

The President's Daily Brief

20 February 1969

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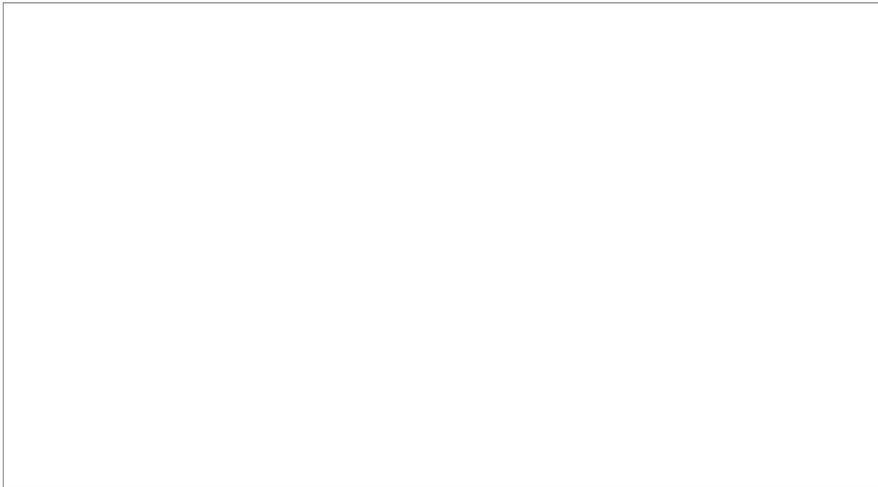
FOR THE PRESIDENT ONLY

21 February 1969

LATE NOTES FOR THE PRESIDENT'S DAILY BRIEF OF
20 FEBRUARY 1969

I. MAJOR PROBLEMS

MIDDLE EAST



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French UN delegate Berard yesterday confirmed to Ambassador Yost that Paris was opposed to using the four-power talks merely as a device to revitalize the Jarring mission. He said the French believe that the four powers should get into substance, that "public opinion" would conclude the talks were not worthwhile if they were confined to a restatement of previous positions. Berard also said Paris attached great importance to President Nixon's upcoming talks with De Gaulle, which will offer a further opportunity to clear up "misconceptions" about the French attitude.

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EUROPE

In Bonn's initial reaction to Moscow's announcement of the military exercises to be staged in East Germany in

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early March, a spokesman confined himself to a terse
statement that West Germany "is not surprised." [redacted]

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[redacted]

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SOVIET AFFAIRS

There is nothing significant to report.

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VIETNAM

[redacted]

II. OTHER IMPORTANT DEVELOPMENTS

COMMUNIST CHINA

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The embassy in Warsaw suspects that, barring the
development of a critical new situation which the Chinese
might feel calls for special contact, there will be a pro-
longed suspension of the Warsaw meetings. The Chinese told
a British correspondent Thursday that they had no present
plans for resuming the talks. [redacted]

[redacted]

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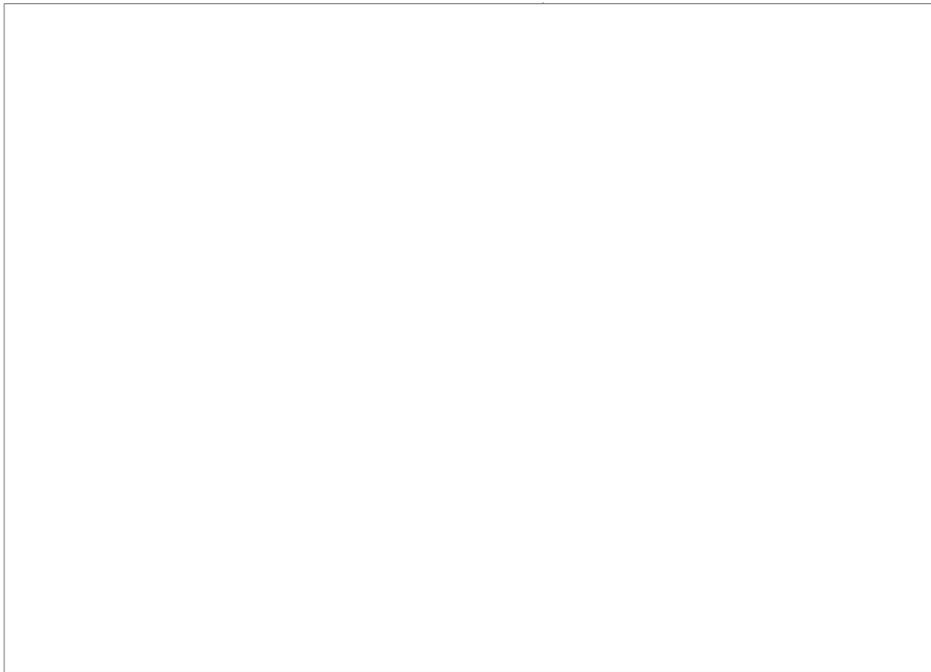
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I. MAJOR PROBLEMS

