



The President's Daily Brief

24 August 1971

46



50X1

~~*Top Secret*~~

FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

24 August 1971

PRINCIPAL DEVELOPMENTS

On Page 1 we discuss the probable impact of the preliminary Berlin agreement on the movement toward detente in Europe.

The dollar showed surprising strength yesterday in the reopening of major foreign exchange markets in Europe. (Page 3)

In southern Laos, the government is mounting a new assault to retake Paksong on the Bolovens Plateau. (Page 4)

50X1

South Vietnam (Page 5)

(Page 6), Indo-Soviet Peking

50X1

(Page 7).

50X1

Bolivia's new regime has reacted harshly toward recalcitrant leftist students. (Page 8)

FOR THE PRESIDENT ONLY

BERLIN-EUROPE

The preliminary Berlin agreement will add powerful impetus to the movement toward detente in Europe. Although there remains the negotiation of details by Bonn and Pankow which may take several months, Pankow is not likely to be able to hold out against Soviet insistence upon an agreement. The entire package must thereafter be approved by the Big Four. This step will open the way for the Bonn coalition to present for ratification, well in advance of the 1973 elections, the treaties signed last year with Moscow and Warsaw.

In a larger context, West Germany will regard the agreement, which required fewer concessions than Bonn was ready to make, as a signal victory for its Ostpolitik. Bonn's success will also increase its confidence in dealing with its Western allies, in particular the French, who were not always helpful in the Berlin talks and whose support is less necessary now.

Agreement on Berlin will also satisfy NATO's prerequisite for moving toward a Conference on European Security. Soviet spokesmen are already putting new steam behind this project. The members of NATO, some of whom want to give preference to force reductions rather than attend a conference devoted largely to atmospherics, will be under pressure to speed their preparation of a negotiating position.

The Soviets also see themselves as gainers. They will view the Berlin agreement, plus the treaties which Bonn will probably ratify in due course, as a milestone in their postwar efforts to gain Western acceptance of their primacy in Eastern Europe and of East Germany's legitimacy as a sovereign state. With the way cleared for further detente initiatives, the USSR, while not overlooking opportunities to play off one West European nation against another, will target its diplomacy primarily upon the American presence and role in Europe.

East Germany, in contrast, looks askance at the agreement and the prospects that it opens. The agreement itself voids Pankow's claim to full control over its own territory, and detente threatens to weaken East Germany's defenses against Bonn's efforts to normalize relations between the "two states of the German nation." East Germany will try to

FOR THE PRESIDENT ONLY

block any broad inter-German accord--as opposed to the talks on access--by demanding full diplomatic recognition and admission to the UN, but its campaign to limit contacts with West Germany to a bare minimum will tend to isolate it from its allies.

Most other East European states, on the other hand, will welcome the Berlin agreement. These states will see it as advancing the trend through which they are acquiring national security by eliminating a German challenge to their present boundaries and as perhaps allowing greater access to the Western economic technology and financing they hope to use to achieve domestic tranquillity. Others, particularly Romania, will see it as abetting the process by which they hope to loosen Soviet control.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

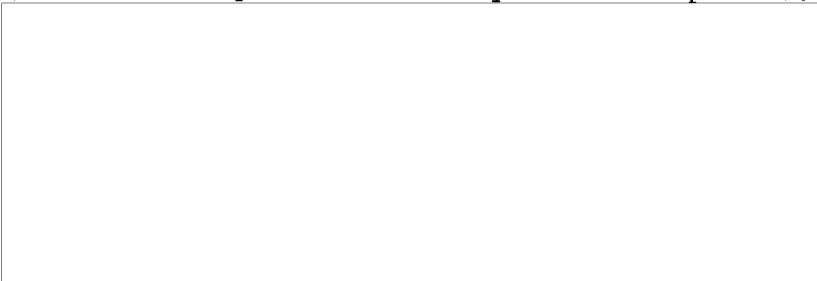
INTERNATIONAL MONETARY SITUATION

Trading was slow and cautious on the major European foreign exchange markets that reopened yesterday. The dollar declined at the opening in most markets, but it recovered somewhat and the declines averaged less than two percent at the close.

