



The President's Daily Brief

17 December 1969



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FOR THE PRESIDENT ONLY

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PRINCIPAL DEVELOPMENTS

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Panamanian strongman General Torrijos is back in power. (Page 2)

The Soviet industrial growth rate is lagging. (Page 3)

Libya insists that all US forces be evacuated from Wheelus Air Base well before the end of 1970. (Page 4)

Moscow is displeased with Japanese foreign policy on several fronts. (Page 5)

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NORTH VIETNAM



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PANAMA

Panamanian strongman General Torrijos has successfully engineered a counter-coup. Torrijos returned to Panama late Monday night and was able to rally supporters in the western provinces. Troops loyal to Torrijos moved on National Guard headquarters in Panama City and by yesterday afternoon they had gained control of the city.

Colonels Silvera and Sanjur, leaders of the attempt to overthrow Torrijos, have been arrested and will be tried for subversion. The titular leaders of the Provisional Junta Government, Pinilla and Urrutia, who supported Torrijos' ouster, have been detained but they have not been removed from office.

Changes in the Guard hierarchy and in the government are likely in the next few weeks as Torrijos consolidates his position. There are indications that some members of the oligarchy supported the removal of Torrijos and the general may take steps to exclude the traditional oligarchy-dominated parties from participation in the political process.

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USSR

Partial reports from yesterday's Supreme Soviet session forecast a low rate of growth in industrial production and a modest increase in defense spending for 1970. State plan chairman Baibakov announced a disappointing industrial growth rate of 7.0 percent for 1969, the lowest since 1946. The small increase of 6.3 percent Baibakov proposed for industrial production in 1970 indicates little hope for improved performance during this last year of the current five-year plan period (1966-70).

Finance Minister Garbuzov said that defense spending will be 17.9 billion rubles in 1970, an increase of only one percent over the amount planned for this year. This increase in defense expenditures is the smallest since 1965, and the defense portion of the total budget--12.4 percent--is the lowest in many years.

Funds for military research and development and the space program are not included in the published defense budget. These programs are largely financed by the science budget, which has not yet been announced. The figures announced so far, however, are consistent with intelligence estimates of total Soviet spending for defense and space programs in 1970 of about 22.2 billion rubles, or the equivalent of about \$66.5 billion if the programs were purchased in the US. The small increment in defense spending is also consistent with the moderate image the Soviets are attempting to project at the preliminary Strategic Arms Limitation Talks.

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LIBYA

In the opening round of negotiations on the status of Wheelus Air Base on Monday, Libya rejected a US proposal to phase withdrawal over a one-year period. Junta leader Qaddafi asserted that there was no justification whatever for a continuing US presence in the country and demanded that all US forces be evacuated well before the end of 1970. The Libyan delegation also charged the US with using the base to train Israelis as well as to engage in sabotage and smuggling.

The Libyans were successful in obtaining British agreement for a speedy withdrawal from UK bases by using a similar tough approach. We expect them to be equally hardnosed in the next round of talks with US negotiators on Thursday.

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USSR-JAPAN

A stinging editorial in yesterday's Pravda denounced the "American-Japanese deal" struck at the recent talks between President Nixon and Premier Sato as a "new military-political alliance" which is "openly aggressive in nature." It also warned against Japanese revanchism on the northern territories issue, and claimed that it "may lead to dangerous aggravation of tension in the Far East."

The editorial was unsigned, which often signifies that it originated at very high party levels. It was prompted by next week's Japanese election, the Okinawa agreement, and Sato's announced willingness to hold high-level talks with Peking. In addition, Sato has made it clear that his administration intends to intensify its campaign to get back the northern territories.

Moscow has been placed on the defensive by the Okinawa agreement and Tokyo's agitation on the northern territories. Japan's recognition in the Okinawa accords of a legitimate US security and peace-keeping role in Asia, as well as the planned renewal of the US-Japanese security treaty next year, undoubtedly provoked the charge of a "new military-political alliance."

Sato's willingness to talk with Peking can only be regarded with uneasiness in Moscow. Russian unhappiness with Sato's present course, however, is not likely to affect Soviet efforts to encourage economic contacts with Japan, and Moscow will be careful about going beyond words to show its displeasure.

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NOTE

Somalia: The government has requested the recall of the 60 Peace Corps volunteers stationed in Somalia. Since the coup in October, the Supreme Revolutionary Council has taken a number of steps to limit the activities and movements of the foreign diplomatic community, but US activities have been more sharply restricted than those of other missions. This latest move may reflect the growing influence of junior officers on the Council who are believed to be not only strongly nationalistic but also anti-US.

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