

The President's Daily Brief

3 February 1972



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PRINCIPAL DEVELOPMENTS

On Page 1 we comment on yesterday's statement by Viet Cong representatives in Hanoi on their requirements for a settlement.

Communist supply movements in southern Laos, South Vietnam, and Cambodia continue to increase, and [redacted] elements of the 2nd Division are following the 320th toward the central highlands. (Page 3)

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Probes and shellings persist around Long Tieng, and Communist forces have made some gains to the west along Route 13. (Page 4)

The communiqué issued at the end of President Bhutto's visit to Peking shows that China is not about to increase its political support for Pakistan. (Page 5)

[redacted]

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[redacted]

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The Panamanian Government has begun a campaign to air the canal issue in international forums. (Page 7)

Last week's party conference in Yugoslavia approved some stopgap measures aimed at tightening central control, but they offer little hope of resolving the issue of regional nationalism. (Page 8)

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VIETNAM

Viet Cong representatives in Hanoi yesterday issued a statement which ostensibly elaborates some of the key elements in their seven-point proposal of last July, particularly with regard to a South Vietnamese political solution. According to the new statement, the Communists' Provisional Revolutionary Government is now willing to discuss with the "Saigon administration" arrangements for a caretaker regime and new elections. Such discussions, however, could take place only after the resignation of President Thieu, the freeing of "political prisoners," the disbanding of Saigon's "machine of oppression and constraint against the people," the ending of the pacification program, and a guarantee of free movement throughout Vietnam to the Viet Cong.

Previously the Communists have called for the immediate and total elimination of the Saigon regime, stating that they would deal only with forces "favoring peace and national accord" in setting up a transitional administration to prepare for elections. In their refinement of this position, they may be trying to undercut the US charge that they are insisting that a Communist government be formed in South Vietnam. They may also hope their demands for Thieu's immediate resignation and for the setting of stringent demands on the remaining Saigon administration will undermine morale and confidence in Saigon.

The Viet Cong statement fails to include the standard explicit call--included in the seven points--for an end to all US support and backing for the Saigon regime, although it does generally assert that the US must end its interference in South Vietnamese internal affairs. It remains rigid and explicit, however, on the issue of the withdrawal of US military forces and arms, specifying that the US must set a terminal date for all US air, ground, and naval action in both North and South Vietnam, and that the withdrawal of US forces and arms must be unconditional.

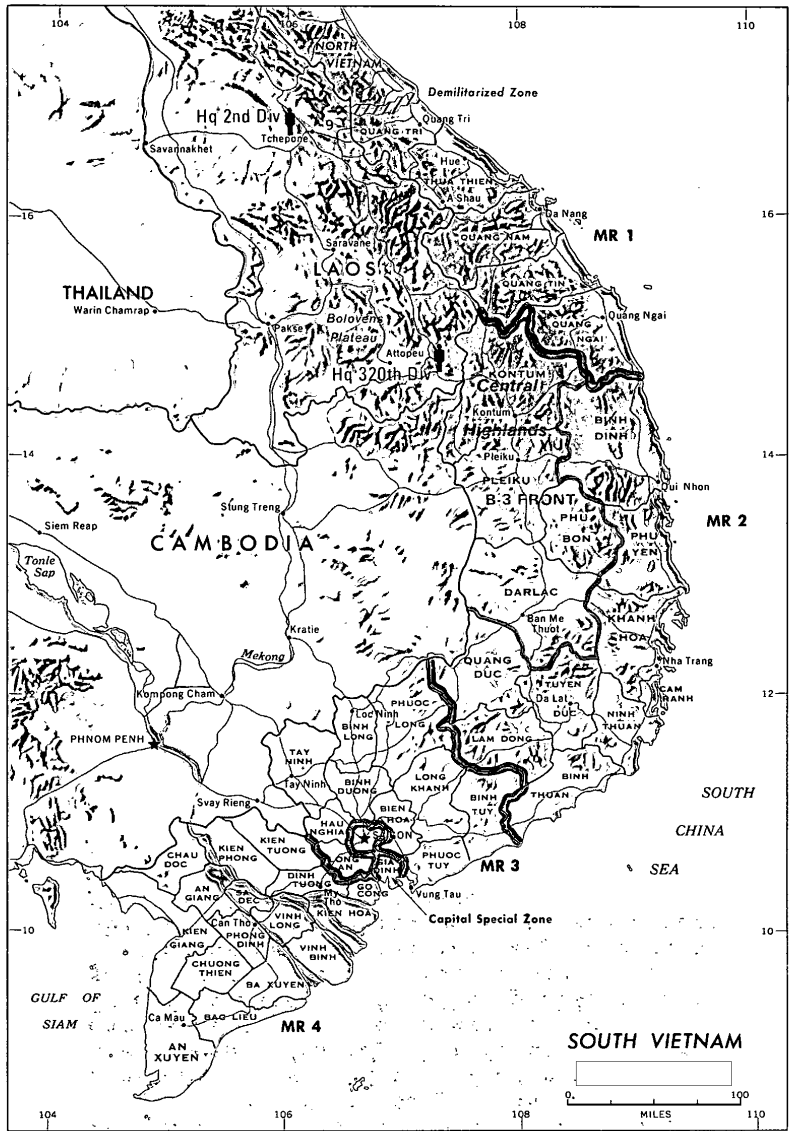
Instead of pacing the return of US prisoners to the US withdrawal, the Viet Cong statement indicates that the prisoners will