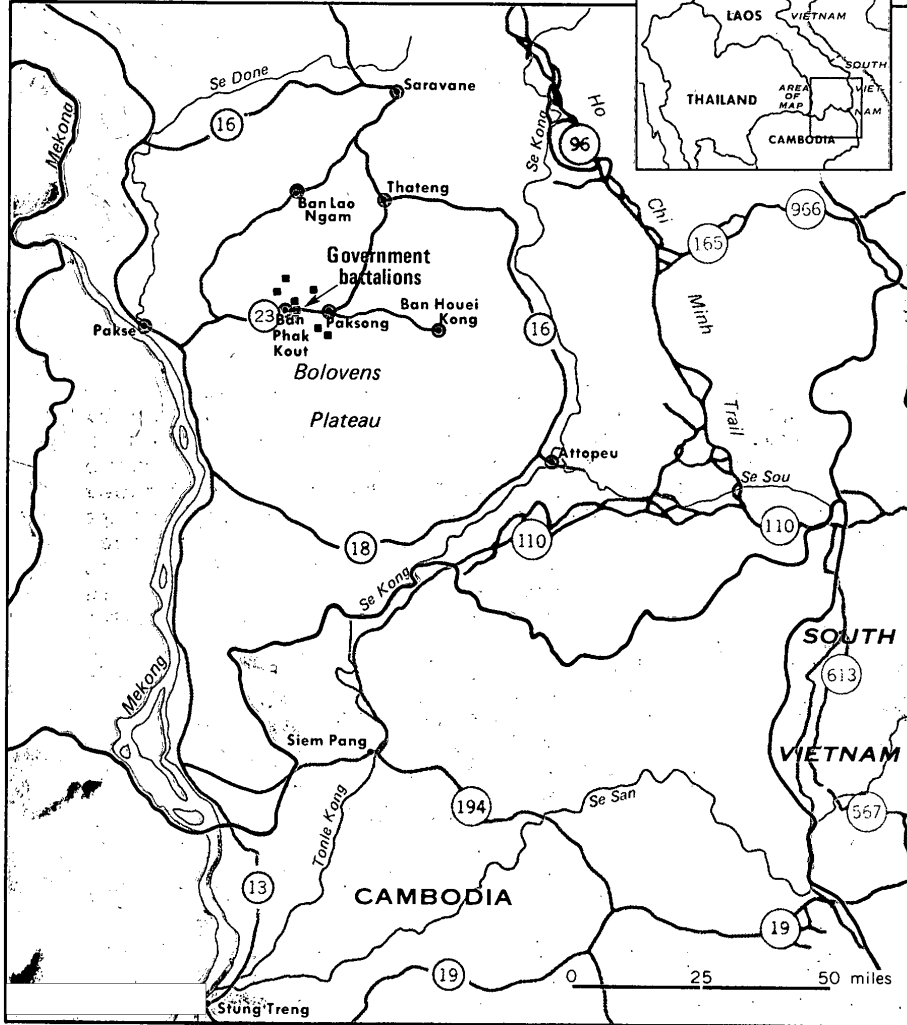
The dollar's surprising strength is probably attributable to demand stemming from outstanding dollar obligations. Renewed public statements of uncertainty about eventual parities, however, may result in future fluctuations in exchange rates.

Tokyo's foreign exchange market was generally calm yesterday with the Bank of Japan buying only about \$10 million to maintain the yen-dollar parity. Japanese stock prices declined by about four percent.

50X1



LAOS: Bolovens Plateau Area



551796 8-71 CIA

- Communist-held location
- Government-held location

50X1

FOR THE PRESIDENT ONLY

LAOS

The government is mounting a new three-pronged assault against Paksong on the Bolovens Plateau. Three battalions of irregulars are moving toward the town from the northwest, two others have been airlifted into positions to the southeast, and three Lao Army battalions are pushing slowly eastward along Route 23. Two of the army battalions have reported continuing contact with the enemy.

Earlier government efforts to recapture Paksong were repulsed by determined North Vietnamese resistance. An enemy counter-attack on 18 August dispersed four Lao Army battalions and inflicted heavy casualties. Air observers report that the enemy is continuing to build up defenses in and around Paksong.

