings and probes against government positions near Route 1 ten miles southeast of Phnom Penh and along the Bassac River five miles below the city. No significant fighting occurred along the major defense lines north and south of the capital. Government troops in these sectors are taking advantage of the battlefield lull to strengthen their defenses.

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USSR

If the generally good weather holds, the USSR is likely to have a record grain crop of 155 to 160 million metric tons. Even so, it probably will have to import 11 to 16 million tons in order to meet export requirements and domestic demand until the harvest in 1974.

> *Purchases already made this year together with deliveries of grain bought in 1972 will probably suffice if the harvest reaches 160 million tons. Further imports will be necessary if the harvest is less, or if the Soviets decide to increase their grain reserves, which are now minimal.*

Moscow has gone back on earlier statements that it would make no further grain purchases from the US through 1975. It also has indicated interest in additional purchases from Canada, Australia, and France. The Canadians agreed to supply no more than 2.5 million tons of grain during fiscal 1974 in addition to the 1.5 million tons sold earlier. Other exporting countries will probably be reluctant to commit much of their crop until they know how much they will be able to export.

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USSR-CHINA

Brezhnev lent his personal prestige to the current campaign against China yesterday by condemning "the practice of Maoism." In a speech in Alma Ata, not far from the Chinese border, the Soviet leader gave a gloomy assessment of relations with Peking and echoed the strident themes of recent Soviet propaganda. According to a TASS summary of the speech, Brezhnev placed special stress on Moscow's vague suggestion for an Asian collective security system, implying that China's "rabid anti-Sovietism" is the major obstacle to stability in Asia.

Brezhnev himself first floated the Asian collective security proposal in a clearly anti-Chinese context four years ago. Since then Soviet pronouncements have plugged the idea periodically, particularly since the signing of the Vietnam peace agreement early this year.

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CHANGES IN THE DOLLAR VALUE OF FOREIGN CURRENCIES SINCE 19 MARCH
(In Percent)

	15 August	9 August	27 July	11 July	6 July
Mark	+14.8	+19.0	+23.1	+17.6	+25.1
French franc	+ 5.9	+ 9.5	+12.5	+11.6	+19.9
Sterling	+ 0.2	+ 0.8	+ 1.9	+ 3.6	+ 3.9
Yen	- 0.2	- 0.1	- 0.2	+ 0.2	+ 1.1

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INTERNATIONAL MONETARY DEVELOPMENTS

The sharp rise of the dollar on international money markets this week has produced growing confidence in the dollar and has become at least partly self-sustaining. Announcement yesterday of improved US balance-of-payments figures may give further impetus to the rally.

The rise has enabled major central banks to sell some of the dollars they had acquired earlier. In addition, the Bundesbank was able to sell in the open market last week about $150 million acquired from the expenditures of US military forces in Germany. The German decision to sell dollars at this juncture reflects concern that too quick a dollar recovery could cause exchange market instability in the future.

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FRANCE-EC-US

With the blessing of President Pompidou, French Minister of Agriculture Chirac has again publicly attacked recent EC Commission proposals that would harm certain French agricultural producers. He criticized all of France's EC partners for failing to support Paris' efforts to encourage European soybean production in the face of US limitations on soybean exports. Chirac reserved his strongest criticism for the West Germans, who allegedly are "turning away from Europe."

> *Chirac's particularly sharp criticism of Bonn reflects Pompidou's pessimism about German intentions in political as well as economic matters. The comments are part of Pompidou's efforts to discourage West Germany from embarking on "foreign adventures" in the East.*

The West German press has responded strongly.

25X1

In general, the Germans believe Chirac's remarks reflect French resentment over Germany's growing political and economic power, displeasure with its improved relationship with Eastern Europe and the USSR, and opposition to Bonn's role in promoting US-European dialogue.

* * *

On the subject of US-European relations, a ranking French Foreign Ministry official has again expressed French "distress" with the US imposition of "artificial deadlines" on an Atlantic declaration of principles and an Atlantic summit.

> *Paris' arguments against such haste are in part self-serving, but it remains true, as the French argue, that the Europeans are not yet ready to speak with one voice in an Atlantic dialogue. This is strikingly borne out by the growing controversy over the EC's farm policy.*

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NOTES

North Vietnam - USSR: North Vietnamese Premier Pham Van Dong and Soviet Premier Kosygin presided Tuesday at the signing of economic aid and trade agreements for 1974 and 1975. Moscow agreed to assist North Vietnam in reconstruction and in the development of the power and coal industry, roadbuilding, virgin lands, and geological prospecting. Military men from both sides took part in the talks, but the press announcement of the signing contained no hint of military aid, suggesting that significant problems still remain in this field. In the past the aid agreements covered both economic and military contributions.

West Germany - Eastern Europe: West German negotiations with Czechoslovakia and Bulgaria on establishing diplomatic ties have stalled. Bonn insists that its prospective embassies in Prague and Sofia be allowed to represent West Berlin institutions. The Czechs and the Bulgarians have thus far refused to accept this position. In an effort to buttress its case, Bonn has asked the allies to issue a statement to the effect that West German views on the issue are in accord with the quadripartite agreement on Berlin. Both the Germans and the East Europeans retain a strong desire to normalize relations and they probably will resolve these differences before long.

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THE PRESIDENT'S DAILY BRIEF

17 August 1973

PRINCIPAL DEVELOPMENTS

A new round of coup rumors in Phnom Penh points up the current high level of political tension in the capital. *(Page 1)*

The debate continues in the Saudi Government over the level of future oil production. Opinions on the issue among senior government officials run the gamut from freezing current levels of production to allowing unrestricted growth. *(Page 2)*

Laotian Prime Minister Souvanna is using a threat to resign to force right-wing elements in the cabinet and the army to drop their opposition to the political settlement he has negotiated with the Communists. *(Page 3)*

The dollar strengthened further yesterday, although skepticism persists about its prospects relative to the mark and other European currencies. *(Page 4)*

The gap that separates Romania and the USSR on aspects of the European security talks reportedly was widened as a result of the recent Crimea summit and the subsequent Brezhnev-Ceausescu talks. *(Page 5)*

In Afghanistan, the government remains paralyzed by internal squabbling a full month after the coup that brought President Daud to power. *(Page 7)*

EC producers are demanding protection from rapidly rising imports from Japan. *(Page 8)*

A note on the serious flooding in Pakistan appears on *Page 9*.

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CAMBODIA

A new round of coup rumors is circulating in Phnom Penh. On August 16, a Cambodian Army staff officer claimed that army commander General Sosthene Fernandez would attempt a coup tomorrow. The officer said that Fernandez is fed up with trying to deal with Prime Minister In Tam.

On the same day, former prime minister Hang Thun Hak told a US Embassy officer that he had received a report earlier in the week that Sirik Matak and army officers associated with him were involved in a plot to seize power.

At a minimum these reports point up the current high level of political tension and disunity in Phnom Penh.

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SAUDI ARABIA

The debate apparently continues in the Saudi Government over the level of oil production. King Faysal has been signaling that he considers Western access to Saudi oil to be linked to US policy on Arab-Israeli matters, but an earlier report that he planned to order a cutback this week has not been borne out.

A wide range of opinion on production levels is evident in senior government ranks. Some, including Oil Minister Yamani, favor a relatively unrestricted increase in production until 1980. Others support an annual growth limit of 5 to 10 percent. If production were allowed to grow at the 10 percent rate, the country would be producing more than 15 million barrels a day by 1980. This would be sufficient to meet anticipated world requirements for Saudi oil.

Still others involved in oil and economic development matters have recommended a freeze at current levels, or even a cutback. A freeze would create some supply dislocations and would force prices up. This group argues that the Saudis have not received adequate political compensation for meeting Western oil needs and that, even in economic terms, increased production makes little sense. They contend, with some justification, that the government is not sufficiently well organized to use effectively the revenue it derives from current production.

Yamani told Ambassador Thacher on August 12 that the weight of opinion within the government's petroleum council favors some limitation on growth. Yamani said he is trying to delay any such recommendation to the King, who will ultimately make the decision.

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LAOS

Prime Minister Souvanna told his cabinet on Wednesday that he would resign if negotiations for a political settlement with the Communists are not completed "to the satisfaction of all parties" by August 29. Souvanna's remarks were aimed at right-wing elements in the cabinet and army who have been insisting that he seek last minute revisions in the draft protocol tentatively agreed to by both the government and the Communists.

The rightists' objections were forcefully presented by deputy army commander Kouprasith at a conference of military commanders on Tuesday.

--They oppose withdrawal of most army units from Vientiane and Luang Prabang and the tentative demarcation of Communist and government zones of control.

--They favor equal status for the two deputy prime ministers in a new coalition.

--They favor greater non-Communist participation in the Joint National Political Council, which they fear may replace the present rightist-dominated National Assembly.

Although angry and frustrated over this latest display of non-Communist disunity, Souvanna has agreed to attempt to renegotiate these areas. At the same time, he has made it clear that he expects few if any significant concessions from the Communists.

Souvanna's resignation would torpedo any hope for the early formation of a new coalition government. His threat can probably be taken with a grain of salt, however. In the weeks prior to the conclusion of the Laos cease-fire agreement in February, Souvanna faced similar right-wing obstruction and delivered a similar threat to resign. Rather than carry through on his threat, Souvanna eventually signed a cease-fire and presented it to the rightists as a fait accompli. He can probably handle the right wing in the same fashion this time if it is necessary to reach a settlement.

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Changes in the Dollar Value of Foreign Currencies Since 19 March
(in percent)

	16 August	9 August	27 July	11 July	6 July
Mark	+13.9	+19.0	+23.1	+17.6	+25.1
French franc	+ 4.8	+ 9.5	+12.5	+11.6	+19.9
Sterling	0.0	+ 0.8	+ 1.9	+ 3.6	+ 3.9
Yen	− 0.1	− 0.1	− 0.2	+ 0.2	+ 1.1

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INTERNATIONAL MONETARY DEVELOPMENTS

The dollar strengthened further yesterday. According to German foreign exchange dealers, sentiment toward the dollar in foreign exchange markets was gradually changing even before the release of favorable US balance-of-payments data. Customers who have been short on dollars for some time are now anxious to cover their positions before the dollar rises further.

Despite the current strength of the dollar, skepticism persists about its prospects relative to the mark and other European currencies. In Germany, dealers feel that over the medium term, the dollar is now somewhat overvalued in relationship to the mark.

West Germany's domestic monetary situation will probably tighten further in late September when heavy tax payments will require substantial bank withdrawals. This development, combined with coming German wage settlements that may turn out to be overly inflationary, could prompt the Bundesbank to push interest rates up, thereby further strengthening the mark.

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EASTERN EUROPE - USSR

The "large gap" that separates Bucharest and Moscow on certain aspects of the European security talks was widened, according to a Romanian foreign office official, as a result of the recent Crimea summit and the subsequent Brezhnev-Ceausescu talks.

In discussing Soviet-Romanian differences with a US diplomat, the official concentrated on the issue of frontiers in the security talks. He stated that, while Moscow calls for the inviolability of existing frontiers, Romania favors a formulation that would rule out the use of force to change them but would leave open the possibility of future border adjustments by mutual consent.

This formulation is designed to protect Bucharest's interest in avoiding permanent foreclosure of its claim to northern Bukovina and Bessarabia which are now part of the USSR.

In speaking of the considerable disagreement between the Soviets and the Romanians over China, the official maintained that only Romania's presence at the meeting prevented condemnation of Peking in the final communiqué.

[redacted] Romania is increasingly concerned about Soviet efforts to push for greater economic cooperation within the Council for Economic Mutual Assistance. 25X1

Bucharest's sensitivity to Soviet plans for closer coordination of the member states' economies is always near the surface and dates back to Khrushchev's plan for "supranational economic integration." Under the scheme, Romania's industrial development would have been virtually stopped, and Romania would have been forced to specialize in agriculture. Bucharest balked at the plan, recognizing that without a degree of freedom to develop "mutually advantageous economic relations" with all countries it would lack the base from which to move toward a more independent path in foreign affairs.

(continued)

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Soviet efforts to achieve increased integration among bloc countries may already be under way. Polish Premier Jaroszewicz and Warsaw's leading CEMA specialist, Deputy Premier Jagielski, went to Moscow on August 15 to discuss "basic trends" for "coordination and development of the national economies of the USSR and Poland" with Kosygin. Jaroszewicz' visit, following Hungarian Premier Fock's trip to Warsaw on August 9-11, suggests that the new cooperation proposals may also concern Hungary.

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AFGHANISTAN

In the month following the military coup that brought President Daud to power little has been accomplished. Government decision-making, except for routine matters, is nearly paralyzed. The US Embassy foresees at least several more months of inaction and inefficiency.

The new rulers have been spending most of their time trying to consolidate their power, and backstage maneuvering among them is intense. Daud appears to be increasing his power, but the outcome of his disagreements with the junior officers who staged the coup is unpredictable.

Senior and middle level officials refuse to make any decisions that might be regarded as controversial. US AID advisers report that the officials with whom they deal are sometimes completely in the dark as to what course the government will pursue.

Inaction has also characterized the new government's foreign policy, and no decisions have been made with respect to the ratification of an important water agreement with Iran that was concluded before the coup. Although Daud has long advocated independence for Pakistan's frontier provinces--the Pushtunistan issue--no action has been taken on this either.

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EC-JAPAN

EC producers are increasingly demanding protection from rapidly rising imports from Japan. Between 1970 and 1972, Japanese exports to the Community jumped 75 percent. Although Japanese purchases of EC goods are also increasing, the trade surplus with EC countries this year alone may approach $2 billion.

Japanese exporters are pushing sales to the EC as a means of maintaining export growth while reducing dependence on the US market. Currency realignments have also helped to make Western Europe a more attractive market relative to the US.

In some cases, EC businessmen have negotiated market sharing arrangements with the Japanese, but in general these measures have not satisfied the Europeans. Some EC member countries are now pressing the Japanese to adopt more restrictive export controls.

Efforts to negotiate an overall trade agreement have foundered on Tokyo's refusal to accept strong protectionist clauses. EC Commissioner Soames will talk further with Japanese officials next month, and in the fall the EC Council is scheduled to discuss EC-Japanese trade problems.

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NOTE

Pakistan: Islamabad is asking foreign governments for emergency aid, following severe rains and widespread flooding--possibly the worst in more than two decades--that has already taken some 100 lives and damaged a sizable quantity of food stores. The government estimates that at least 20 million persons are affected and that nearly 3 million acres have been flooded. Thus far, about 6 percent of the summer crop appears to have been severely damaged. The Pakistanis are asking for food, medical supplies, rescue equipment, seed, fertilizer, and money.

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The President's Daily Brief

18 August 1973

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THE PRESIDENT'S DAILY BRIEF

18 August 1973

PRINCIPAL DEVELOPMENTS

25X1

25X1

Soviet disarmament officials recently outlined [redacted] Moscow's thinking on the formal force reduction negotiations which are scheduled to begin on October 30. *(Page 1)*

The ruling Israeli Labor Party is trying to satisfy Defense Minister Dayan's demands for a more activist Israeli development program in the occupied Arab territories. *(Page 2)*

Saudi Arabia's King Faysal is prepared to increase his financial commitment to Egypt in an effort to provide Cairo with alternatives to military dependence on the Soviet Union and to wean President Sadat away from Libya. *(Page 3)*

Egypt reportedly is willing to sell major items of Soviet military equipment from its inventories to Saudi Arabia for delivery to Yemen (Sana). *(Page 4)*

Kabul--concerned over Islamabad's recent arrest of opposition leaders in Pakistan's Baluchistan Province--has appealed to the US, the USSR, and Iran for help in preventing trouble in Afghanistan's relations with Pakistan. *(Page 5)*

Notes on Syria-Lebanon, [redacted] and South Asia appear on *Page 6*. 25X1

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USSR-MBFR

Soviet disarmament officials [redacted] 25X1
[redacted] 25X1
[redacted] outlined [redacted] 25X1
Moscow's thinking on the formal force reduction negotiations which are scheduled to begin on October 30.

Their views do not reflect any changes on major substantive issues.

