



The President's Daily Brief



26 June 1969

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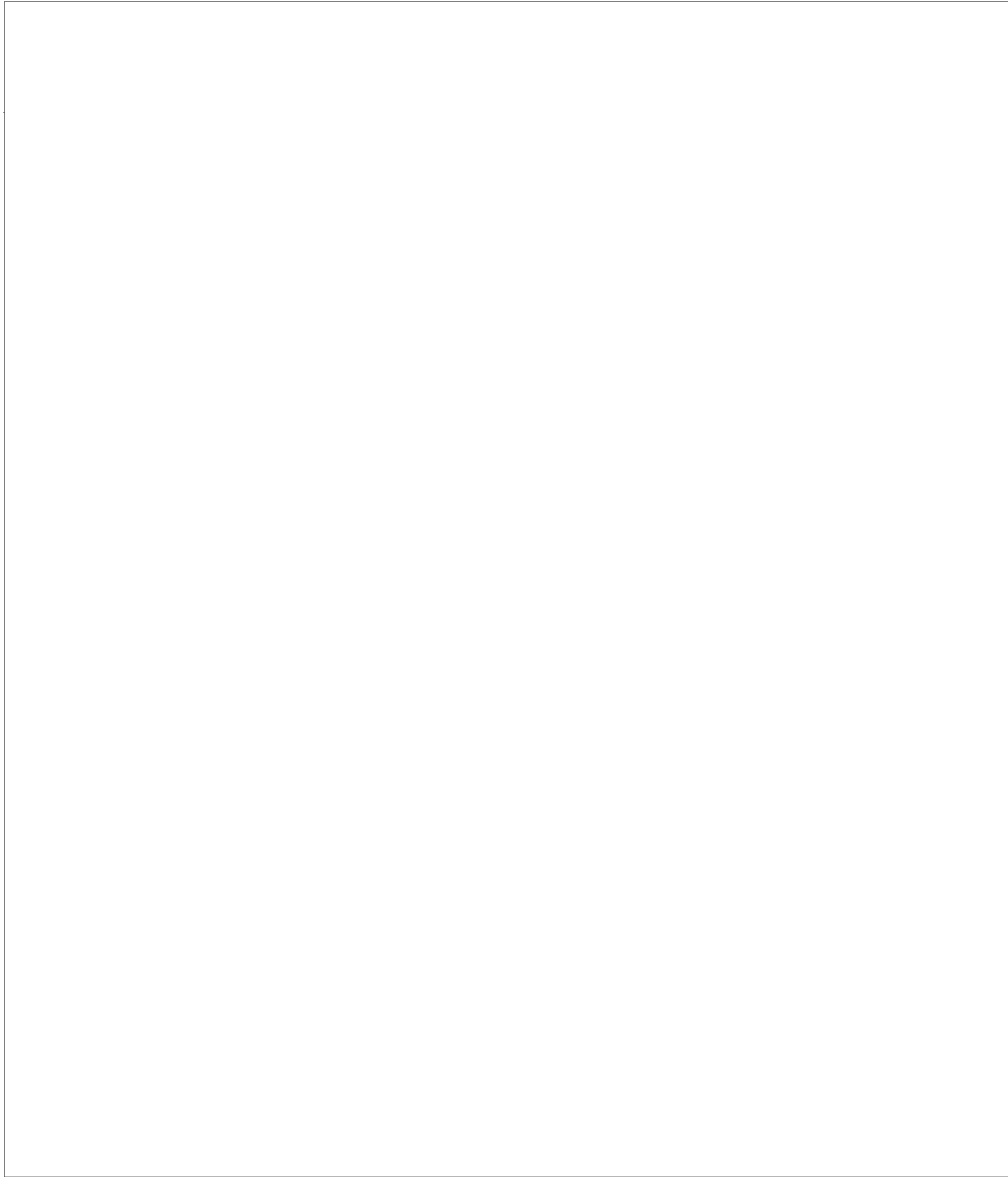
I. MAJOR PROBLEMS

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VIETNAM



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Thieu's conversation with Ambassador Bunker on 23 June illustrates once again his fundamental attitude toward the whole issue of negotiating with the Communists. As he remarked, he sees his offers on the election issue as a means of "buying time" with the American public. He calculates that the Communists are unlikely to accept any offer he feels able to make. However, he is becoming concerned that he is being pushed toward substantive concessions while Hanoi sticks to its hard position. He told Ambassador Bunker that he wants assurances from the US that if the Communists should turn down any new offer on elections, he would not then be asked for still further concessions.

Thieu suggested that any new proposal be coordinated carefully by joint US-GVN working groups. His intent here is not only to push back the timing of any new move, but also to nail down what further steps the US might have in mind should the Communists prove adamant.

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At the time of this conversation, Thieu had not seen Le Duc Tho's interview with Murray Marder, in which Tho dismissed a suggestion that the Communists might join the GVN on an electoral commission and flatly ruled out international supervision of elections. These statements can only have strengthened Thieu's reluctance to move ahead with any new election proposal.

Tho's comments were aimed at increasing the divisive pressures on Washington and Saigon, in line with Hanoi's present diplomatic campaign to portray Thieu as the sole stumbling block to a settlement. Tho's remarks also were meant to emphasize his suggestion in private to Ambassador Lodge that bilateral US-DRV talks offer the only avenue for progress toward ending the war.

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Military activity was generally light. Attacks on the Special Forces camp at Ben Het continued, however. Defenders reported renewed ground fighting and artillery attacks.

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

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II. OTHER IMPORTANT DEVELOPMENTS

LAOS

Communist pressure on Muong Soui eased yesterday. Government defenders, aided by continuous air support, beat back a number of small-scale enemy attacks. Light, sporadic firing continued throughout the night.

A North Vietnamese sapper captured during the early fighting says his unit moved into Laos from North Vietnam in early June with the specific purpose of attacking Muong Soui. This rapid and undetected deployment points up the vulnerability of the neutralist headquarters to fresh enemy troops moving in from the east.

PERU

Peru's new agrarian reform law, which provides for the expropriation of all major land holdings and associated "agro-industries"--many owned by US companies such as W. R. Grace--seems sure to meet strong opposition among Peruvian landowners. The sweeping reforms strike at the heart of the political and economic power of the traditional oligarchy. Many responsible Peruvians have been unhappy with Velasco's performance over the past few months, and the new law may be the irritant that will cause effective opposition to coalesce. At the moment, however, those who oppose the reforms lack the political strength to force President Velasco to retract or modify the law.

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The cabinet debated the proposed law for 20 hours before it was promulgated late on 24 June, evidence that there is opposition even within the government. Probably the opposing cabinet members were less concerned about the discontent of the landowners than they were about the possible effect of the law on the Peruvian economy. President Velasco claims that the reforms will not lower agricultural production, but disruptions in output seem inevitable.

The measure is apparently not directed at the US. Moreover, the expropriation of US-owned property will be moderated somewhat by Velasco's statement that compensation will be paid--partly in cash, partly in bonds. The amount to be paid each landowner has yet to be determined.

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