MIDDLE EAST

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EUROPE

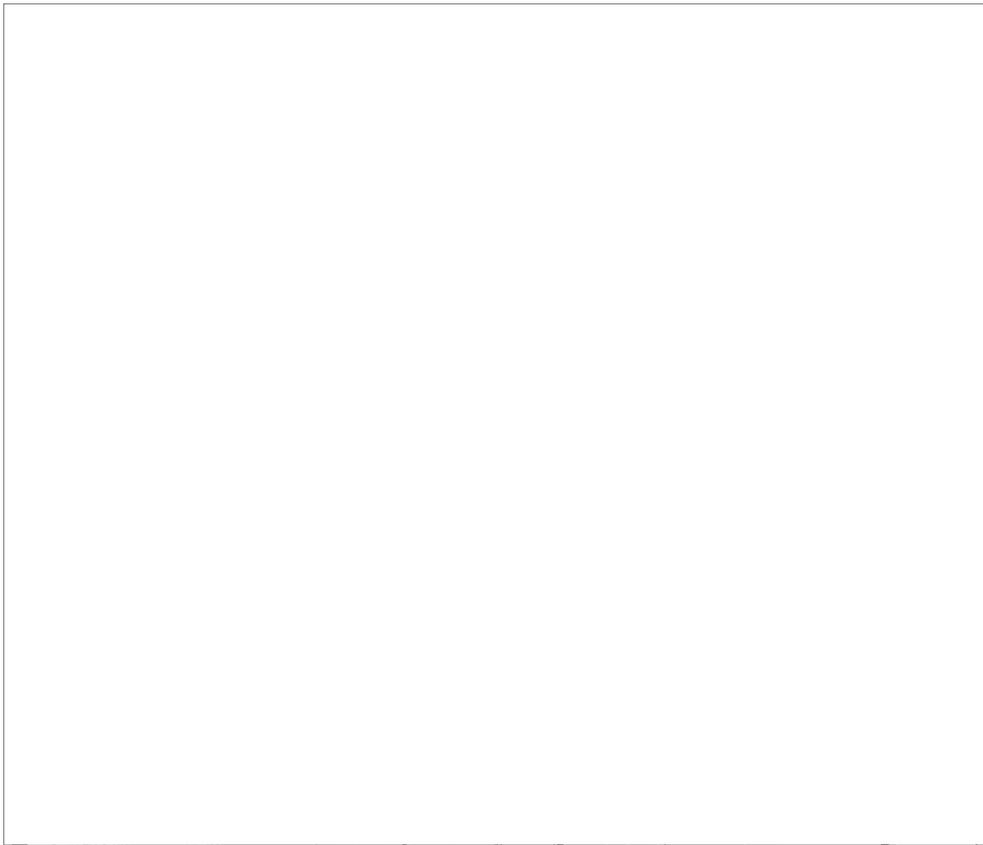


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Herve Alphand told Ambassador Shriver on Tuesday that the British wanted to "paint the French into a corner and isolate them within Europe" and admitted that London had succeeded.

French statements following the cabinet meeting on Wednesday suggest that De Gaulle principally wants to prevent any further coalescence around the British and does not at this point wish to let the crisis develop

