



*The President's Daily Brief*

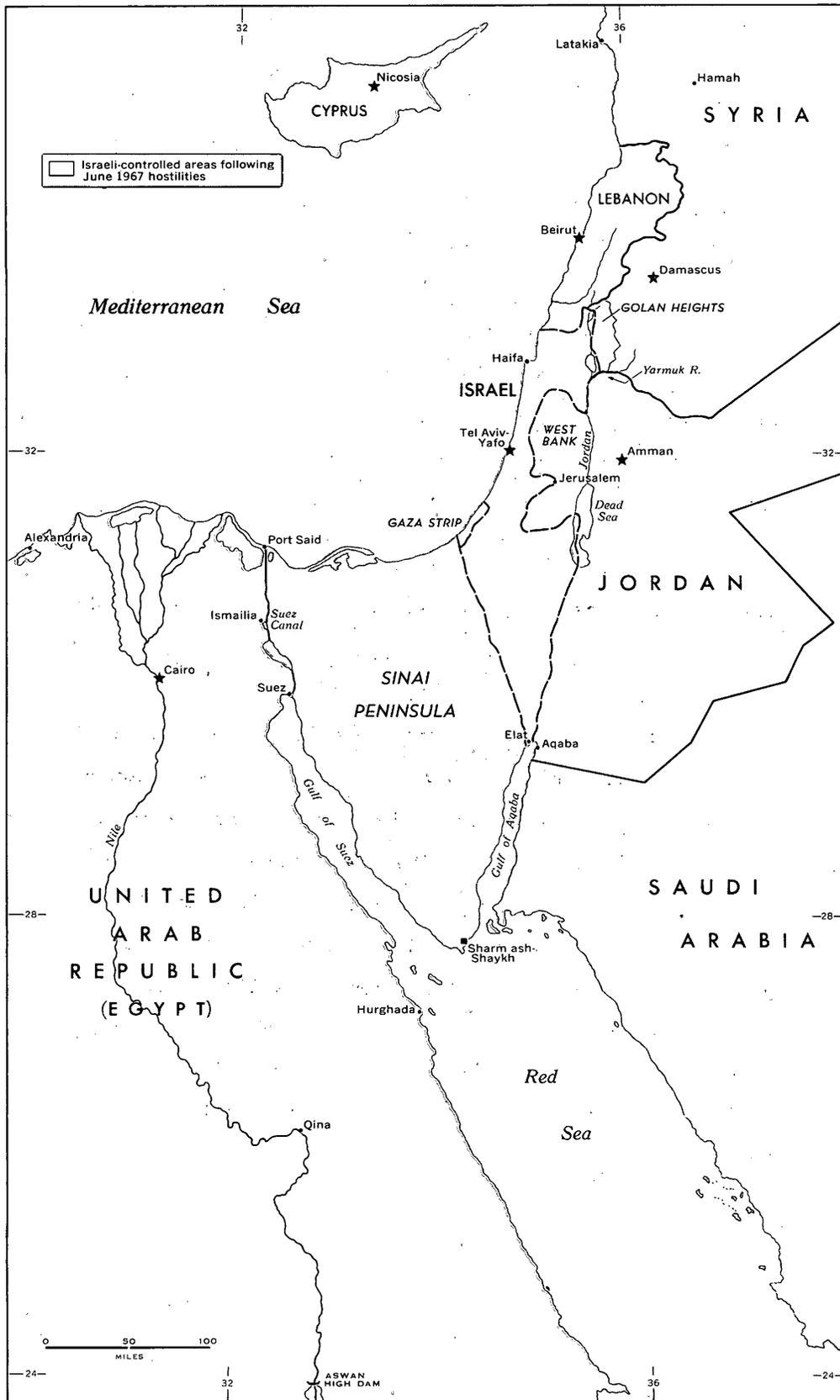
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*23 January 1969*

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*~~Top Secret~~*





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## I. MAJOR PROBLEMS

### MIDDLE EAST

The British are in the midst of a full review of their Middle East policy. They told our embassy that their goal is to maintain their "respectably even-handed" position between the Soviet Union and the Arabs on the one hand and the US and Israel on the other. Their reply to the latest Soviet proposal accepts one or two Soviet ideas and rejects the rest.

The British say they are waiting for a US lead on the French proposal for four-power meetings in New York.

