

The President's Daily Brief

1 March 1973

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Top Secret ^{25X1}



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1 March 1973

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THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

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Communist forces in Laos are still trying to clear irregulars from the northern Bolovens Plateau area. On the political front, the two joint commissions charged with implementing the political and military provisions of the peace agreement met for the first time yesterday. (Page 2)

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[] Cambodia []
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The dollar has remained weak in Europe so far this week and yesterday closed at or near its floor against the mark, the Belgian franc, and the guilder. (Page 5)

The Black September Organization reportedly plans an all-out effort to secure the release of terrorists arrested in Jordan early last month. (Page 6)

Student demonstrations in Greece have taken on political overtones following several tactical blunders by the government. (Page 7)

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At Annex, we discuss the differing interpretations developed by Western observers concerning the recent removal of Dmitry Polyansky from his post as Soviet First Deputy Premier.

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VIETNAM

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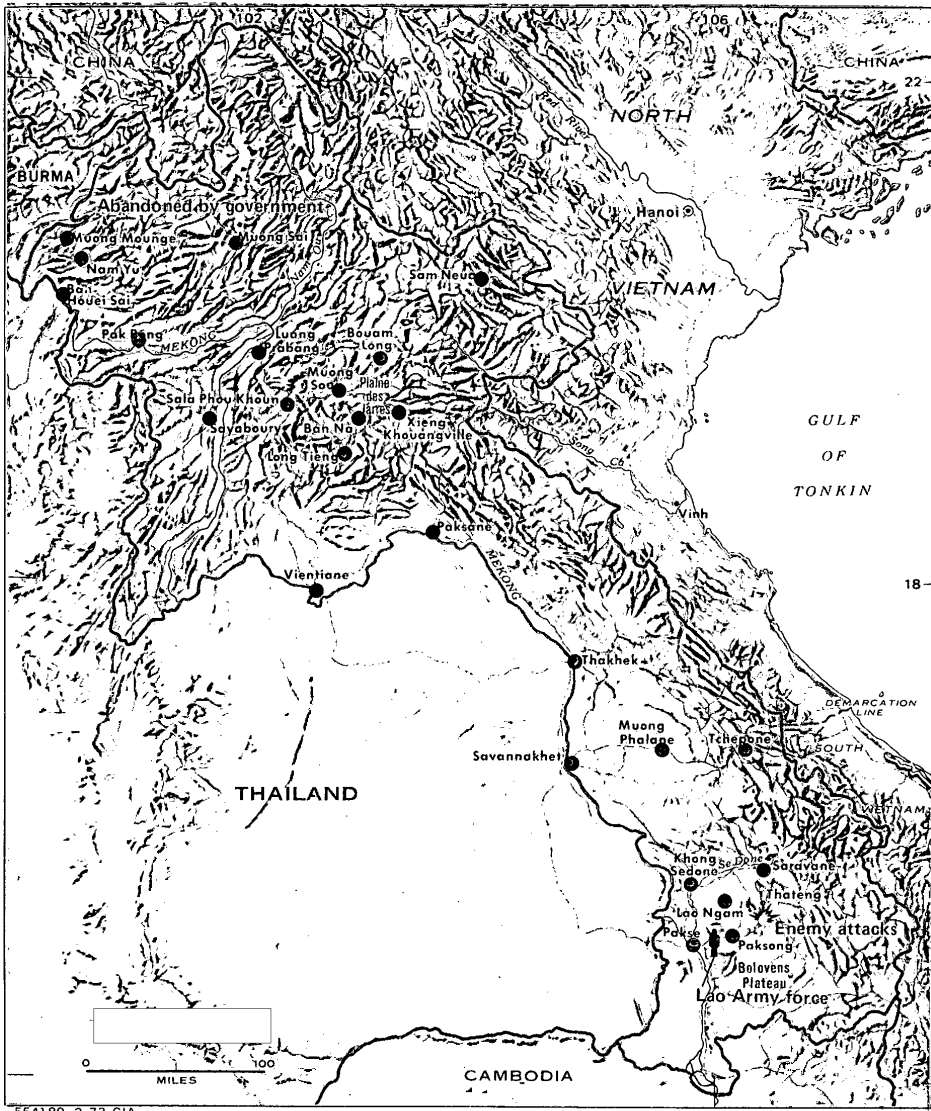
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● Government controlled ● Communist controlled

