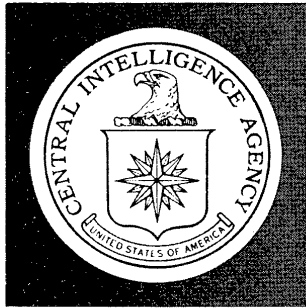


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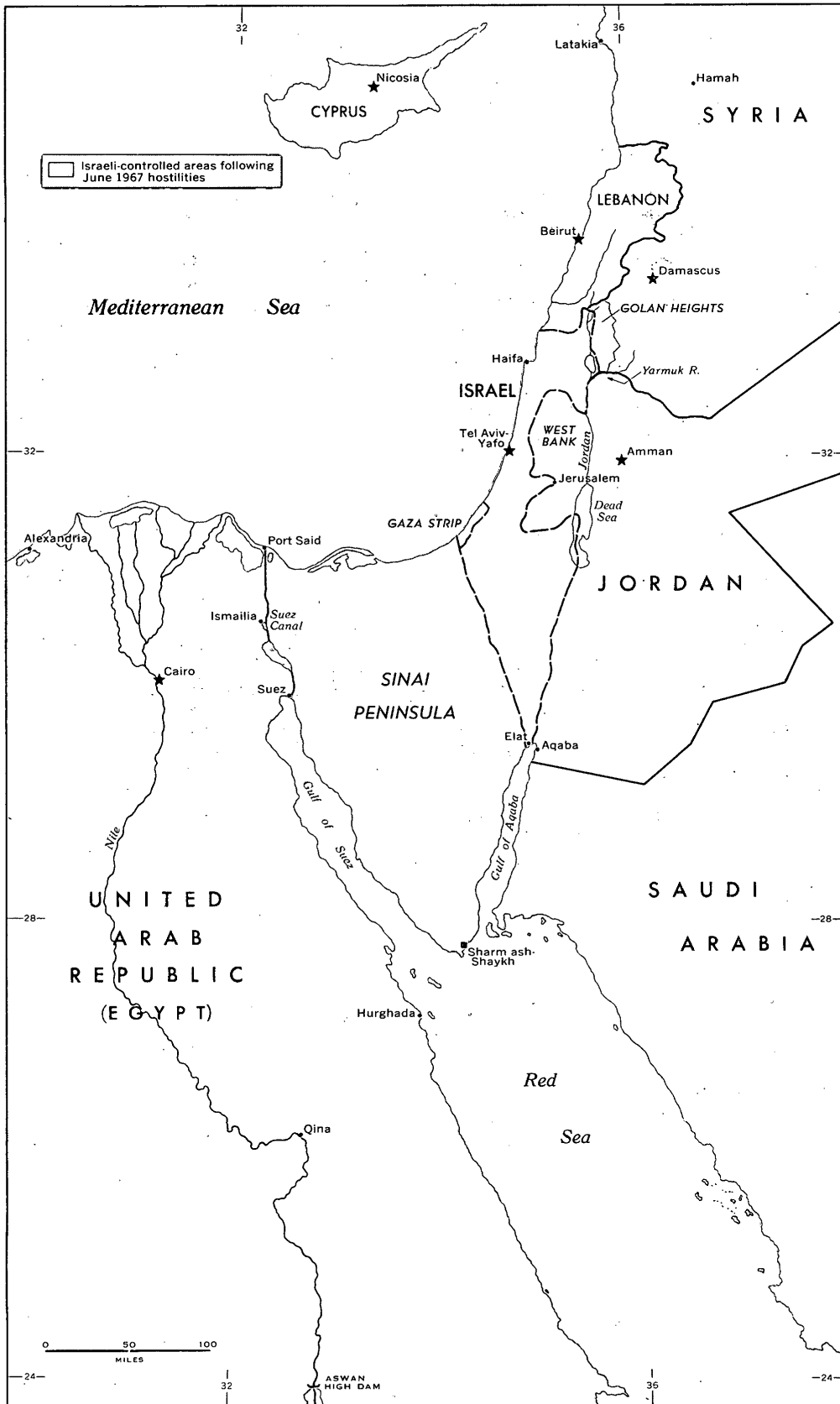
*The President's Daily Brief*

