

*The President's Daily Brief*

*7 February 1973*

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

7 February 1973

PRINCIPAL DEVELOPMENTS

In most areas of South Vietnam Communist units remain under orders to restrict their activity to countering government efforts to resume control of Communist-held territory. (Page 1)

[Redacted]

[Redacted]

(Page 2)

Lao

[Redacted]

[Redacted]

(Page 3)

The run on the dollar intensified yesterday morning; although the dollar rallied in the afternoon, currency markets remain unsettled. (Page 4)

In Chile, President Allende has acted to assist the candidacies of the extremists and to ease the feuding within the government coalition. (Page 5)

Argentina's military government is bringing criminal charges against leading Peronist candidates in an effort to throw them off their stride in the election campaign. (Page 6)

The Cambodian Government continues to flounder in trying to begin a dialogue with the Communists. (Page 7)

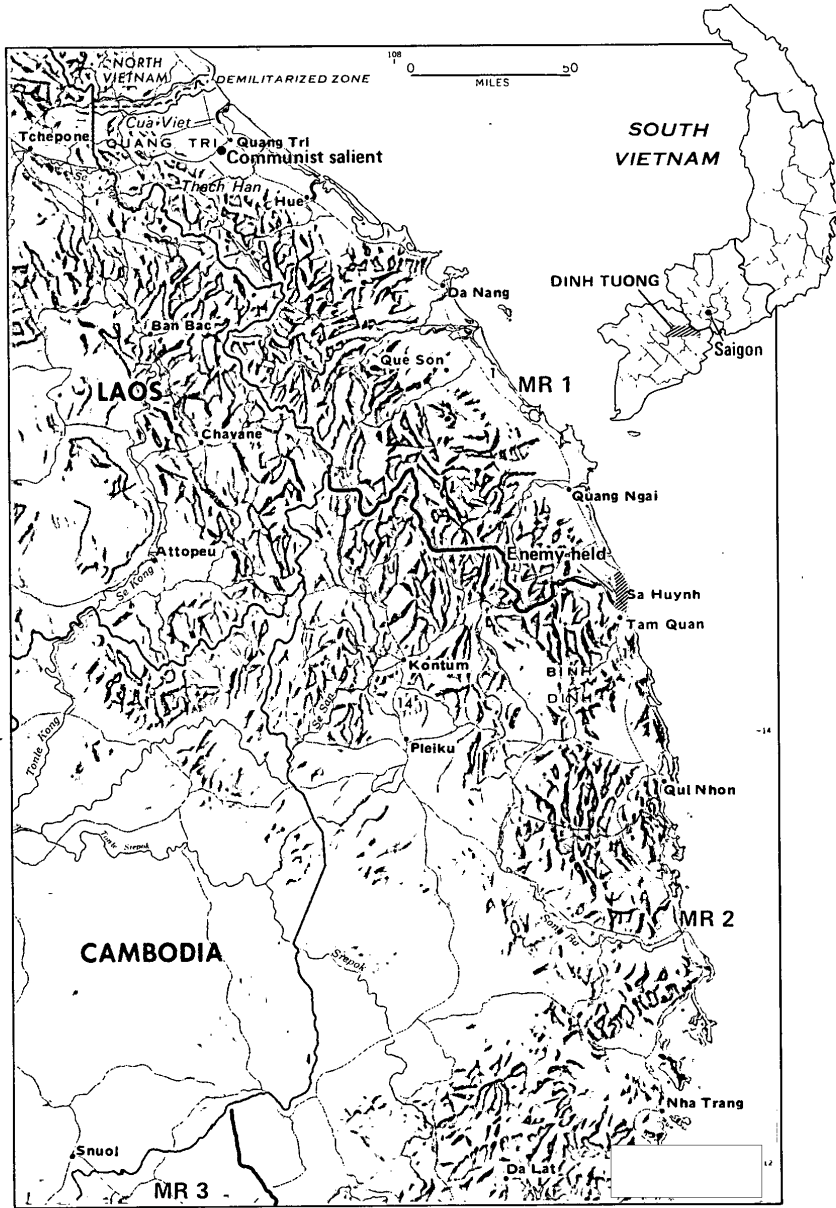
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## FOR THE PRESIDENT ONLY

### SOUTH VIETNAM

Some Communist main forces are moving to improve their defensive posture. In Binh Dinh Province, for example, elements of a North Vietnamese division as well as a field headquarters of the Viet Cong command for the coastal region have shifted to positions near the Tam Quan District capital. These moves could provide a better defense for Sa Huynh village and a 15-mile stretch of Route 1--both seized during cease-fire attacks.

