

*The President's Daily Brief*

*23 September 1971*

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*FOR THE PRESIDENT ONLY*

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

The official Communist Chinese explanation for the cancellation of National Day ceremonies is unconvincing. (Page 1)

Japan appears ready to revalue the yen. (Page 2)



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Italy has responded favorably to a Yugoslav request for military cooperation. (Page 4)

The most recent satellite photography of Soviet ICBM complexes is discussed on Page 5.

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COMMUNIST CHINA

The Chinese Ministry of Foreign Affairs announced yesterday that cancellation of the usual parade in Peking and other major ceremonies throughout the nation on 1 October is merely a "reform" of the traditional way of celebrating the National Day. The official line/

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portrays the change as an economy move which will also encourage the nation to concentrate on achieving "concrete deeds in production and construction," a formulation previously used to explain the remarkably low-key celebration last July of the 50th anniversary of the Chinese Communist Party.

*Peking's attempt to play down the significance of this episode appears singularly thin. Anomalous developments, such as the abrupt way the unprecedented decision apparently was reached and the continuing standdown in military flight activity, suggest that the decision was prompted by some major problem besetting China's unsettled leadership coalition.*

*Thus far, Peking has not reacted to foreign press speculation that Mao Tse-tung or Lin Piao is ill or dead. Chinese spokesmen in Hong Kong and in several foreign embassies claim that Mao is in excellent health. There are also no indications of public disruptions in Peking as a result of the decision.*

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JAPAN

Tokyo will revalue the yen in relation to the dollar by about 12 percent this coming weekend, [redacted] [redacted] The timing is convenient, since the money market will be closed Friday through Sunday because of Japanese holidays. One Japanese trading company is already reported to be signing foreign trade contracts at the new rate.

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*Unilateral revaluation at this time would suggest Tokyo believes the present impasse between the US and the other Group of Ten nations will not soon end, and that the step was necessary to facilitate Japan's international trade during the interim. A 12-percent revaluation of the yen would be roughly consistent with the appreciation of the European currencies that has already occurred. Moreover, Japan could cite the move as an unselfish effort to break the current deadlock prior to the IMF meetings in Washington next week.*

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SOUTH VIETNAM

[redacted] some 2,000 veterans are converging on the capital from the provinces this week for demonstrations that he expects will be considerably larger than last year's and will include self-immolations. The main targets of the demonstrators will be the presidential palace and the US Embassy, in that order. [redacted] believes the veterans have close ties with student groups and with the An Quang Buddhists, and that Vice President Ky is behind the protests as part of his campaign against President Thieu's election policy. Students from the Buddhist university in Saigon plan to demonstrate today in protest against forcible police repression of an earlier demonstration on 18 September.

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[redacted] fears that the veterans' demonstrations might get out of hand. He is concerned that mass support for the veterans might develop, ultimately leading to the danger of a military coup.

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The government has elaborate plans to dissuade groups of veterans and the population from supporting the demonstrators and will make arrests only when absolutely necessary.

*In the past, the government has acted with considerably greater restraint when dealing with protesting veterans than it has with other agitators. It probably is still concerned that elements of the military might view the protests by their former comrades with some sympathy.*

