

The President's Daily Brief

16 September 1969

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CZECHOSLOVAKIA

The Czechoslovak party is still maneuvering on the question of how to deal with last year's liberals--led by Dubcek and Smrkovsky. The on again - off again central committee session is now rumored to have been postponed until the end of the month.

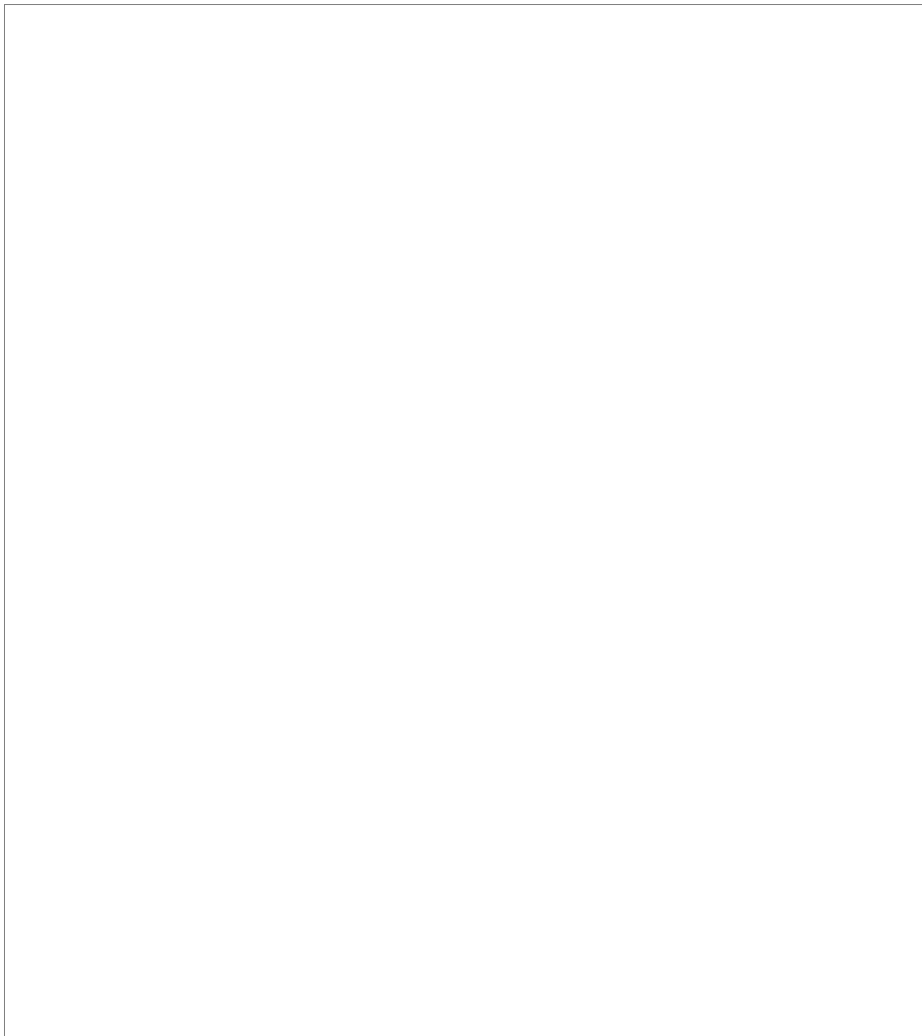
In the meantime, Husak is in the process of informing other parties of his "political intentions." Yesterday he met with Gomulka, with whom he is on friendly terms, in the border city of Ostrava. Since Gomulka is very close to Moscow, the meeting will boost Husak's prestige and could strengthen his hand against the ultraconservatives who are demanding immediate and drastic action against the liberals.

The Czechoslovaks apparently also feel they need another reading on Soviet attitudes before they call the central committee together. This presumably is the reason for Cernik's quick trip to Moscow this morning.

MIDDLE EAST

General Bull plans to recommend closure of most of the truce observer posts along the Suez Canal. If UN headquarters accepts his recommendations, only six of the original 16 posts--three on each side of the canal--will still be manned. Bull's justification is twofold: first, the cease-fire no longer exists and his teams look silly trying to police it; and second, the danger to the teams is unacceptable.

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Cairo has announced that Nasir will not be visiting the Soviet Union "this month or in the immediate future." The visit--which would have combined talks on political and military subjects [redacted]--had been laid on some time ago; Nasir's conservative rivals in the Muslim world, by scheduling the Islamic summit for the period he was planning to be away, forced the postponement. For their part the Soviets, who have a good deal on their plates at the moment, probably are just as happy to see the visit put off.

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SOVIET AFFAIRS

Recent satellite photography shows that a new group of ten silos for the SS-11 is being constructed at an existing ICBM complex. About 650 SS-11s are now operational. When construction is completed on all identified ICBM groups--by about mid-1971--the Soviets will have 1,360 ICBMs, including 820 SS-11s.