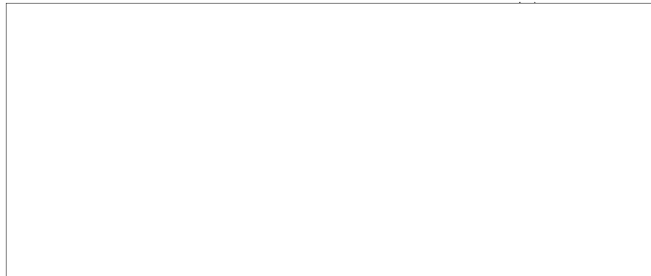
Military activity elsewhere in Laos remains relatively light. Vang Pao's irregular forces on the Plaine des Jarres continue to skirmish daily with Communist units located in an arc to the east of the Plaine, but little new territory has been gained or lost.

FOR THE PRESIDENT ONLY

SOUTH VIETNAM



50X1



50X1



50X1

FOR THE PRESIDENT ONLY

INDIA-USSR

[Redacted]

50X1

[Redacted]

50X1

[Redacted]

50X1

[Redacted]

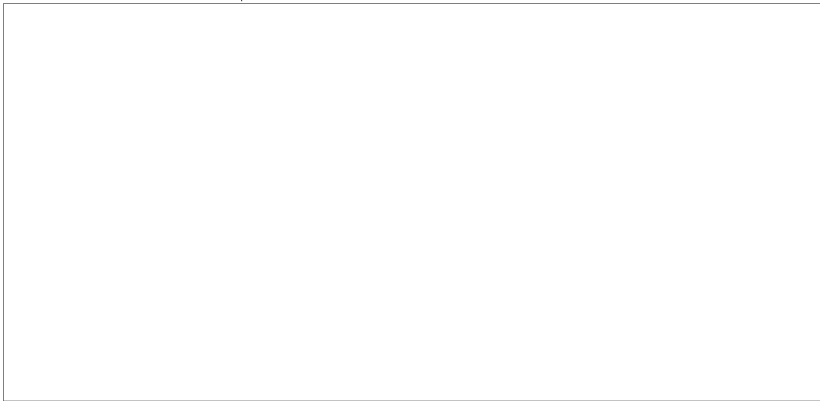
50X1

[Redacted]

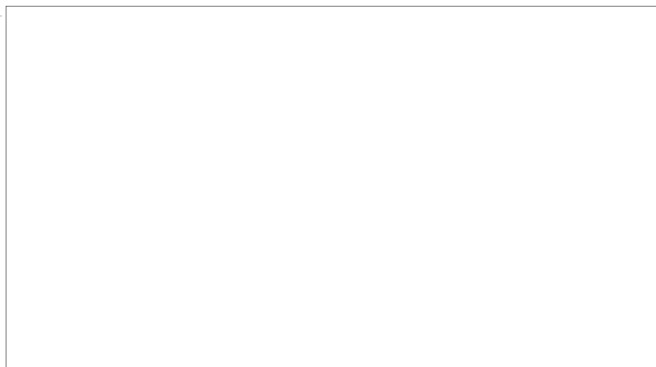
50X1

FOR THE PRESIDENT ONLY

COMMUNIST CHINA - PAKISTAN



50X1



50X1

FOR THE PRESIDENT ONLY

NOTES

Bolivia: Occasionally heavy small arms fire continued in parts of La Paz last evening, especially in the university area which was the scene yesterday of the only major violence since the ouster of General Torres. The firing on leftist students barricaded in the university and the strafing of their building by an air force plane followed the breakdown of negotiations with the students. Although the reported casualties from the incident may be somewhat exaggerated, President Banzer's firmness toward the students is likely to serve as a warning to other potential troublemakers still at large--including leftist miners, workers, and peasants--that he will deal swiftly with attacks on his new administration.

Warsaw Pact: A long-rumored joint Warsaw Pact exercise in Bulgaria apparently is not going to occur this month; instead, preparations for a Bulgarian national exercise are now under way. Numerous bloc-instigated reports of the planned exercise may only have been intended to generate pressure on Romania. The relative calm displayed by Bucharest in the face of this war of nerves suggests that it had a good reading on the intent of these reports all along.

Top Secret