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ITALY-YUGOSLAVIA

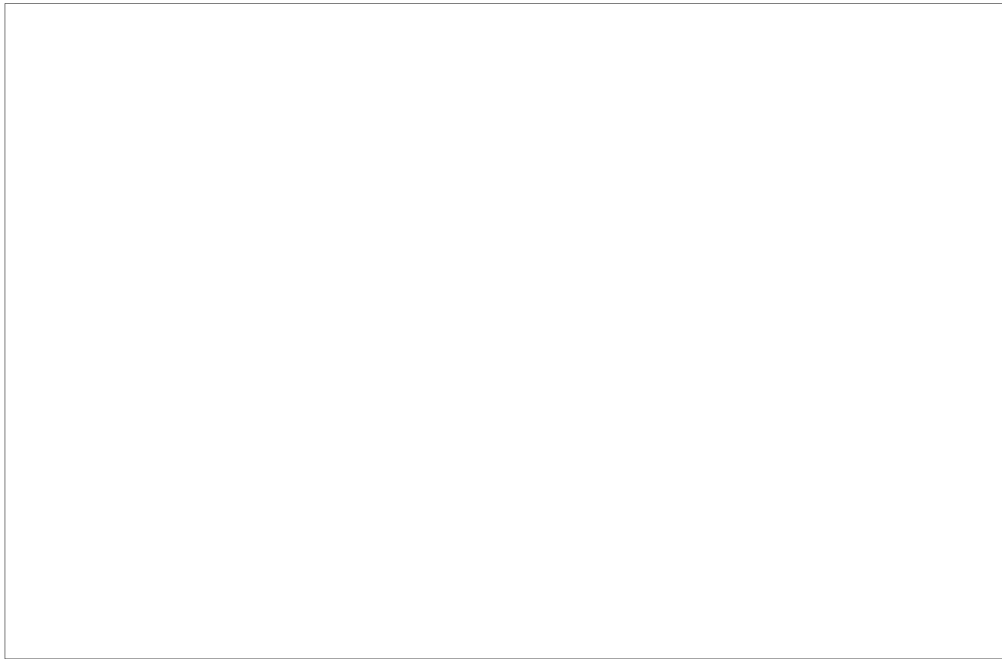
[redacted]  
[redacted] the Yugoslavs had raised the subject of military cooperation with the Italians. Early this month the Italian Foreign Ministry responded favorably, proposing that a technical delegation visit Belgrade later this year to discuss specific areas of cooperation. The Yugoslav military attaché in Rome has said his country is interested in coproduction of armaments and in the possibility of military collaboration "on the operational level."

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[redacted]  
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USSR

The most recent satellite photography provided at least partial coverage of 21 of the 24 Soviet ICBM complexes, but neither Derazhnya nor Pervomaysk, where SS-11s are deployed with MRBMs and IRBMs, was covered with usable photography. No additional silos of the new type were detected, nor have we picked up any new details about them. Our count thus remains at 66 new-type silos at Derazhnya and Pervomaysk, and 25 at complexes where SS-9s are deployed.

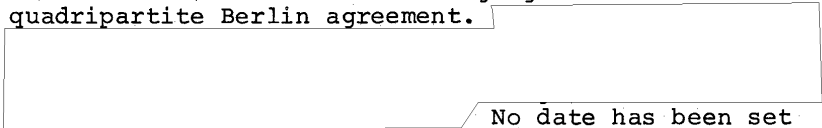
Analysis of the photography is continuing, and further details may become available.



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NOTES

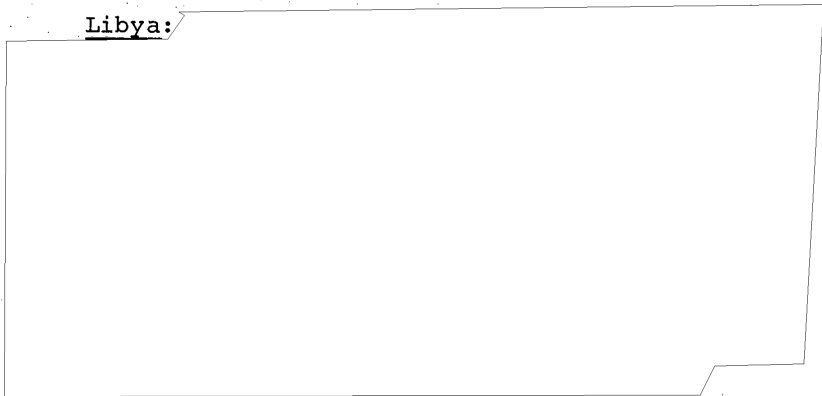
East - West Germany: As expected, the talks between the two Germanies broke down yesterday because of East Germany's unwillingness to negotiate differences over the German-language text of the quadripartite Berlin agreement.



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No date has been set for a resumption of the meetings, and the West Germans are beginning to look for a face-saving way out of the situation. Parallel talks on West Berlin issues have been in abeyance since last week in anticipation of the impasse.

Libya:



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