21 January 1969

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## I. MAJOR PROBLEMS

### MIDDLE EAST

French Foreign Minister Debre has asked a US Embassy officer in Paris for US support of the French proposal that UN Security Council representatives of the US, USSR, France and the UK meet in New York before the end of the month to discuss the Middle East crisis. Debre said France believes the situation is rapidly growing more dangerous and that a settlement will become harder to achieve as time passes.

The French, Debre explained, insist there is no question of trying to impose a solution; they see a New York meeting as a means of impressing on Israel and the Arabs the necessity of a peaceful settlement. Debre also stressed that the French will not hold out for "any particular formula or context for such a meeting"--an obvious reference to the Soviet peace plan.

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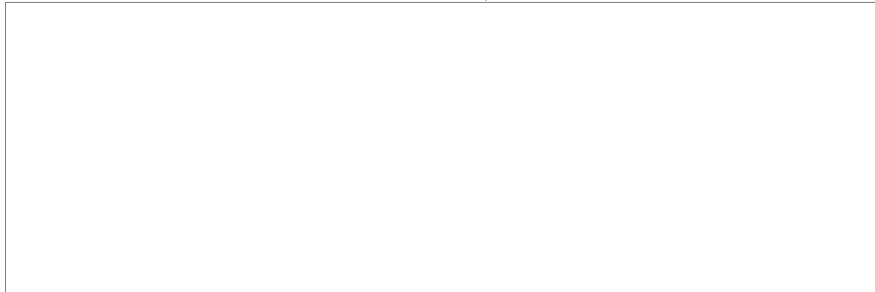
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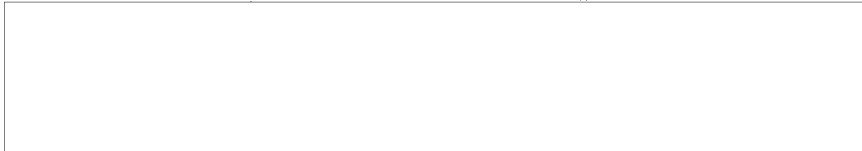


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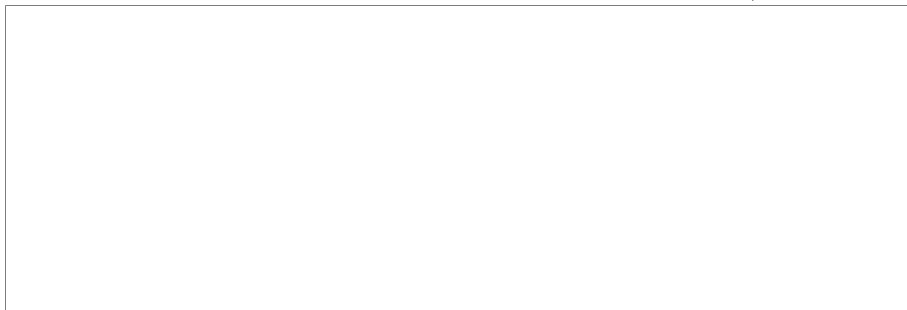


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On 19 January Cairo's semi-official newspaper, Al Ahram, ran the full text of the US reply, calling it "politically mean and immoral beyond imagination." This is probably another of Nasir's celebrated tantrums; he is quite capable of lashing out in ill-considered retaliation. The favorable reception of the Israeli press to the US reply will serve to confirm Nasir in his own opinion.

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At annex we take a look at some of the ingredients that make the Middle East so explosive at this time.

