



*The President's Daily Brief*

*11 August 1971*

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*FOR THE PRESIDENT ONLY*

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

On *Page 1* we discuss Pravda's unusually balanced article yesterday concerning US China policy.

The Chinese have established a new large military area some 125 miles from the Soviet and Mongolian borders.  
(*Page 2*)

The Chilean Communist Party is shifting toward a harder line on compensating the nationalized US copper companies. (*Page 3*)

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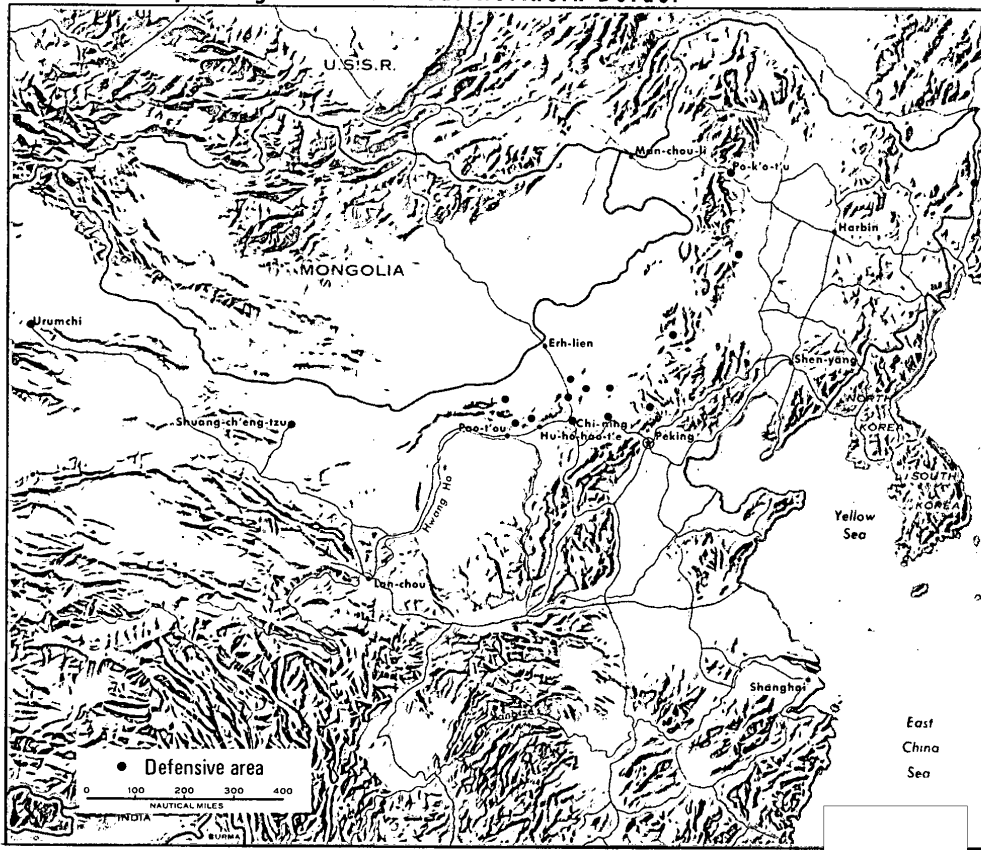
## USSR-US-CHINA

Yesterday's lengthy Pravda article on US China policy balanced standard Soviet expressions of suspicion of US motives with an admission that "progressive" and liberal American circles had long advocated initiatives toward China. The author, Georgy Arbatov--who directs the USA Institute of the Academy of Sciences--warned against "unscrupulous diplomatic maneuvers" which could upset delicate dialogues between the US and the USSR and he asserted that there are grounds for believing that US policy will remain as "obstinate" as before.

In an attempt to come to grips with the origins of Washington's current China policy, Arbatov speculated that desire for domestic political gain, for distracting attention from pressing domestic problems, and for delaying an end to the Vietnam war all were factors. In addition, he took note of the political differences and uncertainties between Peking and Washington, commenting that these will become more evident as Sino-American relations evolve toward a stage of political decisions. He concluded that actions, not words, toward the USSR and world problems will ultimately explain the changes in US policy and will point the way to what will eventually emerge from the struggle between the various forces and motives shaping US policy toward China.

The rather low-keyed weighing of pros and cons in Pravda's article seems intended to put the recent steps in China-US relations in long-range perspective and to assure the Soviet reader that there is no reason yet to be overly concerned. Arbatov's article indicates that, while Moscow is suspicious of "anti-Soviet" aspects of these developments, it believes that Peking and Washington will confront a good many problems to be resolved and that final judgment can be reserved.

### Chinese Improving Defenses Near Northern Border



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**COMMUNIST CHINA**

Recent satellite photography shows that the Chinese have established a large military area near Po-ko-tu, approximately 125 nm. from the Soviet and Mongolian borders. Currently over 100 barracks and about 75 artillery and AAA pieces are scattered along a 32-mile stretch of the Man-chou-li/Harbin railroad, one of the two rail links between the Soviet Union and China, and construction is continuing.

*This is the latest example of China's slow but steady efforts to establish defensive areas within 200 miles of its Soviet and Mongolian borders. The facilities usually consist of caves, trenches, vehicle revetments, artillery and AAA positions, and some permanent buildings. Positions are generally placed to defend transportation routes.*

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CHILE

The Communist Party is moving closer to accepting the Socialist position that recently nationalized major US copper companies should not receive compensation [redacted] Communist leaders are said to have decided to recommend that Allende make large deductions for "excessive profits" of Anaconda and Kennecott on their Chilean investments. Only \$15 million would then remain to be paid on what the party leaders estimate to be a book value of \$536 million in the three large nationalized mines.

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*Until now, the Communists had been backing Allende's reluctance to threaten Chile's international economic standing with a flat refusal to compensate the US companies. Allende's Socialist colleagues believe that a confrontation with the US would mobilize mass support for the President and enable him to move faster toward "socialization."*

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