[redacted] the Soviets think force reductions will be easier to achieve than "constraints" such as limiting troop movements and reinforcements. 25X1

Many Western countries have placed strong emphasis on constraints, particularly a prohibition on reintroducing troops which have been withdrawn.

[redacted] there must be a "flexible linkage" between reductions in national and stationed (foreign) forces. They are worried that reductions in US and Soviet forces would leave the West Germans disproportionately strong. 25X1

The Soviets have never stated their position on the relationship between national and stationed forces in detail.

[redacted] Moscow's continued concern over multi-national verification measures. The Soviets insist that national means of verification are sufficient and are concerned over American insistence on discussing "effective verification." 25X1

On procedural matters, the Soviets foresee the initial phase of the talks being conducted at a high level, to be followed by negotiations at the working group level. The Soviets want the negotiations to be in stages, moving from "agreement to agreement," with recesses for consultation between stages. Moscow thinks the need for frequent consultation argues against establishing permanent missions in Vienna; Moscow also fears that permanent missions might breed familiarity between Soviet and Western delegates which the USSR wants to avoid.

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ISRAEL

The ruling Israeli Labor Party is trying to satisfy Defense Minister Dayan's demands for a more activist Israeli development program in the occupied Arab territories. Dayan has said he might not be able to run on the Labor Party ticket unless such a program is approved.

Dayan and Minister without Portfolio Galili, a member of Prime Minister Meir's "kitchen cabinet," have worked out a four-year draft program which, if adopted by the party, would become a policy guideline for the next government. The draft calls for:

--an expanded program of Jewish settlements (there are now about 50);

--government acquisition of more Arab land for settlement and development purposes;

--allowing private Jewish purchase of Arab lands under government controls;

--government incentives for Israeli businessmen in the Arab territories; and

--greater social and economic benefits and services to the Arabs in the territories.

Some Labor Party leaders, particularly Finance Minister Sapir, and leaders of the allied MAPAM oppose such a program for economic, demographic, and diplomatic reasons, and criticize Dayan's proposals as "creeping annexation." Sapir holds the whip on party and government finances and thus can block Dayan's initiatives.

At the same time, however, Sapir and his allies recognize the need to keep the popular Defense Minister on the party list and are willing to pay a price to keep him there. Labor Party leaders also realize that Israeli voters have grown more conservative about the Arab territories and that unless the party adopts a program to satisfy them, it will suffer political reverses. A more active program in the occupied territories will also please the Labor Party's traditional coalition partner, the National Religious Party, and will undercut the out-and-out annexationist policy of the right-wing opposition GAHAL bloc.

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SAUDI ARABIA - EGYPT

King Faysal is prepared to increase his financial commitment to Egypt in an effort to provide Cairo with alternatives to military dependence on the Soviet Union and to wean President Sadat away from Libya.

From 1967 until this year, Saudi assistance to Egypt has consisted of an annual subsidy of approximately $100 million. During the last few months Faysal has in addition purchased at least $50 million in arms for Egypt and offered to guarantee some $65 million in commercial credits. He reportedly has offered to pick up Libya's $59-million annual subsidy to Egypt if merger plans and Libyan aid are terminated.

Faysal is actively seeking non-Soviet sources of military hardware for Sadat and plans to authorize substantial Saudi direct investment in Egypt. The Saudis have expressed considerable interest in the SUMED (Suez to Mediterranean) pipeline and in various large-scale tourist projects.

Beyond any grants of arms aid, Sadat needs at least $200 million annually in untied cash loans or grants to help reverse the rapid decline in Egypt's living standards. So far there is no evidence of further cash transfers from Saudi Arabia or of a firm Saudi commitment to support fully the Egyptian balance of payments. Until such a commitment is clearly forthcoming from Faysal, Sadat will still be forced to shop for funds from other sources.

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EGYPT - SAUDI ARABIA - YEMEN (SANA)

Egypt reportedly is willing to sell major items of Soviet military equipment from its inventories to Saudi Arabia for delivery to Yemen (Sana). The equipment includes as many as 16 MIG-17 fighters with associated radar and ground support equipment, 50 T-54 and T-34 tanks, artillery, ammunition, and spare parts. Egypt may also provide the more advanced swing-wing SU-17 fighter, even though it only has about 20 of these. Training in the operation and maintenance of the aircraft will be provided by Cairo at no cost.

Sana's military forces are already largely Soviet-equipped, but in recent years the Soviets have been reluctant to provide additional equipment.

The Saudis supplied Sana with about $3 million worth of military supplies from their own stocks in 1972-73, but Sana has described this as "dribbles and dabs of old junk." If the Saudis can get the Egyptian arms into Sana's hands relatively quickly, Sana's growing sense of vulnerability vis-a-vis the regime in Yemen (Aden) can be alleviated. The balance of power between the two Yemens will not be radically altered by the new equipment, however.

The Egyptians would probably not have decided to aid Sana without strong Saudi prodding. Cairo's willingness to go ahead stems directly from Egypt's desire for greater financial assistance from Saudi Arabia.

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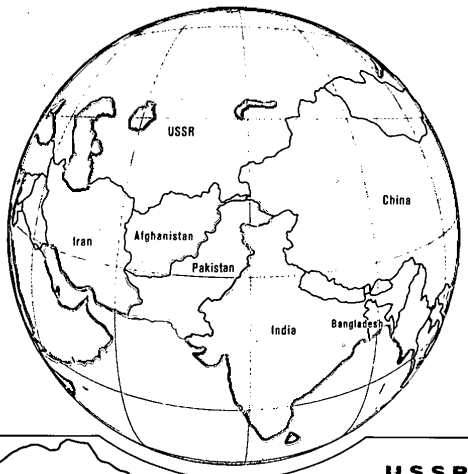
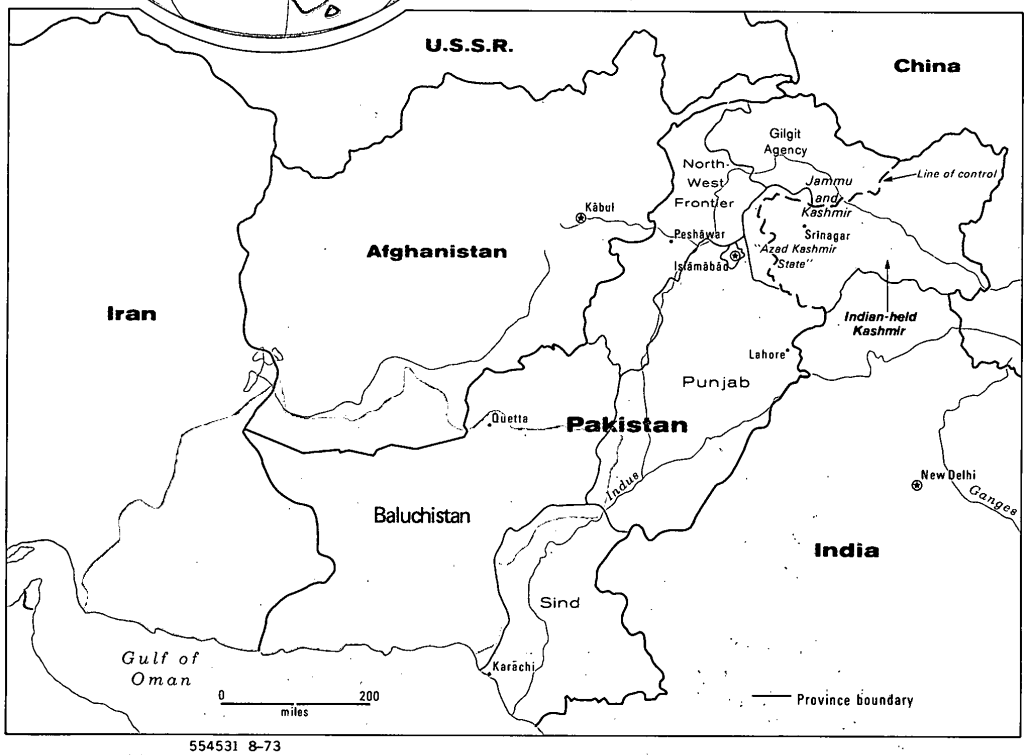


Pakistan

Baluchi tribes



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AFGHANISTAN-PAKISTAN

Kabul has appealed to the US, the Soviet Union, and Iran for help in preventing serious trouble in Afghanistan's relations with Pakistan. In a statement given to the US ambassador yesterday, the Afghans expressed deep regret over the recent arrest of opposition leaders in Pakistan's Baluchistan Province and charged that Islamabad is trying to suppress the people of the area.

Bhutto locked up the opposition leaders partly to forestall the installation of an opposition government, which seemed likely under the new constitution that came into effect this week. He had also received exaggerated reports that the opposition, with encouragement from Moscow and Kabul, was plotting secession. The former governor of Baluchistan undoubtedly fueled Bhutto's suspicions when he charged publicly, just before his arrest, that Islamabad was deliberately forcing the people of Baluchistan to seek outside support. Two of those arrested are chiefs of major tribes, and an increase in violence in the province--which borders on Afghanistan and Iran--seems likely.

Kabul's strong reaction is not surprising, and the Afghans may not limit themselves to words. They may be tempted to assist tribal rebels across the Pakistani border, which in turn could bring a violent response from Islamabad.

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NOTES

Syria-Lebanon: The Syrian-Lebanese border was officially opened yesterday. A Damascus broadcast stated that Syria had decided to open the border after it noted "sincere attempts by the Lebanese to better relations with the Palestinian resistance in Lebanon." 25X1

South Asia: The second round of talks between India and Pakistan is scheduled to open today in New Delhi. The outcome hinges largely on Bangladesh Prime Minister Rahman's stand on war crimes trials of 195 Pakistani prisoners of war. Chief Indian negotiator P. N. Haksar visited Dacca this week presumably to work out a compromise to present to the Pakistanis.

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20 August 1973

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THE PRESIDENT'S DAILY BRIEF

20 August 1973

PRINCIPAL DEVELOPMENTS

Last night's coup attempt in Laos fizzled when rightist leaders failed to support it. Its main purpose probably was to sabotage the political accord being worked out with the Communists. *(Page 1)*

Except for terrorist incidents in Phnom Penh over the weekend, Cambodian insurgents in the capital area generally have been lying low. Intercepted messages show that a new offensive against the city is still in the planning stage. *(Page 2)*

Romania 25X1

25X1

Moscow. *(Page 3)* 25X1

The West Germans have surprised their NATO allies by circulating a wide-ranging draft declaration on trans-Atlantic relations. *(Page 5)*

In North Yemen, President Iryani has submitted his resignation to the legislature, which must give approval before it comes into effect. The legislature is in recess, however, and Iryani's supporters will have time to drum up support for having him stay in office. *(Page 6)*

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LAOS

Last night's coup attempt by exiled former air force commander Ma fizzled when it failed to get support from rightist leaders in Vientiane. According to fragmentary reports, Ma's company-sized force entered Laos from Thailand, captured an airfield near Vientiane, commandeered a few T-28 aircraft, and attacked a Lao Army camp on the outskirts of the capital. After several hours, government forces regained control of the airfield and of Vientiane's radio station which the rebels had also seized. Those dissidents not killed or captured have scattered, and General Ma has been executed.

This was not General Ma's first try; he had to take up residence in Thailand in October 1966 after a previous attempt to overturn the Souvanna government. Although the precise origins of last night's operation are not yet clear, its main purpose probably was to sabotage the political accord being worked out with the Communists.

Ma apparently hoped that dissatisfaction with the terms negotiated by Souvanna would prompt rightist leaders to rally to his side. Leading rightist cabinet minister Sisouk, however, quickly expressed support for Prime Minister Souvanna, as did Lao Army commander General Bounpone and his deputy.

* * *

Although they still want changes in the draft protocol to implement the February peace agreement, there are signs of growing concern among the rightists over Souvanna's expressed determination to resign if they do not fall into line by late this month.

General Bounpone visited Souvanna on August 17 and, speaking for a group of leading rightist civilian and military leaders, tried in vain to persuade him to drop his threat to resign. Bounpone's approach suggests that the rightists realize that Souvanna's removal would block any settlement with the Communists and leave the non-Communist side in an untenable military and political position.

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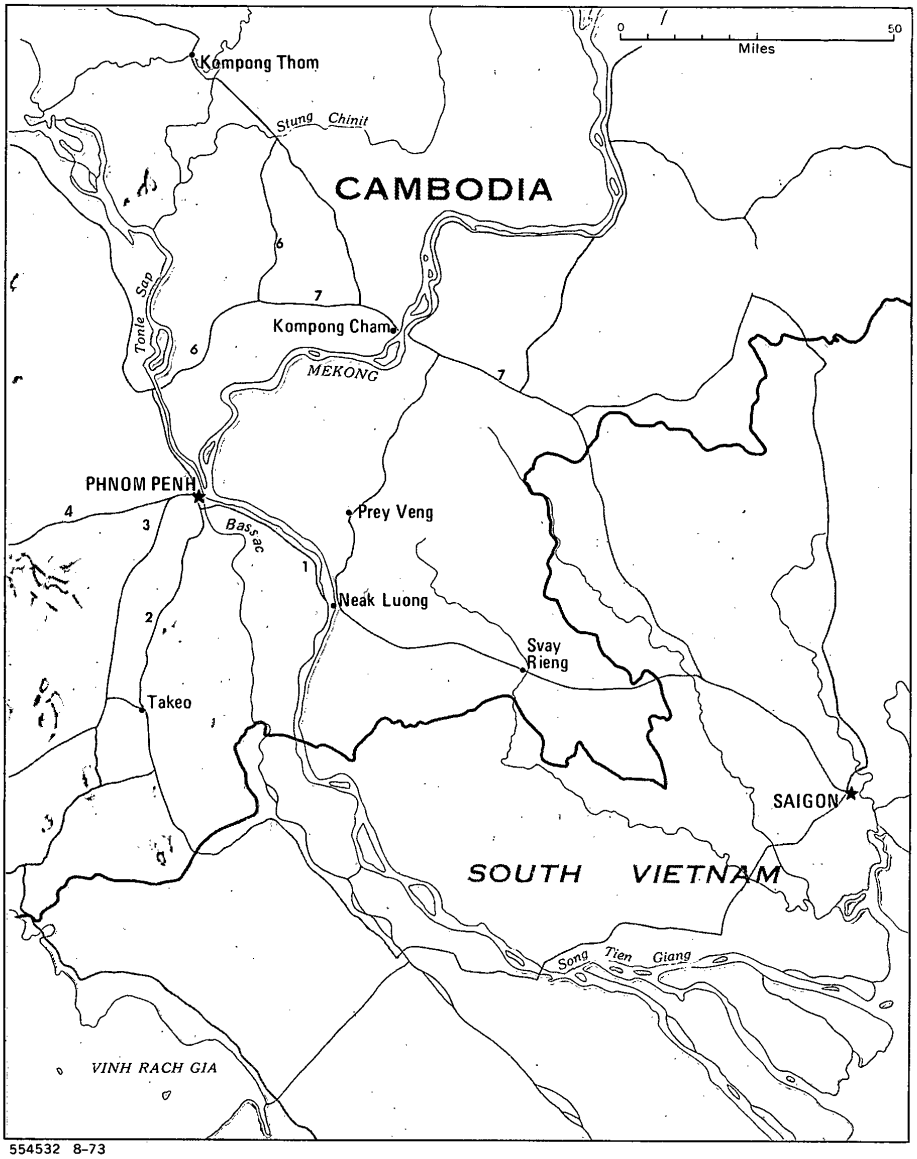

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CAMBODIA

Intercepted messages show that an insurgent offensive against Phnom Penh is still in the planning stage. Insurgent battlefield commanders from the capital area held a strategy session on August 14, and will meet again on August 21. The offensive itself apparently will be put off until sometime after that.

Tentative plans call for the rebels to resume fighting along Routes 2, 3, and 4 and in the Mekong River corridor below Phnom Penh. The messages suggest the rebels will try to wear down government strength by attacking the capital's outlying defenses, rather than attempt a sudden, concerted thrust into the city itself.