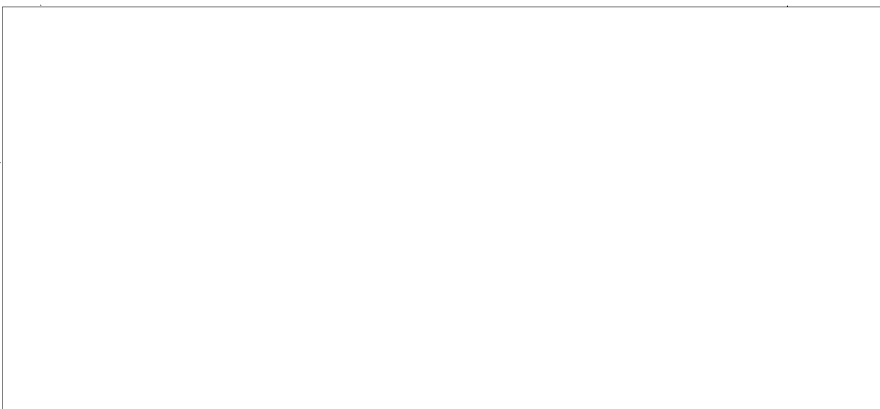
### EUROPE

There is nothing of significance to report.

### SOVIET AFFAIRS

Czechoslovakia is on the brink of another crisis following yesterday's incident in which a second youth set himself on fire. President Svoboda's announcement of the act during a nationally broadcast speech will have a major impact, and will almost certainly lead to larger and possibly violent anti-Soviet manifestations as well as to strikes in factories and schools.

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Student leaders were dissatisfied with the government's reply to the demands of the student who died Sunday, and thousands of young people marched in the streets of Prague yesterday in honor of the dead youth. They harassed Soviet military patrols, but there was no violence. Now, however, non-violence can no longer be assumed by the authorities or the Soviet troops.

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So far, Czechoslovak leaders have tried to avoid further anti-Soviet incidents by counseling prudence and cooperation with the authorities. Police and troops, for example, were notably absent during demonstrations over the weekend. Now, however, we expect to see numerous preventive measures.

The Dubcek leadership, nevertheless, has but a very limited range of options with which to counter growing popular disaffection. They are hemmed in on one side by Soviet demands for "normalization" of the situation, by which Moscow means forcible repression of the dissidents. On the other hand, the passions aroused among the people are so high that any attempt to dampen them by means more violent than persuasion risks a bloodbath and this would deepen the alienation of the population. Worst of all, perhaps, the country's leaders have not been able up to now to agree on a decisive course to follow. This is obvious to all and has encouraged the continuation of public resistance to Soviet domination.

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Representatives of the Soviet foreign ministry, in an unusual press conference on 20 January, issued one of Moscow's clearest statements in recent months that it is willing to hold bilateral talks with the US on limitation of offensive and defensive nuclear weapons.

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Despite a spokesman's denial, the meeting with the press was clearly timed as an invitation to the new US administration to make the next move.

Most of the major points of yesterday's statement have been staples of the Soviet position on disarmament for years. It repeats the essential elements of Moscow's nine-point program made public last July and subsequently presented to the United Nations General Assembly. These points--some of them old chestnuts--are:

- banning the use of nuclear weapons,
- banning the production and reducing the stocks of nuclear weapons,
- subsequent liquidation of nuclear weapons,
- banning of underground nuclear and thermonuclear tests,
- banning of flights of aircraft carrying nuclear weapons beyond the confines of national frontiers,
- limiting the zones of operation of nuclear missile-carrying submarines,
- banning of chemical and bacteriological weapons,
- liquidation of foreign military bases,
- setting up non-nuclear zones in various parts of the world, and,
- strengthening provisions for the use of the world's seabeds and ocean floors exclusively for peaceful purposes.

