



The President's Daily Brief

8 May 1971

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

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

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

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[Redacted] South Vietnam [Redacted] (Page 3)

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[Redacted] Laotian [Redacted]

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EGYPT

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

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

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WEST GERMANY - INTERNATIONAL MONETARY SITUATION

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

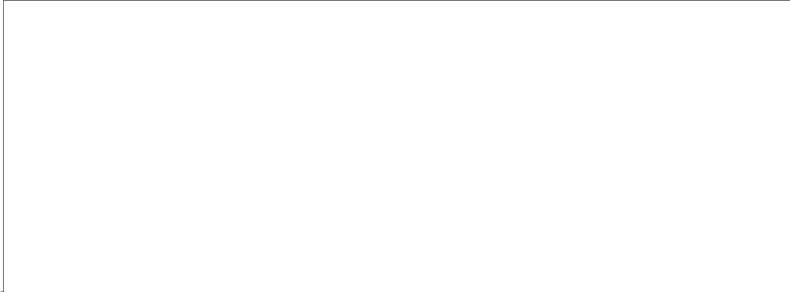
Economics Minister Karl Schiller, who first proposed the float, apparently has not been able to win the support of the West German cabinet for a decision to float the mark unilaterally. Germany's partners at Thursday's meeting of the Community's Monetary Committee opposed a revaluation of the mark, a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

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

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

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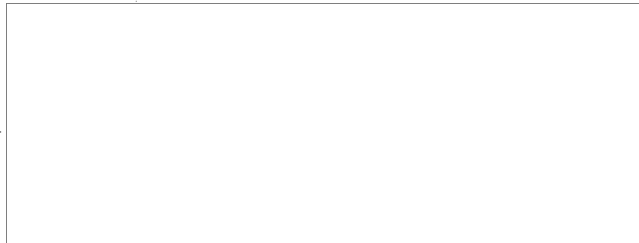
SOUTH VIETNAM



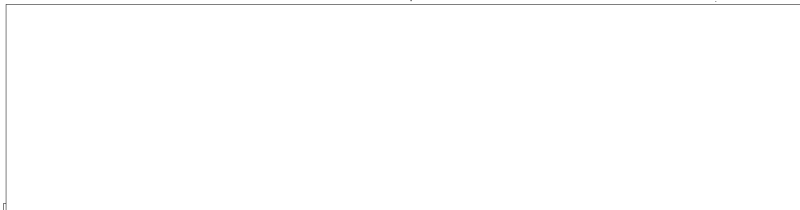
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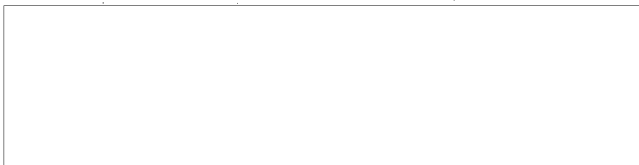
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NOTES

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Japan-China:

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