



The President's Daily Brief

13 March 1973

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THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

The Peronist candidate, Hector Campora, has been declared the winner in the Argentine presidential election, eliminating the need for a runoff. (Page 1)

Developments in the international monetary situation are discussed on Page 2.

Chancellor Brandt has again served notice that he will move vigorously to block leftist attempts to challenge the Social Democratic Party's moderate domestic policies and loyalty to NATO at the party's convention next month. (Page 3)

The NATO allies have agreed to sound out the Soviets on a proposal to leave the question of Hungarian participation in MBFR talks in abeyance for the time being. (Page 4)

In Cambodia, government positions along Route 2 between Phnom Penh and the South Vietnamese border remain under heavy enemy pressure. (Page 4)

The USSR and Czechoslovakia have agreed to release Pakistan from further payments on debts accrued in its former East wing, now Bangladesh. (Page 4)

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ARGENTINA

The Peronist candidate, Hector Campora, has been declared the winner in the presidential election held Sunday, eliminating the need for a runoff. Ricardo Balbin, the Radical candidate who finished a distant second, conceded victory to his opponent last night. President Lanusse then declared Campora the victor, although he noted that Campora had fallen short of a majority, which technically is required for victory in the first round. The heavy Peronist vote also appears to have carried the followers of the former dictator to victory in congressional and provincial elections throughout Argentina. The final makeup of Congress has not yet been determined, however, and some runoffs may be required.

[redacted] President Lanusse expressed disgust with the outcome, but agreed to declare Campora the winner, saying that the people will "get what they asked for." The army reportedly has assured Campora that the military will follow the rules. The Peronists, in turn, promised to accept the army's choice of General Lopez Aufranc as army commander in chief.

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Despite these early signs of acquiescence by the military, it is a long time before inauguration on 25 May. The many strongly anti-Peronist officers will have time to attempt to prevent Campora from gaining power.

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INTERNATIONAL MONETARY DEVELOPMENTS

The dollar generally closed firm in European interbank trading yesterday. According to West German Finance Minister Schmidt, the six EC nations that have agreed to float jointly when official exchange markets reopen will intervene to prevent their currencies from appreciating too much relative to the dollar. Other EC sources indicate, however, that in the event of a massive speculative attack, intervention would be held to a minimum and the exchange rate would be permitted to rise.

Most European reaction to the new arrangement so far has been favorable, but the Italian finance minister is disappointed that no agreement has been reached on pooling European reserves to cope with speculative flows. A report that a fund of more than \$10 billion had been set up for this purpose has proved to be inaccurate. EC sources claim that this proposal, which was presented by the EC Commission, was rejected by the finance ministers as being "too ambitious." The idea of a reserve pool apparently will receive further study, however. The Benelux nations must decide whether or not to follow Bonn in its approximately three-percent revaluation relative to the other partners in the float.

Meanwhile, Japan announced this morning that it will support the joint float of the six EC nations against the dollar.

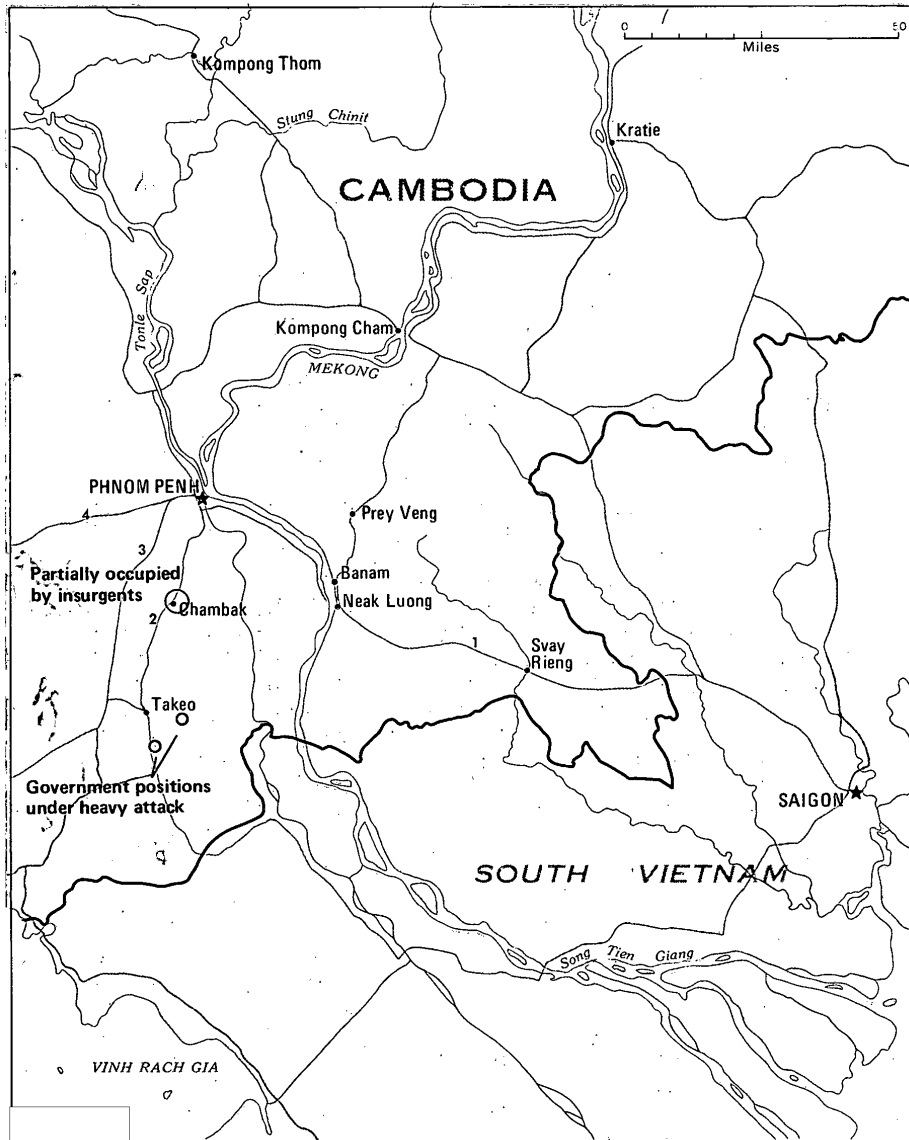
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WEST GERMANY