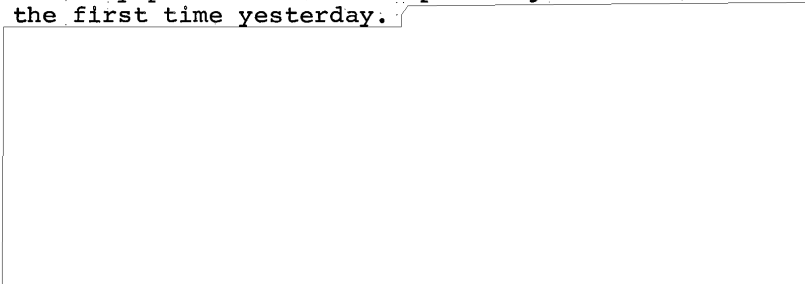
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LAOS

Communist mortar fire on 27 February dispersed an irregular battalion along Route 23 several miles south of Thateng, and ground attacks on the same day drove other irregulars from positions near the road farther south. Reports indicate that fighting continued in this sector on 28 February. In the Paksong area, field commanders reported several shelling incidents on 27 February, as lead elements of an 800-man Lao Army force edged to within three miles of the town.

Elsewhere, military action continues to wane. In the remote northwest, however, Communist shellings forced a Lao Army battalion to abandon the much fought over village of Muong Mounge. The Communists also heavily attacked irregular positions just west of Bouam Long late yesterday.

On the political front, the two joint commissions charged with implementing the political and military provisions of the peace agreement met for the first time yesterday.



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Representatives on the military commission settled several procedural matters and agreed that at future sessions they would take up troop withdrawals, the exchange of prisoners, and materiel replacement. Both commissions agreed to meet three times a week, with the next sessions scheduled for Friday.

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CAMBODIA

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USSR

Everyone agrees that Soviet agriculture is in trouble. Weather conditions last year were peculiarly unfavorable, but the problems are more basic and of longer standing than a single disappointing harvest.

Early last month, the Soviet media announced that Politburo member Dmitry Polyansky had been relieved of his duties as First Deputy Premier and appointed Minister of Agriculture. Western observers have developed two different interpretations of what this move means for Polyansky and for the Soviet leadership. These contrasting views--and our own comments--are presented at Annex.

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INTERNATIONAL MONETARY DEVELOPMENTS

The dollar has remained weak in Europe so far this week. Yesterday the dollar closed at or near its floor against the mark, the Belgian franc, and the guilder. The floating Swiss franc rose to about 23 percent above its old rate, and 7 percent since last Wednesday.

The floating franc has clearly become a haven for speculators betting on a substantial repegging of the franc. The franc's precipitous rise has occurred despite heavy dollar purchases by the Swiss central bank last week. Bern announced on Monday that it had purchased over \$700 million on 21 and 22 February, far above previous market estimates.

In Japan, on the other hand, the floating yen's revaluation against its old dollar rate decreased from 16.7 percent to 14.5 percent in the past two days--mainly because of commercial banks' purchases to bring their holdings in line with end-of-the-month minimum requirements of the central bank.

We nevertheless expect the yen soon to appreciate at least to last week's level because of the large current account surplus expected in March.

The London gold price closed yesterday at about \$85, down sharply from last week's \$95, although still up 24 percent from its rate before the devaluation of the dollar.

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FEDAYEEN - ARAB STATES

The Black September Organization [redacted]

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BSO plans to kidnap key officials in Jordan or, failing that, Jordanian diplomats abroad. Fatah leader Yasir Arafat is [redacted] especially anxious to secure the release of Muhammad Awadh, the planner of the Munich operation.

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The Jordanians delayed the execution of Awadh, originally scheduled for 21 February, [redacted]

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[redacted] but say they still plan to hang him. They have rejected pleas on behalf of the captives from Sadat and Arab League Secretary-General [redacted]

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GREECE

Student demonstrations have taken on political overtones following several tactical blunders by the government. The rescinding of draft deferments for students boycotting classes only sharpened the confrontation with the police, and a number of protesting students were injured. The situation has been temporarily saved by a mutual agreement to a ten-day cooling-off period, after which the government plans to take up negotiations with the students. For their part, the students regard the cooling-off period as merely an armistice and there is no sign they intend to drop their demands, which much of the Greek populace considers legitimate.