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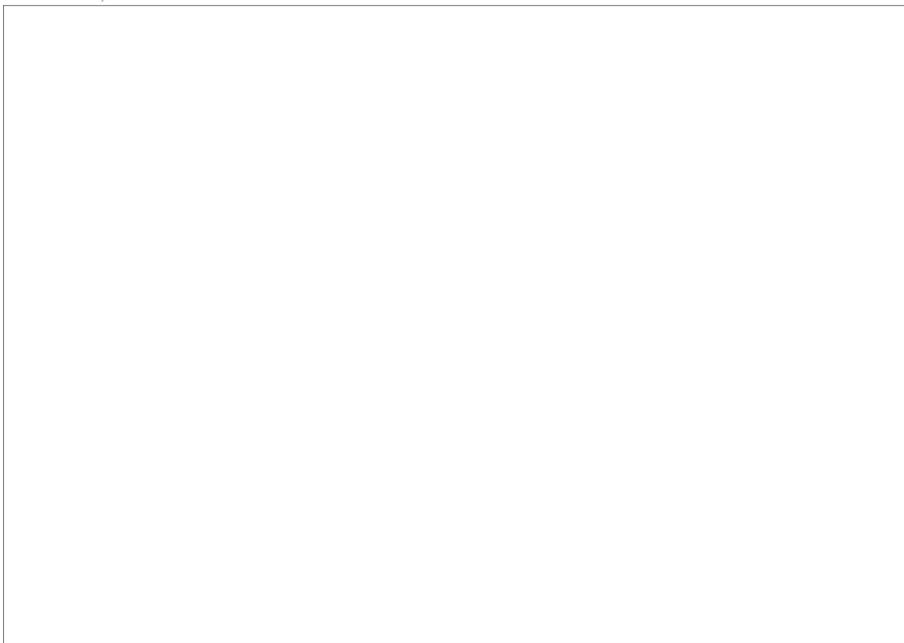
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further. At the same time, in confirming France's boycott of WEU Council sessions. Paris has taken a hard position from which it may be difficult to retreat. The French say they will stay away until all WEU members agree to institute political consultations only on the basis of unanimity.

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The Annex today deals with the European Communities and European unity.

SOVIET AFFAIRS

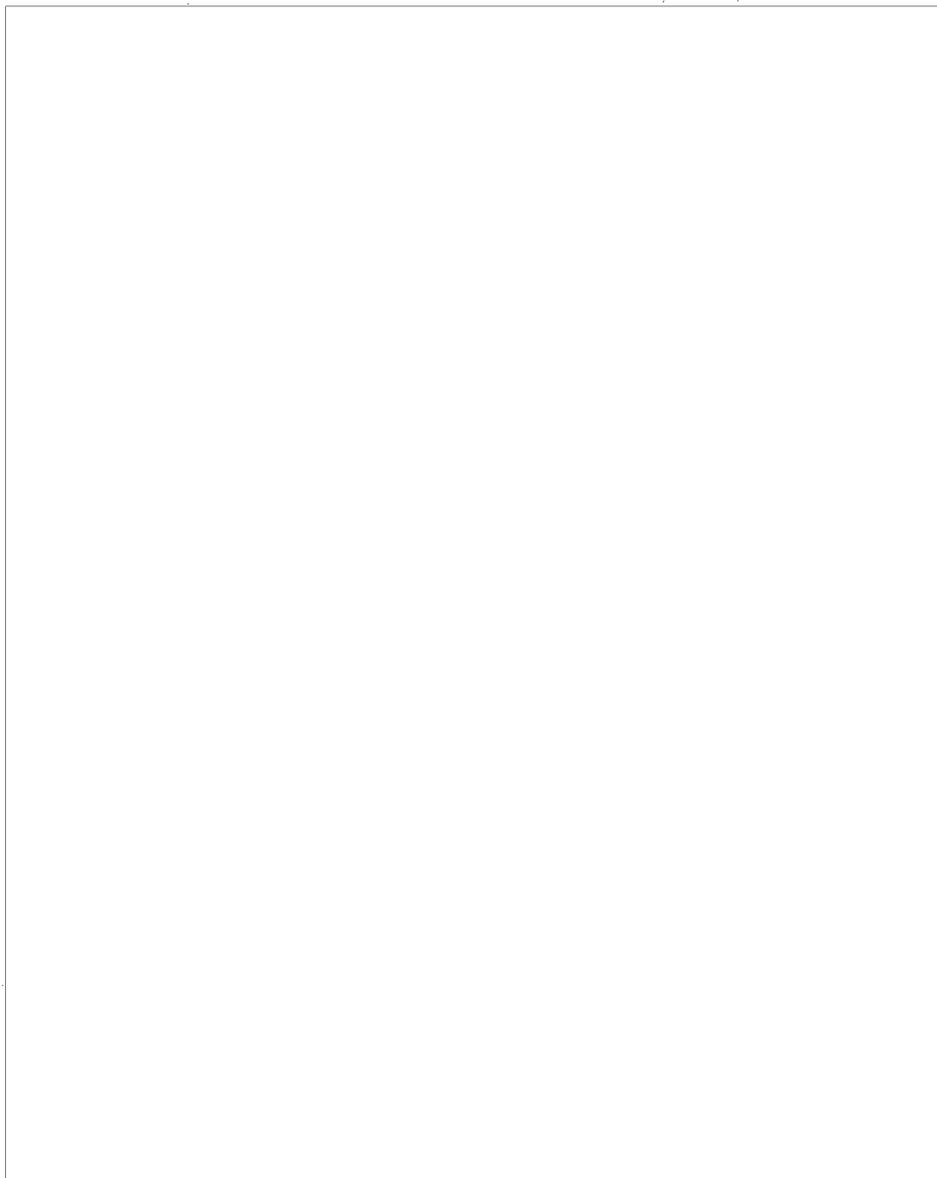
The Berlin scene remained quiet today except for another temporary slowdown in traffic early in the day.