Except for terrorist incidents in Phnom Penh over the weekend, insurgent activity in the area has been limited to small-scale ground probes and shellings along the Bassac River five to ten miles below the city. Forty-five miles northeast of Phnom Penh, insurgent forces have moved down Route 7 and attacked outposts around the provincial capital of Kompong Cham. Government reinforcements have arrived in Kompong Cham to help strengthen defenses in anticipation of further pressure.

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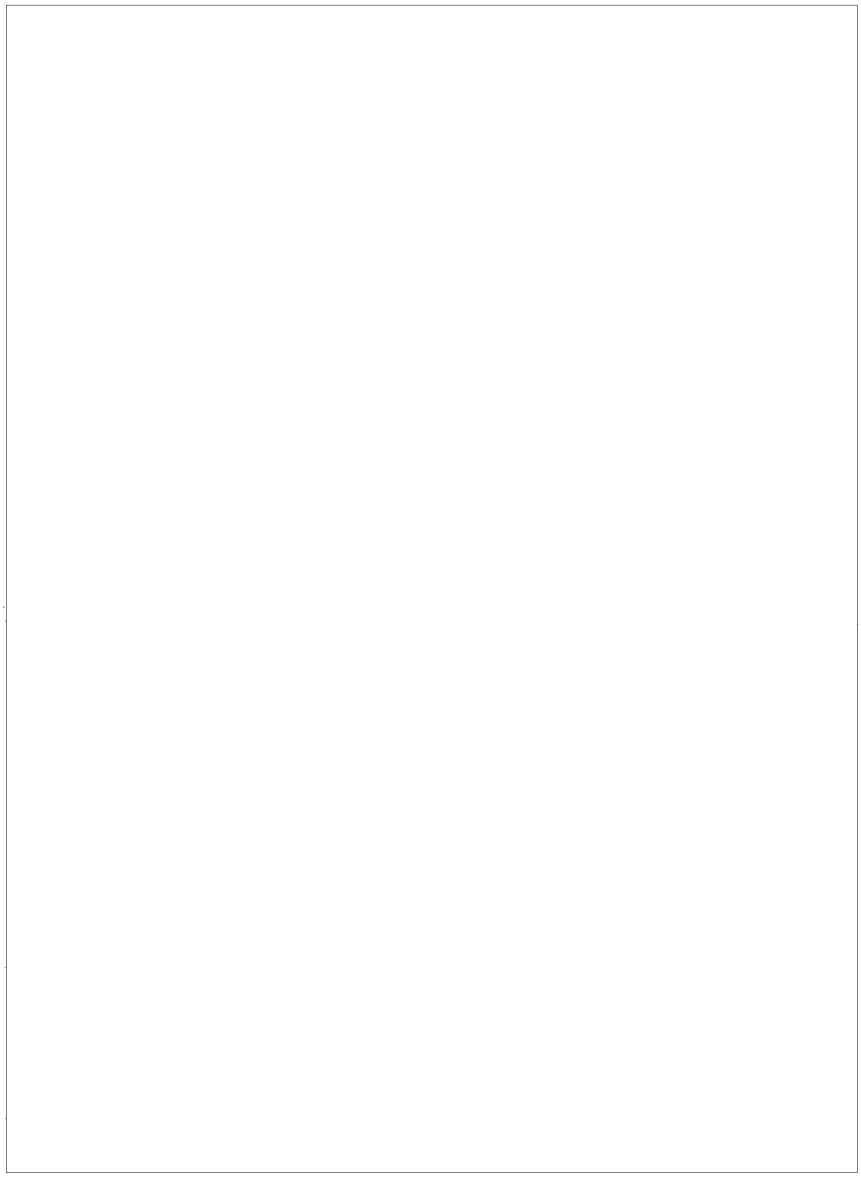
ROMANIA-USSR



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EUROPE-US

The West Germans surprised a meeting of NATO's senior political advisers on August 16 by circulating a wide-ranging draft declaration on trans-Atlantic relations. The key provisions of the draft are:

--The presence of US forces in Europe is "indispensable" for maintaining a balance of power, and the allies should adhere to the NATO strategy of flexible response and forward defense.

--The US should reaffirm its commitment to maintain and improve its European forces and make reductions only within the framework of mutual reductions with the Warsaw Pact.

--The allies should give priority to the issue of equitable burden-sharing, particularly with regard to US forces in Europe.

--The allies should approve the US-Soviet agreement on the prevention of nuclear war.

The West Germans had previously expressed reservations about this agreement. The other provisions generally reflect standard German positions, however.

There has been little direct reaction to the draft thus far. The Italian representative said that Rome also is developing its ideas for early submission. The Canadian urged that work on a declaration begin soon.

The French representative noted that movement toward a declaration has gone further than Paris had anticipated, and he expressed doubt that the North Atlantic Council had the authority to draft such a document. The British adviser commented that his government is not committed to a declaration, but that if one is desired, it would take some time to prepare.

Further NATO consideration of a draft declaration is scheduled for August 27.

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YEMEN (SANA)

President Iryani has submitted his resignation to the North Yemeni legislature, which must give its approval before it comes into effect. The legislature has just begun a two-month recess, however, and efforts are already under way among Iryani's supporters to have the 63-year-old President remain in office.

25X1

25X1

The move may in fact be only a tactical maneuver. Iryani, a political moderate, may anticipate that he will be prevailed upon to stay in order to avert a crisis over the selection of a successor. He would thereby probably be in a better position to deal with his political opponents as well as with pressures from abroad.

Backers of Iryani in the cabinet recently told US officials in Sana that they fear serious domestic repercussions if the President's resignation is accepted. Iryani has the reputation of being the only Yemeni leader on the scene who is capable of bridging the country's political and sectarian divisions.

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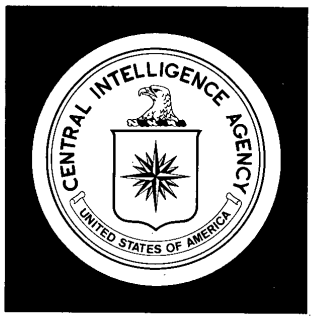

The President's Daily Brief

21 August 1973

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THE PRESIDENT'S DAILY BRIEF

21 August 1973

PRINCIPAL DEVELOPMENTS

Disaffected Chilean Air Force officers have backed down and accepted the replacement of their commander, but Allende now faces an apparently worsening strike situation. *(Page 1)*

The collapse of General Ma's attempt to overthrow the Laotian Government should strengthen Souvanna's hand in wrapping up a settlement with the Communists. *(Page 2)*

The South Koreans are exploring alternate sources of military equipment in anticipation of the eventual termination of US grant assistance. *(Page 3)*

A note on Juan Peron's speech kicking off his campaign for the presidency appears on *Page 4*.

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CHILE

Yesterday evening, air force officers accepted the replacement of their commander, General Ruiz, after a tense day of defying the move as a trick by President Allende. It is not clear why the disaffected officers finally backed down. [redacted] 25X1 25X1

[redacted] 25X1

[redacted] 25X1

The acquiescence of the military has become a major asset to the President, who appears increasingly to have accepted the argument of his hardline allies that he must destroy opponents of his government.

Allende's troubles are far from over, however, and today he faces an apparently worsening strike situation. Just as negotiators claimed yesterday that the crippling 26-day truckers' strike was near solution, shopkeepers, professionals, and other union members announced that they were starting strikes of varying duration.

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LAOS

The collapse of General Ma's effort to overturn the government should strengthen Prime Minister Souvanna's hand in wrapping up a settlement in Laos. Souvanna will use the new momentum he has gained from this incident to urge a quick end to right-wing opposition to the draft accord. Moreover, the rightists now have no illusions as to the firmness of US backing for Souvanna and his efforts to form a new coalition government.

Senior Communist negotiator Phoumi Vongvichit expressed his gratitude to the US chargé for the support which the US and the rightists had provided Souvanna. Phoumi stated that the incident "had clarified the situation" for the Communists.

Souvanna suspects that Ma's abortive coup was part of a plot [redacted] 25X1 to return former rightist strongman Phoumi Nosavan to power.

Phoumi, an inveterate plotter, has been living in exile in Bangkok since 1965 and may well have been involved or given his blessing to Ma's action. There is no evidence, however, suggesting official Thai complicity.

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SOUTH KOREA

Seoul is exploring alternate sources of military equipment in anticipation of the termination of US grant assistance in the next few years. The South Koreans appear primarily interested in developing a domestic arms industry utilizing foreign technology and capital.

South Korea began pilot munitions projects in 1972. These plants will probably start production this year. During the Consultative Defense Meeting in Seoul next month, President Pak plans to seek US technical support for these projects as well as technical training for the manufacture of heavy weapons.

During the annual meeting in Tokyo next month of Korean and Japanese ministers, [redacted] 25X1
[redacted] to explore direct negotiations with the 25X1
Japanese Government for arms purchases and rights to
[redacted] 25X1

Tokyo has a strict policy against providing military equipment to divided countries and even a decision to grant the South Koreans licenses to produce Japanese weapons would probably arouse considerable domestic political opposition. Moreover, Tokyo's irritation with the kidnaping of Korean political exile Kim Tae-chung in Japan last week is likely to cast a pall over the ministerial meeting, if it is held at all. The South Koreans admire Japanese military equipment and technology, however, and will not be easily discouraged.

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NOTE

Argentina: In a speech formally accepting his presidential nomination and kicking off his campaign, Juan Peron made a strong pitch for the support of moderates who form the backbone of his diverse movement. Peron urged the youth wing which has recently grown disillusioned with him, his advisers, and his policies--all of which they regard as too "right wing"--to be patient until "we are firmly in power." He also stressed that reconstruction cannot be accomplished overnight.

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The President's Daily Brief

22 August 1973

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THE PRESIDENT'S DAILY BRIEF

22 August 1973

PRINCIPAL DEVELOPMENTS

Sihanouk took a less confident line on insurgent prospects in Cambodia, when he was interviewed by a news correspondent in Peking on August 17, than he has in other recent statements. *(Page 1)*

25X1

West and south of Hue, the Communists launched the heaviest artillery and mortar barrage yesterday since June, apparently to discourage the government's attempts to stiffen its defenses in the area. *(Page 2)*

25X1

India

25X1

(Page 3)

The Indian Navy, with Soviet assistance, has almost completed the construction of a major training complex. *(Page 4)*

The three-day meeting held in Peking last week was not a major party gathering, and could have been a national congress of the Young Communist League. *(Page 5)*

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CAMBODIA

Sihanouk took a less confident line on insurgent prospects on August 17, when he was interviewed by an AFP correspondent in Peking, than he has in other recent statements. The correspondent quoted him as saying that an insurgent strategy based on either capturing or isolating Phnom Penh runs the risk of renewed US bombing, and that another insurgent option--the capture of outlying provincial capitals--hazards Thai or South Vietnamese military intervention. He insisted, however, that the insurgents will continue their military pressure against the government.

Sihanouk also claimed that North Vietnamese Premier Pham Van Dong told him on August 16 that the DRV could no longer provide direct arms shipments to the insurgents since "it is no longer at war." Dong said, however, the insurgents would be permitted to enter South Vietnam and carry back supplies from Communist-controlled territory.

Sihanouk's comments may reflect the heavy casualties suffered in late July and early August by insurgent units around Phnom Penh as well as the flooding that will hamper military action around the capital for the next several months.

His remarks on North Vietnamese assistance are consistent with statements he made earlier this year that North Vietnamese and Chinese material support was drying up. Pham Van Dong's comments, as reported by Sihanouk, may indeed indicate that there are limitations on Hanoi's willingness to provide the insurgents further military aid, but also suggest that some assistance will continue through the PRG.

According to recent insurgent messages, renewed attacks against Phnom Penh may begin this week. Should the Cambodian Government weather these assaults, its survival beyond the flood season and prospects for a negotiated settlement will depend in part on whether Hanoi and Peking are prepared to curtail or withhold material from the insurgents.

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SOUTH VIETNAM

West and south of Hue the Communists launched the heaviest artillery and mortar barrage yesterday since June, apparently to discourage the government's attempts to stiffen its defenses in the area. South Vietnamese troops have been attempting to secure mountaintop observation posts overlooking Communist infiltration routes, and engineering units have been trying to build all-weather roads to them before the monsoon rains start in October.

The Communists have been harassing the operations, but they may now feel that the roadbuilding has moved far enough and should be stopped. The South Vietnamese [redacted] *does not anticipate any major Communist attack in the area.* 25X1

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INDIA

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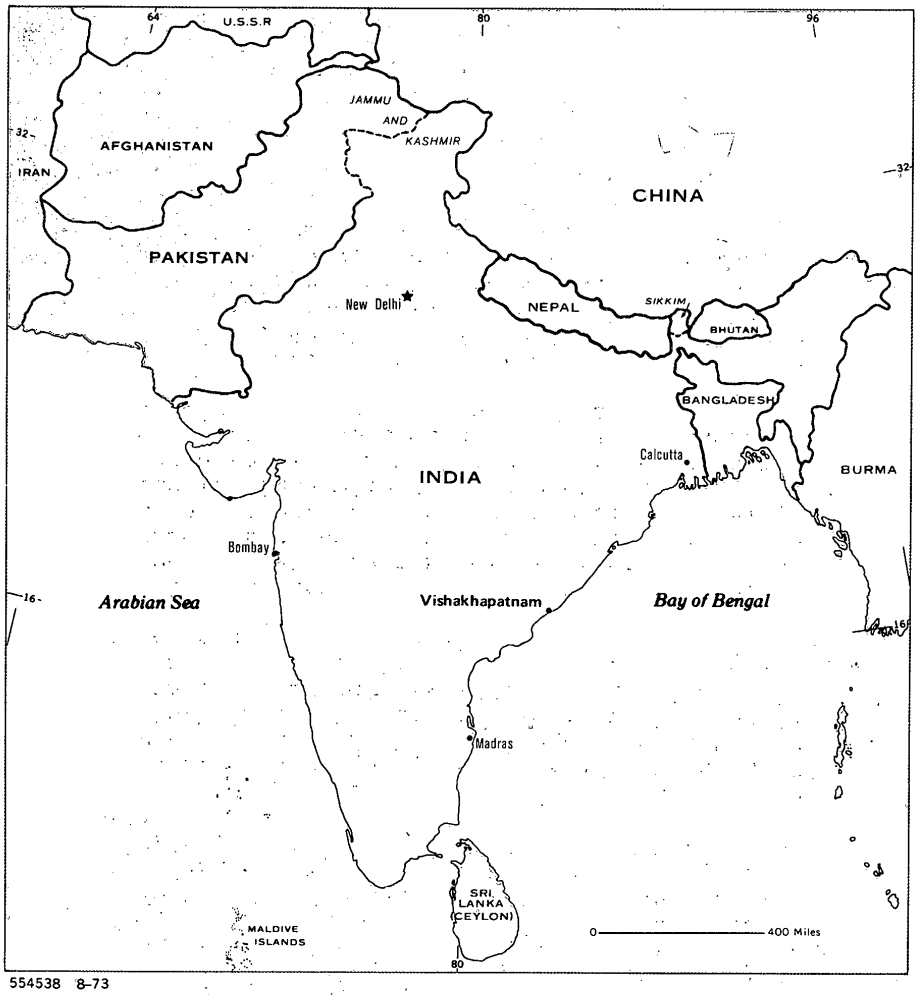

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INDIA-USSR

The Indian Navy, with Soviet assistance, has almost completed the construction of a major training complex for crews of Petya-class escorts and F-class submarines. The new facility, at Vishakhapatnam will end the need to send naval personnel to the Soviet Union for instruction on these ships. When finally completed, the project will consist of a naval base and a dockyard as well as the training facility.

When the naval base and dockyard are ready for use, the Soviets may again press for increased access to Indian naval facilities for service and repair. New Delhi would probably remain unwilling, however, to allow permanent basing of Soviet ships in Indian ports.

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CHINA

The three-day meeting held in Peking last week was not a major party gathering, and could have been a national congress of the Young Communist League.

The meeting coincided with the anniversary on August 18 of the Red Guards, the youth group that came to prominence during the Cultural Revolution, but has since been shunted aside by the YCL. The YCL is the only mass organization that has so far been reconstructed in all of China's 29 provinces since the Cultural Revolution, and thus would be ready for a national congress to complete its rebuilding process.

