



*The President's Daily Brief*

30 September 1969

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*FOR THE PRESIDENT ONLY*

SOVIET UNION

Yesterday the Soviets flight-tested a modified SS-11 ICBM--the fourth test in a series which began last July.

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[Redacted]

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USSR - COMMUNIST CHINA

[Redacted]

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US Embassy reports have cited private conversations in which Soviet officials stated that Kosygin and Chou had agreed tentatively that the two nations would discuss the border situation. Rumors going around the diplomatic circuit in Moscow only a week after the Kosygin-Chou meeting of 11 September indicated the Chinese may have offered some kind of counterproposal requiring a substantive reply [Redacted]

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There is no evidence that the exchange goes beyond the border issue. The Soviets have claimed that Kosygin made other proposals for tempering the Sino-Soviet dispute, and that Chou agreed only to consider them. The Soviets say that Kosygin refused to discuss ideological matters--on which

Chinese



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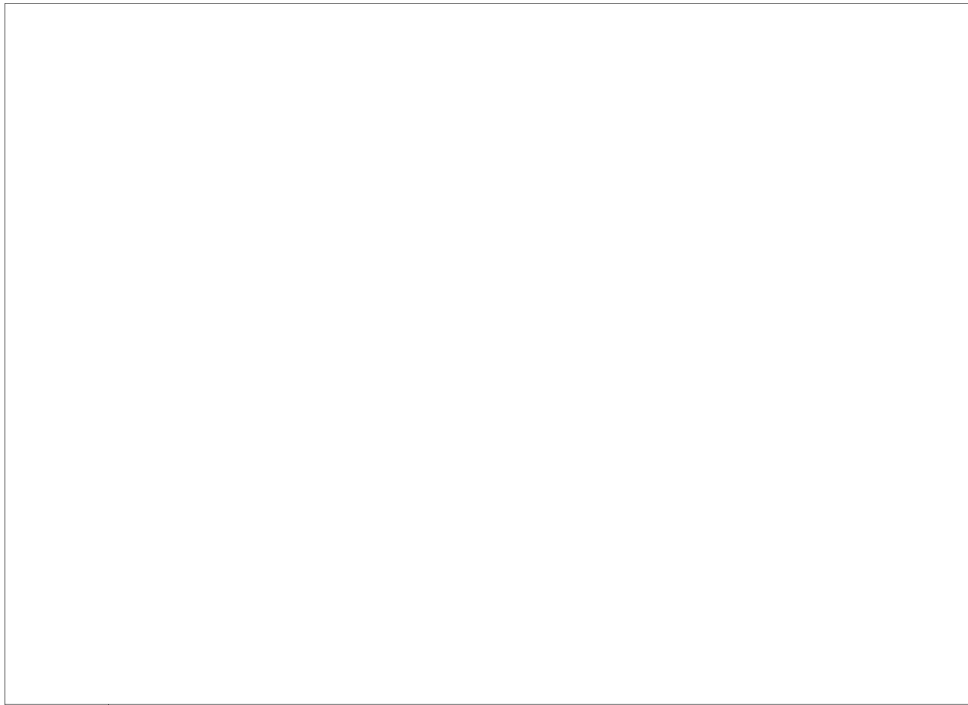
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there is little hope of reconciliation--and that Chou reiterated China's intention to continue its opposition to Moscow on political issues.

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COMMUNIST CHINA



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WEST GERMANY

The government's decision yesterday to permit its currency to fluctuate freely will have the dual effect of dampening speculation and of buying time until the new government is established and a definitive settlement of the exchange rate issue accomplished.

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Without a guaranteed, fixed exchange rate, speculation on revaluation has become much more risky. The DM rate may be subjected to some downward pressure in coming days if present holders of speculative balances sell them off. The longer-term trends of supply and demand, however, probably will tend to push the rate moderately higher until the Bundesbank decides to "peg" its currency again.

*CZECHOSLOVAKIA*

A sweeping purge is under way. Party chief Husak says that the most important task--the purging of liberals from local party organizations--will be completed by the end of the year. The mechanism to be used will be a reissuance of party cards; this probably means many rank and file members will be expelled.

Thus far, Husak has been able to forestall holding political trials. He has warned, however, that he will not tolerate open opposition. For the moment, the ultraconservatives are trying to force recantations from deposed liberals. If they succeed in this, Husak will be under pressure to make examples of at least some of last year's leaders.

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