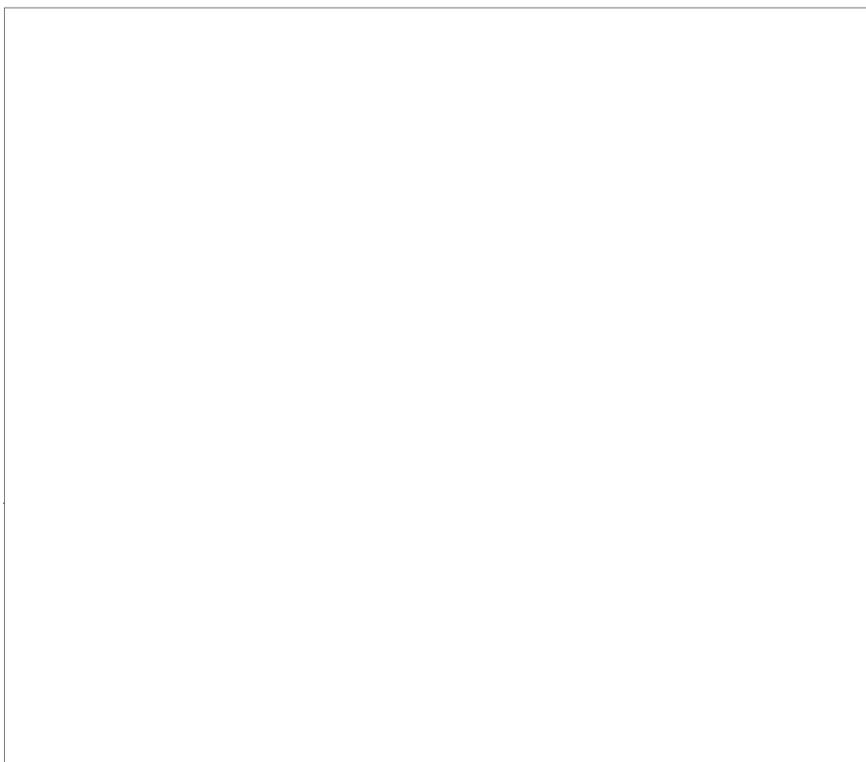
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The Soviets and the Egyptians are working out final details on their annual trade agreement. It will not be signed until next week, but Cairo press leaks indicate that trade will be about \$360 million both ways. (The figure for 1967, the latest we have, was \$306 million.) Soviet exports will stay at about the same level, but Egyptian exports--rice, cotton yarn, textiles, and for the first time industrial goods--will rise significantly, including payments in kind for about \$48 million of Egypt's large debt--somewhere in the neighborhood of \$850 million--to the Soviet Union.

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The principal plus for the Egyptians in what otherwise seems to be a trade deal favorable to the Soviets is Moscow's undertaking to ship 500,000 tons of wheat-- about one-fourth of Cairo's annual requirement. Last year Moscow supplied very little wheat, the import of which always eats heavily into Egypt's limited foreign exchange.

EUROPE



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Both the Italians and the Canadians have informed the US that they are moving toward the establishment of

diplomatic relations with Peking. Canadian Foreign Minister Sharp told Ambassador Linder on 22 January that contacts with the Chinese could be expected in a few days. The Italians told the US Embassy in Rome the same day that Foreign Minister Nenni would soon make public Italy's intention to recognize Peking.

This could have a bandwagon effect within Western Europe. The Belgians might eventually follow Italy's lead, and Austria may join in as well. West German Foreign Minister Brandt apparently is thinking of making a new attempt to work out a trade agreement with the Chinese.

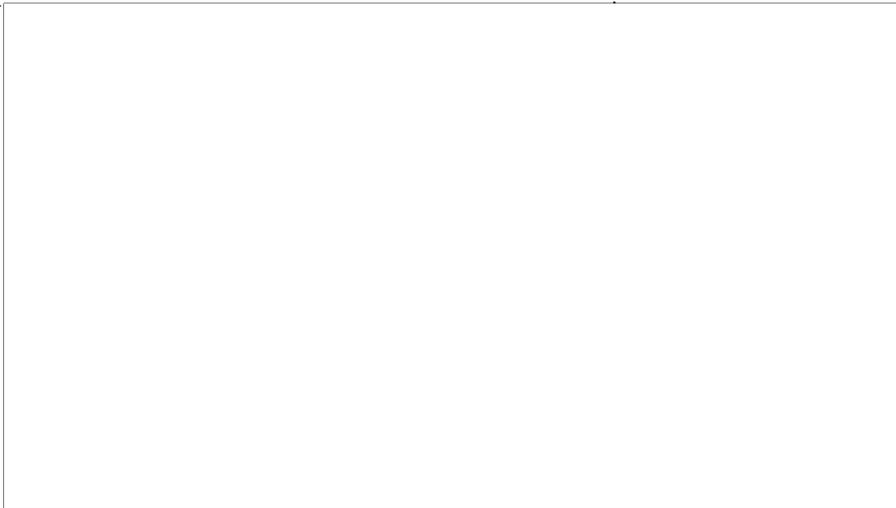
Western European countries that already have diplomatic relations with Peking include Britain, France, the four Nordic countries, the Netherlands, and Switzerland.