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The Eastern Europeans, through various nongovernment contacts, are continuing their efforts to reassure us that no Berlin "crisis" is imminent and that Moscow will not tolerate any "nonsense" from the East Germans.

VIETNAM

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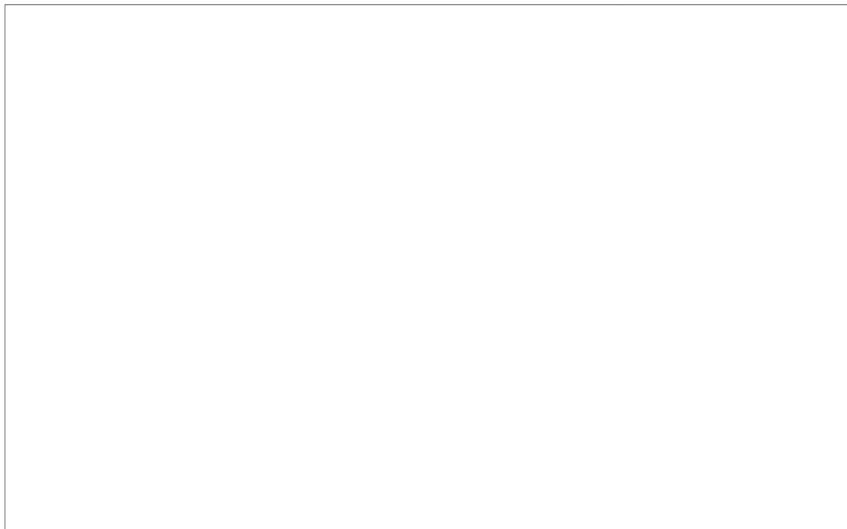


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II. OTHER IMPORTANT DEVELOPMENTS

NIGERIA

Federal leader Gowon has made his first visit to a front line divisional command headquarters, probably to try to ensure some coordination by Lagos of the three federal divisions and to shore up sinking morale among the troops. The division

[redacted] that the federal failure to launch a coordinated attack on the Biafrans resulted from a lack of direction from Lagos.

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[redacted] morale has seriously deteriorated among federal forces and desertions and self-inflicted wounds are on the increase. There is also evidently some dissension among the three division commanders.

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USSR-PERU

The recent Soviet-Peruvian trade agreement fails to live up to Lima's expectations in that it does not include any specific trade goals. The Soviet delegation told the Peruvians that it was not authorized to discuss any significant expansion of trade or conclude any agreements for technical assistance or for commercial credits. This strongly suggests that while Moscow is willing to lay the groundwork for closer economic relations, it still wants a better idea of the Velasco government's policies before undertaking any major commitments.

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THE EUROPEAN COMMUNITIES AND EUROPEAN UNITY

The European Communities--the European Economic Community (EEC), the Coal-Steel Community (ECSC), and the European Atomic Energy Community (EURATOM)--are still in the throes of becoming a full-fledged economic union. They are a long way from realizing their original intention of evolving into a political union. The progress made so far has given the six members a strong vested interest in continuing the integration process. If they are blocked at the present stage of development and membership, however, the Communities would hold little promise of evolving into a valid "partner" of the US. Moreover, unless effective "European" institutions emerge, the member states will be tempted either to "go their own ways," or the stronger among them--France or West Germany--will seek to dominate the grouping.

