



The President's Daily Brief

10 July 1973

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CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

TOP SECRET

July 10, 1973

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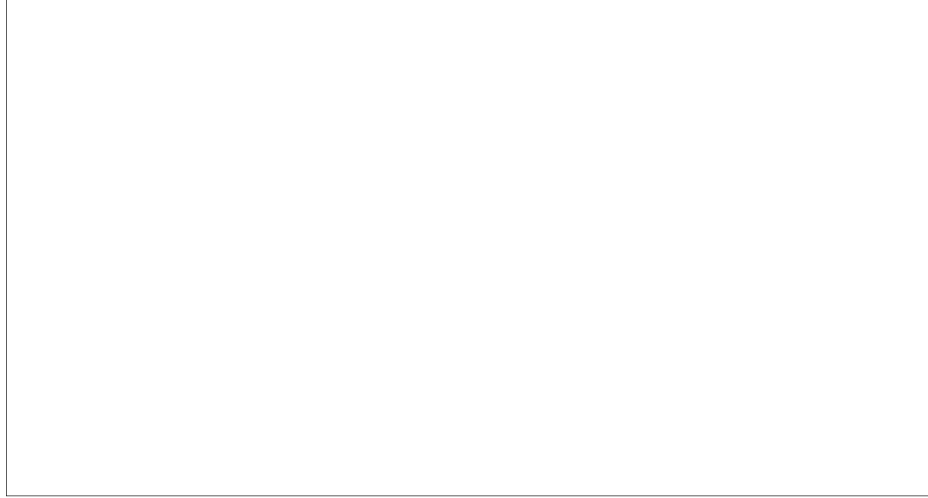
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EYES ONLY FOR THE PRESIDENT

CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

July 7, 1973

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THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

The dollar strengthened in Europe yesterday, but it is unlikely that heavy speculation has come to an end. (Page 1)

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Egypt

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Soviet ships apparently will carry more Moroccan troops to Syria. (Page 3)

Lebanon has a weak new cabinet. (Page 4)

Italy's center-left government is wracked with dissension. (Page 5)

The Chinese may be preparing for a party congress in August. (Page 6)

Crop prospects have improved in India. (Page 7)

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INTERNATIONAL MONETARY DEVELOPMENTS

The dollar gained nearly 3 percent against major European joint float currencies late yesterday, reflecting widespread rumors of official US intervention to support it.

The wide fluctuation in early trading was probably a result of confusion over the reaffirmation by European central bankers on Sunday that official intervention in exchange markets may sometimes be useful. In the absence of a clear signal that the major financial powers will take sustained action to arrest the wild currency fluctuation of recent weeks, it is unlikely that heavy speculation has come to an end.

In Tokyo, the dollar closed yesterday at its lowest level ever, 254 yen to the dollar. The 3-percent appreciation of the yen relative to the dollar since Friday was the sharpest one-day rise in months. Today, however, the dollar has strengthened on Tokyo exchanges.

In Cairo, eight Arab oil-producing nations have formed a committee to study ways to protect Arab reserves against international monetary fluctuations and use reserves to their best advantage.

It is doubtful that any joint action is imminent; the Arab nations have never been able to reach accord on financial policy.

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EGYPT-USSR

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MOROCCO-SYRIA-USSR

Morocco is apparently preparing to move more troops and materiel to Syria on Soviet ships. 

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When the move now under way is completed, the Moroccan force in Syria probably will consist of 2,000 to 2,500 men in addition to tanks, artillery, and support equipment. The expeditionary force is aimed chiefly at demonstrating King Hassan's commitment to the Arab cause and will not make much difference in the conflict with Israel.

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LEBANON

The new cabinet of Prime Minister Taqi al-Din al-Sulh is Lebanon's third in as many months. Like its immediate predecessor, it is led by a [redacted] [redacted] politician apparently judged by President Franjiah to be obedient to him, yet acceptable to his critics, which include Lebanese leftists, leaders of the important Sunni Muslim community, Syria, and the fedayeen.

