



*The President's Daily Brief*

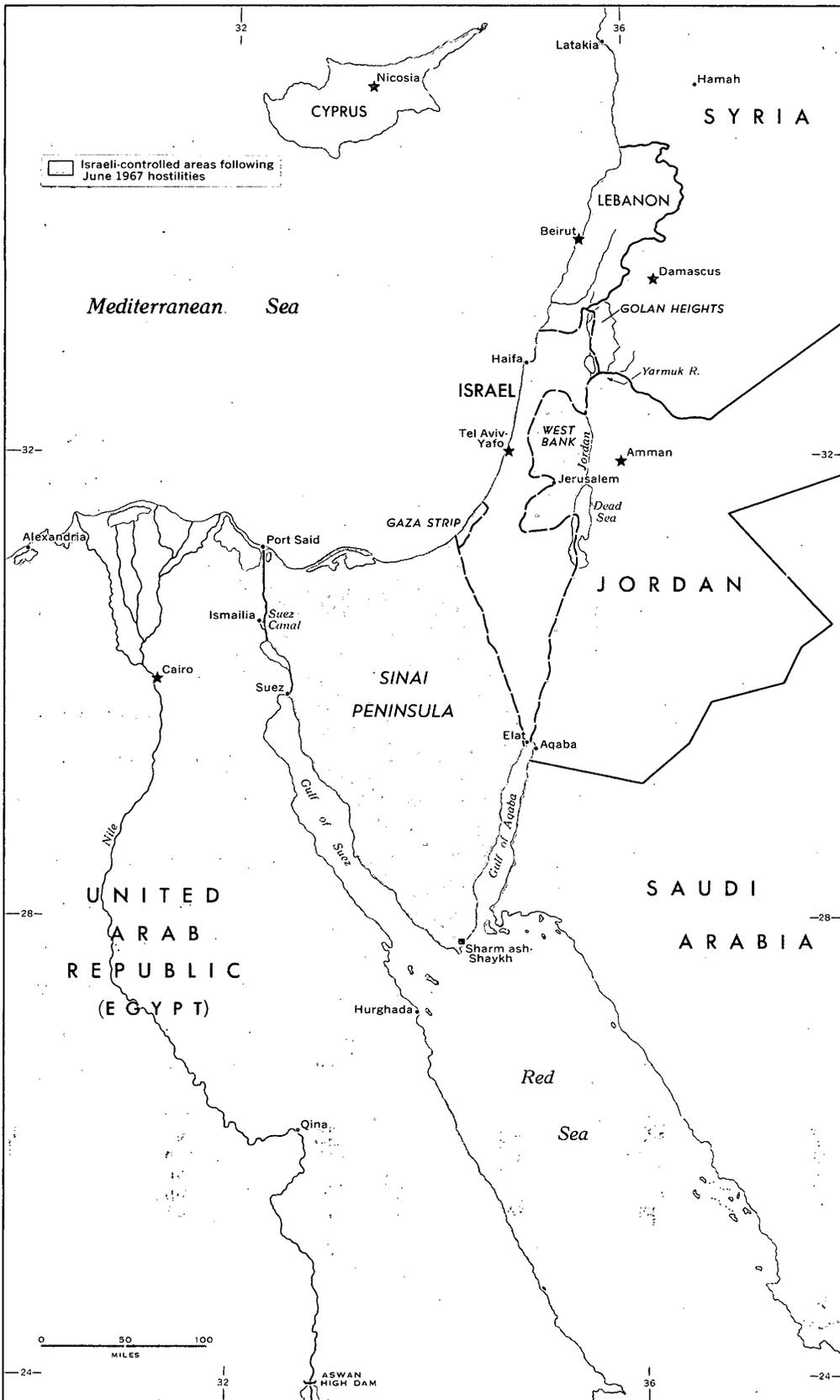
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I. MAJOR DEVELOPMENTS

MIDDLE EAST

The Dayan forces are wasting no time pressing their man's case. A Tel Aviv broadcast the day before Eshkol's funeral cites their claims that a petition campaign for "Moshe Dayan as premier within or outside the Labor Party" has already come up with 47,000 signatures. Mrs. Meir and Pinhas Sapir, the Labor Party secretary general, have both attacked the petition drive. Mrs. Meir said it was "undemocratic"--"the party and not the street will decide who will be the candidate for prime minister."

