



The President's Daily Brief

5 June 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

The current visit of top North Vietnamese leaders to Peking is described as an official "friendly" occasion, but major substantive discussions are expected. *(Page 1)*

The Provisional Revolutionary Government may soon set up a capital in South Vietnam, possibly in connection with its 4th Anniversary on June 6. *(Page 2)*

All major European currencies have recently appreciated sharply against the dollar, and European bankers are now fearful that the dollar will continue to move downward for some time. *(Page 3)*

In Libya, the take-over of radio and television stations by government-backed popular committees last weekend is part of Qadhafi's continuing effort to promote his "cultural revolution" and to silence domestic critics of the scheduled merger with Egypt. *(Page 4)*

Several recent incidents are troubling the generally warm relations between Moscow and Baghdad. *(Page 5)*

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NORTH VIETNAM - CHINA

North Vietnamese party boss Le Duan and Premier Pham Van Dong received a warm but not exceptional welcome when they arrived in Peking yesterday. The visit is described as an official "friendly" occasion, but major substantive discussions are expected. Le Duan has seldom gone abroad--and never before to China on an official visit--even when matters of great importance to North Vietnam have been under discussion in foreign capitals. His participation thus indicates that Hanoi attaches great importance to the visit.

The two sides will probably review the whole range of their relationship in the light of the Paris Agreement and the US-Chinese rapprochement. The North Vietnamese undoubtedly wish to assess what effect the US-Chinese relationship will have on Chinese long-term political, military, and economic support for North Vietnam. Inclusion in Hanoi's delegation of people responsible for economic and military assistance negotiations with Peking indicates that Chinese aid is an important topic.

Another question of major importance is the current effort to strengthen and redefine the Paris Agreement--an effort that more than once has sparked expressions of unhappiness in Hanoi over pressure from its big-power patrons. The two sides might, for example, examine the possible forms of a negotiated settlement in Cambodia. The Chinese may also be pressing Hanoi to reduce its military presence in Cambodia and Laos.

Unofficial sources indicate that the North Vietnamese will be going on to "other socialist countries," but this is not confirmed.

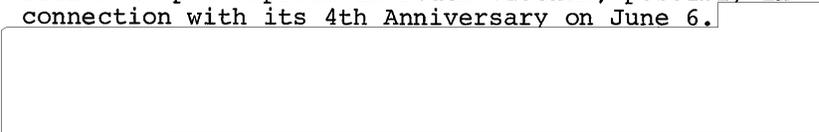


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VIETNAM

The Provisional Revolutionary Government may soon set up a capital in South Vietnam, possibly in connection with its 4th Anniversary on June 6.

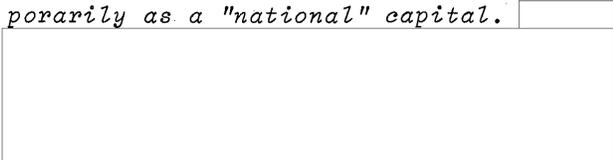


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Moscow announced yesterday that its ambassador to Burma will now also be accredited to the PRG.

The Communists apparently have considered a number of sites for a capital including Binh Long and Tay Ninh provinces, but some location in Quang Tri Province seems most likely. The Communists reportedly are rebuilding Dong Ha, north of Quang Tri City, as a "provincial capital," but the town could also serve at least temporarily as a "national" capital.

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Establishment of a capital, of course, would be designed to underscore the PRG's "legitimacy" in international circles as well as to counter the argument that the PRG has none of the formal trappings of a government.

* * *

The level of military violence throughout the country has increased significantly during the past three days, with action especially heavy in the delta. A major battle was fought about 40 miles southwest of Saigon in Dinh Tuong Province, where the South Vietnamese suffered 29 killed, 53 wounded, and 15 missing.

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INTERNATIONAL MONETARY DEVELOPMENTS

The dollar continued its sharp decline yesterday in light trading on European markets. In West Germany the dollar closed 6 percent below the mark-dollar rate of a week earlier. The pound sterling also rose sharply against the dollar and gold continued its marked advance to \$123.50 on the London market, up \$5.75 since last Friday.

All of the major European currencies have now appreciated sharply against the dollar. The German mark has made the strongest gain, advancing 8.5 percent since March 19. The Japanese yen, on the other hand, has risen only 0.3 percent since March.

Despite the substantial appreciation of European currencies, there has been little official reaction. The strength of the present economic boom in Europe has lessened European concern about the impact of falling dollar prices on their trade position. Growing domestic demand will presumably be adequate to compensate for losses in foreign sales. The present system of floating exchange rates has also eliminated the need for unpopular central bank intervention in support of the dollar.

European bankers are now fearful that the dollar will continue to move downward for some time. Even though economic indicators have disclosed no substantial new negative factors recently, concern over US political and economic stability, rising speculative interest in gold, and ebbing confidence in the dollar as a reserve and trading vehicle are continuing to weaken the dollar.

FOR THE PRESIDENT ONLY

LIBYA

The take-over of radio and television stations by government-backed popular committees last weekend is part of Qadhafi's continuing effort to promote his "cultural revolution" and to silence domestic critics of the scheduled merger with Egypt on September 1. Qadhafi has long been concerned that the stations did not have sufficient revolutionary fervor; his move may have been triggered by their coverage of an interview in which Tunisian President Bourguiba expressed skepticism about the merger.

Since Qadhafi launched his campaign in April to give the people a greater sense of participation in the "revolution," popular committees have been formed in most government institutions, public utilities, and private companies. Some, in fact, seem solely concerned with rooting out "subversives." In the largely American-owned oil companies they have demanded the dismissal of certain employees and the promotion of others. Qadhafi has promised to arm the committees, but has not yet done so.

The US Embassy reports that the cultural revolution has disrupted life in the capital and that government functionaries avoid making decisions for fear of making the wrong one. Rumors of arrests have contributed to the confusion and uncertainty, although Qadhafi claims that only a few students, Communists, and members of the Muslim Brotherhood have actually been jailed.

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USSR-IRAQ

Several recent incidents are troubling the generally warm relations between Moscow and Baghdad.

--An Iraqi official has publicly advocated closer ties with international oil companies and consumer countries.

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--Two weeks ago Iraq closed the Soviet, East German, and Czechoslovak cultural centers because reciprocal rights had not been granted. The Soviet and Czechoslovak centers have now reopened

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These moves seem mainly to mark Iraqi efforts to remind Moscow of Baghdad's continuing independence, despite closer economic and military relations. Baghdad may also be miffed by Soviet efforts to court Iran--most recently shown by the reception given the Iranian war minister in Moscow yesterday.

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