*The Communists still substantially control the three northern districts of Binh Dinh Province and the area of concentration to the south along Route 1 as well. Traditionally, this province has been a Communist stronghold.*

Intercepts show that main force units in most areas are under orders to restrict their activities to countering government attempts to intrude on Communist-held territory. In Quang Tri Province, for example, North Vietnamese troops have been ordered to fire on government troops should they try to reoccupy the Communist salient south of the Thach Han River. Similarly, enemy troops in the central highlands are to strike back only if the South Vietnamese try to reopen Route 14. In the delta's Dinh Tuong Province, a North Vietnamese regiment has been ordered to eliminate a government outpost inside Communist territory, either by persuading its occupants to leave or by attacking the position.

*It is in such grey areas, where both sides have a presence and some influence, that continued fighting is most likely to occur.*

*[redacted] local forces will do the bulk of the fighting for the Communists in such actions.*

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SOUTH VIETNAM

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*Recently Thieu has begun to talk publicly about the possibility of early general elections with Communist participation. This could be intended only to throw a scare into the anti-Communist political parties and impel them toward greater unity.*

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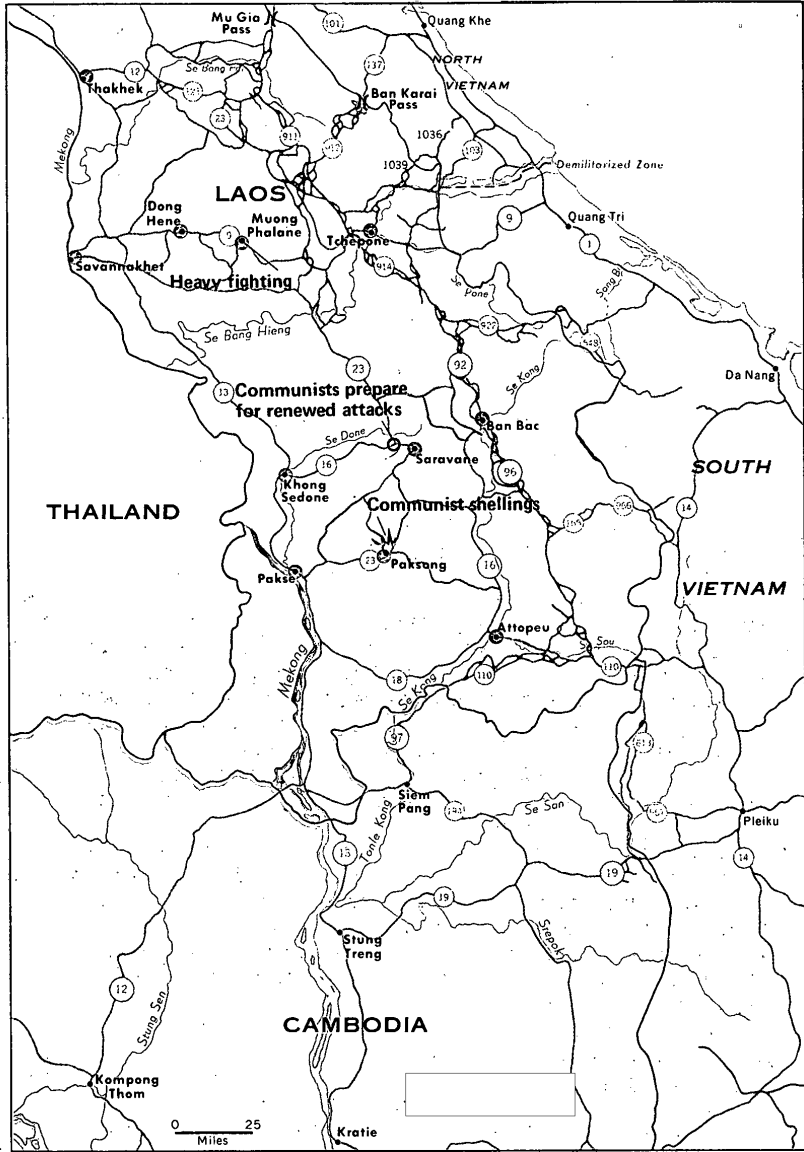
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LAOS

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Communist military pressure on Lao Government forces continues. In the south, increasingly heavy shelling and ground probes of government positions near Paksong are under way and the Communists have attacked irregular units around Saravane. Intercepted messages indicate Communist awareness of desertions and low morale among the irregulars. Sharp fighting continues near Muong Phalane in the central panhandle.



