



The President's Daily Brief

1 September 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

1 September 1973

PRINCIPAL DEVELOPMENTS

Chou En-lai's report to the Tenth Party Congress reaffirms China's post - Cultural Revolution foreign policy and uses the harshest terms Peking has employed to date in describing the Soviet regime. On domestic affairs, the report focuses on the Lin Piao affair and glosses over other contentious issues. (Page 1)

Prime Minister Souvanna may soon have to decide whether to override rightist objections to the draft agreement he has worked out with the Communists or permit suspension or breakdown of the negotiations. (Page 2)

The Tanaka government faces a political dilemma caused by the opposition's exploitation of public resentment over the South Korean kidnaping incident. (Page 3)

The political turmoil in Chile seems to be easing. (Page 4)

King Husayn has agreed to meet personally with the Egyptian and Syrian presidents. (Page 5)

South Vietnam is disappointed by delays in promised Japanese economic aid. (Page 6)

The USSR is about to conclude a major uranium enrichment contract with a West German firm. (Page 6)

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CHINA

Chou En-lai's political report to the Tenth Party Congress was a reaffirmation of Peking's post - Cultural Revolution foreign policy.

The Soviet Union was clearly depicted as the principal threat to China. Using the harshest terms Peking has employed to date, Chou described the Soviet regime as fascist rather than communist. Although Chou repeated the now-standard Peking argument that the US and the USSR are contending for world hegemony, he described the Soviets as expanding their presence in the Indian Ocean and the Mediterranean, while circumstances have forced US imperialism to "decline."

Chou obviously tried to head off criticism of Peking's efforts to improve relations with the US by reminding his audience of the difference between "necessary compromises" between revolutionary and imperialist countries, and "collusion and compromise" between the USSR and the US.

Chou cautioned that US-Soviet detente is temporary and that in the long run the interests of the two powers are incompatible.

The Premier reaffirmed Peking's intentions to play a leading role in world affairs by characterizing the awakening of the Third World as a major event in contemporary history which China should exploit to form the broadest front possible against the "hegemonism" of the two superpowers.

* * *

The Lin Piao affair dominated Chou's discussion of domestic affairs. He linked Lin's "revisionism" to the Soviet Union and stressed the corrections in party policies that have been made since the ninth congress. Although he called for continuation of the campaign against the conspirators, he offered a note of reassurance by indicating that they form a "tiny" group isolated from the rest of the party and the army.

Chou announced that the long-overdue National People's Congress will be held "soon." This body will probably ratify the decisions of the party congress, decide whether there should be a new head of state, and fill top vacancies in government ministries.

The report contained only bland statements on a number of contentious domestic policy issues. This supports the impression that the abbreviated congress did not engage in a full discussion of issues that were being debated in the press even as the congress met.

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LAOS

The deadlock between Prime Minister Souvanna and right wing elements continues to delay a settlement with the Pathet Lao. Five rightist ministers have threatened to resign if Souvanna signs the draft protocol implementing the Lao agreement of February 20. At a cabinet meeting on August 30, the rightists presented a substitute draft based on Lao Army objections. Souvanna agreed to present this document to Pathet Lao negotiators, but emphasized that he was reserving the option of signing the agreement already worked out between himself and the Communists.

The Communists are not likely to make further significant concessions. If a settlement is not reached next week, the senior Communist negotiator, Phoumi Vongvichit, is planning to return to Sam Neua. Souvanna therefore may now be forced to make a choice between acting decisively to break the impasse or permitting a suspension or breakdown in negotiations. Souvanna, who returned from the royal capital of Luang Prabang on August 29, appears to believe he has the support of the King for any course of action he adopts. Should Souvanna sign the agreement, the right wing would seem to have little choice but to accept his action.

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JAPAN - SOUTH KOREA

The kidnaping of South Korean opposition leader Kim Tae-chung three weeks ago is creating domestic political difficulties for the Tanaka government.

