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The President's Daily Brief

February 15, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

February 15, 1974

PRINCIPAL DEVELOPMENTS

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The French appear ready to retreat from their blanket opposition to a US proposal designed to improve NATO political consultations. (Page 2)

Tel Aviv is not considering heavy retaliation for the recent Syrian shelling of Israeli positions in the Golan Heights. (Page 3)

Iran's Finance Minister claims that Tehran will soon propose measures to invest its surplus oil revenues in oil-importing countries. (Page 4)

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USSR

A Soviet Foreign Ministry official has asserted that Moscow believes the best deterrent to war between the US and the USSR is reliance on a mutual threat of massive destruction of urban and industrial centers.

Speaking to a US diplomat in Moscow on February 12, Oleg Sokolov of the Foreign Ministry's USA Division said that Moscow is hesitant publicly to acknowledge its acceptance of the doctrine of mutual assured destruction for fear of giving the erroneous impression that the two superpowers contemplate with equanimity the idea of destroying each other.

Soviet leaders, said Sokolov, had decided only reluctantly to allow the press to deal with Secretary Schlesinger's statements regarding the new US nuclear targeting options. According to the Soviet official, the Secretary's comments on US-USSR strategic competition, coupled with recent increases in the US military budget, forced Moscow's hand.

Sokolov's assertion that the USSR adheres to the mutual assured destruction concept is highly unusual, and was probably prompted by Soviet concerns that the US is moving away from this doctrine and toward a counterforce strategy. [REDACTED]

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The Soviets will remain hesitant to address the mutual destruction doctrine in public, partly because Soviet military leaders believe that open espousal of the doctrine might undercut their rationale for a nuclear fighting force and breed pacifism in the ranks. Silence on mutual assured destruction also has the effect of preserving Moscow's options vis-a-vis the Chinese and other nuclear powers that, in the Soviet view, do not yet have the capability to inflict an impermissible level of damage on the USSR in a nuclear exchange.

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NATO

The French appear ready to retreat from their blanket opposition to a US proposal designed to improve NATO political consultations.

At an informal meeting of the North Atlantic Council permanent representatives earlier this week, the French representative said that his government might be induced to agree to "occasional" Council meetings attended by the political directors of the members' foreign ministries, provided:

--no institutionalization of procedures results from the proposed February 28 meeting or any subsequent ones;

--the political directors do not meet alone-- Paris wants the permanent Council representatives in attendance;

--each Council member remains free to determine whom it will designate as its political director.

Earlier, the French had indicated that they opposed North Atlantic Council meetings "reinforced" by the presence of the political directors because they would duplicate and depreciate the work of the NATO permanent representatives. What the French really fear is that such meetings might detract from the regular monthly meetings of the EC political directors and furnish the US with an indirect voice in EC political discussions.

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ISRAEL

Tel Aviv is not considering heavy retaliation for the recent Syrian shelling of Israeli positions in the Golan Heights, according to Foreign Minister Eban. He told Ambassador Keating this week that Israeli military experts do not think Damascus wants to renew hostilities but instead is attempting to force concessions from Israel.

Tel Aviv believes that the Syrians see themselves in a weaker military and political position than either Egypt or Jordan. Damascus therefore considers it necessary to alarm the international community and maintain military pressure on Israel. Syria's discomfort has been compounded by the demobilization of some Israeli forces on the Egyptian front who would now be available for service on the Syrian front, if needed.

Fear that a retaliatory strike would upset attempts to launch disengagement talks with Damascus also is probably restraining Israel. Eban indicated that Israeli officials remain hopeful that these efforts will succeed, and he expressed cautious optimism about the outcome of Soviet and French initiatives on the POW question.

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IRAN

Tehran will soon propose measures to make Iran's surplus oil revenues available to oil-importing countries, according to Finance Minister Amouzegar. This is the first indication that oil producers will try to alleviate these countries' balance-of-payments difficulties. The Shah no doubt hopes to quiet criticism over the sharp price increases for oil, and to show that Iran will use its surplus funds productively.

