



The President's Daily Brief

16 July 1969

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I. MAJOR PROBLEMS

VIETNAM

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SOVIET AFFAIRS

In a statement issued Monday after talks with an East German delegation, the Soviets took a much tougher line on the German question than Gromyko did in his speech last week. Although the statement voiced support for developing "good-neighborly" relations with West Germany, it reverted to the usual rigid set of conditions--including recognition of East Germany--which are known to be unacceptable to Bonn. The Soviets scored Bonn's "militarist-revanchist" and "imperialist-expansionist" policies as basic sources of tension in Europe. There was no mention of Gromyko's cautious offer of bilateral talks with Bonn and four-power talks on Berlin.

These harsh words were no doubt intended in part by Moscow to ease East German apprehensions over the note of flexibility Gromyko conveyed in his speech. We tend to doubt, nevertheless, that the Soviets would be swayed from making any overtures of detente to the West by objections from the East Germans.

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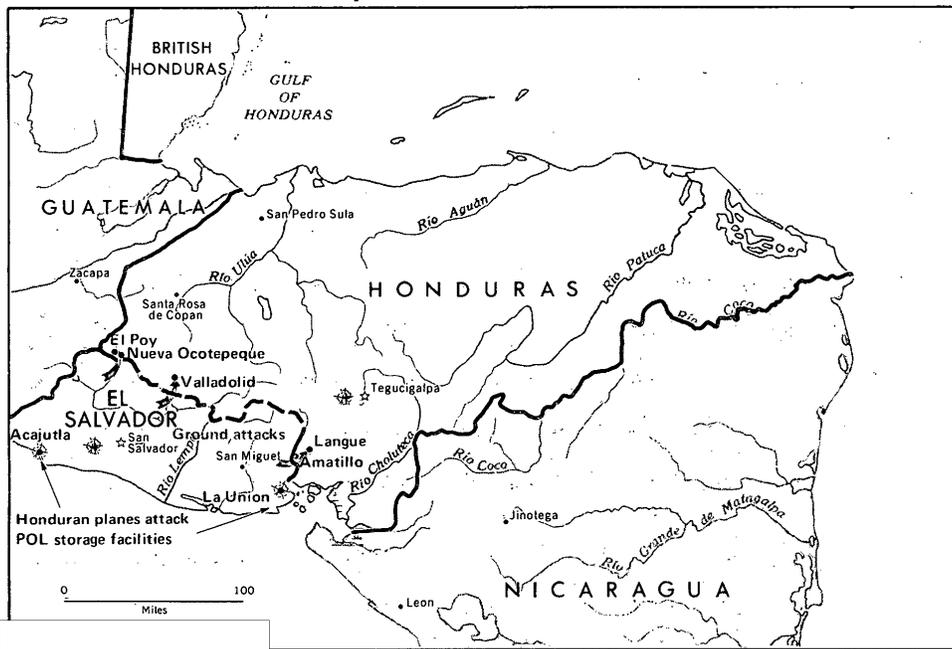
There is nothing significant to report on Europe or the Middle East.

II. OTHER IMPORTANT DEVELOPMENTS

EL SALVADOR - HONDURAS

Ground fighting is continuing, most notably at Nueva Ocotepeque, near the western end of the border. The Hondurans

El Salvador-Honduras Military Actions



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there seem to be getting the worst of it and are beginning to withdraw.

Air strikes stopped after the arrival of the OAS peace team, but the Hondurans fear the Salvadorans might resume them today. Esso installations in El Salvador suffered substantial damage yesterday from retaliatory bombing by the Honduran Air Force.

Leaders in both countries have shown chagrin over the poor showings of their respective ground forces, and both sides are running short of supplies.

Each country has professed willingness to accept a general cease-fire if the other does it first. Honduras thinks El Salvador, being the aggressor, should make the first move. The Sanchez government in El Salvador on the other hand runs the strong risk of being ousted if it takes the lead on a cease-fire.

CUBA

Castro, with a nod toward Peru, said in a speech on 14 July that "armed struggle" was not the only approved road to power. In contrast to his usual emphasis on guerrilla warfare as the only way to change things "in most countries of Latin America," Castro said, "it is only fair that each country develop its own style in accordance with the conditions of that country."

This of course does not mean that Cuba won't continue supporting insurgency where chances for success seem good, but

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his remarks square more closely with the views of traditional Latin American Communist parties. They have long said the path to power should be the choice of local Communist leaders, not Havana.

Castro gave the Peruvian Government good marks so far for having a "revolutionary character." He promised that if the Peruvians--or any other Latin American government--stayed on an anti-imperialist course and renounced the OAS sanctions against Cuba, Havana would pick up a bid for renewed relations.

INDIA

Mrs. Gandhi finds herself in another hassle with old-guard Congress Party bosses, this time over the party's candidate for the presidency. Against her strong opposition, a party nominating committee has announced that Sanjiva Reddy, speaker of the lower house of parliament, will be Congress' candidate. Another Congress Party candidate, believed to have Mrs. Gandhi's support, has refused to pull out, and there are signs that the Prime Minister may try to get the decision to back Reddy overturned by the party's executive body.

The new president will be elected on 16 August by an electoral college made up of members of the national parliament and state legislatures. Unless the Congress Party can get together on one candidate, there is a chance it could lose.

Under normal conditions, the presidency is not much more than a ceremonial position, but it could assume considerable importance if, as expected, no single party gains a clear majority in the next general election, which must be held by

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1972. In that case, the president's voice could be the deciding one in the choice of a new government.

MALAYSIA

Friction between moderates and radicals in the ruling Malay party over how tough to be with the Chinese intensified over the past weekend. The executive committee ousted the leader of the party's extremist wing for circulating a letter calling for Prime Minister Rahman's resignation. The letter blamed the party's recent electoral losses, and the subsequent communal rioting, on Rahman's "pro-Chinese" policies.

This conflict sharply increases the threat of a major party split which would erode the popular base of the emergency regime. Malay extremists, who are believed to have considerable support extending even to junior army ranks, can be expected to increase their pressures on the government for more pointedly anti-Chinese policies.

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