Last week's meeting was both too large and too brief to be a party congress, and a number of provincial leaders who would normally attend a major party meeting--including one member of the Politburo--were absent. Preparations for a Central Committee plenum and a party congress are apparently continuing, however, in small nightly planning sessions in Peking.

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The President's Daily Brief

23 August 1973

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THE PRESIDENT'S DAILY BRIEF

23 August 1973

PRINCIPAL DEVELOPMENTS

The Senate election in South Vietnam next Sunday is almost certain to result in an impressive victory for the government, bringing the number of its supporters in the Senate from about half to nearly three quarters. *(Page 1)*

The Soviets have been holding a series of high-level meetings with their European allies in CEMA aimed at strengthening economic cooperation, perhaps in preparation for closer contacts with the EC. *(Page 2)*

[redacted] 25X1

The major oil companies in Libya have been given until August 25 to accept 51-percent control by the government or be nationalized. The companies say they will not give in. *(Page 4)* 25X1

[redacted] Abu Dhabi [redacted] 25X1

[redacted] *(Page 5)* 25X1

President Allende is facing rising dissatisfaction from both the right and the left [redacted] 25X1

[redacted] *(Page 6)* 25X1 25X1

Notes on a possible showdown between Souvanna Phouma and the rightists over the negotiations, Romania's failure to wangle an invitation to the nonaligned summit, and the USSR's refusal to sign a treaty banning nuclear weapons in Latin America appear on *Page 7*.

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SOUTH VIETNAM

The Senate election on Sunday is almost sure to result in an impressive victory for the government.

Four slates of candidates are competing for 31 of the Senate's 60 seats. The slate receiving the most votes will elect 16 members and the runner-up slate will elect 15. A slate composed of members of President Thieu's Democracy Party and one headed by former foreign minister Tran Van Lam, also closely identified with the government, are heavily favored. The two non-government slates consist of individuals little known to the public.

Government supporters will hold 70 to 75 percent of the Senate seats if the front-runners win on Sunday. The Senate has been about evenly divided between pro- and anti-government forces. The government already has a majority in the lower house.

It seems unlikely that the Communists will make a major effort to disrupt the Senate election or to embarrass the government. Reports from scattered areas indicate that some Viet Cong are trying to persuade voters not to go to the polls or to cast blank ballots if they are forced to vote. Similar reports have preceded almost all recent national elections, but the balloting has almost always gone off quietly in most areas.

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USSR - EASTERN EUROPE

The Soviets have been holding a series of high-level meetings with their allies aimed at strengthening cooperation within CEMA, perhaps in preparation for closer contacts with the EC. The Polish Premier came to Moscow on August 14, followed two days later by the Hungarian Premier. Their East German counterpart was there on Monday, while the Bulgarian Premier also arrived that day.

The Soviet delegation was headed in each case by Premier Kosygin. Other officials in the delegation were people concerned with economic matters and CEMA. Official reports on the meetings indicate that the stress was on the integration of CEMA members' economies and coordination of the 1976-80 national economic development plans as a means to that end. Vital aspects of this problem, such as production specialization and Moscow's supply of raw materials to its partners, were also considered, according to a Moscow broadcast.

Only the Romanians and Czechs of the European CEMA members have not sent economic delegations to Moscow.

25X1

Recent Soviet expressions of readiness to begin a CEMA dialogue with the EC have apparently given new impetus to Moscow's effort to increase CEMA cohesion and perhaps make its structure at least superficially compatible with the EC. Moscow may be using this rationale to advance its campaign for greater bloc cohesion.

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ARAB STATES - USSR

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LIBYA

Representatives of the major oil companies in Libya--Exxon, Royal Dutch Shell, Standard Oil of California, Texaco, and Mobil--have been informed by Prime Minister Jallud that they must give Tripoli 51-percent control by August 25 or be completely nationalized. Company representatives say they do not intend to give in, and will fight Tripoli through legal action after the takeover.

The major companies produce 31 percent of the country's oil, and would undoubtedly try to prevent the sale of oil from their fields if they are nationalized. Nevertheless, Libya could make up well over half the loss by increasing production from fields already under government control; the smaller companies that have already acquiesced to Libya's demand for 51-percent participation would have no trouble marketing the oil.

Seventy percent of Libya's oil is exported to Western Europe. The US imports a small amount of Libyan oil, and some is blended with other oil and refined in the Caribbean for export to the US. In all, about 5 percent of current US oil imports come from Libya--about 2 percent of total domestic consumption.

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UNITED ARAB EMIRATES

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CHILE

Pro-government groups are counter-demonstrating after the short but effective strikes which took place yesterday among opposition shopkeepers, professionals, and workers. The Socialists, for example, led a women's march on the presidential palace on August 21.

Evidence of rising dissatisfaction with the government, from both right and left, continues to accumulate.

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The radical Socialists, on the other hand, continue to complain that Allende is being too responsive to military pressure.

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NOTES

Laos: Prime Minister Souvanna Phouma is heading for a showdown with his rightist critics over the political settlement with the Communists. Souvanna has scheduled a joint meeting of the cabinet and senior Lao Army officers for today. He will seek approval to sign the protocol implementing the February peace agreement on the condition that the Communists grant one final concession--equal status for the Communist and rightist deputy prime ministers in a new coalition government. If the participants fail to back him up, Souvanna has implied he will resign.

Romania: Bucharest apparently has been told it will not be allowed to attend the nonaligned summit in Algiers next month. A recent Algerian commentary stresses that members of military blocs "cannot have the status of observers, nor of guests, at nonaligned meetings." The turn-down will disappoint the Romanians, who had tried hard for an invitation largely in order to loosen their ties to the USSR. The setback is not likely to deter them from further attempts to call attention to the similarities between Romania and the developing world.

USSR - Latin America: China has signed the Treaty of Tlatelolco, which bans nuclear weapons in Latin America. The Soviet Union is now the only nuclear power that has not signed. All Latin American states except Cuba and Brazil are parties to the treaty, and last spring President Echeverria succeeded in getting a French and Chinese commitment to sign. The Soviets turned him down, and there is no indication of any softening in Moscow's position.

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24 August 1973

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THE PRESIDENT'S DAILY BRIEF

24 August 1973

PRINCIPAL DEVELOPMENTS

25X1

The appearance of a new Soviet fighter regiment near the Chinese border is the latest sign that Moscow is continuing to add gradually to its strength along the frontier. *(Page 2)*

An intercepted message shows that the insurgents plan to attack near Phnom Penh this weekend, but they already have doubts as to how long they will be able to remain on the offensive. *(Page 3)*

Looking toward a fall visit by President Nixon, some EC countries, particularly Italy and West Germany, are trying to hasten the pace of negotiations to work out community positions without provoking the French. *(Page 4)*

Recent criticism of Bonn's policies by French Agriculture Minister Chirac has strained Franco-German relations, and is having repercussions on the West German political scene. *(Page 5)*

25X1

(Page 6)

25X1

UN Secretary General Waldheim sounds more bullish on prospects for his visit to the Middle East next week than the evidence suggests he should be. *(Page 7)*

Notes on developments yesterday in Chile and Laos appear on *Page 8*.

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New Soviet Fighter Regiment Near Chinese Border

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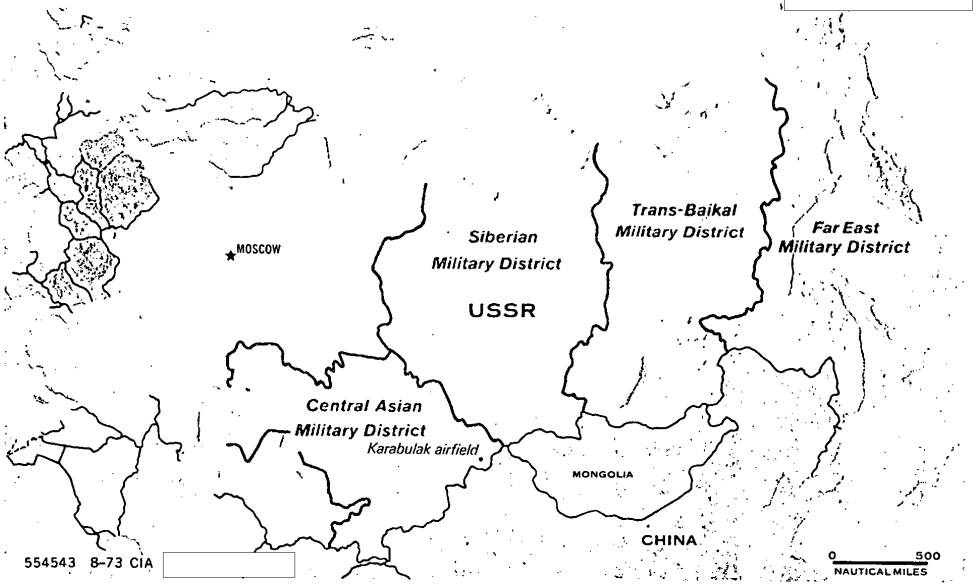

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USSR-CHINA

The Soviets are continuing to add gradually to their strength on the frontier. [redacted] a MIG-17 regiment at an airfield under construction in the Central Asian Military District about 40 miles from the Chinese border. 25X1 25X1

This is the first additional fighter regiment sent to the border since August 1972.

As for ground forces, the emphasis is still on fleshing out units already there. The Soviets added one division in early 1972, but no significant reinforcement has been detected since then.

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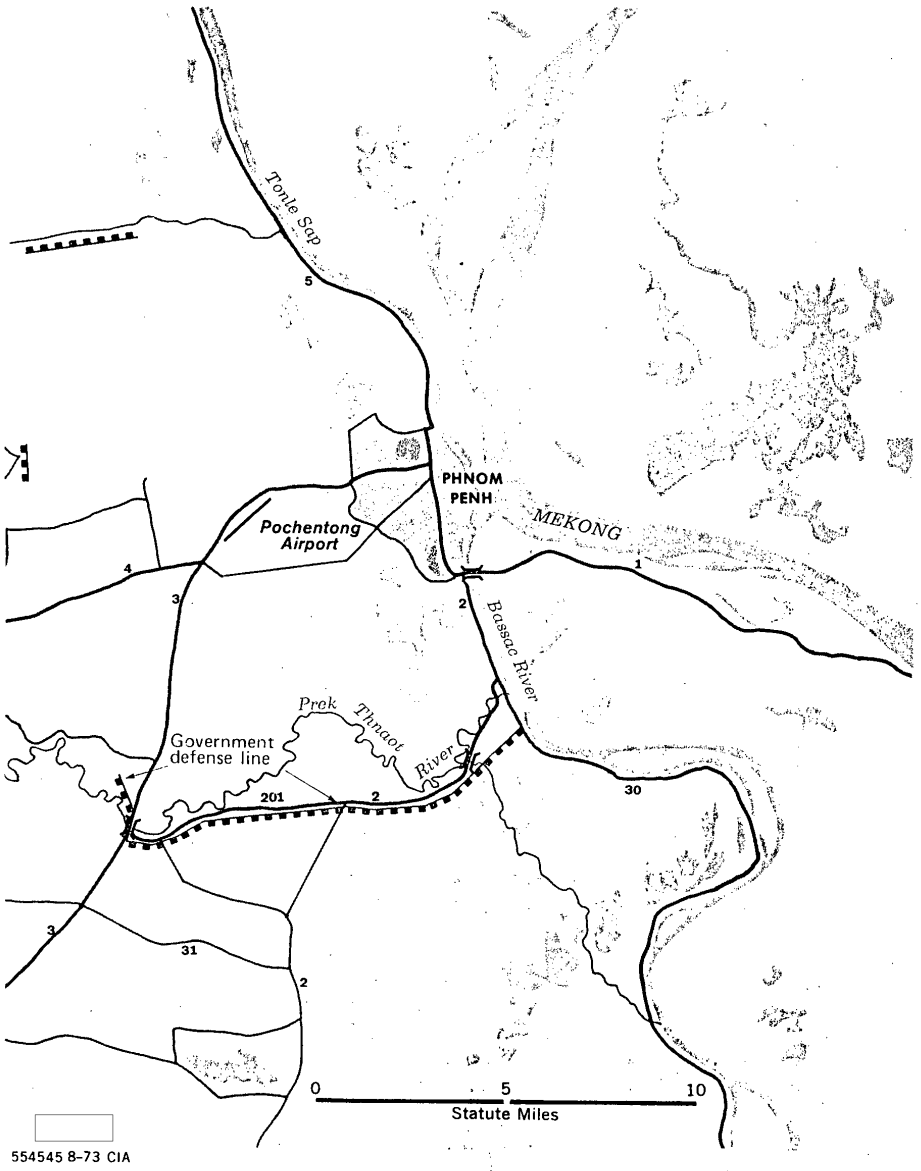
Phnom Penh



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CAMBODIA

The insurgents plan to go on the offensive in the area of the capital this weekend, but they already have doubts as to how long they will be able to sustain the fight. An intercepted message of August 22 shows that rebel commanders have agreed to launch initial attacks on August 25. Although no specific targets were mentioned, the insurgents apparently intend to implement earlier plans to resume fighting along Routes 2, 3, and 4 and in the Mekong River corridor below Phnom Penh.

A major coordinated effort of this kind may be too ambitious, however, and some slippage is likely. Units on the southern front took heavy casualties during the final US bombing and have had little time to recover. Sizable shipments of ammunition and supplies have arrived since the bombing halt, but intercepted messages suggest that flooding has hindered distribution.

The August 22 message added that "during the 15 days of fighting, there will be two meetings to decide whether to stop or continue." This suggests that the insurgent leaders anticipate problems and foresee a need to reassess the situation after the initial attacks.

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WESTERN EUROPE - US

Looking toward a fall visit by President Nixon, some EC countries--Italy and West Germany, in particular--are trying to hasten the pace of negotiations aimed at working out community positions. They seem to appreciate that serious attempts to achieve consensus will take time, however. The French continue to argue that at this stage only bilateral talks with the US are possible.

While NATO discusses a draft declaration focusing on defense and security matters, the Nine are getting ready for a foreign ministers meeting on September 10-11 at which they will try to agree on a list of topics the community might take up with the President. [redacted] most of the Nine would like to go further and establish "European" positions at the September session. 25X1

They are aware, however, that if they press too early and too hard, the French in particular will get their backs up. They also want to avoid giving any support to the charge that in encouraging timely action, the US wants to "dictate" to the Europeans.

EC working groups will hold meetings beginning at the end of August in preparation for the September ministerial. Presumably these will give the various capitals a better feel for how much the ministerial is likely to accomplish.

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WEST GERMANY - FRANCE

The recent criticism of Bonn's policies by French Agriculture Minister Chirac has strained Franco-German relations and is having repercussions on the West German political scene.

Chirac's charge last week that West Germany is "turning away from Europe," has led opposition party leaders in Bonn to warn that the country is drifting toward neutralism. Their spokesmen, led by Christian Democratic parliamentary leader Karl Carstens, have also questioned whether the Brandt government, in its preoccupation with Ostpolitik, is paying adequate attention to Western Europe.

The US Embassy reports that the government's initial reaction to both Chirac's charges and its domestic critics was restrained. Brandt and other government officials, however, privately expressed displeasure and anger, and German officials are now sharply rebutting the charges. Brandt reportedly made a heated defense of his European policies during a meeting with Carstens on Tuesday. He also instructed the Foreign Office to make known his displeasure to the French. This was done in Bonn and in Paris. A meeting between the French ambassador and a senior Foreign Office official was described as quite unpleasant.

West German officials now are publicly questioning Chirac's sincerity, and are generally distrustful of French policies. Their view of l'Affaire Chirac was best expressed by a Foreign Office spokesman who said that if there is a problem about European integration, "it is a French problem." He also stated that the other EC countries were prepared to compromise "whereas France frequently held back and made it difficult, for itself and also for us."

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JAPAN

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UN - MIDDLE EAST

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Secretary General Waldheim recently told [redacted] that he would take an activist approach during his visit to the Middle East next week. Waldheim said that, although his trip resulted from an Egyptian suggestion, the Israelis had told him that they too wanted progress. The Secretary General said he might suggest to both sides that they begin talks under the "Rhodes formula," a procedure designed to circumvent the perennial impasse of whether negotiations should be direct or indirect.