According to Minister Amouzegar, Iran is prepared to:

--lend a sizable portion of its 1974 foreign exchange surplus to the International Monetary Fund (IMF);

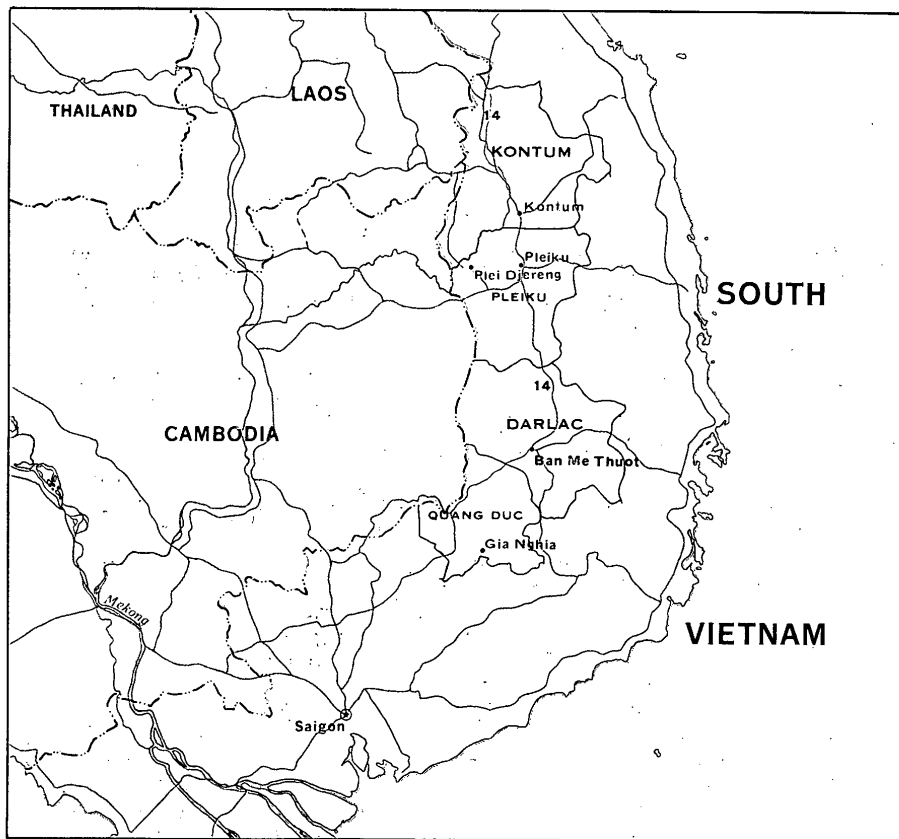
--allocate funds to developing countries through the World Bank to enable them to purchase additional industrial products;

--purchase bonds issued by the World Bank and other international institutions;

--increase foreign aid and invest in the development of natural resources in both industrialized and developing countries.

The Shah will present these proposals to IMF Managing Director Witteveen and World Bank President McNamara on February 20 and 21 respectively. If agreement is reached, Tehran will have relatively secure and profitable outlets for much of this year's estimated foreign exchange surplus of \$13 billion. These new commitments presumably will not interfere with Tehran's plans to contribute to a proposed OPEC bank.

Other direct Iranian aid to developing countries is not likely to be large. Tehran will probably continue to lend funds at favorable rates to countries in which it seeks greater influence.



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SOUTH VIETNAM

South Vietnamese forces in the central highlands are stretched thin at a time when Communist military activity may be increasing.

Communists attacked government positions north of Kontum city on February 13, while a government operation to retake a border outpost west of Pleiku city has met stiff resistance. The region's only reserve regiment, which was recently rated unfit for combat, has been sent to reinforce the operation. In Darlac Province, to the south, a government advance against a Communist border supply route has stalled.

Intercepted messages reflect Communist plans for new attacks in Quang Duc Province to draw South Vietnamese troops from other areas in the highlands. Government planners would be reluctant to shift troops there, however, since they believe a more serious threat exists in Kontum and Pleiku.

General Toan, the government's central region commander, would like to concentrate his forces on disrupting the Communist supply corridor that runs along the Cambodian border. With the current limited drives there already stalled, his troops could run into serious trouble if they try to push even further west.

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KOREA

North Korean naval ships from a squadron based at Cho-do sank a South Korean fishing boat late yesterday in international waters northwest of the Northern Limit Line. Another South Korean boat apparently was damaged and may have been taken under tow by the North Koreans.

Pyongyang's action appears aimed at keeping fishing vessels out of contested waters near the Northern Limit Line. South Korean fishing boats usually move into these waters at this time of year. North Korea has seized a number of these in the past, but has usually released ships and crew later.

The evidence available thus far suggests that the North Koreans were not deliberately trying to provoke Seoul.

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The South Korean Defense Ministry has already publicized the incident and announced that it has sent naval ships to search for survivors. A South Korean destroyer and one other ship have moved into the area.

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The incident is bound to raise tensions in the area. Even if the North Koreans choose to play down the incident, Seoul will almost certainly seize the chance to portray it as further evidence of Pyongyang's aggressiveness.