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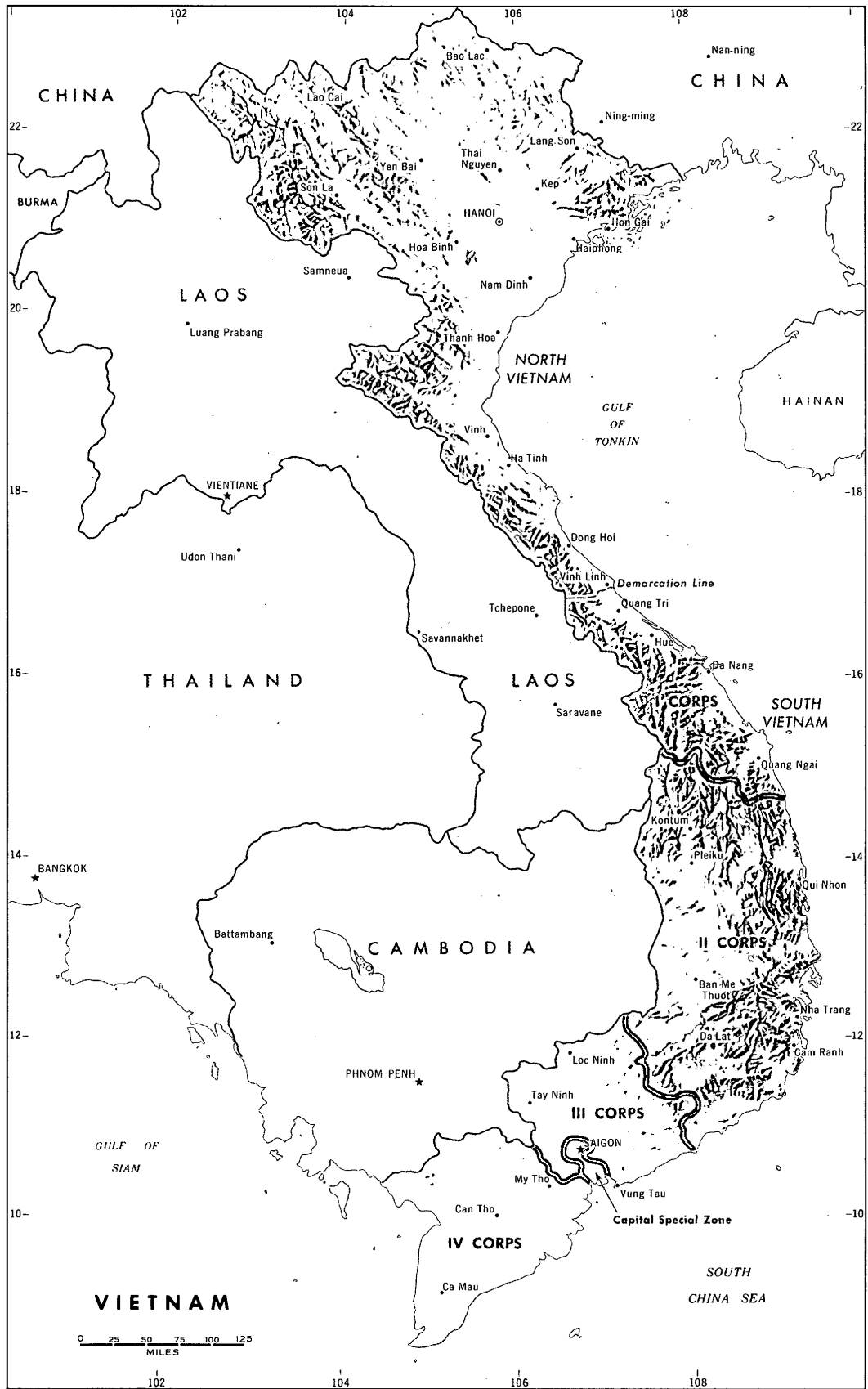
The statement included a pro-forma propaganda attack on the strengthening of NATO and specifically accused the US, the United Kingdom and West Germany of "whipping up a cold war atmosphere."

