



The President's Daily Brief

15 May 1971

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FOR THE PRESIDENT ONLY

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PRINCIPAL DEVELOPMENTS

Sadat has acted to consolidate his purge, and is seeking particularly to exploit popular grievances against the ousted interior minister. *(Page 1)*

Brezhnev's proposal to start negotiations on force reductions in Europe seems designed to shift the burden of the dialogue to NATO. *(Page 2)*

On *Page 4* we discuss Hanoi's statement of Thursday on the prisoner-of-war issue.

In South Vietnam, the breach between Thieu and Ky is being widened by attempts to curtail Ky's actions. *(Page 5)*

The Israelis have made a bid to obtain transit fees for that portion of Tapline that crosses the Golan Heights. *(Page 6)*

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EGYPT

President Sadat took further steps yesterday to consolidate his bloodless purge. He placed under house arrest the dismissed minister of war and a number of senior officers in the ministries of war and interior. The National Assembly dropped 17 of its members and elected Social Affairs Minister Hafiz Badawi as the new speaker. US officials in Cairo believe that Sadat has effectively destroyed his opposition.

In his speech to the nation, Sadat appeared to be laying the groundwork for additional moves against some of the deposed officials, especially unpopular Interior Minister Goma. Sadat claimed to have foiled a coup attempt, and accused Goma and Ali Sabri of plotting to thwart him from announcing Thursday night a referendum on reforming the Arab Socialist Union. As Egypt's security officer Goma had attracted much criticism, especially from the country's youth; Sadat's denunciation of Goma and his decision to curb certain internal practices is clearly designed to exploit popular grievances against the ousted minister.

In a further effort to cultivate popular support, Sadat gave major attention to his pledge to democratize Egypt's political institutions. He stated that "sooner or later" the Arab Socialist Union would be dissolved and free elections held under his personal supervision.

We believe that Moscow will maintain a low profile while it assesses the significance of the purge, which it apparently did not anticipate. The Soviets can be expected to take a more active hand in internal Egyptian affairs, however, if Sadat's moves appear to threaten their position in Egypt.

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USSR-NATO

We believe Brezhnev's proposal Friday to "start negotiations" on Mutual Balanced Force Reductions was keyed to the June NATO ministerial meeting in Lisbon. Aware that the US and some of its allies have cited Moscow's reluctance to engage in substantive discussions on the subject of force reductions as a reason to move cautiously on the pet Soviet project of a Conference on European Security, Brezhnev apparently wants to shift the burden of the dialogue to NATO.

These latest remarks, in a speech at Tbilisi, added nothing to the substance of the position which the Soviet leader took at the 24th party congress--that Moscow favors reducing "armed forces and armaments" in areas of dangerous confrontation such as central Europe.

We think that Brezhnev's remarks were prepared in advance of Senator Mansfield's amendment proposing a unilateral reduction of US forces in Europe and are not an effort to take into account the new circumstances created by the Mansfield move.

In the past the Soviets have said that discussions on reductions could take place either in a body to be established by a Conference on European Security or in any other forum acceptable to all interested parties. They have usually qualified this latter position, however, by insisting that such a conference should precede discussion of "complex" problems such as mutual force reductions.

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In another development related to NATO, the European members, who pledged last December to raise \$420 million for the infrastructure portion of the European Defense Improvement Program by the time of the NATO Defense Ministers' meeting later this month, have a shortfall of some \$32 million at this time.

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Most of the shortfall results from Belgium's failure to plan sufficient funds in its defense budget. If the full subscription is to be met by the deadline--and the Mansfield amendment has increased pressure to do so--the West Germans probably will have to pick up the deficit. Bonn has already financed most of the program either directly or indirectly.

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NORTH VIETNAM

Hanoi's statement of Thursday on the prisoner-of-war issue seems designed mainly to take some of the steam out of recent South Vietnamese initiatives on the subject. The conditions Hanoi lays down for a prisoner turnover are more specific than previously proposed in advance of exchanges but are not much more stringent than those under which actual transfers have taken place.

Hanoi has good intelligence on the state of prisoners held in the South and must be aware that few of the 1,770 prisoners Saigon says it is willing to release have expressed a willingness to return to the North. Many remain subject to discipline of the Communist apparatus, and can be ordered to refuse repatriation. Saigon says that 570 sick and wounded could be released directly; the Communists may well calculate that South Vietnam cannot produce that many who are willing to return, and that the offer can then be branded as a propaganda ploy.

Hanoi's statement is concerned only with Vietnamese prisoners and there is no hint of a change in policy on US captives in North Vietnam. Even if Saigon's proposal is fully implemented, we see little likelihood that Hanoi would permit an early release of Americans as a reciprocal gesture.