Chancellor Brandt has again served notice that he will move vigorously to block leftist attempts to challenge the Social Democratic Party's moderate domestic policies and loyalty to NATO at the party's convention next month. In an interview published last weekend, Brandt warned that "whoever questions" NATO destroys Bonn's detente policies, and he asserted that neither Germany nor Europe can turn away from the US.

Brandt predicted that the party convention will take no decision at odds with the party's successful election program of 1972 or the basic political program it adopted in 1959. He dismissed the idea that the party is in danger of a split, saying that the leftists have nowhere else to go.

Brandt made the same general points to Ambassador Hillenbrand late last week. The ambassador found Brandt in robust physical condition and apparently recovered from what Brandt described as a voice ailment and succession of colds. The Chancellor admitted that after the election last November he had lost his zest for political activity, but that his enthusiasm had now returned.



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NOTES

MBFR: The NATO allies have agreed to sound out the Soviets on a proposal to leave the Hungarian participation question in abeyance for the time being. Moscow has consistently opposed anything short of a definite solution to the problem before talks begin, and is likely to reject the offer. The European allies are determined that the Hungarian question should remain a matter of substantive importance and the effort to agree on a response to the expected Soviet rejection will strain NATO's fragile unity on MBFR preparations.

Cambodia: Government positions along Route 2 between Phnom Penh and the South Vietnamese border remain under heavy enemy pressure. Yesterday insurgent troops occupied the town of Chambak about 25 miles south of the capital. Other government positions south and east of the provincial capital of Takeo are under heavy attack. The government operation to clear Route 2 between Phnom Penh and Chambak has made no progress, and a Khmer Krom brigade has been sent to attempt to reopen the highway. Meanwhile, there has been no progress toward negotiations, because the insurgents believe they hold the upper hand and are not interested in talking.

Pakistan: The USSR and Czechoslovakia have agreed to release Pakistan from further payments on debts accrued in its former East wing, now Bangladesh. Pakistan concluded similar agreements earlier with China and Yugoslavia. Islamabad's debt to these four countries now accounts for less than five percent of its total foreign debt of almost \$4 billion. Pakistan intends to ask the Western consortium, which will meet later this month, for a similar agreement, and for long-term rescheduling of its share of the debt.

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Peru: President Velasco's condition remains precarious following the amputation of his right leg on Friday. The three armed services chiefs yesterday moved Prime Minister Mercado one step closer to the presidential chair by giving him limited "temporary" executive powers. It still appears that no military element is ready to risk endangering military unity and the government's stability by opposing his succession.

Ethiopia: Crown Prince Asfa Wossen's limited progress in recovering from a brain hemorrhage suffered in January has contributed to a sense of political uneasiness. Factions have begun to form around the Crown Prince and other contenders for the succession, including Asfa Wossen's 20-year-old son, who is next in line. If the Crown Prince ceases to be a credible heir, the 80-year-old Emperor will be under increasing pressures to name a successor, because prolonged uncertainty could encourage plotting and intrigues.

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