



*The President's Daily Brief*

*10 May 1973*

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

10 May 1973

PRINCIPAL DEVELOPMENTS

Beirut was relatively quiet yesterday, and the Lebanese Government is cautiously optimistic. (Page 1)

Canada

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Argentina's President Lanusse has declared he will use force if necessary to guarantee the transfer of power to the Peronists on May 25. (Page 3)

Tito will not attend the important Yugoslav party conference that begins today; Stane Dolanc appears to be the front-runner in the succession sweepstakes. (Page 4)

The dollar has come under significant pressure in Europe for the first time since the European joint float began; the joint float itself may soon develop internal pressures. (Page 5)

West Germany

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Turkey's election last month of a compromise candidate after a 25-day presidential crisis signaled a shift in the balance of power from the military back to parliament. (Page 7)

Taiwan

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LEBANON-FEDAYEEN

Beirut was relatively quiet yesterday with only some exchanges of fire. The air strikes and artillery fire on May 8 appear to have had a sobering effect on the guerrillas, and fedayeen-army joint committees have begun enforcing the cease-fire. There were several fire-fights near the Syrian border, but Lebanese air strikes and tank fire hurt the guerrillas and limited the fighting.

*The Lebanese Government is cautiously optimistic. It believes that the popular support given President Franjyah's tough stand places it in a strong position vis-a-vis the guerrillas.*

*Although still concerned about Syria's intentions, Lebanon sees Damascus' present involvement as limited and virtually predictable in view of the pressures within the Syrian power structure for support of the guerrillas. Since the fighting began, Damascus has permitted an estimated 1,000-2,000 fedayeen to infiltrate into Lebanon, but has not committed Syrian regulars.*

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Egyptian President Sadat sent a personal emissary to Damascus yesterday to intercede in Lebanon's behalf.

*Cairo may fear that a Syrian move into Lebanon would trigger Israeli military action. This, in turn, would put strong pressure on Egypt to assist its confederation partner.*

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CANADA [redacted]

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ARGENTINA

President Lanusse has declared he would use "force of arms" if necessary to guarantee the transfer of power to the Peronists on May 25. Lanusse issued his warning after taking soundings among high-ranking officers who are disturbed that president-elect Campora will not take a firm public stance against terrorism.

*The majority of senior officers are still committed to turning over the reins of power as scheduled, even if only because they agree that failure to do so could spark civil strife on a scale too great for the armed forces to handle.*

*There are, however, militant anti-Peronists in the army and navy who would like to seize on almost any excuse to abrogate the election results. So far they have not been able to convince many of their fellow officers of the wisdom or necessity of that course.*

*The situation remains unstable, however, as exemplified by the wavering among many top officers after the recent assassination of Admiral Quijada. Further attacks on leaders of the armed forces might drive such waverers toward the militants and jeopardize the orderly transfer of power.*

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YUGOSLAVIA

Tito will not attend the important Yugoslav party conference that begins today. The Yugoslav news agency announced yesterday that Tito will remain on vacation. The same article indicated that party leaders have already agreed to re-elect Stane Dolanc as secretary of the powerful party Executive Bureau.

*The intent of these announcements appears to be to present Dolanc as the front-runner in Yugoslavia's succession sweepstakes. Tito has never missed a party conference before; his keynote addresses over the years have set the tone for the proceedings. In his absence, Dolanc will have the spotlight, delivering the major address. His position as the heir-presumptive to the 81-year-old Tito will be strengthened.*

*After this demonstration of confidence in Dolanc, Tito may well pass some of his party leadership duties to him as he has done on the government side with Yugoslavia's collective presidency. It is unlikely, however, that Tito will resign the chairmanship of the party, a post he has held for 36 years.*

*Dolanc apparently has been groomed by Tito since 1969, when he was plucked from an obscure post in Slovenia and suddenly elevated to the party Executive Bureau. He is much like Tito, a straight-talking and no-nonsense individual, who believes strongly in the federal system for Yugoslavia. Should he succeed Tito some day, Dolanc would be likely to try to continue Yugoslavia's "independent" posture, balanced between East and West and striving for leadership of the third world.*

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**INTERNATIONAL MONETARY DEVELOPMENTS**

The dollar has come under significant pressure for the first time since the European joint float began. The joint float itself may soon develop internal pressures.