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Soundings taken by State Department officers among Arab delegates at the UN showed little enthusiasm for indirect negotiations so long as Israel continues to hold the occupied territories. The delegates professed to see little hope for a breakthrough of any kind during Waldheim's visit.

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NOTES

Chile: General Prats' resignation as Minister of Defense and army commander in chief has increased tension in Santiago and is bound to worry those within the government who value the role he has played in preventing a military coup. [redacted] 25X1 25X1

[redacted] The other members of the cabinet have also resigned. Allende accepted Prats' resignation, but reportedly refused to accept the others. More changes in the cabinet seem likely soon, however. 25X1

Laos: At the joint meeting of the cabinet and senior Lao military commanders yesterday, the rightists objected again to various aspects of the draft agreement negotiatied by Prime Minister Souvanna. Souvanna branded some of their demands unrealistic and unobtainable, but reluctantly agreed to make another attempt to achieve an agreement more satisfactory to them. The inconclusive outcome of the meeting, which had earlier been billed by Souvanna as a showdown with his rightist critics, means still further delay in reaching a final settlement.

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THE PRESIDENT'S DAILY BRIEF

25 August 1973

PRINCIPAL DEVELOPMENTS

Chilean Army officers appear to be closer than ever to a concensus that the time has come for concerted military pressure to halt the country's political and economic deterioration. They may try to get Allende to agree to a series of demands which would permit him to remain in office before attempting a coup, however. *(Page 1)*

The presidential election campaign in Argentina is likely to end the tenuous spirit of conciliation that followed Peron's return. *(Page 2)*

West Germany has registered a record trade surplus for July and its total surplus for 1973 could be 20 percent above last year's. *(Page 3)*

Notes on the status of the dollar in Europe, and the number of Communist advisers in Syria appear on *Page 4*.

At Annex, we discuss the deteriorating situation in Chile in greater detail.

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CHILE

Army officers appear to be closer than ever to a consensus that the time has come for concerted military pressure to halt the country's political and economic deterioration. The resignation of General Prats on August 23 has given the discontented army officers relatively more power. Two other generals whom President Allende has counted on for support also resigned yesterday. [redacted] 25X1

[redacted] 25X1

[redacted] 25X1

The situation is clearly propitious for some sort of power play by the military. This does not necessarily mean that an outright coup is imminent. It is likely that the military will first try to get Allende to agree to a series of demands that would permit him to remain as President but require him to alter his policies. At Annex we examine the situation in greater detail.

FOR THE PRESIDENT ONLY

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ARGENTINA

The campaign for the presidential election next month is likely to end the tenuous spirit of conciliation that followed Peron's return. Radical Party leaders, angry at his apparent duplicity, are launching a tough, partisan race. While they have no chance of winning, the Radicals and other opponents will try to humiliate Peron by keeping his vote below the 49 percent received by his surrogate Campora in the elections last March.

Peron's initial favorable attitude toward a joint ticket with his long-time Radical opponents won widespread acclaim and was hailed as the first step toward ending the long cycle of political and economic crises. After stringing the Radicals along for weeks, Peron abandoned the plan, possibly because Radical leader Balbin wanted more from the deal than Peron was willing to concede.

Beyond Peron's rejection of a national unity slate, the major source of disappointment and concern for many Argentines is Isabel Peron's nomination for the vice presidency. Peron may still have a "master plan" that includes a provision for his succession, but there are increasing rumors that Isabel and Lopez Rega, Peron's ambitious private secretary, are manipulating the ailing leader.

The Peronist youth and leftists in general are particularly critical of the former dictator's "reactionary" inner circle. The opposition will try to exploit this sensitive issue, which already is threatening the unity of the diverse Peronist movement.

Despite growing disenchantment with the shortcomings Peron has exhibited since his return, he probably will receive a comfortable majority in the election. While most of his followers still hope he can pull the country together, Argentina already has lost its best chance in years for political stability--a national unity slate backed by the military.

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WEST GERMANY

After a record surplus for July the overall cumulative trade surplus for this year is almost $7 billion. It may reach $11 billion by the end of the year.

The $7-billion figure represents an increase of almost 60 percent over this time last year and $11 billion would be a 20-percent increase over the 1972 surplus.

The July surplus reflects continued strong export performance. Exports will probably continue to rise through the rest of the year because of the large number of orders booked by West German industry since last summer. On the other hand, import growth in the first half of 1973 was sluggish, partly because of the effect on prices of the revaluation of the mark early in the year and also because importers refrained from buying foreign goods in anticipation of the revaluation in June. Imports should pick up, however, in the next few months. The government's anti-inflation program is not likely to dampen demand for imported goods until some time next year.

Although the substantial appreciation of the mark against other currencies has not yet begun to affect the volume of West German trade, it is squeezing the profit margin of German exporters and will reduce their competitive position in world markets.

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Changes in the Dollar Value of Foreign Currencies
Since 19 March
(in percent)

	24 August	17 August	27 July	11 July	6 July
Mark	+14.7	+14.2	+23.1	+17.6	+25.1
French franc	+ 5.0	+ 5.0	+12.5	+11.6	+19.9
Sterling	- 0.2	0.0	+ 1.9	+ 3.6	+ 3.9
Yen	- 0.1	- 0.1	- 0.2	+ 0.2	+ 1.1

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NOTES

International Monetary Developments: The dollar lost only slight ground against European currencies yesterday, despite the announcement of a record West German trade surplus and a smaller US surplus than had been expected. Rising US interest rates and a general feeling that the dollar was undervalued in the last selling spree have helped keep the dollar well above the low mark of early July.

Syria: The speed-up of Soviet military deliveries over the past year, including new and sophisticated weapons systems, has brought increased numbers of Soviet technicians into Syria--250 this year, for a total of about 1,400. Damascus seems anxious to avoid exclusive reliance on Moscow, however. Thirty East German technicians--perhaps air defense specialists--arrived late last month, with about 50 more expected soon. Some 50 North Vietnamese military technicians are also scheduled to arrive in the near future, the first North Vietnamese advisers to be sent outside Indochina.

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CHILE

Events in Chile have raised tempers to the boiling point, and President Allende again must handle a delicate challenge. An effective military coup does not yet appear to be firmly organized. Instead, it would seem that the various military services will attempt to bring unified military pressure on the President to restore public order and to moderate his government.

General Prats' resignation as defense minister and army chief marks a major change in the situation in Chile. For the past three years, elements that favored action against the Allende administration had been restrained as much by Prats' loyalty to the constitutional government--whatever its character--as by the deep divisions within and among the services. Now, more and more officers have concluded, almost against their will, that the Allende administration is bent on destroying the military institution and, indeed, constitutional government itself. Without Prats' restraining hand, they may pull together to thwart Allende's manipulation and exploitation of military loyalty.

Concern over the growing boldness of paramilitary workers' groups has been a major factor in convincing the military officers that they must assert opposition to government policies. Many officers were shocked by recent evidence that the far left had penetrated the most disciplined service, the navy. 25X1

25X1

The long tradition of military isolation from politics has not kept officers from adopting political views, but neither has it trained them in political maneuvering. Their unity and resolve will be severely tested by actions by Allende to bluff or confuse them.

The President's own preference would be to protect his flank by appearing to go along with the military demand for more power and by reaching a modus vivendi with the opposition Christian Democrats.

(continued)

ANNEX

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Allende, however, is increasingly pressed by the demands of his own Socialist Party and other extremists--and now even by the usually moderate Communists--to adopt a hard line to advance the Chilean revolution and destroy its opponents.

One government response to the developing military pressure is an implicit threat of reaction by leftist-led workers. The real size and the armed capability of these paramilitary groups is unknown even to their various sponsors--Communists, Socialists, and members of the Revolutionary Leftist Movement. Many government leaders doubt that the workers could face down a military challenge.

On the other hand, the factories and other areas controlled by the paramilitary and workers' groups straddle vital sections of major roads in and out of Santiago. The Chilean Army is inexperienced and ill equipped for riot control and half its enlisted manpower consists of short-term, largely untrained recruits. In addition, its relationship with the national police, the Carabineros, has traditionally been one of rivalry rather than cooperation. The Carabineros is a career force as large as the army, with extensive experience in civil disorders. Their cooperation would be essential for an effective military effort in any armed confrontation. Information is conflicting on the attitude of the Carabineros toward the Allende government.

The key to developments is Santiago, where army and Carabinero units are now on alert and being reinforced from other provinces. Any confrontation that occurs is most likely to begin there. Moreover, it is likely to fluctuate and drag on. In that event, other cities, most notably the port of Valparaiso and the industrial center of Concepcion, would become more important. Leftist extremists are particularly powerful in Concepcion, while the military commanders in both areas are strongly critical of the government. Most Chileans are strongly for or strongly against this administration, and real violence in Santiago would be reflected throughout the country.

The principal actors, military and civilian, appear to be still counting on political maneuver--bluffs, threats, and propositions. To a degree rare in Latin America, the bulk of the Chilean population abhors violence and few leaders feel confident that they have the backing to impose their will without touching off a civil war. Yet the prolonged tension has led to despair that maneuvering can alleviate Chile's problems. Leftist and rightist extremists, meanwhile, are doing their best to provoke confrontation. The forces in the middle appear to be edging toward the conviction that they may have to resort to force to prevent what they see as impending national disaster.

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27 August 1973

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THE PRESIDENT'S DAILY BRIEF

27 August 1973

PRINCIPAL DEVELOPMENTS

Egypt and Libya are still at odds over a formula for merger, although Qadhafi's unexpected flight to Cairo on Saturday is presumably an effort to work out some arrangement. Any agreement that emerges will nevertheless contain more shadow than substance. *(Page 1)*

Khmer insurgent attacks over the weekend closed two key highways leading to Phnom Penh, but there were no attacks in the immediate area of the capital. Plans for an offensive have apparently not been dropped, however. *(Page 2)*

Negotiations between West Germany and Czechoslovakia on establishing diplomatic relations have stalled, jeopardizing Brandt's planned trip to Prague. Bonn feels it cannot afford further concessions, and Soviet pressure on Prague has kept the Czechs standing pat. *(Page 3)*

Notes on continuing tension in Chile and the stalemate between Iceland and the UK appear on *Page 4*.

At Annex we explore the divergent aims with which Sadat and Qadhafi are approaching the issue of unity.

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EGYPT-LIBYA

With the deadline for union less than a week away, Egypt and Libya have yet to agree on a final formula for their merger. Controversy continues over the structure of the union, its implementation, and its leadership, and there is a less pressing but far more serious disagreement over the ultimate direction of the unified state.

Presidents Qadhafi and Sadat have attached considerable personal prestige to this much-heralded step toward Arab unity, and the chances are still reasonably good that they will reach a settlement in time for a formal proclamation on September 1. Both Qadhafi and his Prime Minister left unexpectedly for Cairo on Saturday to consult with Sadat.

Any agreement that emerges will, nonetheless, probably embody little more than the trappings of unity and the first few interim steps toward substantive integration. The present state of play between the two leaders is examined at Annex.

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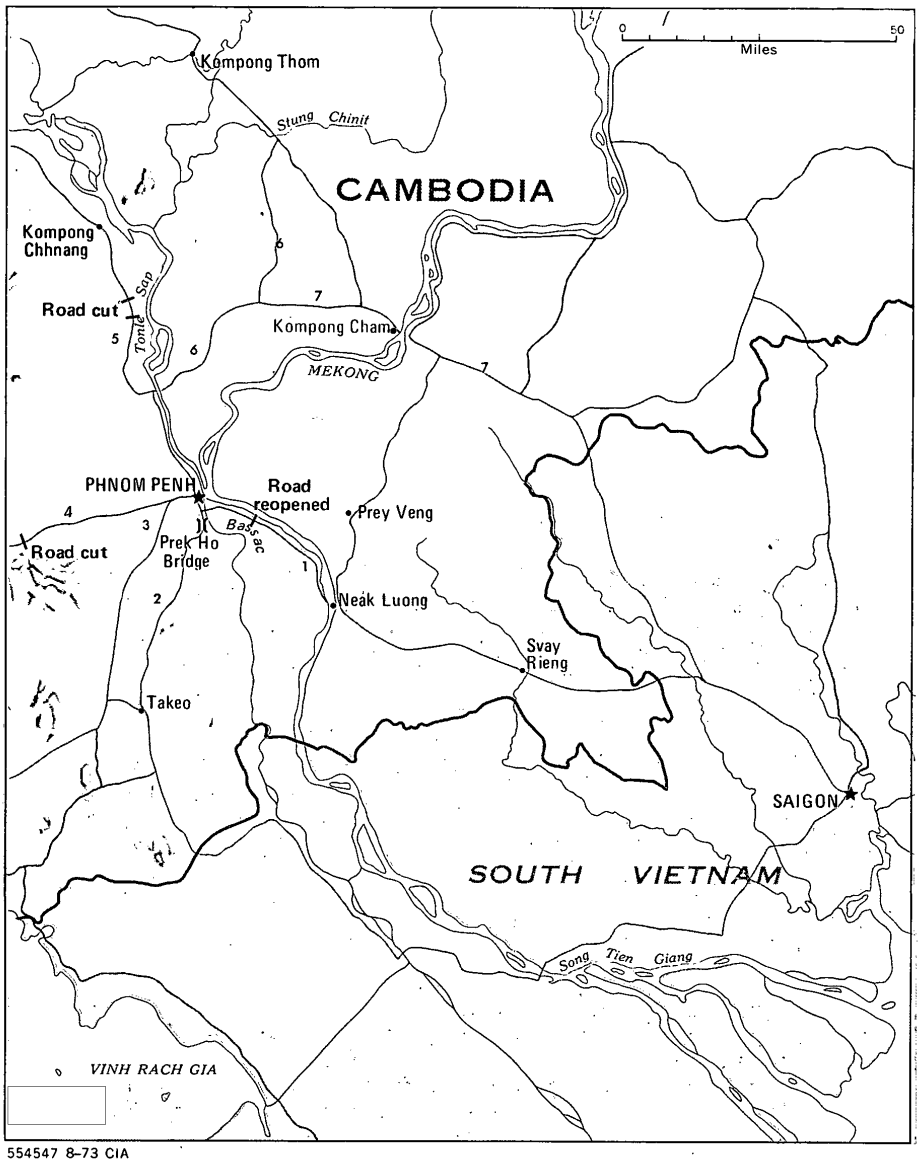

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CAMBODIA

Khmer insurgent attacks over the weekend closed two key highways leading to Phnom Penh--Routes 4 and 5--about 30 miles from the capital, and government units began moving yesterday to reopen the roads. Route 1 had been closed briefly but was quickly cleared. No attacks occurred along the major defense lines north and south of the city, however.

Coordination problems and flooding are probably hampering insurgent efforts to launch attacks in the immediate capital area. Nevertheless, plans for an offensive have apparently not been dropped; an intercepted message of August 26 claimed that "the battlefield around Phnom Penh will be fully engaged within two or three days." Another message alluded to plans for sapper attacks within Phnom Penh.

Meanwhile, insurgent forces maintained heavy pressure on the provincial capital of Kompong Cham, 45 miles northeast of Phnom Penh; its airstrip was briefly closed on Friday, and the city's defenses were shelled over the weekend. An intercepted message discussed insurgent plans for a major push against the city on August 30.

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WEST GERMANY - CZECHOSLOVAKIA

The stalemate in negotiations on establishing diplomatic relations has jeopardized Willi Brandt's trip to Prague, planned for early next month. During three days of talks last week Bonn continued to insist that its prospective embassy in Prague be authorized to represent West Berlin institutions, but the Czechs still say no.

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25X1

Bonn's firm reaction is more than a negotiating tactic. The Brandt government is worried that opposition parties will be able to argue effectively that it has bent too far if it fails to get the East Europeans to acquiesce in Bonn's right to represent West Berlin institutions abroad. This is a loose end that West German officials now regret having left untied in the treaty with Poland three years ago. Negotiations with Bulgaria and Hungary are stalled over the same issue.