During a subsequent question period, the Soviet spokesmen called Bonn's plans to elect the next Federal President in West Berlin during March as "a new provocation," which can only "complicate international relations." They made no threats of retaliation, however, and ended this portion of their interview with an appeal to Bonn to sign the non-proliferation treaty.

VIETNAM

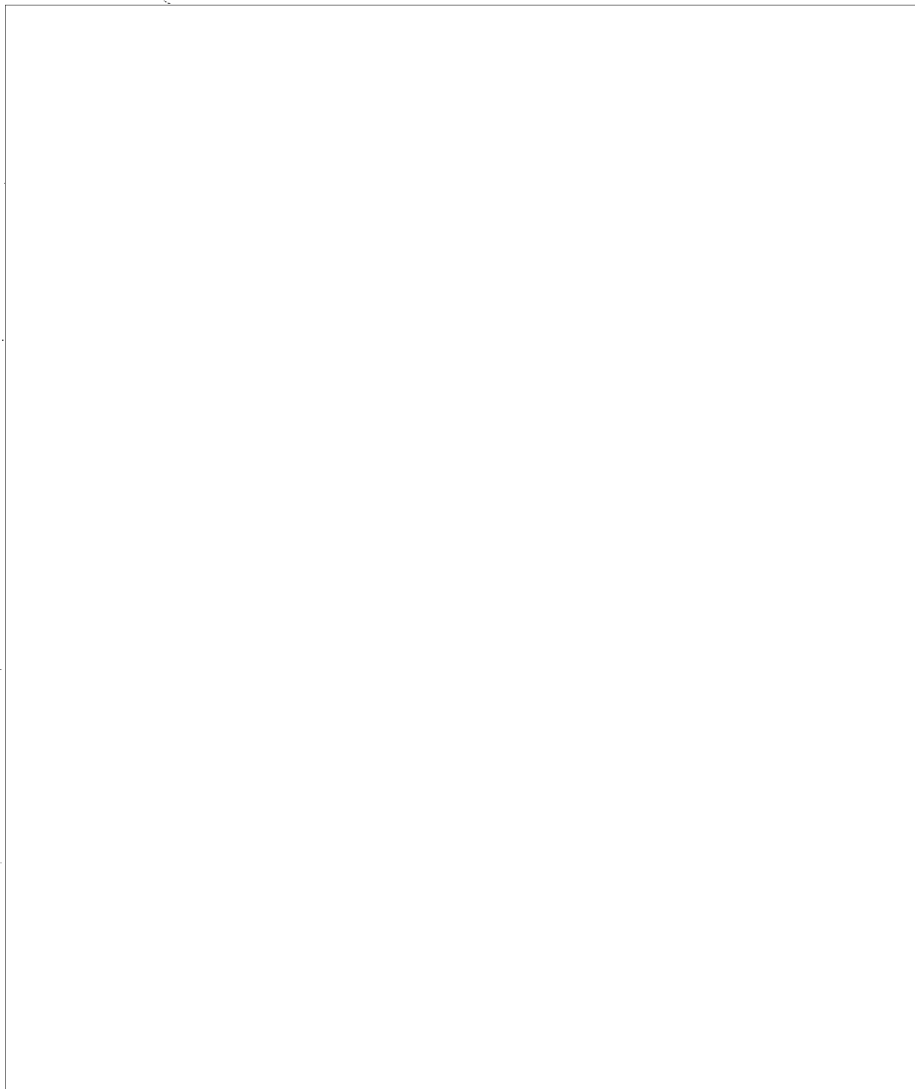
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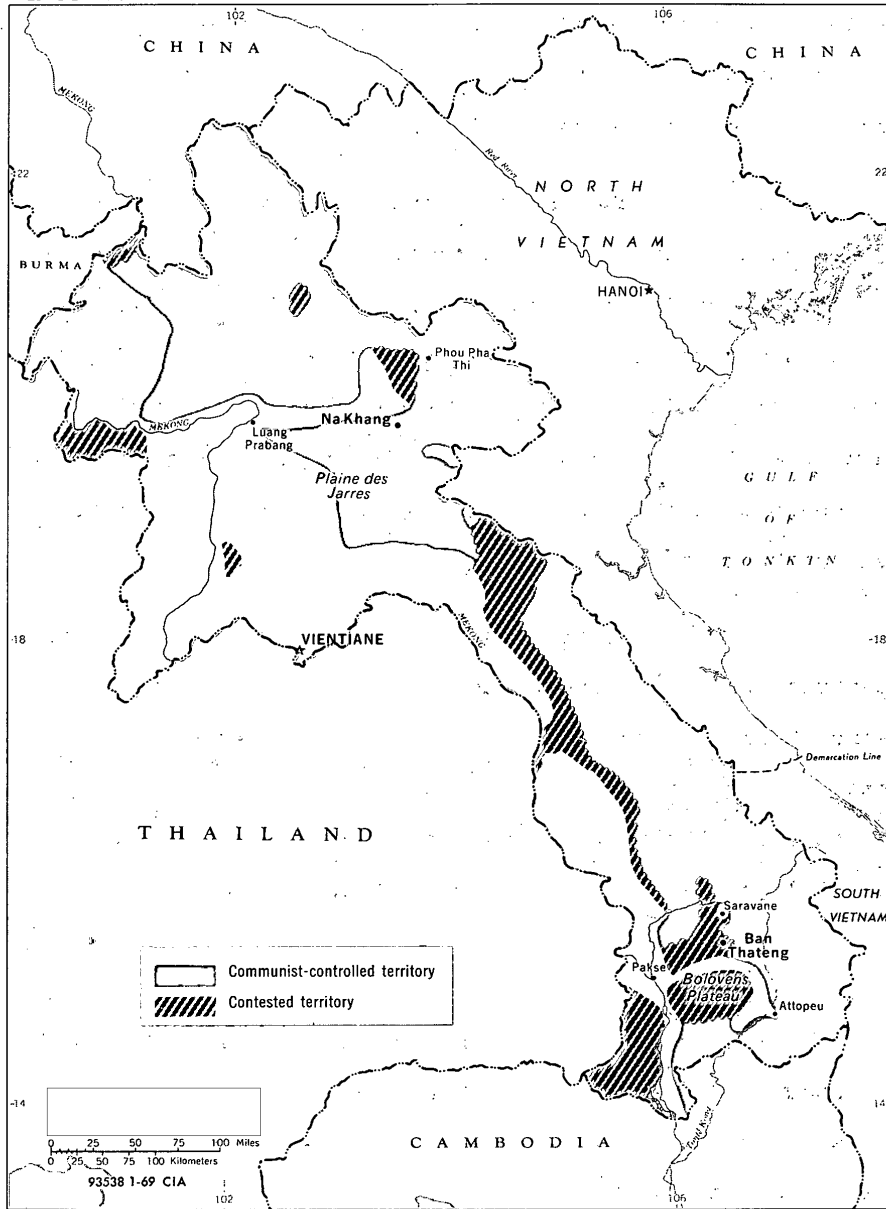
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Communist units in South Vietnam have sharply increased the level of military action over the last four days. Thus far, however, the enemy has not committed his large units.