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EGYPT

Soviet pressure may have played a part in President Sadat's decision to postpone planned cabinet changes. A well-informed diplomatic contact of the US Interests Section in Cairo has said that Moscow objected to the proposed appointment of the liberal Economy Minister Hijazi as prime minister.

During Egyptian Foreign Minister Fahmi's visit to Moscow last month, Soviet Foreign Minister Gromyko reportedly criticized Egypt's "turn toward the right" and indicated that Hijazi's appointment would complicate Soviet aid. According to this source, Soviet officials asked how they could be expected to continue to underwrite assistance to a country whose views increasingly diverge from the USSR's, and they strongly suggested that Hijazi's appointment be postponed.

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INDONESIA

President Suharto has moved in the past month to impose his personal authority over broad areas of national policy and to clamp down on potentially divisive elements.

Suharto has reshuffled military and intelligence personnel, ostensibly to increase effectiveness. The net result has been to erode the power base of armed forces deputy commander in chief, General Sumitro.

In addition, Suharto has recently created a new political and security council to "ratify" his decisions. This council includes only one ex officio representative of the defense establishment.

Suharto's actions have caused grumbling among the military because he failed to consult the generals in advance. While Suharto's position within the military government has long been that of first among equals, he is now acting more like a man with absolute authority.

Since taking over in 1966, Suharto has fostered greater centralization of authority in the Jakarta bureaucracies. Some generals now fear he wants to go one step further and centralize such authority in the presidential palace.

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NOTE

South Korea: President Pak Chong-hui has launched a widespread anti-corruption drive in an effort to increase public confidence in his government. So far, 40 officials--including five of vice ministerial rank--reportedly have been asked to resign. Since no senior officials have been removed, however, the political opposition is openly expressing its cynicism about the cleanup. The anti-corruption campaign could easily backfire on Pak if it should be used by his lieutenants to settle old political scores, and particularly if it should bring about disarray in the military, the police, and the security services.

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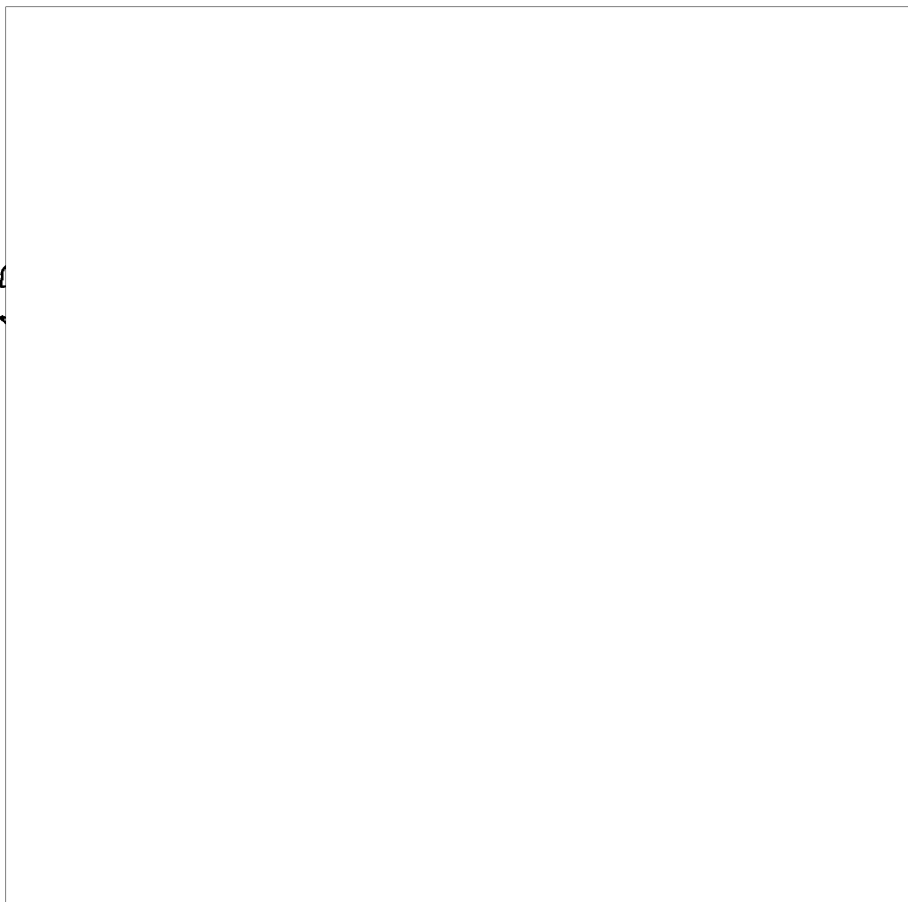
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