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**INTERNATIONAL MONETARY DEVELOPMENTS**

The run on the dollar intensified yesterday morning as traders apparently decided that the new West German capital controls would be inadequate to stem dollar inflows. Although the dollar rallied in the afternoon, currency markets remain unsettled.

West German intentions remain a key to market performance. The Bundesbank will hold a special council session today, and it probably will focus on actions to be taken if massive dollar inflows continue. Since last Thursday, the Bundesbank has bought some \$2.5 billion--\$1.5 billion of it yesterday--in an effort to maintain the mark within the Smithsonian range.

The Japanese market--which opened after the European markets had closed--came under renewed pressure as well. Despite a further tightening of exchange controls, traders apparently stepped up sales of dollar export contracts, and the Bank of Japan intervened heavily in the market to keep the yen within its Smithsonian band. The bank purchased about \$250 million during the trading session.

The gold price continues to rise as a result of the currency crisis. It reached over \$69 an ounce yesterday before profit-taking pushed it back slightly. The all-time record price of \$70 came last summer during the last significant upheaval in currency markets.

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CHILE

Just when it appeared that feuding among President Allende's coalition partners would hurt their chances in the congressional elections on 4 March, Allende has acted to restore momentum. Within the ruling Popular Unity coalition, extremists have been publicly arguing that Allende and the moderates have failed to push "real" revolution. He sought to placate this group at a rally yesterday, reviving earlier pledges to replace the constitution and bicameral legislature and to impose additional soak-the-rich taxes on the wealthy.

*None of this is new, but Allende's reiteration of such radical aspects of his original program lends his prestige to the candidacies of the extremists.*

At the same time, Allende has moved to defuse a potentially serious problem--a backlash against his coalition from popular worries over a food shortage. He has entrusted to the more pragmatic elements within the government--Communists and military officers--the task of distributing the government's relatively large stocks of food during the period before the election. The chief of the new dispersing system, Air Force General Bachelet, has assured the people that ample food is available for the coming winter and that distribution will be equitable.

*Bachelet's announcement constitutes a clear-cut retreat by the administration from the blatantly discriminatory scheme offered last month. It will help to ease popular apprehensions and--if it works--may help Popular Unity candidates to get elected.*

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ARGENTINA

Argentina's military government is bringing criminal charges against presidential candidate Campora and other Peronists on the grounds that their campaign statements have amounted to incitement to violence.

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despite the seriousness of the charge, lenient court action is expected.

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*The military apparently intends this to be a mild chastisement designed to throw the Peronists off their stride in the election campaign.*

*With elections scheduled for 11 March and a run-off expected in April, the Peronists are clearly in the lead but appear short of a majority. Their major issue is the failure of seven years of military rule, and their inflammatory rhetoric is designed chiefly to attract the large youth vote. The Peronists may be able to turn the government's action to their advantage by representing it as a gesture from weakness in the face of an impending Peronist victory.*

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NOTES

Cambodia: The Cambodian Government continues to flounder in trying to begin a dialogue with the Communists.



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Dominican Republic: The Balaguer government claims to have found evidence implicating Juan Bosch, head of the opposition Dominican Revolutionary Party, and other political leaders with the small-scale guerrilla invasion of 4 February. It has announced plans to take legal action against them shortly. The government has already arrested some PRD activists but has been unable to locate Bosch. The small invading force meanwhile has been surrounded, and it seems only a matter of time before it will be eliminated.

Uganda: The Sudanese Ambassador in Kampala has reported that President Amin is convinced another effort to topple his government will be conducted from Tanzania. Amin may try to head off such a move by striking militarily against the dissidents while they are still in Tanzania. This report has not been confirmed, and it is just possible that Amin is feeding rumors of threats posed by guerrillas to keep his own army too busy to plot against him.

*Top Secret*