### LAOS: Current Situation



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The current round of activity is doubtless intended as a demonstration of Communist military presence and capability on the eve of the Inauguration, and also as a show of strength as the new round of substantive talks gets under way in Paris.

It is not yet clear how far the current Communist military effort will be pushed. Numerous recently captured prisoners and documents [redacted] indicate that the Communists plan to launch a series of attacks throughout III Corps. [redacted]

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## II. OTHER IMPORTANT DEVELOPMENTS

### LAOS

The Communists are preparing for the next round of their annual dry season offensive and for the moment the military situation is relatively quiet.

Only light skirmishing and patrol activity has been reported over the past several days near the Bolovens Plateau in the south, where the heaviest fighting of the two-month old Communist offensive took place earlier. As many as three North Vietnamese battalions are still dug in around Ban Thateng, but the enemy has made no effort to

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bring additional pressure on the base's weary defenders. Heavy air strikes and government guerrilla operations are helping to keep the Communists at bay, and the North Vietnamese themselves may not be willing to run the risk of another costly all-out attack.

In the north, small numbers of Communist troops have been probing outlying government positions that defend the key guerrilla base at Na Khang. The friendly guerrillas have been trying to clear the enemy from recently captured positions near Na Khang; these positions have been used to place mortar fire on the base's airstrip. Another government spoiling operation has blunted a Communist push against government positions between Na Khang and the Plaine des Jarres.

#### PERU

The Velasco government has placed an embargo on the remaining assets of the US-owned International Petroleum Company and seems ready to expropriate them.

Pressure for further action has grown out of a dispute over the price the company is to pay for oil products it has drawn from the expropriated refinery at Talara.



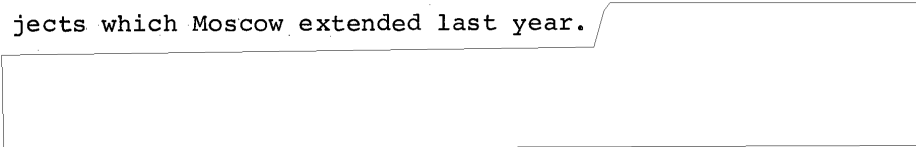
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There is an indication that Peru might seek to inject the Soviet Union into the controversy. A Soviet economic delegation is to arrive in Lima later this month to review a general offer of credits for industrial projects which Moscow extended last year.



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In any event the new expropriations will resurface potential difficulties in Peruvian-US relations. Under amendments to the US Foreign Assistance Act and the Sugar Act, Peru will lose US economic assistance to the tune of 20-25 million dollars and its substantial sugar quota unless steps are taken to provide prompt and adequate compensation for nationalized property. Peru must meet this

requirement by 9 April, when the grace period of six months expires. If it fails to do so, and economic sanctions are applied, relations will be severely strained, perhaps to the breaking point.

### COMMUNIST CHINA

We are beginning to suspect that major, unpublicized shifts are taking place among Chinese leaders, and that these may have the effect of weakening Mao Tse-tung's political position. The inner circle of leaders around Mao have failed to show up in public together since October, and the capital is full of rumors about ferment within this group.

One of the more credible is that several of Mao's associates, including defense minister and heir apparent Lin Piao, made speeches recently admitting that mistakes had been made in the Cultural Revolution. The intent of these speeches presumably was to lay the groundwork for a departure from "revolutionary" domestic policies which Mao has been pushing. [redacted] former general secretary of the party Teng Hsiao-ping has had his party standing partially restored. Teng was removed from a position of authority in the summer of 1966, at the outset of Mao's campaign against the leaders of the party apparatus.

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Harsh Maoist policies continue to be pushed in the countryside, and this could foster further divisive tendencies. The regime appears again to be tampering with rural institutions in an attempt to make them more egalitarian, and is engaged in a crash effort to transfer large numbers of urban dwellers to rural areas to share work and hardship with the peasants. These measures are provoking considerable public dissatisfaction.

## THE DIMENSIONS OF THE ARAB-ISRAELI SITUATION

The rapid growth of irrational Arab terrorism has become the most aggravating problem in the Arab-Israeli impasse. Terrorist actions are expanding in both frequency and scope. Rivalries between the several terrorist organizations and the irresponsibility of their leadership compound the problem. The growing public popularity of the terrorist movement has left Arab political leaders, such as Nasir and King Husayn, on the sidelines helplessly watching their own influence and power erode. Meanwhile, the terrorists' popularity has forced all Arab leaders into greater cooperation with the terrorists.