The opposition is skillfully exploiting popular resentment over the kidnaping. By concentrating on the government's handling of the case, opposition political parties have stalled Tanaka's legislative program ever since they returned on August 23 after a month-long boycott of the Diet.

Tanaka's dilemma is real. He must either get some action from Seoul to satisfy his leftist opposition--which appears unlikely-- or he runs the danger of being forced to take some action against Seoul on his own. Any really significant economic or political sanctions would antagonize conservative elements in his party as well as Japanese businessmen who have extensive interests in South Korea.

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CHILE

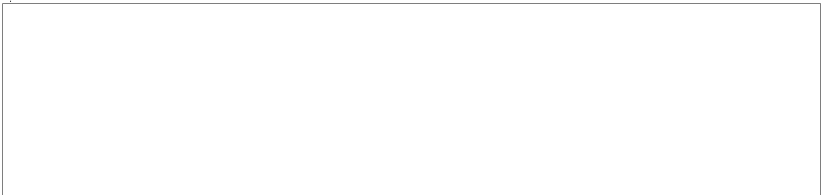
The political turmoil seems to be easing.

--The opposition Christian Democrats have agreed to reopen a dialogue with the government. The decision came at the urging of Cardinal Silva and President Allende's new interior minister, the relatively moderate Carlos Briones.

--Shopkeepers in Santiago have ended their strikes after the economy minister, a Communist, agreed to consider their demands.

--The government has resumed negotiations with the striking truck owner-drivers.

--The widescale terrorism of a week ago has diminished.

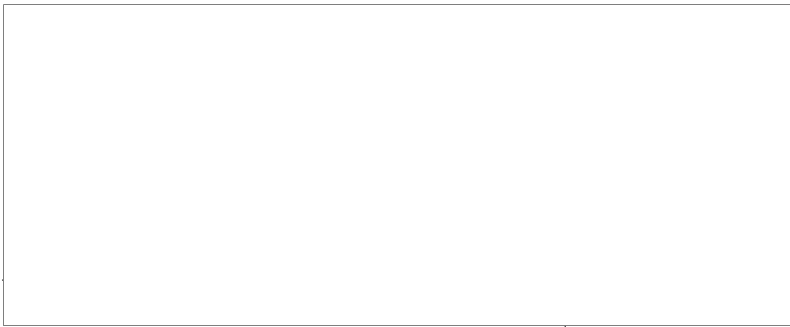


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JORDAN-EGYPT-SYRIA

King Husayn has agreed to meet personally with Presidents Sadat and Asad to discuss greater political and military cooperation in the struggle with Israel. The meeting, which seems likely to take place soon after the nonaligned conference, will be a further extension of Sadat's drive toward greater Arab unity.



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Egypt, determined to improve its relations with other Arab states, hopes to bring Jordan back into the fold. If Husayn gets his way on handling the fedayeen issue, and his annual subsidy of over \$40 million is restored, he would clearly come out ahead.

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NOTES

Japan - South Vietnam: The \$50 million in economic aid which Japan had promised Saigon this year will now be delayed, perhaps until 1974, largely for Japanese domestic political reasons. The postponement is a major disappointment to South Vietnam, which had been hoping for additional balance-of-payments assistance during the next quarter. Saigon's reserves of gold and foreign exchange are down, and commodity prices have spiraled some 40 percent since last December.

USSR - West Germany: The Soviets are close to concluding a \$10-million contract with a West German utility company under which they would enrich uranium for the rest of the decade at 5-percent less than the US price, and also guarantee to hold prices below the US level through the 1980s. Moscow would gain not only foreign exchange but political mileage. The agreement would underscore the West's energy crisis and European dissatisfaction with a recent US price increase. The Soviets already have a much smaller contract with the French and possibly another with the Italians. Further Soviet attempts to enter the European enrichment market, however, will run up against the current EC effort to increase its own uranium enrichment capabilities.

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