* * *

Over the past decade, the Community has made remarkable economic progress, as a 56 percent growth in GNP between 1958 and 1967 indicates. (The comparable figures for the US and the UK were 51 percent and 35 percent, respectively.) The Community has experienced a decade of expanding industrial output and generally high employment. Farm output, moreover, is 29 percent greater than in 1958, the unit size of farms is increasing, and 500,000 persons are leaving agriculture every year. In 1968 the customs union was completed--18 months earlier than provided for in the Rome Treaty; the free movement of workers, with social security benefits and protection, was assured; agreements were reached benefiting

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transport and agricultural workers; and the Community advanced toward the goal of a common commercial policy at the end of the transition period in 1970.

These achievements seem less impressive when compared with the remaining obstacles to full realization of economic and political union. Despite the basically favorable farm trends noted above, the EEC's farm policy poses serious difficulties for world agricultural trade and continues to confront the Community with its gravest internal problem. Support prices--set at high levels in large part because of pressure from German farm interests--have led to mounting surpluses in grain, dairy products, fruits and sugar. These surpluses generate pressures for increased protection against imports and subsidies for exports. The enormous burden of financing and marketing these surpluses has led to increasing friction among the members, especially France and West Germany. Paris, more and more frequently, is recalling that the initial "bargain" underlying the Common Market--expansion of the market for German industry in return for guaranteed outlets for French agriculture--will be jeopardized should Bonn balk at making continued high payments to the common farm fund. Ironically, however, it is France which, because of the political implications, resists giving the community sufficient tax resources to finance the fund; Paris knows the other five would insist that the European Parliament be given real powers over the management and disposition of these "European" revenues.

In 1969 the Community will have to negotiate a new financing arrangement for the post-1970 era. The disputes

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will be stormy. Since "constitutional" questions are involved, the outcome will have implications for the Community's political development going far beyond the issues of agricultural policy. The financing question is already bound up with the Commission's proposals for land reform, which aims at radically fewer farmers and bigger farms. The Commission argues that such a reform is the only escape from the exorbitant burden imposed by the present agricultural policy. Commissioner Mansholt--perhaps the most ardent "European" in the Commission as well as its agricultural czar--wants to bring Community agriculture into equilibrium by 1980. The proposed reforms would involve dangers for US exports, but Mansholt is seeking US understanding for his proposals, contending that without them, the US and other outside suppliers of the Community will eventually have even more problems in selling in the Community market.

The same strains which are evident in the debate over agricultural policy pervade almost all areas of Community activity. The competition between national and Community solutions to common problems runs through discussions of economic and financial policy coordination, nuclear and technological development, commercial policy, and social affairs. Opposition by the French to community solutions is reflected in their dislike of a strong Commission, their scorn for the principle of majority voting, and their resistance to any meaningful role for the European Parliament. They are not alone, however, in seeking national solutions and insisting on getting a fair return for the money they contribute. The work currently being done on technological

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cooperation among the Six, for example, does not point toward an integrated approach.

The Commission in its recent annual report assigned prime responsibility for the Community's malaise to the failure to open negotiations with Britain and the other candidates for membership, noting that "one member" blocked these negotiations. This is not the first time the Commission has pointed a finger at France, and it has taken action against Paris when infractions of community regulations were clear. On balance, however, the Commission's performance under President Jean Rey has been an uninspired and cautious one. This is in large part a result of the 1965 crisis when France sought by boycotting the Community's institutions to reduce the Commission's powers to those of a secretariat. In consequence the Commission--with the notable and vocal exception of Mansholt--is doubly eager to avert another great crisis which might destroy the Community as the focus of European unity.

Other and equally convinced Europeanists believe, however, that a flanking strategy is necessary in order to uphold the larger goal of political unity during this period when Britain's exclusion has in any event slowed the Community's development. Hence the various Benelux and Italian plans to maintain and expand contacts with Britain--with or without French participation. With the German proposals for "commercial arrangements" between Britain and the community coming to nothing, the British have eagerly backed Italian Foreign Minister Nenni's proposal for using the

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Western European Union (WEU) as a point of increased contact between Britain and the Continent. London has also seized on the opportunity provided by the Italian proposal to call for political talks on a subject--the Middle East--in which London has a natural leadership role. France's boycott of WEU until further notice is basically a reaction to London's success in thus acquiring some European credentials, rather than to the alleged illegality of the WEU meetings. Should the French be unable to prevent continuation of these discussions, another Community crisis may be in the offing. An all-important difference, however, between the present situation and 1965 is the active presence of the British in the game. A repetition of overt French attacks on the Community might well encourage just the kind of solidarity between the Five and the British which Paris seeks to avoid. As always, the important swing vote belongs to the Germans, and Kiesinger has up to now refused to cast it against De Gaulle.

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