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not be returned prior to the end of the US withdrawal. Unlike most formulations of the past few months, the statement does not say that US military withdrawal and implementation of a political settlement are "closely linked," but it does say that agreement on the two issues will make it "easy" to resolve the other problems in a settlement. The omission of the cease-fire issue in the statement suggests that the Communists may intend to preserve some flexibility on this subject.

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INDOCHINA

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We also have further signs that elements of the Communist 2nd Infantry Division appear to be following the 320th Division toward the highlands--tentative radio direction-finding indicates that one element of the 2nd Division has arrived in the tri-border area.

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Most of the 320th Infantry Division, which has been moving south since December, apparently now is in the tri-border area.

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LAOS

Probes and shellings continue daily in the Long Tieng area but no positions have changed hands in the last several days. Communist intercepts continue to stress resupply and reconnaissance in preparation for future action.

To the west of Long Tieng, increased Communist pressure has caused some Lao Army forces to abandon their positions near Muong Kassy. Small Communist units have also overrun Kiou Kacham on Route 13 between Sala Phou Khoun and Luang Prabang.

The Communist forces operating along Route 13 are Pathet Lao and dissident Neutralist troops. The fact that they are outnumbered by Lao Army forces and are operating at the end of long supply lines suggests that they will not pose a serious threat either to Luang Prabang or to the government base at Vang Vieng. Nonetheless, the poor performance of Lao Army units will make government leaders uneasy and perhaps cause them to divert resources from other areas to the Route 13 defenses.

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COMMUNIST CHINA - PAKISTAN

The joint communiqué issued in Peking yesterday to mark the end of President Bhutto's visit provides further evidence that China is not prepared to increase its political support for Pakistan and is reserving its freedom of maneuver. The communiqué contains a plea by Bhutto that all states refrain from legitimizing "Indian aggression"--i.e., by recognizing Bangladesh--but Chou En-lai's response is limited to expressing his understanding and respect for Pakistan's stand.

The communiqué also suggests that Peking is not now interested in increasing economic assistance to Pakistan. The Chinese agreed only to convert their four previous loans into grants and to defer payment for 20 years on their 1970 loan of \$200 million. Peking also promised to provide Islamabad with fresh loans "on similar terms," but only after the 1970 loan has been utilized.

Both sides call upon India to withdraw its troops from occupied territory and to fulfill its Geneva Convention obligations for the safety of Pakistani prisoners of war. The language, however, is nonpolemical and does not represent an intensification of earlier Chinese propaganda attacks on India.

Although the Chinese had appeared reluctant to play host to Bhutto at this time, they apparently went along with his visit in order to bolster his political position at home and to maintain some pressure on India to come to an accommodation with him. Long ago, however, Peking warned Islamabad that China intended to improve its relations with India, and this goal has undoubtedly assumed greater urgency with India's new pre-eminence in the subcontinent and Pakistan's diminished utility as a bulwark against Soviet influence in the region. The Chou-Bhutto communiqué does not depart from this policy.

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PANAMA

The Torrijos government has begun using international forums to focus world attention on the canal issue. Panama's Ambassador Boyd, in his only two statements to the UN Security Council following Panama's election to the Council, has featured his country's complaints against "US neocolonialism." At a recent meeting of the OAS Inter-American Council for Education, Science, and Culture the Panamanian education minister spoke in a similar vein.

Boyd told Ambassador Bush on Tuesday that Panama planned to submit a resolution to the Security Council on the canal issue. If the US vetoed it, Boyd said he would take the issue to the General Assembly.

Since General Torrijos apparently believes that by discomfiting the US at international meetings he can compel Washington into further concessions in the canal negotiations, we expect that he will continue to exploit opportunities in the UN and OAS. Recent Cuban and Soviet pronouncements are likely to have convinced Torrijos that he has the diplomatic and propaganda support of Communist states. By portraying Panama's stand in the canal negotiations as part of the world-wide struggle against colonialism he is bidding hard for third world support.