VIETNAM

Sihanouk seems to have made at least one concession to the Communists when he went to Hanoi for Ho's funeral. Phnom Penh radio has announced that he concluded a "commercial treaty" with the Provisional Revolutionary Government. The terms have not been publicized, [redacted]

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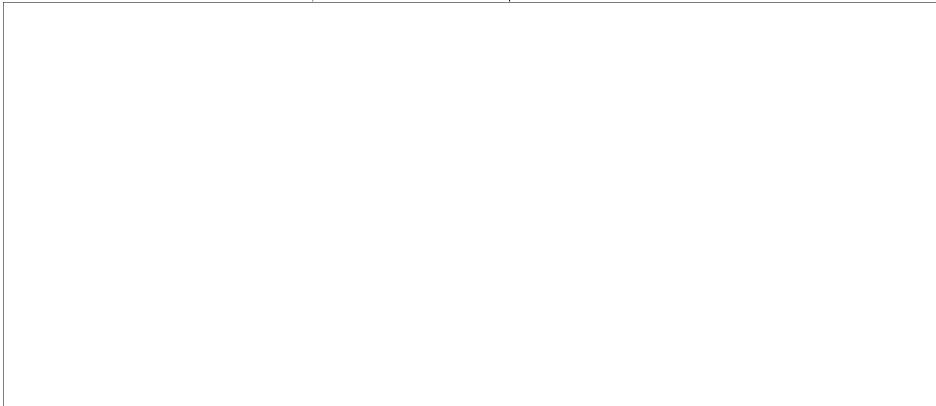
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Last May Sihanouk slapped an embargo on all supply shipments to the Viet Cong. Even though the ban on arms shipments presumably still applies, publicizing the semicovert flow of nonmilitary supplies is a gain of sorts for the Communists-- at least it may bring down the costs of this traffic. For his part, Sihanouk may have considered the agreement a small enough price to pay to inveigle the Vietnamese Communists into a new round of talks on the frontier issue and Communist bases in Cambodia.

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PERU

The Velasco regime is firmly in the saddle in Peru as it nears the end of its first year in office. Since the ouster of the Belaunde government last October, Velasco has pushed forward with a whole series of measures apparently designed both to solidify his popular support and to bring about far-reaching changes in the country's economic and social structure.

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We suspect he will unveil a further installment in this program on 3 October, the anniversary of his takeover, or on 4 or 9 October, the anniversary of his first moves against the International Petroleum Company.

At annex today we discuss one of Velasco's key decrees, the land reform law announced last June.

BRAZIL

There has been no news overnight from Rio de Janeiro, where the Brazilian military has been trying since yesterday morning to agree on a successor to Costa e Silva. The delay is understandable; the high command also has to decide how long the successor is to hold office, and in addition it apparently is trying to keep from bending the constitution any more than necessary.

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PERU'S LAND REFORM PROGRAM

Last June, with the mixture of idealism and opportunism which has become his trademark, President Velasco promulgated one of the most far-reaching land reform laws ever introduced in Latin America, and one which over the long run stands a better chance than most such laws of actually going into effect. CIA economists have examined the new law and have reached the following conclusions about its impact and prospects:

--The reform could benefit between 300,000 and 500,000 peasants (most of them Indians), and in the process it would largely do away with one of the most oppressive feudal land tenure systems in Latin America. Even so, substantial numbers of rural people would remain landless or with plots too small to feed themselves adequately.

--If the law is fully implemented, it will have its most far-reaching effects in the mountains of the interior, where most of Peru's small landholdings are located. Larger holdings will be permitted along the coast, where commercial agriculture is concentrated. The large coastal sugar plantations (including two owned by W. R. Grace) have been expropriated but will continue to operate, first under government supervision and then as cooperatives.

--The reform is likely to reduce the amount of agricultural output at first, as the producers consume more themselves and as marketing patterns are disrupted. Peru

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therefore will probably become a net food importer early in the 1970s.

--Land reform should benefit the country over the long run, but it comes when the economy is slack. The direct cost to the government should not be too great, but funds for pump-priming purposes, such as credit and technical assistance, will be thinly spread. The need to import more food for the cities could create balance-of-payments problems.

All this assumes that the government will actually follow through. This is by no means certain, although it is a better bet under Velasco than under previous regimes. So far the government has taken property mainly in the coastal region; the interior, which presents more difficulties both politically and economically, has hardly been touched. Our guess, however, is that Velasco will press ahead with as much reform in these areas as his resources permit. Some new move on this front could come as part of the anniversary festivities in early October.

The social changes brought on by the land reform could trigger major changes in Peru's political structure. The oligarchy's power will be reduced, perhaps substantially. Simultaneously the Indians for the first time will have a chance to become a significant political force. At least for a while they probably will be firm (though not necessarily very active) supporters of the regime. In the longer run, however, they could turn out to be a new and volatile factor in Peruvian politics.

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