

*Handwritten marks:*  
A scribble at the top right.  
A handwritten number '8' below it.



*The President's Daily Brief*

*28 May 1971*

19

50X1

~~*Top Secret*~~



FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

28 May 1971

PRINCIPAL DEVELOPMENTS

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

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

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

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

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

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR-EGYPT

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

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

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

*FOR THE PRESIDENT ONLY*

**EAST PAKISTAN**

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

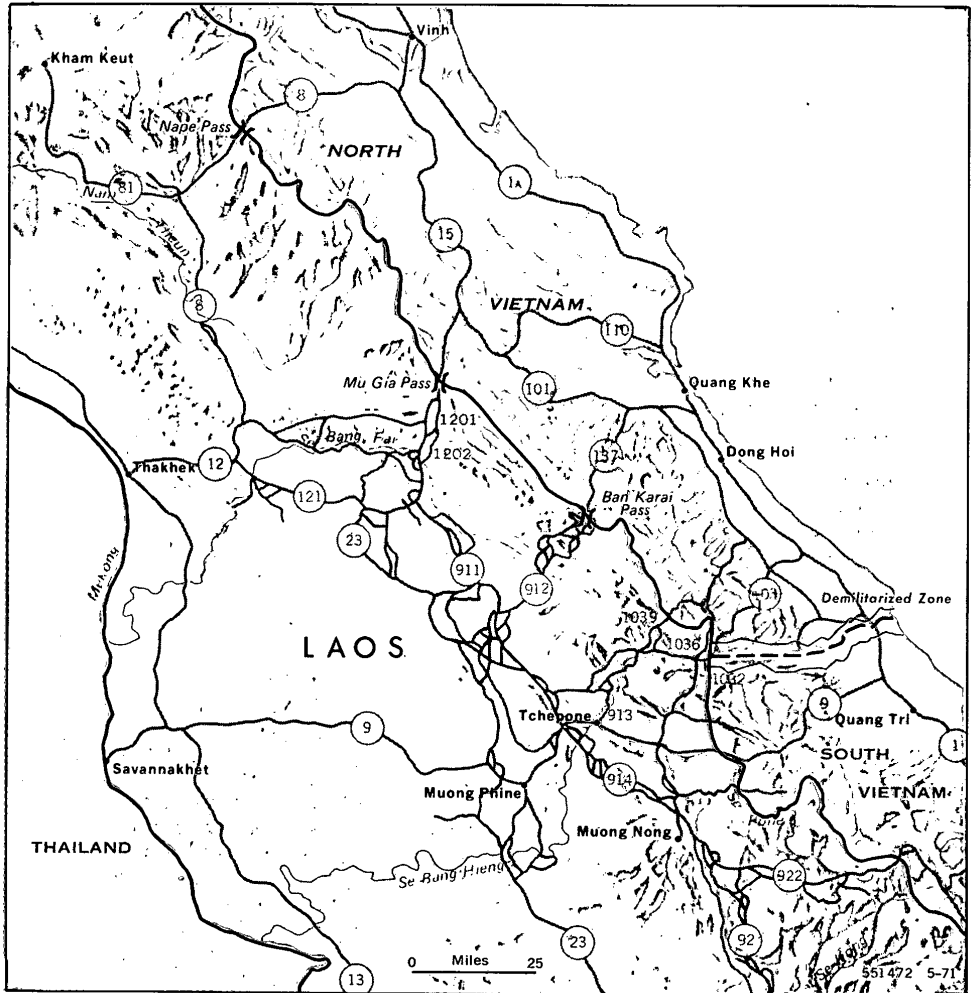
The consul general believes such conditions mean that the refugee flow will continue for some time, thus increasing the chance of an eventual Indo-Pakistani military confrontation. The breakdown of law and order will have an adverse effect on the sowing and harvesting of crops, on industrial production,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

*FOR THE PRESIDENT ONLY*

**INDIA-PAKISTAN**

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

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



FOR THE PRESIDENT ONLY

LAOS

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

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

\* \* \*

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

50X1  
50X1  
50X1  
50X1

[redacted]

FOR THE PRESIDENT ONLY

SENSITIVE

USSR-US

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

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

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

FOR THE PRESIDENT ONLY



FOR THE PRESIDENT ONLY

CHILE

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

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

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

FOR THE PRESIDENT ONLY

NOTES

Argentina:

[Redacted]

50X1  
50X1

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

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

[Redacted]

50X1

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

*Top Secret*