Prague wants to normalize relations with Bonn, and can be expected to make a strong effort to prevent Brandt's trip from falling through. Much depends on the Soviets, who are largely responsible for the unyielding position the East Europeans have taken. A combination of pressures from West Germany and Eastern Europe may eventually move the USSR far enough to permit a satisfactory compromise, but for the present the East is standing fast.

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NOTES

Chile: The situation in the capital is quiet but very tense, with the government, the civilian opposition, and the military all maneuvering behind the scenes. The Communist and Socialist parties seem to be cooperating more, in view of Allende's precarious position, while the President seeks a way to regain the initiative to head off the military. He has placed General Herman Brady, one of the few pro-government army generals left, in command of troops in the Santiago area. Announcement of a new cabinet may be delayed several days, however. There is as yet no sign whether Allende will offer the armed forces a role, or whether he will be prepared to satisfy the military's probable demands if he does invite their participation.

Iceland-UK: Spokesmen for both sides agree that there is little chance of an early settlement of the Cod War, and a British Foreign Ministry official said last week that under no circumstances would London consider making concessions just to help the US negotiate retention of the Keflavik base. The impasse bodes ill for the negotiations, scheduled to begin late next month. Most Icelanders dislike military bases on principle, and are susceptible to the argument--being pushed by the Icelandic Communists--that the base should go since it has failed to protect the country from British "aggression."

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ANNEX

EGYPT-LIBYA

The controversy between Qadhafi and Sadat over possible forms of merger is continuing right down to the wire. Paradoxically, President Qadhafi has been the most formidable obstacle to the unity scheme that he himself originated. His refusal thus far to approve anything less than a "complete and immediate" union has virtually nullified over 13 months of planning. In public, he has protested that Sadat must assume leadership of the union, but in the actual negotiations he has been unwilling to accept a position that would give him any less political clout or military authority than his Egyptian partner. His fervent espousal of his own brand of Islamic radicalism, particularly his cultural revolution, has deepened misgivings about the merger at home and in Egypt. Finally, his brinksmanship--most notably the "march on Cairo" and his brief but dramatic retirement--has convinced the wary Egyptian leadership that it cannot afford a full partnership. Despite this, the Libyan leader continues to bargain for concessions from Cairo and apparently means to do so right down to the deadline of September 1; the Egyptians reportedly remain steadfast in their decision not to cave in.

Cairo originally entered the union project unenthusiastically. Sadat saw certain political and financial benefits to be gained, but Cairo has involved itself in ill-fated unity schemes in the past, and has therefore been wary. Sadat is particularly concerned about the post Qadhafi would assume in a merged state. He wants Qadhafi in a position of responsibility because he feels he can control him better in office than out. He also believes that Qadhafi's presence in the government would please elements in Egypt who admire the Libyan's dynamism. At the same time, Sadat does not want to relinquish control of any facet of Egyptian policy, either foreign or domestic.

A second problem for Egypt is the role Libya's cultural revolution might play in the state's internal policy. The Egyptians are somewhat disdainful of the cultural revolution, which they regard as an embodiment of the governmental immaturity that they believe they overcame 20 years ago. Their disdain is tinged with apprehension, however, at the disruption that such a revolution could cause in Egypt.

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A number of scenarios for union have emerged from the ongoing negotiations. Virtually all involve some kind of announcement of merger on September 1 and the initial integration of a few ministries, to be followed by fuller union at some unspecified time. All have been modeled on the Egyptian concept of preserving substantial autonomy for both regions. The most recent plan may become the basis for a compromise settlement; it calls for one capital, one cabinet, one military establishment, and one political party. President Sadat would be nominated for the presidency with Qadhafi as the vice-presidential candidate. A referendum would be held in both countries to approve the proposal, after which a unified cabinet would be formed. At the bureaucratic level, however, only the foreign ministries, defense establishments, and perhaps the interior ministries would be integrated--at least initially. This unity scheme would sound realistic, but the actual functioning of the departments involved could continue virtually unchanged.

The Egyptians are apparently willing to dress up this scenario with a proclamation that it represents "complete" merger. Qadhafi is dissatisfied with what he considers to be mere cosmetics, however, and has continued to withhold his approval. Sadat is unlikely to compromise further. He believes he has commitments from other Arab states--notably Saudi Arabia--of political and financial support that could compensate for the loss of a partnership with Libya.

In the face of Egypt's refusal to accept the Libyan blueprint, Qadhafi seems likely to compromise. A frustrated Qadhafi could fall back on another dramatic ploy to get his own way, but he will not act without calculating potential gains and losses, and this time he stands to jeopardize his drive toward Arab unity, a cause he most fervently believes in. For him, merger is the first critical step in the "battle" to restore Palestine and the campaign to rejuvenate Arab dignity. Sadat no doubt strikes Qadhafi as an unsuitable leader for this crusade; nevertheless Egypt--even for Qadhafi--is considered the vanguard of the Arab people. Qadhafi may also believe that he--or the force of his principles--could eventually come to dominate and strengthen the union.

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The President's Daily Brief

28 August 1973

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THE PRESIDENT'S DAILY BRIEF

28 August 1973

PRINCIPAL DEVELOPMENTS

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Moscow has moved to start a dialogue between CEMA and the EC. Some of the East Europeans are afraid that this could result in a tighter CEMA and impede the growth of bilateral relations with West European countries. *(Page 2)*

As the next round of talks on European security approaches, the Romanians have given NATO diplomats a preview of proposals designed to underscore Bucharest's independence and to make life difficult for the Soviets. Among other things, Romania will insist that discussion of military disengagement and the "inviolability of frontiers" include the Balkans as well as central Europe. *(Page 3)*

Khmer and Vietnamese Communist officials are trying to end sporadic fighting between Khmer insurgent and Vietnamese Communist forces near the South Vietnamese border. Even if the clashes continue, however, this will not significantly detract from Communist military capabilities in either Cambodia or South Vietnam. *(Page 4)*

Two more Chinese officials who were purged during the Cultural Revolution have been rehabilitated. This suggests that the moderates are still in a strong position as the party congress approaches. *(Page 5)*

The Malaysian Prime Minister has told the US ambassador that establishment of relations with China will probably be delayed until early next year. *(Page 6)*

25X1

Soviet *(Page 7)*

25X1

About 1,400 South African police are now helping the Rhodesians put down insurgents. *(Page 7)*

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CEMA-EC

CEMA Secretary General Fadeyev yesterday proposed to Danish officials that CEMA and the EC appoint delegations to begin negotiations. The offer was made in Copenhagen because the Danes chair EC bodies for the remainder of the year. Danish Foreign Minister Noergaard told the press that the CEMA bid will be placed before the EC Council of Ministers at its meeting in Brussels on September 20-21. Noergaard emphasized that today's talks were "unofficial" and confined to a general exchange of opinions.

Fadeyev acknowledged that the decision to begin contacts with the EC was made at the CEMA ministerial meeting in June. 25X1

25X1

The Poles 25X1

are against an institutionalized closer relationship between CEMA and the EC. The remarks implied concern that such a development would lead to a tighter CEMA--that is, a CEMA even more dominated by the Soviets--and greater problems for Warsaw's bilateral contacts with the West.

Such feelings are probably shared by Romania, which in June became the first Soviet ally to be extended the EC's system of generalized tariff preferences. The initiative for this came from Bucharest, and the Romanians apparently are more than willing to reach their own accommodations with the EC outside the CEMA context. The Soviets have publicly said that CEMA-EC relations would not preclude bilateral agreements--those that are country-to-country rather than country-EC.

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ROMANIA-CSCE

When the next round of CSCE talks begins in Geneva on September 18, Romania will present proposals for a non-use of force agreement and the establishment of a permanent European security organ.

In setting forth his government's views to a group of NATO chiefs of mission in Bucharest, a senior Foreign Ministry official said that the Romanian position calls for both disarmament and disengagement; the latter includes an agreement on the non-use of nuclear weapons. Bucharest intends to push for an extension of any disarmament measures adopted for central Europe to the Balkans.

The Romanians want to include three elements in the non-use of force document: notification of maneuvers, notification of large military movements, and provisions for foreign observers at maneuvers. None of them is likely to win favor in Moscow, which wants to keep the military content of CSCE at a minimum.

Romanian-Soviet differences extend into other aspects of the European security talks. [redacted] 25X1

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The Romanian proposal for a permanent CSCE organ appears designed to provide Bucharest with a forum for voicing its dissent from the Warsaw Pact. Publicly, however, Romania will probably argue that such a body is necessary to handle such matters as the dissemination of information on troop movements and maneuvers. For its part, Moscow was at one time a champion of a permanent CSCE organ, but recently has appeared to back off as Romania took the offensive. The Soviets now rarely mention the subject.

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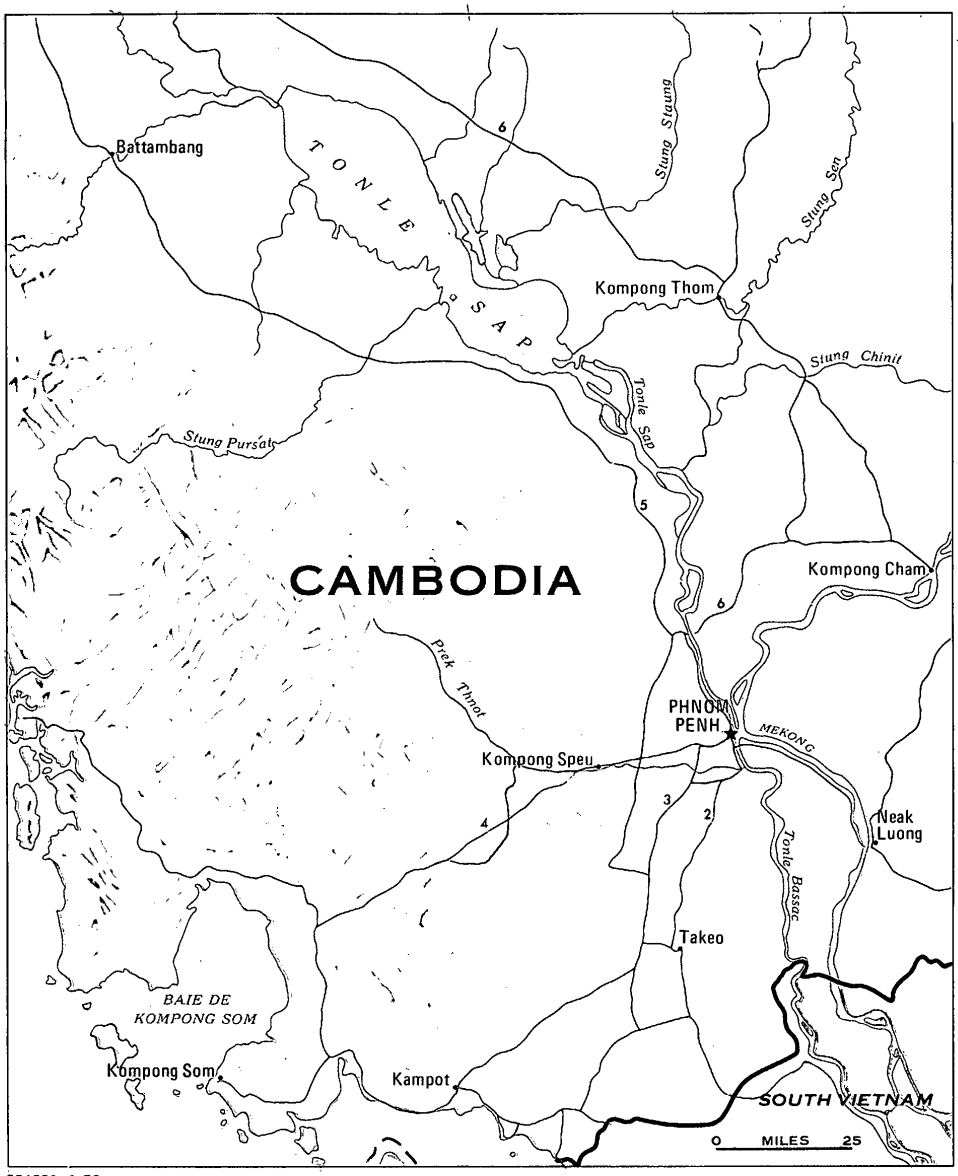

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CAMBODIA

Khmer and Vietnamese Communist officials are trying to end sporadic fighting between Khmer insurgent and Vietnamese Communist forces near the South Vietnamese border. The North Vietnamese have told their units in the area that they should "strictly observe" a cease-fire agreement worked out earlier this month, according to a recent intercepted message. Other intercepts show that this understanding provides for Vietnamese forces to begin withdrawals next month toward the South Vietnamese border. The Khmer Communists have agreed to facilitate the withdrawals.

Local truces between the two sides in the past have quickly broken down, and implementation of the present arrangement may likewise prove difficult, even though it apparently was worked out at higher levels. Clashes between the two sides were still being reported as late as August 22.

Even if the current agreement breaks down completely, however, fighting will probably remain limited to the southern border area, and will not significantly detract from Communist military capabilities in either Cambodia or South Vietnam.

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CHINA

The New China News Agency has announced that Ulanfu and Tan Chen-lin, who were purged during the Cultural Revolution, attended a table-tennis tournament that began in Peking on August 26. Ulanfu was an alternate Politburo member and party boss of Inner Mongolia until 1966. Tan was a full member of the Politburo and served as the party's agricultural specialist. The announcement did not say what positions the two men now hold.

Ulanfu and Tan are the two most important officials to be rehabilitated since the reappearance last April of the party's former secretary general, Teng Hsiao-ping.

These rehabilitations suggest that the moderates are still in a strong position in the party debates that are preceding the Tenth Party Congress--despite the apparent attacks on moderate policies that have been appearing in People's Daily. The paper has criticized the stringent birth-control regulations introduced earlier this year, expressed doubts about Peking's foreign trade policy, and attacked the use of material incentives and "experts" in the running of factories.

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MALAYSIA-CHINA

Prime Minister Razak has told Ambassador Lydman that the establishment of relations with China will probably be delayed until early 1974. Talks, which opened at the UN in June, quickly stalled on the issue of the 200,000 stateless Chinese in Malaysia. The Malaysians have been unable to get Peking to accept Malaysian sovereignty over this group.

The Malaysians have given an appearance of being adamant, but if they want to open relations they have to accept Peking's stand that the question of the stateless Chinese cannot be taken up until after this is done.

Peking's position regarding Communist insurgency in Malaysia does not appear to be a serious impediment to the establishment of relations. Although Kuala Lumpur continues to press for a public "hands off" statement, Razak admits that he realizes Peking cannot go much further than it has in dissociating itself from the insurgency.

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NOTES

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[redacted]

South Africa - Rhodesia: The transfer last month of 800 South African police to Rhodesia substantially increases the forces Pretoria has committed to Rhodesia's counterinsurgency effort and could go far to relieve the shortage of reservists that are available to the Smith government. Some 1,400 South African special paramilitary police are now serving in Rhodesia. The latest reinforcements may already have aided the Rhodesians in their current efforts to search out insurgents across the border in Mozambique.

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29 August 1973

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THE PRESIDENT'S DAILY BRIEF

29 August 1973

PRINCIPAL DEVELOPMENTS

Recent articles in the North Vietnamese Army daily suggest that a debate is going on within the leadership over Hanoi's strategy in the South. *(Page 1)*

The Indo-Pakistani agreement signed yesterday settles several problems remaining from the 1971 war and should improve the chances for a general normalization of relations in South Asia. *(Page 3)*

The French reportedly have agreed to sell Saudi Arabia a number of Mirage interceptors, some of which may wind up in Egypt. *(Page 4)*

On *Page 5*, we analyze the purposes of Egyptian President Sadat's recent trip to Saudi Arabia, Syria, and Qatar.

Notes on the new Chilean cabinet, an agreement between Iraq and Turkey to build a new oil pipeline, the grain situation in India, and [redacted] French [redacted] appear on *page 6*. 25X1 25X1

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NORTH VIETNAM

Recent articles suggest that a debate is going on within the North Vietnamese leadership over North Vietnam's strategy in the South.