The government is now faced with the fallout. Former politicians have been quick to cite the disorders as one more instance of the government's failure to come to grips with domestic problems. Some key army officers apparently are also concerned over the government's blunders.

Although the situation is now an uneasy standoff, the government's ineptitude has increased its vulnerability. Prime Minister Papadopoulos will have to act carefully to avoid increased disaffection with his rule, especially within the military.

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NOTES

Libya:



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USSR: The Soviets have reduced their goal for natural gas production in 1973 for the second time. The new goal of 236 billion cubic meters represents only a 6.7 percent increase over last year, well below the average annual rate of 10 percent originally set for 1971-75. This means that the USSR will have difficulty in increasing gas exports, and it has already refused to increase deliveries to Austria. Overcoming the production lag will require accelerated development of remote fields in West Siberia and Central Asia, as well as the exploitation of deeper deposits in old producing regions. Soviet equipment is not well suited for these purposes, however, and the USSR is showing increased interest in Western technology.

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SOVIET AGRICULTURAL POLITICS

On 3 February, Politburo member Dmitry Polyansky was relieved of his duties as First Deputy Premier and appointed Minister of Agriculture. His membership on the party Politburo was not affected by this move. Western observers have developed two different interpretations of what this move means for Polyansky and for the Soviet leadership.

In one view, Polyansky has been sent as high-level trouble-shooter to the economy's most vulnerable sector:

--agriculture is such a vital area that it is difficult to suppose that the key job of Minister of Agriculture would go to someone in decline.

--if Polyansky were in disgrace over shortcomings in agriculture, it would be logical to relieve him of responsibility for it altogether.

--his retention of Politburo membership leaves his formal position in the far more important party hierarchy intact. With this extra authority, he will be able to impose measures and programs whose implementation has been delayed by bureaucratic inertia.

--there has been no indication of any disagreement between Polyansky and Brezhnev, whose political alliance goes back at least ten years.

--in the longer term, the Ministry of Agriculture may emerge as a kind of super ministry.

In the other view, which we hold, Polyansky has been demoted.

--if Polyansky's new assignment had been designed as that of a high-level trouble-shooter, he could have retained his first deputy premiership and still have assumed operational control of the Ministry of Agriculture. Although such an arrangement would have been unusual, it would not have been unprecedented, and would have avoided the appearance of demotion that the apparatchiks would recognize.

--instead, Polyansky has gone from being one of two first deputy premiers to being one of 70 ministers.

--as First Deputy Premier responsible for the agricultural sector, he supervised not only the Ministry of Agriculture itself, but also the

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complex of other ministries that contribute to agricultural production, seven or eight of which have a direct impact on its effectiveness.

--as Minister of Agriculture, he will now be dealing with peer ministers in these seven or eight agencies, although he will clearly speak with great authority because of his continued membership on the Politburo. There are already signs that proponents of organizational policies that threaten Polyansky's current bureaucratic interests are becoming more active.

--Polyansky is serving as a scapegoat to deflect criticism from Brezhnev, who has also been closely identified with agriculture.

--Brezhnev's alliance with Polyansky considerably predates the General Secretary's change in 1970 to his "new course" of detente with the West and consumer interests at home. This had already contributed to a breach between Brezhnev and his former ally Shelest, and Polyansky may have harbored some views similar to Shelest.

Since we see this as a demotion, we also see the following implications:

--the action raises questions about Polyansky's future prospects. Precedents for Politburo membership combined with ministerial status are rare in Soviet history.

--Polyansky now joins Shelepin, Voronov, and Shelest in the category of those whose positions in the government hierarchy do not entitle them to Politburo status and whose continued membership on that body is anomalous.

--as the only remaining First Deputy Premier, Mazurov's prospects to succeed Kosygin are considerably enhanced, at least in the short term. Until now, Polyansky was an equally strong contender for this succession.

--also in the short term, the authority of Kulakov, who is both a Politburo member and party secretary responsible for agriculture, is enhanced.

There customarily are two first deputy premiers; a replacement for Polyansky should be appointed fairly soon. The announcement should provide further clues as to future Soviet agricultural policy and to the balance in the Soviet leadership.

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