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SOUTH VIETNAM

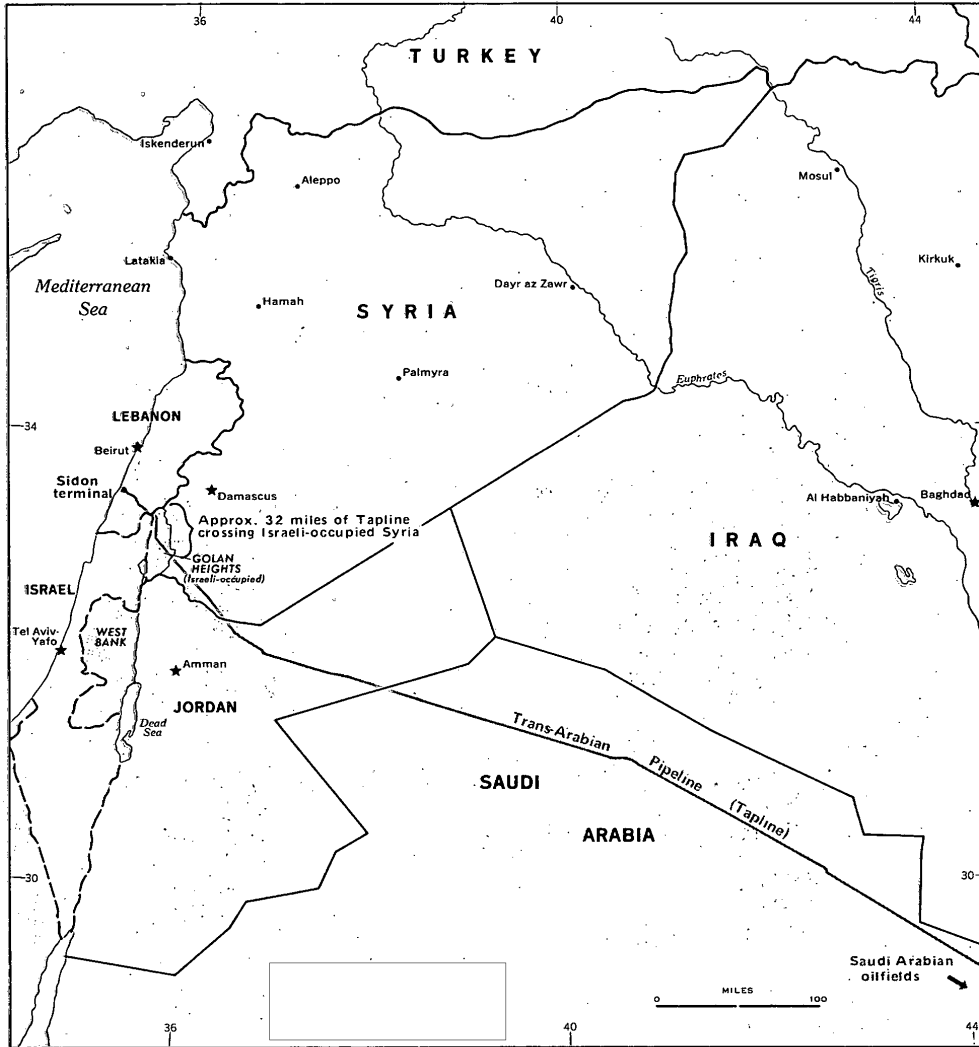


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Several aides of Ky have complained recently to US Embassy officers that Prime Minister Khiem has instructed members of the cabinet not to invite Ky to government-sponsored public functions. They also report that orders have gone out to all province chiefs not to receive Ky or provide him with any of the facilities normally given to a vice president.

The most recent incident involved the cancellation of a scheduled meeting of a group of Vietnamese Nationalist Party politicians in Saigon on 12 May, which Ky was to have addressed. The owner of the meeting hall refused to open the doors, reportedly on instructions from the Saigon police. A Saigon paper closely identified with Ky accused Thieu of responsibility for the refusal. Issues of the paper have been seized with increasing frequency since Ky began his series of harsh attacks on the government several weeks ago.

Israel Claiming Transit Fees for Tapline Segment Crossing Golan Heights



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ISRAEL

Israeli Deputy Finance Minister Dinstein has asked the US-owned Tapline Company to discuss the question of transit fees for that portion of the pipeline crossing Israeli-occupied Syria. When the company representative noted the absence of Israeli sovereignty over the territory, Dinstein called this position "unacceptable" and asked for further discussion after consideration by Tapline management.

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Israeli intentions in raising the issue of transit fees at this time apparently go beyond the question of revenue, which we estimate to be \$3-4 million per year. The claim seems designed to reinforce Israel's position that it will retain the Golan Heights in any peace negotiations. Company officials point out that Dinstein insisted that the Golan Heights must be considered "part of Israel" for practical purposes in contrast to Sinai, where the Israelis are conducting affairs under established Egyptian laws.

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NOTES

Communist China - Iran:

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Argentina:

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