On August 18 and 25 the North Vietnamese Army daily published articles by a pseudonymous author who in the past has strongly favored an aggressive military policy in South Vietnam. The author--whose pen name is Chien Thang ("the victor")--was pushing as early as the first part of 1971 for a major offensive, and he published an authoritative exposition of Hanoi's war strategy on the eve of the 1972 offensive. He has not been heard from since last September, just before the Paris talks began to bear fruit.

Chien Thang's two new articles update his past assessments of the military situation. He claims:

--that the US military withdrawal has decisively tilted the military balance in South Vietnam in the Communists' favor;

--that the Communists in the South now have "all the decisive factors to win victory;"

--that North Vietnam has the ability--and by implication the duty--to support the southern struggle as it has in the past;

--that aid from Hanoi's Communist patrons is far less important than the "subjective" assets that the Vietnamese Communists already possess in abundance; and

--that the North's "basic needs" could be taken care of as they were in earlier phases of the war. (He apparently is prepared to acknowledge, however, that the reconstruction effort would suffer if Hanoi stepped up its investment in the southern struggle.)

Some elements of Chien Thang's line do not differ from Hanoi's standard position. The latter, for instance, has always touted the Paris accords as a "victory," particularly because they secured the American military withdrawal. Other North

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Vietnamese commentary, however, has not focused so sharply on the military opportunities that Chien Thang claims to see in the present situation. The standard approach is to stress reconstruction in the North and "maintaining peace" in the South.

Chien Thang is clearly arguing a case for intensified military pressure--a case that probably has greatest currency in parts of the North Vietnamese military and in the apparatus inside South Vietnam. The exact magnitude of the effort he is urging is not clear; he could be advocating a major offensive as he did in 1971, but several references in his article to a "protracted" struggle could indicate that he may prefer a long-term effort at a somewhat lower level.

In any case, the tone of the articles make it clear that Chien Thang and his associates think the question of future strategy is open--or at least more open than at any other time in the last year. It seems likely that the Politburo will meet to discuss the issues he raises when First Secretary Le Duan returns from his extended trip to the Soviet Union. He left Moscow yesterday.

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INDIA-PAKISTAN-BANGLADESH

The Indo-Pakistani agreement signed yesterday in New Delhi has the concurrence of Bangladesh. It should improve the chances for a general normalization of relations in South Asia.

All but 195 of the 90,000 Pakistani prisoners of war held in India since December 1971 will be repatriated. Some 150,000 Bengalees detained in Pakistan, including the 203 Pakistan has accused of treason and espionage, will be exchanged for an as yet unspecified number of Biharis now living in Bangladesh. The 195 Pakistani prisoners that Dacca planned to try for war crimes will remain in India, pending negotiations between Pakistan and Bangladesh.

These prisoners may never face trial in Bangladesh, but their future probably will have to be resolved before Pakistan recognizes Bangladesh. The Pakistanis probably will try to persuade Bangladesh to drop all plans to hold the trials by offering to accept additional Biharis. Once these issues are settled and recognition follows, negotiations on the division of assets and liabilities between Islamabad and Dacca could get under way.

The agreement should also lead to an improvement in Indo-Pakistani relations. Reconciliation on the subcontinent virtually ensures an improvement in relations for India and Bangladesh with China. Chinese officials have expressed Peking's willingness to support UN membership for Bangladesh and to normalize relations with India once the problem of Pakistani war prisoners is resolved.

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SAUDI ARABIA - EGYPT - FRANCE

The US Interests Section in Cairo has received a report from a Western journalist that in mid-July France agreed to sell 38 Mirages to Saudi Arabia. The journalist claimed that the Mirages are for the "exclusive use" of the Egyptians and that Paris knows this. An earlier press report from Paris, quoting French officials, also asserted that the Saudis were about to purchase 38 Mirages. The French reportedly will begin delivery of the aircraft early next year.

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Saudi Arabia does not fall under the French arms embargo against Middle East belligerents, and the French have few worries about any outcry about the transfer of Saudi Mirages to Egypt. Paris doubtless recalls the short-lived and ineffective protests over the transfer of Libyan Mirages to Egypt earlier this year. About 20 Libyan Mirages, some of which are being flown by Egyptians, are still in Egypt.

The Saudis may want to keep some of the Mirages to modernize their own air force.

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EGYPT - ARAB STATES

President Sadat returned Monday from a trip to Saudi Arabia, Syria, and the Persian Gulf state of Qatar, apparently cutting the tour short to meet with Libyan President Qadhafi, who had flown to Cairo during Sadat's absence.

Sadat's primary objective in arranging the trip was presumably to try to coordinate Arab strategy for the coming nonaligned conference, part of his wider goal of forging greater Arab unity in the face of Moscow's interest in detente. The political use of Arab oil and monetary resources is part of Sadat's program for Arab self-reliance and figured in the talks; a Cairo radio commentary on Sadat's stay in Saudi Arabia said that the Arabs should use their resources "to confront the Zionist enemy and his supporters."

The implication that Sadat and Faysal have reached agreement on a plan for the political use of oil is undoubtedly overdrawn. Sadat has more prosaic uses for Saudi money in mind; i.e., more for Egypt itself. Similar assistance from Qatar--also an oil-producer--was probably Sadat's chief topic of discussion there.

In his talks with Syrian President Asad, Sadat probably focused on his attempts to bring Jordan back into the Arab fold, and so reconstitute the "eastern front" against Israel. Asad may have tried to find out about the future of the Confederation of Arab Republics--of which Syria is a member, along with Egypt and Libya--if the other two countries merge.

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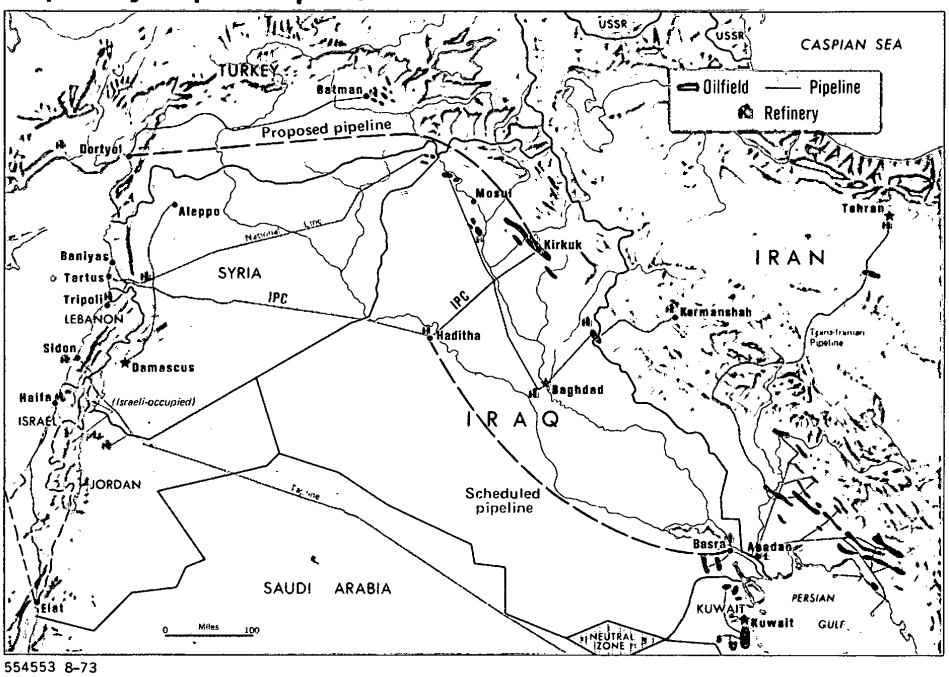
Iraq-Turkey Proposed Pipeline



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NOTES

Chile: The three armed services and the police each kept one ministry in yesterday's minor cabinet reshuffle. There is no indication yet that President Allende made concessions to retain this military support. His coalition parties still dominate the cabinet 4 to 1 and control the bureaucracy. Allende's cancellation of further negotiations with striking truckers indicates that he will not ease the hard line against government opponents.

Iraq-Turkey: The two countries have agreed to build a pipeline to carry oil from Iraq's rich Kirkuk fields to Turkey's Mediterranean coast; completion is expected by 1977. The line is being built primarily to facilitate Iraqi exports to free world markets. Financing has not yet been obtained, but a number of Western firms--including seven large US contractors--will be invited to bid on the design and construction. The Iraqis are planning another pipeline that will extend their present lines from Kirkuk south to the Persian Gulf, allowing them to by-pass Syria if that country chooses to block transit, as it has in the past.

India: Although New Delhi stopped buying grain abroad early this month because of high prices, deliveries of grain already purchased will be enough to feed the people until the rice harvest in November. Some belt-tightening will be necessary, however, and this is likely to aggravate labor unrest and result in food demonstrations. The government is trying to stave off trouble by giving priority to urban areas; shortages in the countryside will be offset somewhat because good monsoon rains have increased supplies of fruits and vegetables.

France: [redacted] 25X1

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THE PRESIDENT'S DAILY BRIEF

30 August 1973

PRINCIPAL DEVELOPMENTS

In Cambodia, insurgent forces yesterday moved against the government defense line south of Phnom Penh and continued heavy pressure on the provincial capital of Kompong Cham. *(Page 1)*

The declaration of union issued yesterday by Presidents Qadhafi and Sadat pays lip service to the Libyan principle of full merger but actually gives Egypt the gradual approach to union that it has sought. *(Page 2)*

The brevity of the Tenth Party Congress held in Peking from August 24 to 28 suggests that essential tasks were accomplished with relative ease but that the leadership preferred to avoid a full discussion of controversial issues. *(Page 3)*

The Soviets are launching a major anti-Chinese campaign and have stimulated a similar movement by their East European allies. *(Page 5)*

Chancellor Brandt's emissary, State Secretary Grabert, was in Moscow this week, presumably to discuss difficulties that have developed in Soviet - West German relations in recent months. *(Page 7)*

Chile's cabinet reshuffle on Tuesday and the meeting of army generals on the same day appear to have had little impact on the slow-motion crisis there. *(Page 8)*

Argentina is granting long-term credits to selected Latin American countries as a means of furthering both political and economic goals. *(Page 9)*

Notes on Kuwait and Canada appear on *Page 10*.

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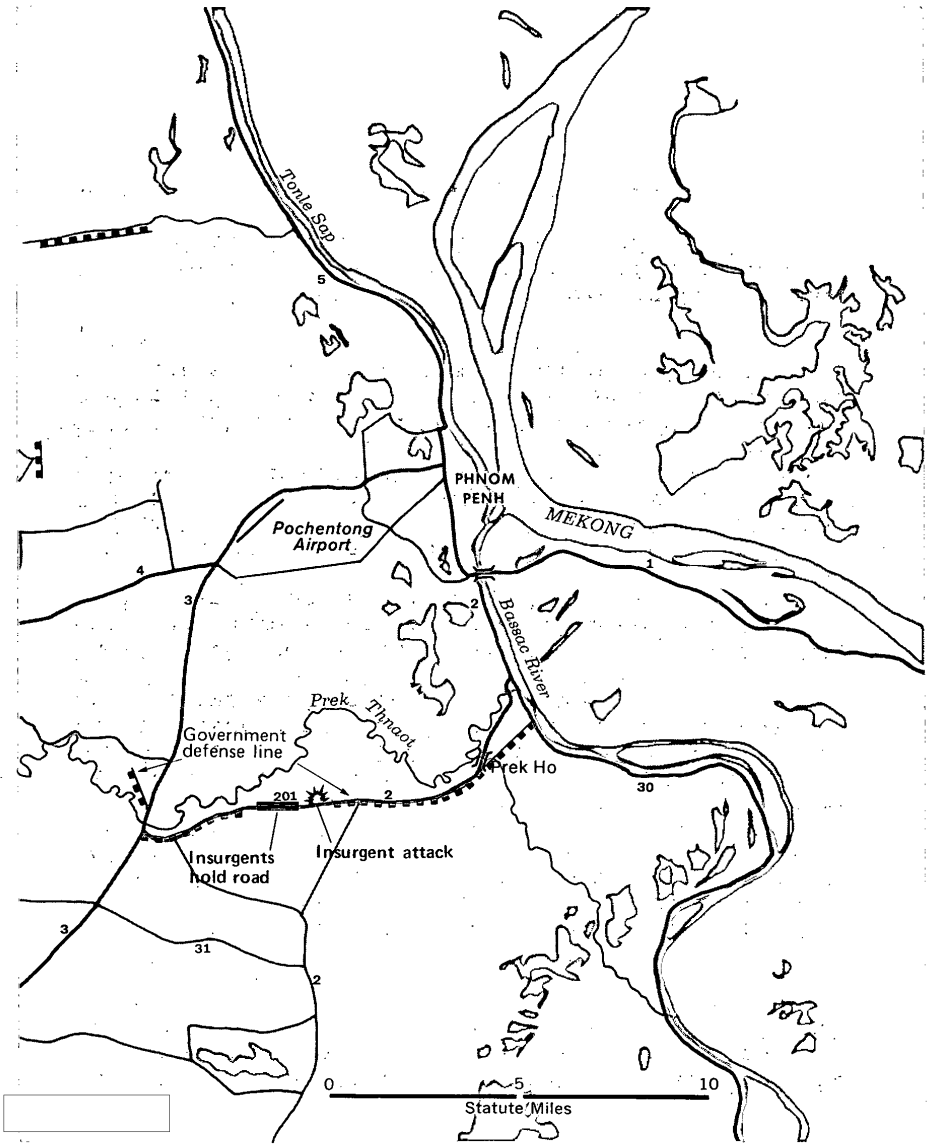

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CAMBODIA

Khmer insurgent forces yesterday moved against the government defense line south of Phnom Penh by cutting Route 201. A government counterattack, however, has forced a partial insurgent withdrawal. Although one mile of road was still in Communist hands late in the day, a subsequent unconfirmed report claimed the government had regained control of the road. So far there has been little indication of the size of the insurgent force involved in the attack on the southern front. The Communist attack plan outlined in intercepted messages last week called for operations in this sector, and a recent message mentioned the Prek Ho bridge on Route 2 as a primary objective.

Elsewhere, Routes 4 and 5 remain cut some 30 miles from Phnom Penh. A recent message from the Khmer Communist Central Committee urges insurgent units to keep these highways closed "through September and October" so that insurgent forces can "attack Phnom Penh again." Forty-five miles northeast of Phnom Penh, the insurgents are keeping heavy pressure on the provincial capital of Kompong Cham. Several positions north of the city have fallen in the past few days, and insurgents have daily shelled and probed the perimeter to the west and south. The airstrip just northwest of Kompong Cham is within easy range of Communist artillery, and the Cambodian Air Force has begun to airdrop ammunition and supplies for the city.

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LIBYA-EGYPT

The declaration of union issued yesterday by Presidents Qadhafi and Sadat, while paying lip service to the Libyan principle of full merger, provides for little more than another round of planning and a few token steps toward unification. From last-minute negotiations, Sadat won the gradual approach to merger that he has sought, and he can continue his efforts to gain access to Libya's wealth without relinquishing, initially at least, any of Egypt's autonomy.

A constituent assembly, composed of 50 delegates from each country, will be selected on September 1 to draft a new constitution, nominate a president, and arrange for a constitutional referendum to be held in both nations. No specific deadline has been set for completion of these preparatory measures. The only gesture toward actual integration is an agreement to use an Egyptian-Libyan dinar as the unit of accounting between the two countries.

Sadat remains free for the time being to conduct Egypt's affairs on his own terms. Major policy differences with Libya pose few problems for the short term, and Sadat presumably hopes that in time he will be better able to counter Libyan efforts to influence Egyptian policy.

Qadhafi must feel the sting of this setback in his campaign for complete union. He has already warned that his participation in the merger and his leadership of Libya depend on the direction taken by the unified state.

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CHINA

The Tenth Party Congress held in Peking from August 24 to August 28 was unusually short.

> *Its brevity suggests that essential tasks were accomplished with relative ease, but that the leadership found it desirable to avoid a full discussion of controversial policy issues that were vigorously debated in the media prior to the congress.*

Mao presided; Chou En-lai gave the political report, a role awarded in the past to the second-ranking party leader. The congress elected a new, larger Central Committee that includes a number of rehabilitated officials, and adopted a revised party constitution. It formally expelled Lin Piao from the party and touched off an attack on him, for the first time by name, in the media.

