



*The President's Daily Brief*

*20 January 1973*

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*FOR THE PRESIDENT ONLY*

**THE PRESIDENT'S DAILY BRIEF**

20 January 1973

**PRINCIPAL DEVELOPMENTS**

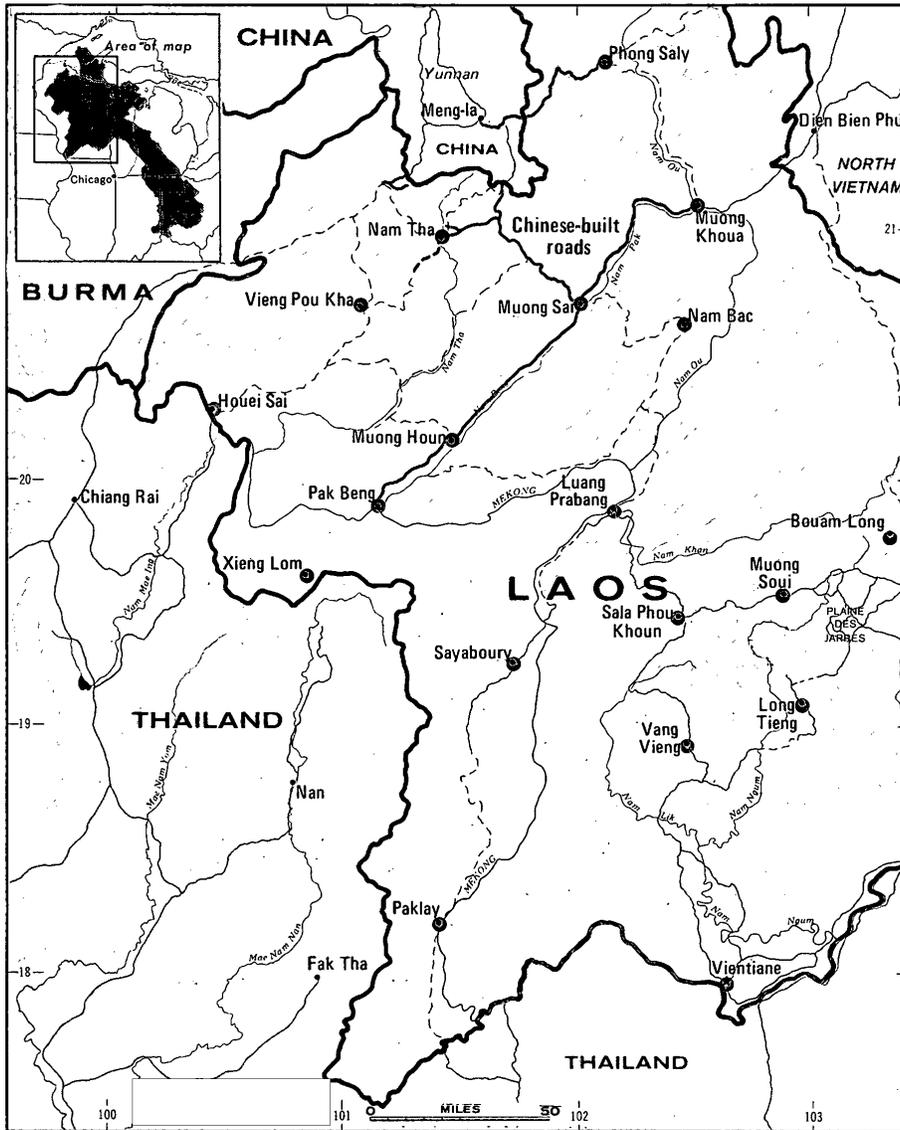
Lao Prime Minister Souvanna Phouma says that he does not intend to seek the withdrawal of the Chinese road-building force in northwest Laos as part of an agreement with the Communists. *(Page 1)*

Chilean President Allende has temporarily shifted his office to a nationalized textile plant in the Santiago slums in an attempt to dramatize the strength of his lower class support. *(Page 2)*

Hostility toward King Hassan of Morocco continues to grow and some dissidents are turning to Algeria in search of support. *(Page 3)*

Zambia is seeking to ease its dispute with Rhodesia. *(Page 3)*

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● Government held position ● Communist held position

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LAOS-CHINA

Prime Minister Souvanna Phouma has told French officials in Vientiane that he does not intend to seek the withdrawal of the Chinese road-building force in northwest Laos as part of an agreement with the Lao Communists.

Souvanna said that he would discuss the road building with Peking later this year, but that the talks would not be in the context of the 1962 Geneva accord that forbids the stationing of foreign troops in Laos. Souvanna added that he opposes taking action to stop the road work because the system being constructed is "basically useful" to Laos, and he indicated a willingness to consider the work as a form of economic aid.

*Souvanna recently has been showing great interest in obtaining Chinese assistance in resolving the Lao conflict. His willingness to accept a continued Chinese role in northwestern Laos is meant to keep the way open for this policy.*

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CHILE

President Allende temporarily shifted his office on Thursday to a nationalized textile plant in the Santiago slums.

*Although billed as a send-off for the new controls over consumer goods distribution, the carefully publicized move is more likely meant to emphasize the strength of his lower class support. Allende's grandstand play seems intended to impress military officers, particularly service chiefs and cabinet ministers who have shown concern about their inability to curb his more radical programs and officials.*

At the same time, Allende seems determined to keep a well-circumscribed military presence in his cabinet.

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[Redacted]

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[Redacted]

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NOTES

Morocco: Hostility toward King Hassan continues to grow. Some of the court hangers-on and influence seekers are distancing themselves from the monarch, and others are said to be engaging in behind-the-scenes maneuvering. Some opposition elements have turned to Algeria for support. The Algerians reportedly have not provided aid thus far, but did not rule out the possibility of some assistance if the dissidents are able to undertake guerrilla activity that seriously challenges Hassan's rule and attracts international attention.

Zambia-Rhodesia: President Kaunda, fearing even more drastic Rhodesian actions against his country, [redacted] forward a conciliatory message to Prime Minister Smith.

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[redacted] Kaunda offered to restrain black Rhodesian paramilitary preparations in Zambia if Smith calls off his blockade. Kaunda cannot afford to say this publicly, and hard bargaining may remain, but it looks like a positive first step toward easing the crisis.

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Chile: Santiago's major Western creditors will meet in Paris on 25 January to discuss re-scheduling Chile's debts of about \$320 million falling due this year. Although the creditors last year granted relief for some 70 percent of the interest and principal due on most debts, they are likely to be less generous this time in view of Chile's poor performance under the 1972 agreement. Its payments are in arrears with Switzerland, and nothing at all was paid to the US, UK, West Germany, or the Netherlands. Moreover, in view of continuing economic deterioration, Chile's traditional creditors remain reluctant to provide new financial aid. Of the creditors present at the 1972 meetings, only Spain and Sweden supplied major new credits.

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