#### SOVIET AFFAIRS

Soviet authorities have taken the wraps off the story of the Red Square shooting incident today only to the extent of admitting that it happened and describing the assailant as a lunatic. Evidently no leading officials were hit, but there is a very good chance that the shots were aimed at them rather than at the cosmonauts. Television coverage of the subsequent award ceremony in the Kremlin showed a messenger at one point

delivering notes to Brezhnev and secret police chief Andropov. Andropov later handed a note to Brezhnev who was described by television viewers as reading it with a "grim" expression.

The Soviet leaders are not likely to take this shooting episode lightly and may well move quickly to tighten domestic security. There have been no reports of previous attempts upon the lives of the present members of the Politburo, but an incident in June 1967 in which a man blew himself up in Red Square, killing and wounding several bystanders, caused considerable consternation in high circles.



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Yesterday's return to Prague of two ultraliberal leaders, who before the invasion last August had held

high posts in the Czechoslovak Government, has further antagonized the Soviets. Former deputy premier Ota Sik, the "father" of Czechoslovakia's far-reaching economic reform, and writers' union chief Eduard Goldsteucker had been living in exile and have been labeled traitors by Soviet and Czechoslovak conservative politicians. They are still members of the party central committee; today they took their seats in the new Czech national parliament. The leadership had been under Soviet pressure to drop them from both posts. Now Prague will be forced to defend them in the face of Soviet displeasure.

Both men are immensely popular, especially among dissident youth and intellectuals. If the Dubcek leadership should bow to Soviet pressure to purge them, a new source of serious domestic friction could develop. Presumably they will be asked to use their prestige against potentially explosive anti-Soviet demonstrations this weekend.

The situation in Prague today was quiet but tense.

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The annex today discusses some of the background of the Czech crisis.



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## VIETNAM

President Thieu, supported by Vice President Ky, has laid out his preliminary views on how the allies ought to try to steer the Paris talks.

On 21 January at the first of what will now become a series of weekly consultation meetings, Thieu concurred with Ambassador Bunker that the talks should focus first on the restoration of the Demilitarized Zone. This, he thought, would be a good test of enemy "sincerity."

Thieu urged that the talks should then consider the infiltration problem and the rest of South Vietnam's borders, which would automatically raise the issues of Cambodia and Laos. Speaking in support of Thieu, Ky emphasized that the problem of verification of respect for these borders would be of fundamental importance.

Both men seemed unenthusiastic about taking up the problems of withdrawal and cease-fire immediately after the DMZ. They expect, however, that the Communists will want to get into these subjects as quickly as possible and proposed that the allies agree to a cease-fire only as part of an agreement on withdrawal, regroupment, and verification.

Thieu emphasized his willingness to give priority to developing joint positions with the US on substantive matters. He agreed that a joint military working group be set up to support the consultations between himself and Ambassador Bunker.

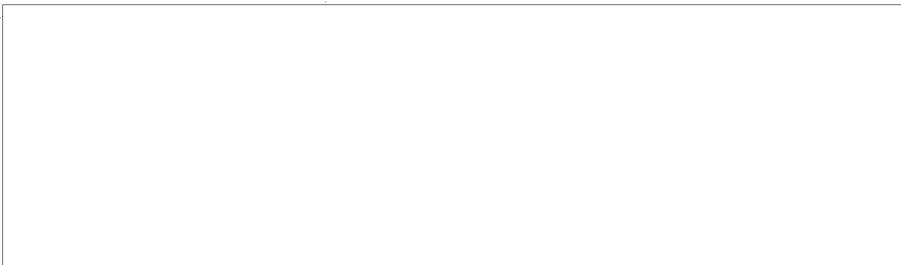
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On 22 and 23 January allied forces had a hard fight in the central highlands between Kontum and Pleiku. This engagement, the latest in a series of clashes in that area, resulted from allied efforts to interfere with an enemy buildup there. The Communists periodically attempt to assemble forces for attacks against allied special forces camps strung out along the central highlands and to overrun montagnard villages defended only by irregulars.