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The new prime minister, whose wife comes from a prominent Syrian family, is reported to have good relations with Syrian and Palestinian leaders. His appointment could help ease tensions between Lebanon and the fedayeen and even lead to Syria's reopening of its border with Lebanon.

The new cabinet contains no politician likely to become a rival to Franjiah. Sunni Muslim representation has increased slightly, but the Sunnis selected appear to be conservative figures unlikely to challenge the president.

The president has given the powerful Interior Ministry to a long-time Druze politician, but has refused demands that it go to Kamal Jumblatt, the leading Druze and leftist leader. The Interior Ministry post will probably be critical to the operation of the new cabinet. If Jumblatt is unable to manipulate the new minister, he is likely to subject the new cabinet to the kind of pressure that toppled its predecessors.

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ITALY

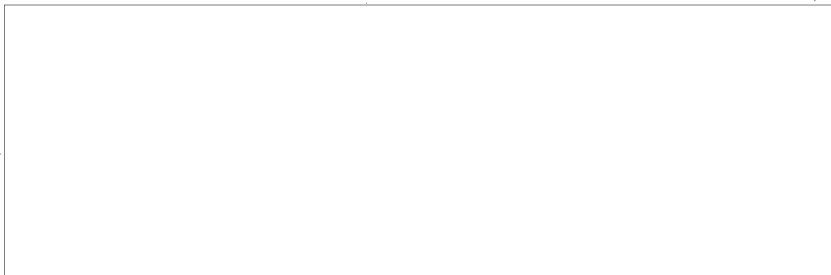
Prime Minister Mariano Rumor will hold the first meeting of his new center-left cabinet tomorrow, but there will be little to celebrate. Dissension wracks the coalition; there is no vice prime minister, for example, because the Socialists and Social Democrats cannot agree on the person for the post. Furthermore, factions of each party represented in the government are still at odds, thus threatening the cabinet's cohesion.

In spite of such difficulties, Rumor's government should survive in the short term. Italy's sacrosanct August vacation period will shortly postpone touchy legislative problems until fall. Moreover, the outlook is good for agreement on emergency measures to check inflation and boost the economy.

In the long run, however, unresolved differences that were papered over or set aside in the interest of forming a cabinet may be crucial to the government's survival. The four-party coalition may not hold up when it finally has to face hard choices on domestic social legislation.

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CHINA



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rumors of a major leadership meeting, possibly a plenary session of the party Central Committee, are circulating in Peking and Canton.

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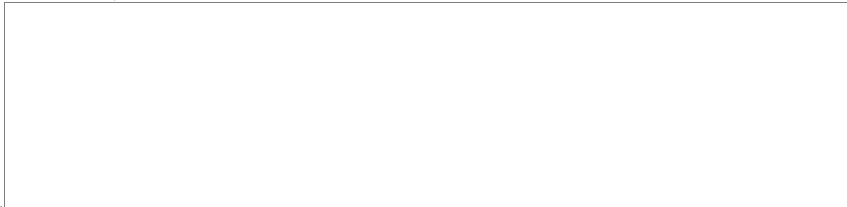
A party congress is clearly called for to repair the damage caused by the fall of Mao's chosen heir, Lin Piao, which decimated the ruling Politburo and rendered the party constitution obsolete. As yet, however, there are no public indications that preparations for such a meeting have begun.

The last party congress, in 1969, was preceded by calls in domestic propaganda to "welcome" the meeting. This year's party anniversary on July 1, which might have provided an opportunity to herald a forthcoming congress, passed without an authoritative statement of any kind. While plans for a congress are clearly at least in the discussion stage, recent Chinese political history suggests that apparently hard and fast dates for important domestic events can prove to be elastic.

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NOTES

India: Revival of the monsoon rains in early July after a two-week dry spell has improved crop prospects and relaxed tensions in drought areas. Indian weather experts still are predicting normal rainfall during the rest of the monsoon season. Even so, food supplies will become increasingly tight before the major grain harvest begins in October.



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