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Lebanon, which up to now had managed to remain uninvolved, is the latest victim of this expanding disruptive force. Caught between militants, mostly Muslim, Arab Nationalist elements, and the traditionally pro-Western Christian sector, the country's political leaders have become increasingly paralyzed while awaiting what they believe to be an inevitable Israeli strike. Such an attack could only increase their ineffectiveness and could result in the loss of territory in southern Lebanon.

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In Israel too, emotionalism seems to be taking over from reason. A "siege mentality" has set in which has brought with it a growing belligerency toward the Arabs and the outside world. The traditional sense of isolation has grown enormously and the combination of these factors has resulted in a willingness to go it alone. Compounding the situation is a growing suspicion that Israel has lost its favored position in the Western World, and especially in the US.

The French arms embargo has brought about a contemptuous anger toward France, Israel's old ally and arms supplier. At the same time Israel sees itself threatened by a Soviet-US "peace" deal. Israel fears that the Soviet Union aims at getting it to relinquish the Arab territory it now holds without a firm and durable peace treaty with the Arabs. [REDACTED]

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[REDACTED] Israel continues to have faith that its present tactics will bring the Arabs to heel.

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Moscow probably has several motivations in proposing its peace plan. It wishes to minimize the possibility of another outbreak of war, which could well create a crisis between it and the US. It may also wish to lessen the threat that Moscow's Arab client regimes might be toppled as a consequence of the continued stalemate and the rise of terrorist influence. Of course

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the USSR would also benefit if the Suez Canal were re-opened. What Moscow may not realize is that it may be too late to cut down the terrorist menace to the Arab regimes and that, even if Nasir and Husayn were to make peace, they are not likely to be able to make it stick with the terrorists. Many elements in the several Arab armies sympathize with terrorism. The general Western and US view is that, while the plan cannot be accepted in toto, it may provide a basis on which to build.

Jarring's mission, long nearly moribund, might get a new lease on life because of the Soviet peace proposals. With the active support of the Soviet Union in the peace-making process, Jarring may feel sufficiently encouraged to continue his conversations with the parties. Thus Moscow's plan may serve to slow temporarily the rapid deterioration of the situation in the Middle East, but the prospects are slim that it can be anything but a palliative, and it may end in hardened positions all around. There will be no letup in terrorism, since the terrorists have no intention of making peace with Israel and the Israelis will stick firmly to their reprisal formula. Thus, a somewhat expanded irregular military action probably will develop.

The chance of another war may increase in the months ahead. If experience is any guide, there will be a series of military alerts and alarms on either or both sides

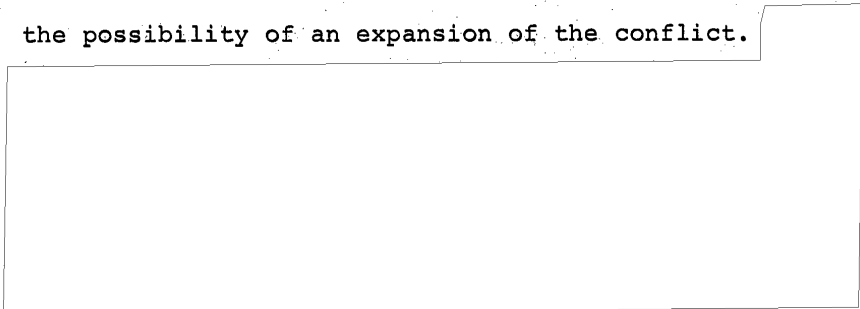
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triggered by rumor, fragmentary information or border incidents, and each of these enhances the possibilities for major clashes. For example, for the past two weeks the Arabs have managed to convince themselves wrongly--probably with Soviet help--that the Israelis are mobilized and about to launch an attack.

Unless the Soviets intervened, any all-out war in the predictable future would be lost by the Arabs. The dispersal of aircraft shelters by Egypt would probably make an Israeli victory more costly and the war would last much longer than in June 1967. This would open the possibility of an expansion of the conflict.

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