We are not sure Dayan himself is behind this activity. Ambassador Barbour in Tel Aviv in fact reported yesterday that there was a good deal of talk about Dayan's not being "in fighting spirit" at this stage.

EUROPE

As the press has reported, things in Rome are simmering down. The Italian police arrested 194 people in connection with Thursday night's demonstrations; eight of these were ultimately placed under arrest. Fourteen civilians were injured, five of them seriously enough to be hospitalized. The only word on the student who died is that he fell from the roof of the Rome Teaching Faculty building. This part of the building is still occupied by the students, however, and the police have not been able to verify the report.

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SOVIET AFFAIRS

The Soviet note delivered to the East German Government yesterday can be construed as giving Ulbricht a virtual free hand in hampering West German traffic to and from Berlin. The note raised the familiar claim that Bonn was illegally recruiting soldiers and manufacturing military and strategic goods in West Berlin and secretly transferring them to West Germany.

The East Germans almost immediately ordered their checkpoint officials to begin applying an already-existing decree which bans the transport of goods used "for military purposes" across their territory. This decree is deliberately worded so that the East Germans can ban the transport of most of the goods manufactured in West Berlin as well as materials sent to the city for use in their manufacture. The reference to the alleged recruitment of West Berliners for service in the West German armed forces, moreover, provides Pankow still another rationale for at least slowing down all passenger traffic.

Soviet Deputy Foreign Minister Semenov and Marshal Yakubovsky, commander of the Warsaw Pact, arrived in East Berlin from Moscow yesterday and met with Ulbricht and other East German political and military officials. Moscow had announced on 20 February that Yakubovsky would direct a joint Soviet - East German exercise early in March.

Meanwhile, units from at least two, and perhaps as many as four, of the five Soviet armies in East Germany appear to

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be preparing for the exercise. They are located in a training area between Berlin and the West German border, along with units from an East German division. Soviet tactical aircraft have not yet moved to alternate bases near Berlin and its air corridors to the West.

Chancellor Kiesinger, Foreign Minister Brandt, and Mayor Schuetz had earlier publicly aired their views that the presidential election will take place in Berlin next Wednesday, as scheduled. Implicit in their statements, however, was the thought that a last-minute deal could not be entirely ruled out. According to Kiesinger's press secretary, Sunday is the last day on which a change of venue can be arranged. Thereafter, he implied, technical arrangements would have to go forward.

VIETNAM

The scope and intensity of enemy activity throughout South Vietnam slackened considerably on 28 February, for the second consecutive day, suggesting the opening phase of the Communist's offensive may be drawing to a close as they regroup, refit and assess the results of their initial round of attacks. It is not clear how long this lull will last. There is strong evidence, however, that the offensive will be resumed, probably on a countrywide basis, and quite possibly featuring operations by at least some of the large numbers of main force units which have not yet been committed.



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Except for sporadic fire fights in Saigon's outlying districts and one isolated terrorist incident downtown, Saigon remained free of enemy activity yesterday. Hue, so far unscathed during the offensive, also was quiet. There has been no significant enemy activity at Da Nang since the heavy explosions in the dock area of 27-28 February that caused numerous US casualties and destroyed nearly 350 tons of ammunition.

In I Corps, little significant ground fighting developed in any of the northern provinces or in the area of the Demilitarized Zone. Allied forces on sweep operations in the northern A Shau Valley uncovered more than 100 tons of enemy arms and munitions. No enemy actions of significance occurred in the II Corps area. Although no major actions were reported in III Corps, large numbers of enemy troops continued to be noted along the approach routes to the allied military complex at Bien Hoa - Long Binh and in the vicinity of the provincial capitals of Song Be and An Loc in the northern sector. Viet Cong activity in the Mekong Delta was generally light and scattered.

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Thieu and Ky are edging closer to opening direct contact with the Liberation Front in Paris. Ky told Ambassador Lodge on 26 February that he is "available" to talk to the Viet Cong in Paris and that Thieu has

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authorized him to offer a deal. In exchange for the withdrawal of all North Vietnamese north of the 17th Parallel, the GVN would allow all Viet Cong to be eligible to vote and to run as candidates in elections for the senate, the assembly, local offices, and even the presidency in 1971.

