



The President's Daily Brief

~~Top Secret~~ 3 February 1967



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DAILY BRIEF
3 FEBRUARY 1967

1. Sino-Soviet
Relations

Peking continues its all-out effort to provoke Moscow, but the latter still seems to be resisting the temptation to respond by a formal and complete break in relations.

Moscow could, however, be preparing for something just a little short of such a break.

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2. South Vietnam

The rice situation continues to worsen as people stock up for the Tet holiday; prices have risen 30 percent during the past month and stocks are at very low levels. Ky has yet to follow through with his promise to try to negotiate a rice deal with Thailand.

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3. Korea

The North Korean raid this morning, although it apparently did not result in any South Korean casualties, will give new ammunition to South Korea's hawks, who are already seething over the sinking of a patrol boat last month. The South Korean defense minister is almost surely urging a quick retaliatory action against North Korean positions in the Demilitarized Zone.

4. East-West Europe

Bonn's drive for better relations with Eastern Europe is becoming a divisive issue among Moscow's former satellites. On the one side is Rumania, the first to break solidarity on this issue. On the other is East Germany, angrily lobbying--without much effect--among its allies for a continued policy of treating Bonn as an outcast.

Even the Poles, among the warriest recipients of initiatives from Bonn, are beginning to feel isolated on the issue. There are some signs that Warsaw has made its own tentative soundings in Bonn.

Moscow is reacting cautiously to this confusion. There is not much the Soviets could do now, assuming they want to head off further moves toward East European - West German rapprochement. A Warsaw Pact foreign ministers meeting is apparently to convene in Berlin next week. It will surely discuss Bonn's initiatives, but any agreement on a common response is highly unlikely.

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5. Egypt

We see signs that the Egyptians expect a broad confrontation with the US.

This Tuesday Nasir's vice president told US officials that relations were even worse than during the Middle East crises in the '50s. He insinuated that US support of Jordan and Saudi Arabia was chiefly responsible for this state of affairs. Along the way, he admitted that last week's bombing of a Saudi border town was intended as "pressure" on Faysal to desist from supporting the Yemeni royalists.

The vice president admitted Egypt's economic situation was not good, and seemed to see something sinister in US delay on Egyptian aid requests.

We think this is probably an accurate reflection of Nasir's present mood. We cannot be sure, however, whether it is a prelude to some new move against Western interests, or simply an outgrowth of Nasir's fantasy that the West is out to get him.

6. Bolivia

Before the Bolivian Congress adjourned this week, it acted to enable President Barrientos to leave the country for the Inter-American summit meeting. If he chooses, he can use this to justify a retreat from his threat not to go unless the American presidents agree to discuss Bolivia's access to the sea-- a perennial grudge against Chile.

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