The mark has been principally in demand over the last two days because traders anticipate new action by Bonn to control inflation. Other European currencies have appreciated at least partly in line with the mark, and the independently floating pound, bolstered by attractive British interest rates, has reached its highest level since last June.

Both the mark and the guilder will probably go up more in coming weeks. Technical factors associated with Bonn's reserve requirements on German commercial banks will produce end-of-month mark purchases. Amsterdam has canceled the surcharge on non-resident deposits which has been a major factor in the weakness of the guilder, currently the weakest EC band currency. Any rapid appreciation by the mark or guilder would provide the first major test for the joint float.

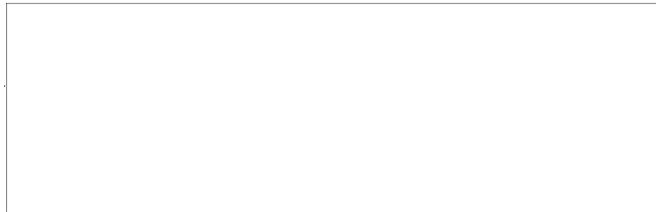
The free market price of gold has resumed its rise, after almost a month of relative stability. Contributing to the rise are the troubled currency markets, political tension in the Middle East, and reports of possible Soviet borrowing on the Euro-dollar market, which would reduce Moscow's need to sell gold.

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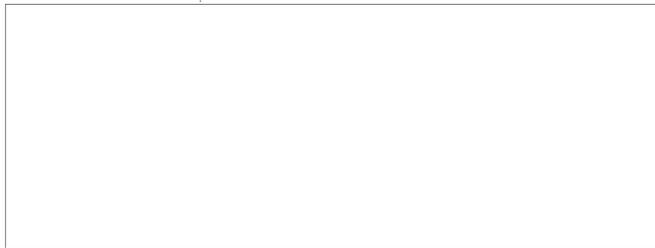
WEST GERMANY



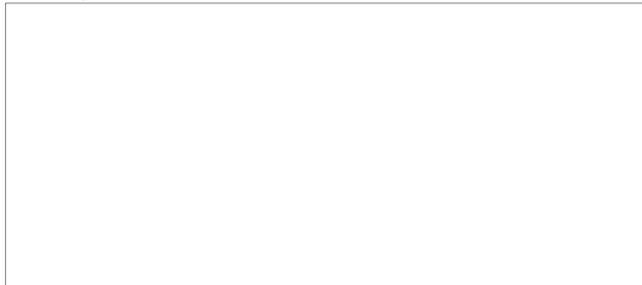
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TURKEY

*Last month's election of a compromise candidate after a 25-day presidential crisis signaled a shift in the balance of power from the military back to parliament.*

*The victory for the civilians would not have been possible had all of the military joined ranks behind their candidate, Faruk Gurler. Justice Party leader Demirel gambled that Gurler was not entirely popular with his fellow officers and that the military was too disunited to move against parliament if his candidacy were rejected.*

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*The annual military promotion and assignment lists published in August are likely to reflect the new power alignment. Gurler's associates and anti-parliamentarians should find themselves relegated to non-jobs in isolated posts. General Turun, in contrast, could become commander of the country's ground forces.*

*The military remains one of Turkey's most powerful pressure groups, but leaders now in the ascendant show no disposition to embroil themselves in day-to-day politics. Officers who forced Demirel out in 1971 because he failed to grapple with such problems as terrorism and land reform have now retreated; civilian government has won another chance to show what it can do.*

*FOR THE PRESIDENT ONLY*

**NATIONALIST CHINA**

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