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YUGOSLAVIA

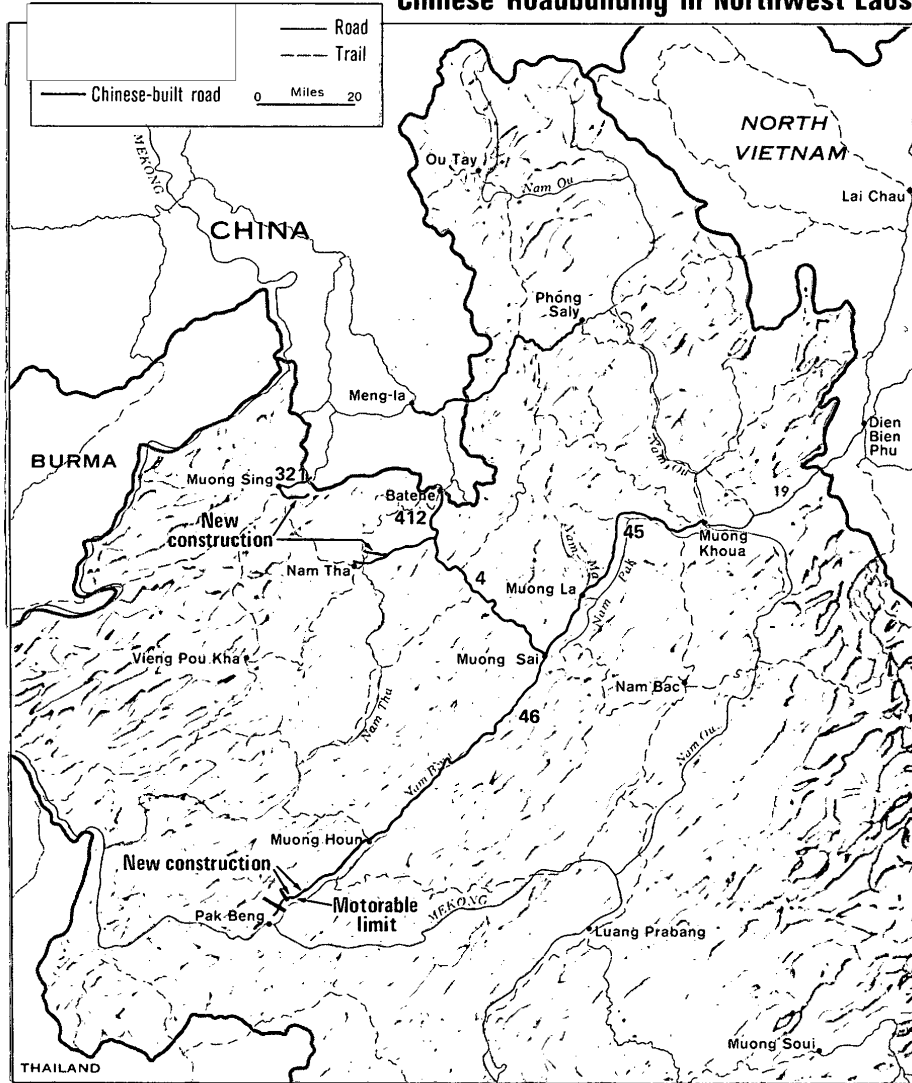
The party conference last week approved some organizational changes aimed at tightening national control over party organization. The most important move was the naming of three Serbs to a tight-knit eight-man party executive bureau. (Serbs traditionally tend to support the federal party's rights and prerogatives as against regional interests.)

These changes are no more than stopgap measures. They offer little hope of resolving the divisive issues such as regional nationalism that are deeply troubling the country. The failure to adopt stronger measures shows that there is much resistance in the party to any retreat from Yugoslavia's decentralized system.

The party's continued failure to find a way of reasserting itself as a unifying force could eventually cause the military to play such a role. The armed forces have long regarded themselves as guardians of a unified Yugoslavia. This feeling has been reinforced by Tito's reliance on them for support in times of crisis, as he did most recently during his move against Croatian nationalists.

Chinese Roadbuilding in Northwest Laos

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NOTES

Communist China - Laos: Recent photography shows that since early December the Chinese have added two miles of construction and improvements to the road being built southwest from Muong Houn toward Pak Beng on the Mekong River. The road now is motorable to within seven miles of Pak Beng. The Chinese are also continuing to improve Route 45 as far as the Nam Ou River, are widening and straightening Route 321 from the Chinese border to Muong Sing, and are building a new road southeast of Muong Sing.



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International Monetary Situation: Major European currencies rose sharply against the dollar yesterday, and a growing demand for marks caused the Bundesbank to support the dollar substantially for the first time since the realignment last December. The Belgian and Dutch central banks may soon follow suit. European bankers apparently do not expect the dollar to strengthen until an increase in the price of monetary gold seems certain. Continued upward movement of the European currencies could cause central bankers to resume currency floats or tighten controls on movement of capital rather than absorb new, large amounts of dollars.

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