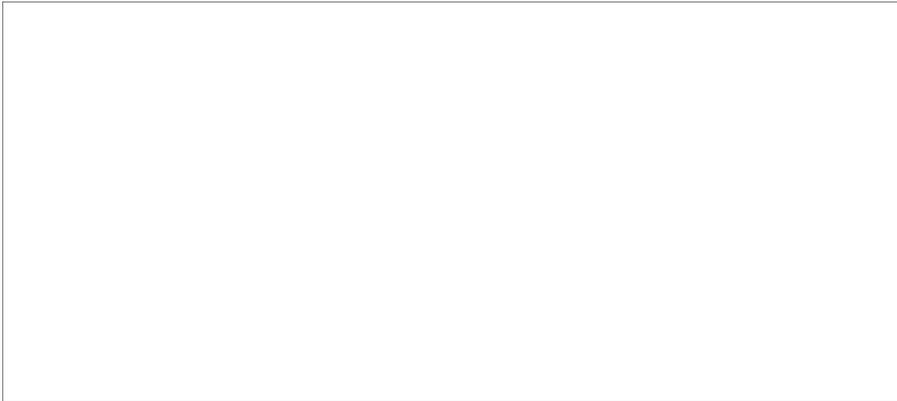
This approach is a major step forward on the part of Thieu and Ky and indicates that they are now more confident of their strength in South Vietnam. It is clear from Ky's remarks to Ambassador Lodge, however, that he and Thieu want the US not only to tell them whether they ought to continue down this path but also to hold their hands while they travel it. The degree to which Ky and Thieu are counting on continuing US help was revealed in Ky's comment to Ambassador Lodge that the US could dissuade various nationalist candidates from running for the presidency, thereby avoiding a split in the anti-Communist vote.

The Communists would be intrigued and enticed by any discreet approach from Ky to open talks, despite their frequent assertions that they will not deal with the present GVN leadership. If the Communists were convinced that Ky genuinely wants discussions involving the political future of South Vietnam, they would probably agree to meet with him. They might, however, seek to establish through an intermediary beforehand precisely what Ky has to offer. Thieu has previously suggested that the Soviets or the US might have to play

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the role of intermediary in establishing contact between the Front and the GVN.

At present, however, the Communists are trying to encourage the US to open direct talks with the Liberation Front and they might regard an approach by Ky as nothing more than a US counter to their own strategy.



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On the issue of mutual de-escalation, it is possible that the Communists may soon become more active. In response to allied protests about the current Communist offensive, both Hanoi and the Front have repeatedly taken the line that US "intensification" of the war has made this necessary and that the first requirement for progress in Paris is cessation of US "aggression." Justifying Communist military activity on grounds of "self-defense" is nothing new, but perhaps something more is involved in this current emphasis, and it is conceivable that the Communists may try to bring about some mutual reduction in hostilities before long.

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The main argument against the Communists pushing for a cease-fire, or even for significant de-escalation, is that one of their main forms of pressure on the Allies would be reduced. The Communists generally have been negative about the idea of an early cease-fire or de-escalation, calling them inappropriate until the shape of a settlement is clear, or arguing that the US only wants to use a cease-fire as a device to tie the hands of Communist forces while the Allies continue to build a "position of strength."

We doubt very much that the Communists want or will press for a formal cease-fire until they have a settlement pretty well nailed down. It is conceivable, however, that the current offensive might be capped by an attempt by the Communists to bring about some kind of tacit reduction in the level of fighting in South Vietnam. In a post-offensive period when their forces presumably would be resting and regrouping anyway, the Communists might see some advantage in trying to curb US military activities.

The Communists clearly have an elaborate political scenario devised to accompany the current military offensive. There are many indications that the Communist political offensive this time is to center on agitation of the peace issue in support of their call for a "peace cabinet" in Saigon.

If after widespread, intensive fighting there appeared to be no end of the fighting in sight, a peace campaign might have considerable appeal both in South Vietnam and elsewhere, particularly if it were coupled with suggestions that a reduction in the fighting could be prolonged if the Allies were willing to curb their military operations.

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A successful Communist effort to take advantage of widespread sentiment for peace is one of the few ways they might be able to muster any real popular response in South Vietnam and to bring about activities such as demonstrations and strikes which would serve their ends. There is a good chance such an effort is going to be mounted before long.

II. OTHER MAJOR DEVELOPMENTS

SPAIN

Madrid has just given a sign of flexibility over the 26 March deadline for concluding the negotiations on the base renewal agreement. A high Foreign Ministry official told the US Embassy that if no agreement is reached by then, negotiations could still continue. He said that in this event the one-year phase-out period for dismantling the bases--which technically starts on the deadline date--could perhaps be deferred in return for an interim military assistance package.

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