



*The President's Daily Brief*

13 August 1969

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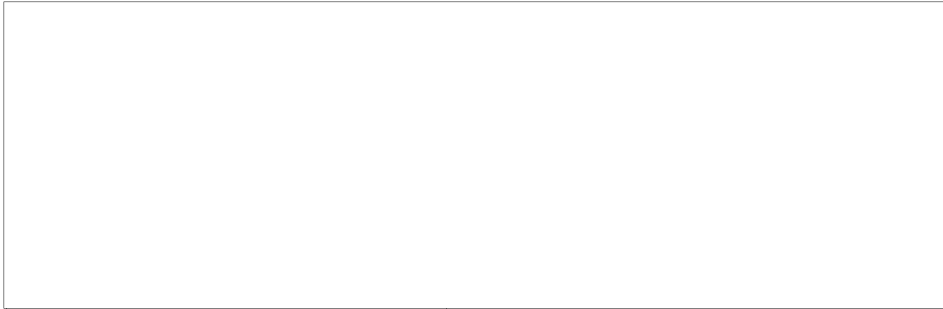
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SOVIET AFFAIRS

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The group of Soviet warships in American waters has completed its Caribbean operations, which included port visits to Havana, Martinique, and Barbados. Most of the ships are headed east into the Atlantic.

EUROPE

The EEC proposal to adjust the Common Agricultural Policy to the devaluation of the franc by removing France from the uniform pricing system for 28 months was opposed by the Dutch. The Hague fought for a short term arrangement and the resulting compromise exempts France for the 1969-70 crop year only. The Dutch wanted to deny the French a definite solution in order to keep pressure on Paris--presumably to open discussion of British membership.

MIDDLE EAST

King Husayn has been talking about a reform of his cabinet for some time. Yesterday he reshuffled a few of the

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familiar political figures, ending up with a team as weak as its predecessors.

In a conversation with US officials, the King said his government would not repair the damaged East Ghor canal without Israeli permission. King Faysal of Saudi Arabia will make up the losses if the crops are lost because of the lack of irrigation, Husayn believes, and he is not able to offer Israel any stronger guarantees against attacks by the fedayeen than he gave in June.

CAMBODIA

General Lon Nol may have received a somewhat freer hand in forming a government than Sihanouk has given to previous prime ministers. The major surprise is Prince Sirik Matak, a forceful figure who has been openly critical of Sihanouk's economic and foreign policy. His decision to join the government as first deputy prime minister suggests that he expects to be more than a rubber stamp for Sihanouk.

Lon Nol has not yet chosen ministers for the economy, however, an area in which Sihanouk has called for sweeping reforms and which the Prince claims will be the principal testing ground for the new government. Further, Sihanouk is not likely to allow Lon Nol an important role in determining the course of foreign relations.

Lon Nol has a reputation for dealing firmly with anti-government elements, particularly insurgents now active in the countryside. He has also advocated more aggressive military countermeasures against Vietnamese Communist incursions.

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SOVIET UNION - COMMUNIST CHINA

The United States Intelligence Board yesterday approved National Intelligence Estimate 11/13-69 titled "The USSR and China." Its principal conclusions are:

--Sino-Soviet relations have deteriorated since the Ussuri River clashes in March and there is little or no prospects for improvement. The potential for a war between them clearly exists.

--A deliberate Chinese attack on the USSR is unlikely. The Soviets would probably not want to become involved in a prolonged large-scale conflict, but there is some chance that Moscow may think it could launch a strike against China's nuclear and missile facilities without getting involved in such a conflict. In any case, a climate of high tension, marked by periodic border clashes, is likely. Escalation in the scale of fighting, perhaps involving cross-border raids by the Soviets, is a possibility.

--Moscow has recently shown a desire to improve the atmosphere of its relations with the West to obtain benevolent neutrals in a "containment" of the Chinese. Peking, which appears to regard the USSR as its most immediate enemy, will face stiff competition from the Soviets in attempting to expand its influence in Asia.

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