## II. OTHER IMPORTANT DEVELOPMENTS

### NIGERIA

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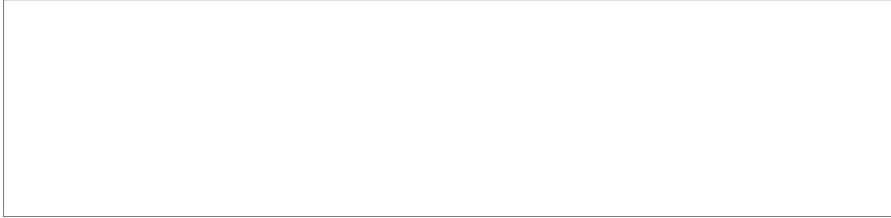




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#### UNITED KINGDOM - RHODESIA

Both the British and the Rhodesians apparently think another round of high-level talks is in the offing, but the chances that they can negotiate a settlement to their long dispute are even dimmer than they were during the last round in November. Since then, the Smith regime in Salisbury has thumbed its nose at London on several minor points. It has also decided to hold referendums in April on proposals to declare Rhodesia a republic and to inaugurate constitutional changes similar to the apartheid structure in South Africa.



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Rhodesians are likely to remain intransigent, and we believe Smith--with some characteristic vacillation en route--will eventually turn his country into a white-supremacist republic.

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## BEHIND THE CRISIS IN CZECHOSLOVAKIA

The Czechoslovak leadership finds itself embroiled in a crisis situation because of its efforts to reconcile Moscow's requirement for "normalization" with the need to mollify the population by some liberal reforms. Various sectors of the population are not persuaded by the leadership's balancing act. Indeed they feel that Dubcek and his cohorts are giving in too much to Soviet pressures. Widespread fears that the political situation is going from bad to worse has forged a strong bond among workers, students, farmers, and intellectuals who demand that the Dubcek administration make no more concessions to Moscow.

The first major confrontation between the reconstituted "realist" leadership and an increasingly disenchanted population developed in late December, when the position of National Assembly President Josef Smrkovsky was put in jeopardy. The widely popular Smrkovsky is the last remaining liberal in the leadership. The population, moreover, sees in his survival the last hopes of the liberal reform program that Dubcek initiated last spring.

Regime conservatives and some moderates insisted that Smrkovsky be removed and that his post be given to a Slovak under a federalization plan designed to give the Slovaks near-equality with the Czechs. The populace, knowing that the Soviets want Smrkovsky ousted for his continuing support

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for reform and for his criticism of the Russians, threatened strikes and demonstrations on his behalf.

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The Dubcek leadership, caught then as now between Soviet demands and popular reaction, came up with a compromise solution. They proposed that Smrkovsky take a half-step down to a newly created post of first vice president of parliament. The compromise appeared to calm matters at that point, but the issue will not be finally resolved until a new federal assembly is elected next month.

As the tension over the Smrkovsky affair subsided, a new struggle developed in early January over freedom of the press. Widespread speculation developed that the Dubcek leadership was about to establish firm control over Czechoslovakia's media. This issue has led the Dubcek hierarchy to the brink of a potentially very dangerous crisis, with popular tensions sharpened when a 21 year-old student, Jan Palach, set himself on fire in Prague's Wencesles Square to protest censorship and the continued existence of an illegal pro-Soviet publication.

Czechoslovak students quickly hailed Palach as a martyr and between 18-20 January thousands of disaffected youths

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marched in the streets of Prague. They brought more demands-- many of which the Soviets have already refused to the Czechoslovak leadership.

The decision to give Palach a hero's funeral on Saturday is a risky one. The ceremony, which may draw as many as 100,000, will attract youths from all over the country who are intent on demonstrating in Prague. The leadership evidently judges, however, that it must align itself with the profound feelings aroused by the suicide or forfeit its dwindling rapport with the populace. Top party and government leaders, who met with university officials in an effort to pacify the students, must come up with some type of compromise satisfactory to the students--as they did in the Smrkovsky case--or face the possibility of more suicide attempts and demonstrations bursting out of control.

In an effort to discourage further public gatherings, the popular and respected President Svoboda has warned that riots and strikes could cost thousands of lives and could bring down the Dubcek leadership. Premier Cernik branded some of the student actions "antisocialist" and said that the security police would have to clamp down on any anti-Soviet disturbances. Defense Minister Dzur has implied that the armed forces were ready to put down any outbursts. They have the capacity but we are not sure of their will to act vigorously in case of need.

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The students, who still have strong support from the workers and the intellectuals, met with trade union officials this week to coordinate protest activities. The student actions have thus far been nonviolent, but the authorities can no longer count on this to continue.

The Soviets, meanwhile, have not been satisfied with Dubcek's pace toward "normalization" nor his regime's inability--or unwillingness--to impose the necessary controls over the society or to reassert the leading role of the Communist Party in the manner prescribed by Moscow. The Soviets have charged that "anti-socialist forces" are trying to exploit the situation in Czechoslovakia. Moscow is keeping a close eye on the situation, and has implicitly warned the Czechoslovak leadership that it must take stern action to quash further disturbances. The implication is that if the Dubcek leadership cannot control the situation, the Russians will.

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