> *This on-going campaign against Lin and his followers was described as a primary task, leaving open the possibility of further purges or demotions. No names are yet available, but the new Politburo, to be formally "elected" by the new Central Committee, will apparently be a mix of moderate officials, radical ideologues, military men, and elder statesmen.*

> *Preliminary accounts of the proceedings indicate a meteoric rise in party status for Wang Hung-wen, a young Shanghai official who was aligned with the radical faction during the Cultural Revolution, but who is probably more acceptable to moderate leaders than are Madame Mao and some others. Another significant promotion is that of Chang Chun-chiao, a former leftist who apparently has also been moderating his views; he may be performing the duties of party secretary general.*

Judging from the communiqué, the congress ratified the basic premises and directions of China's post - Cultural Revolution foreign policy. The Soviet Union was clearly labeled China's chief enemy, both as the most dangerous threat to Chinese security and as Peking's foremost ideological foe. The congress called on the Chinese populace to be on guard against a surprise Soviet attack.

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The congress also reaffirmed Peking's strong interest in playing a leadership role among third world countries, reiterating its opposition to attempts by the US and the USSR to dominate international politics. It called on Communist, Socialist, and Third World countries as well as states chafing at big-power "bullying" to join China in a broad, united front against "imperialism, colonialism, neocolonialism, and in particular against the hegemonism of the two superpowers."

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USSR-CHINA

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--the Soviet Politburo communiqué on the Crimea meeting of August 3 cited the need for a "collective analysis" of current issues, marking high-level interest in a new conference;

--a Pravda article on August 7 by "I. Aleksandrov" (a pseudonym associated in the past with major policy pronouncements on China) expressed Moscow's concern over communist unity and the need for broader policy coordination by communist states;

--Brezhnev, speaking on August 15 at a public rally at Alma-Ata, gave a gloomy assessment of Soviet relations with China; he echoed Aleksandrov and cited Peking's "subversive activity against the socialist countries" as the cause for current Sino-Soviet tensions;

--finally, a second Aleksandrov article in Pravda on August 26 invoked the three most recent communist conferences (1957, 1960, and 1969) and accused the Chinese leadership of inciting "individual communist parties...to assume a 'neutral' position with respect to the principal disagreements between the Maoist and the international communist movement."

In addition to Moscow's own efforts against the Chinese, the Soviets have been orchestrating a similar movement by their staunchest allies in Eastern Europe.

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Despite these indications of a preliminary campaign to call another international meeting, it does not appear that the Soviet leaders have really faced up to the serious problems such a conference would create for themselves.

Even the question whether to hold a conference would be divisive, given the inevitable opposition of the Romanians and the Yugoslavs, various West European Communists, and the North Vietnamese, and the reluctance of many others to stand up and be counted.

If history is a guide, any preliminary soundings with regard to an international meeting would be accompanied by letters to the Italian and French parties, for example, explaining the need for a conference. Until evidence such as this appears--and it would come promptly through penetrations in these parties--the current propaganda campaign must be considered more a threat than a decision by the Kremlin to call for another meeting.

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USSR - WEST GERMANY

Chancellor Brandt's emissary, State Secretary Grabert, was in Moscow this week, presumably to discuss difficulties that have developed in Soviet - West German relations in recent months.

--In negotiations to establish diplomatic relations with Czechoslovakia, Bulgaria, and Hungary, Bonn has argued that its prospective embassies should represent West Berlin institutions as well as its citizens. The three East European countries, undoubtedly at Soviet insistence, have refused to accommodate Bonn on the issue.

The Soviet Union believes West Germany is trying to expand ties with West Berlin beyond the limits permitted by the Quadripartite Agreement. The Soviets have, therefore, insisted on a narrow interpretation of its terms.

--Moscow takes the position that foreign and national forces in Central Europe should be reduced at the same time and in the same proportion. The Soviets seem to assume that Bonn holds an opposite view, and they apparently fear that reductions applying only to US and Soviet forces would leave the West Germans disproportionately strong.

--Moscow holds Bonn responsible for much of the trouble it has had at CSCE preparatory talks on the subject of "freer movement," a topic which is likely to remain a major source of East-West discord at the CSCE second stage, which begins next month. The Soviets maintain that West German pressure on the issue is directed at developing closer ties with East Germany.

--Finally, Moscow is disappointed that detente has not generated more economic cooperation between the USSR and West Germany. Brezhnev requested lower interest rates on German credits in May [redacted] A West German draft proposal for subsidizing export credits to foreign countries, which is likely to be approved within the next two weeks, however, would remove a serious obstacle to the conclusion of industrial cooperation projects.

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CHILE

The cabinet reshuffle on Tuesday and the meeting of army generals on the same day have evidently had little impact on the situation. The slow-motion crisis continues and President Allende has seen fit to cancel his trip to Algiers for the nonaligned conference next week.

> *The President's hand has nonetheless been at least temporarily strengthened. The three military services and the national police are again all represented in his cabinet. Indecisiveness among high army generals--their meeting apparently ended in a decision to wait and see--seems to have precluded for now a concerted military effort to force Allende to modify his policies.*

The new army chief, General Pinochet, is giving first priority to overcoming disunity in his service. He is also trying to overcome long standing animosity among all the military services.

* * *

Extremist groups of both the right and the left have suffered reverses in recent days. The leader of the rightist Fatherland and Freedom group has been arrested and is said to have confessed his group's responsibility for recent widespread terrorism. Leaders of the Movement of the Revolutionary Left are said to have decided to act more cautiously after seizure of some of their personnel and arms caches by naval units.

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ARGENTINA

Argentina is granting long-term credits to selected Latin American countries as a means of furthering both political and economic goals. The credits--$10 million to Peru, $100 million to Chile, and $200 million to Cuba--are intended to challenge US-Brazilian influence in South America as well as to promote the export of Argentina's manufactured products.

These arrangements would strengthen Argentine ties with the Andean Group and would promote Peron's "third position" in foreign policy. The credits to Cuba have the additional advantage, for both countries, of challenging OAS members that still favor sanctions against Havana.

From an economic standpoint, this aggressive credit policy will indeed stimulate nontraditional exports since the three countries involved would not purchase large amounts of Argentine manufactures without these generous credit terms. On the other hand, Argentina can maintain these markets only by continuing to grant large credits--a policy that could eventually cause difficulties in view of the poor payment record of the three countries.

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NOTES

Kuwait: The government has asked Gulf Oil and British Petroleum, who own the Kuwait Oil Company, to give up their concession rights and enter into an agreement similar to that existing in Iran--100-percent ownership by the government. The companies would be compensated and would continue to operate the oilfields and market the oil as contractors. The 100-percent feature would not necessarily be a financial improvement for Kuwait--that would depend on the amount of compensation and the price at which the companies buy oil from the government--but its political attractiveness is likely to lead Saudi Arabia, Qatar, and Abu Dhabi to seek renegotiation of their own agreements with Western oil companies.

Canada: The special session of the House of Commons called today to deal with the national railroad strike will force the minority Trudeau government to contend with debates on inflation and spiraling food prices. Representatives of the New Democratic Party--the government's informal coalition partner--are thinking about forcing an election over the price of food [redacted] 25X1

The leader of the Conservative opposition has announced he will seek a vote of confidence, but the administration should be able to weather it if the NDP stays in line. 25X1

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The President's Daily Brief

31 August 1973

45

~~*Top Secret*~~ 25X1

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THE PRESIDENT'S DAILY BRIEF

31 August 1973

PRINCIPAL DEVELOPMENTS

The new men at the top of the Chinese party appear to be people with whom Chou En-lai can work. *(Page 1)*

There is tenuous evidence that the Soviets may have shipped "Scud" tactical ballistic missiles to Egypt or Syria. *(Page 3)*

Israel [redacted] *(Page 5)* 25X1

Another Soviet submarine has joined the flotilla already in Cuba. *(Page 6)*

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THE NEW POLITBURO OF THE 10th CENTRAL COMMITTEE

*Mao Tse-Tung, Chairman

†*Wang Hung-wen	Number-three man of Shanghai and the fastest rising member of China's present leadership; a Cultural Revolution activist and a probable protege of Chang Chun-chiao, he may have moderated his once-radical political position.
†Wei Kuo-ching	Boss of Kwangsi Province who came down hard on rampaging Red Guards during the Cultural Revolution.
*Yeh Chien-ying	A military man and de facto defense minister.
Liu Po-cheng	Retired marshal; an honorary elder.
Chiang Ching	Mao's wife and leader of radical elements during the Cultural Revolution.
*Chu Te	Retired marshal and early builder of the army; an honorary elder.
Hsu Shih-yu	Kiangsu party boss and commander of Nanking Military Region.
†Hua Kuo-feng	Hunan party boss now residing in Peking and active in national politics since the Cultural Revolution; little is known of his political views.
Chi Teng-kuei	From Honan Province; rose to prominence during the Cultural Revolution.
†Wu Teh	Peking party boss and former head of Kirin Province.
Wang Tung-hsing	Mao's former bodyguard; director of the central office of the Central Committee.
†Chen Yung-kuei	Boss of Tachai Commune, China's national agricultural model.
Chen Hsi-lien	Liaoning party boss and commander of Shenyeng Military Region.
Li Hsien-nien	Finance minister and long-time associate of Chou En-lai.
*Li Te-sheng	A military man, head of the General Political Department of People's Liberation Army, and Anhwei Province party boss.
*Chang Chun-chiao	Party boss of Shanghai and possibly party secretary general; generally believed to be one of the more powerful members of the Politburo who may have moderated his former radical views.
*Chou En-lai	Premier.
Yao Wen-yuan	Number-two man in Shanghai and a prominent leader of radical forces during the Cultural Revolution.
*Kang Sheng	Former head of the security apparatus who was criticized for radical excesses during the Cultural Revolution; believed to be in poor health.
*Tung Pi-wu	An honorary elder who is acting President of the People's Republic of China.

ALTERNATES TO THE POLITBURO

†Wu Kuei-hsien	A female worker
†Su Chen-hua	Deputy commander of the navy
†Ni Chih-fu	A worker
†Saifudin	Head of Sinkiang Province and, as a Uighur, one of the highest ranking minority cadre in China

* *Member of Standing Committee of Politburo* † *New member of Politburo*

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CHINA

The new party Politburo, elected yesterday, is a fairly balanced mix of party regulars, Cultural Revolution ideologues, military men, and elder statesmen. It is the same size as its predecessor--21 full members and four alternates.

All of the recently active members were reelected, and none of the party officials rehabilitated earlier this year regained Politburo membership. There are nine newcomers, including four provincial party chiefs--all civilians--a deputy commander of the navy, three workers, and one "model peasant." Two of the newcomers are from ethnic minority groups.

The Central Committee elected five vice chairmen of the party, and it seems likely that this group would become a collective leadership in the immediate aftermath of Mao's death. Chou En-lai is foremost among this group. An important role over the longer term will be played by the two younger vice chairmen, Wang Hung-wen, a party official from Shanghai in his mid-30s, and Li Te-sheng, a military man who rose to prominence during the Cultural Revolution. Both appear to have radical backgrounds, but both--particularly Wang--may have moderated their views in order to fit in.

The Politburo's powerful Standing Committee--which conducts the party's day-to-day business--consists of Mao, the five vice chairmen, two honorary elders, and Shanghai party boss Chang Chun-chiao, probably one of the most powerful members of the top leadership. Chang was not named a party vice chairman, but this may mean only that he was given the post of party secretary general, which because of its administrative function centers a great deal of power in the hands of one individual. The elevation of the two elder statesmen to the Standing Committee was probably designed to deny these positions to Madame Mao and her protege Yao Wen-yuan, two ardent leftists who have clearly been downgraded.

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Although the top echelons of the party--the vice chairmen and the Standing Committee--include several former leftists, these appear to be people with whom Chou En-lai can work. Chou was probably strengthened by the addition to the Politburo of moderate provincial leaders and by the election to the Central Committee of several government officials who are close to him.

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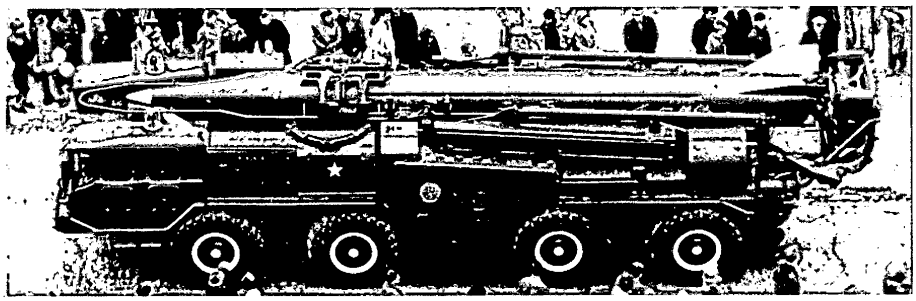
Soviet Scud-B Tactical Missile on Transporter-Erector-Launcher Vehicle



Initial operational capability	1961
Maximum range	160 nm
Accuracy	0.3 nm CEP
Guidance	Inertial
Warhead	2,000 lb (HE, CW, Nuclear)

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USSR-EGYPT-SYRIA

[redacted] 25X1
25X1

The "Scud" is a tactical ballistic missile that can deliver a 2,000-pound nuclear or conventional warhead to a range of about 160 nautical miles. It is roughly comparable to the Jericho missile system the Israelis are developing. Nikolayev is a major port for the shipment of military goods to the Middle East.

[redacted] 25X1
two freighters of the same class departed the Black Sea, one bound for Cuba and the other for the Egyptian and Syrian ports of Alexandria and Latakia. Since then another Soviet freighter has visited Latakia and Alexandria, carrying as deck cargo five tractor trucks of the type used as a prime mover for the Scud transporter trailer, but not unique to that weapons system. [redacted] 25X1
25X1
25X1
25X1

There has been no reporting from any other source indicating that Scud equipment has been sent to Egypt or Syria. All collection systems have been alerted. Two attempts to photograph Nikolayev in early August to ascertain whether the equipment was still there were balked by clouds.

[redacted] 25X1

Acquisition of such a weapon would give Syria the capability to hit most of Israel and would make all of Sinai a target for Egypt. The Scud is not capable of pinpoint accuracy, however, and without a nuclear warhead it is not effective against small targets.

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[redacted] 25X1

[redacted] 25X1

[redacted] 25X1

[redacted] 25X1

[redacted] 25X1

[redacted] 25X1

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ISRAEL

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NOTES

USSR-Cuba: A Soviet F-class diesel attack submarine, which had entered the Caribbean undetected, [redacted] Also present were a nuclear-powered cruise missile submarine and a guided-missile cruiser and destroyer which had entered the port on [redacted] All the Soviet ships except the F-class submarine had departed Cienfuegos by the morning of [redacted] They will probably participate in exercises with Cuban naval units for the next month. 25X1 25X1 25X1

Argentina: Some Peronists reportedly plan to use a massive labor rally today in Buenos Aires to call for the immediate designation of Peron as president. While Peron still seems committed to the elections planned for September 23, the meandering course he has pursued in recent months makes it difficult to discount the possibility of a sudden shift.

Pakistan: A preliminary estimate of flood damage by the US Embassy in Islamabad indicates that more than 10 percent of the wheat harvested last spring and roughly 15 percent of the current rice crop have been destroyed. Some 100,000 tons of maize and other minor food crops, as well as 120,000 tons of sugar and 40,000 tons of cottonseed oil have been lost. The government will have to import wheat and will not be able to export much rice this year. Cotton, a major foreign currency earner, has also suffered, and its export has been banned. Government relief efforts have been reasonably effective, but in the long term stability depends on the government's importing adequate food and keeping prices within reasonable bounds.

Nonaligned Conference: The meeting, opening Sunday in Algiers, will probably pass a resolution condemning Israeli "aggression" and the US for its Middle East policy, and calling for more support of the Arab cause. Egypt is expected to take the lead in lobbying for votes. [redacted] 25X1

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