

The President's Daily Brief

21 August 1971

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

21 August 1971

PRINCIPAL DEVELOPMENTS

[redacted] Soviet [redacted]
China [redacted] Page 1.

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Presentation of new US ABM proposals is expected to quicken the pace of SALT. (Page 3)

Our latest assessment of international economic developments is given on Page 4.

There are indications that Sudanese-Soviet tensions may be easing. (Page 5)

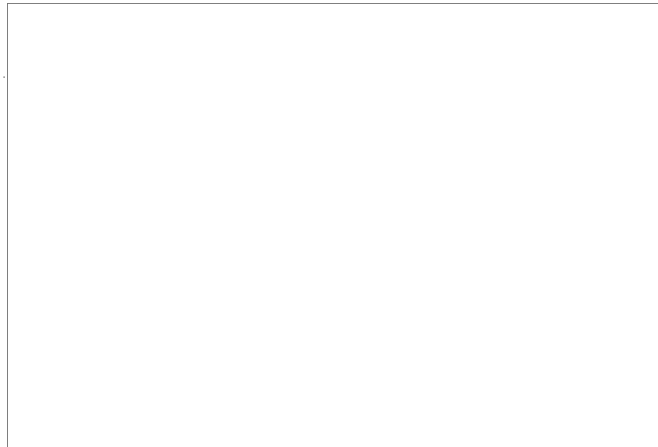
Israel [redacted]
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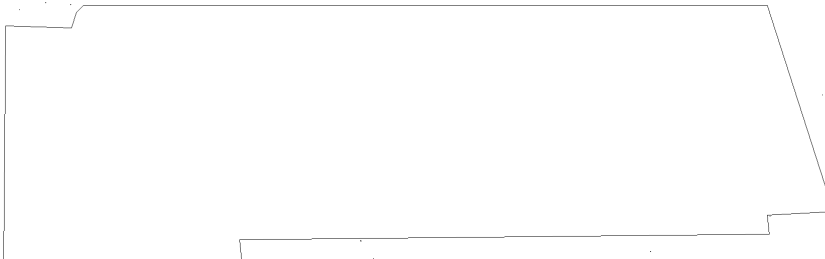
In Bolivia, time appears to be running out for Torres as the rebels gain control of most provincial cities. (Page 7)

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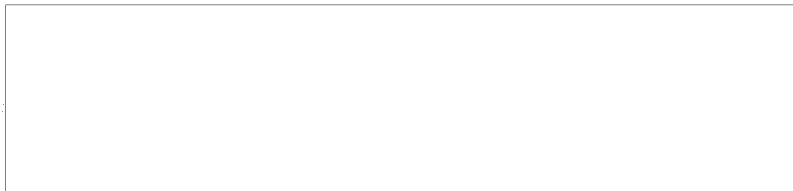
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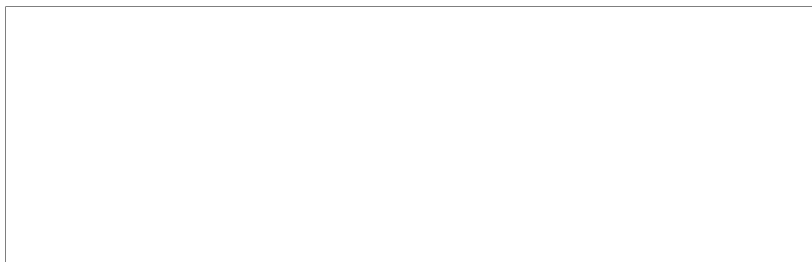
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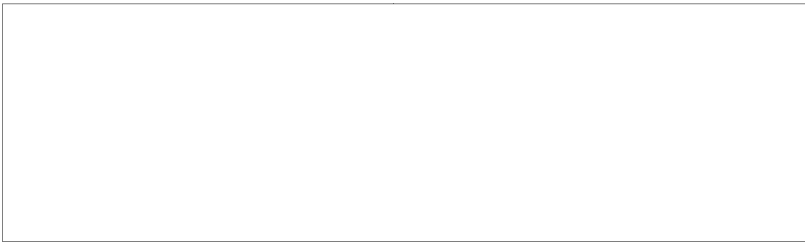
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SALT

The pace of the talks seems bound to quicken with the new US ABM proposals presented by Ambassador Smith yesterday. (It allows for either side to choose between two 100-launcher sites protecting ICBM fields and one 100-launcher NCA defense.) There is not much reporting as yet on Moscow's reaction, but the Soviets have clearly been hoping for US movement to a two-and-one ABM plan, and their earlier remarks provide some clues as to what might be expected.

On 11 August Timerbaev and Kishilov had volunteered the information that their delegation had come to Helsinki prepared to deal with a possible two-and-one Safeguard/Moscow proposal. Their remarks indicated that, in discussing such a plan, they might well press for an equal number of interceptors. Kishilov has also stated that if the US wishes two sites, it will have to be on a "two-and-two" basis. Moscow could initially counter with either of these lines.

The Soviet proposal of 10 August which allowed for US protection of one "administrative-industrial" site in return for the Moscow NCA system indicated at least a willingness to accept the principle of protection of dissimilar targets. Earlier, the Soviets had refused to do this.

The US offensive arms limitation proposal tabled on 27 July has not yet been discussed in depth. Semenov has made an effort to assuage US concern about this, but it is clear that the Soviets would like to nail down something on ABMs before going on to offensive discussions.

There are additional indications that Moscow will balk at the freeze on SLBMs proposed in the US draft. Timerbaev, Kishilov, and Semenov have all stated that this should not be a subject for treatment in an interim accord, and should be dealt with in a future offensive limitations agreement. In an effort to drive home Moscow's seriousness on this point, Timerbaev threatened that "the question of FBS would arise" if the US insisted on including SLBMs in the freeze agreement. Semenov made a less direct threat along the same lines.

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INTERNATIONAL ECONOMIC DEVELOPMENTS

Most Japanese businessmen now feel some adjustment in the yen-dollar parity is inevitable. [redacted]

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[redacted] the Japanese Government would like to try to tie yen revaluation to a reduction, or elimination, of the ten-percent import surcharge imposed by the US. In other financial developments, heavy dollar selling resumed on the Tokyo foreign exchange market this morning amid reports that exchange controls might be further tightened. The Bank of Japan purchased about \$2.3 billion to maintain the yen-dollar rate from 16 through 20 August. Also the Tokyo stock market was again down this morning, reversing a brief upsurge on Friday.

All the major European foreign exchange markets are expected to reopen on Monday. As a result of the failure of the European Community (EC) council to agree upon a common position yesterday, each government will follow independent policies with respect to its own foreign exchange market. For example, West Germany will resume floating its currency, and France will introduce a dual rate system. The EC countries, however, have pledged to minimize the exchange rate fluctuations among their currencies and although some disruption of commerce and finance is unavoidable, it is not likely to be serious enough to force an early solution.

These make-shift arrangements are expected to prevail at least until 13 September when the EC finance ministers again will seek to resolve their differences. Two days later, the Group of Ten key Western industrial nations will gather to discuss the broader need for exchange rate adjustments and other reforms to the monetary system.

The members of the EC now are turning their attention to the US import surcharge, which GATT will take up next week. [redacted] the Belgians, French, and possibly the Italians, are disposed to take a hard line against the surcharge, while the attitude of the Dutch will depend on whether it believes it is administered in a discriminatory way. [redacted]

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SUDAN-USSR

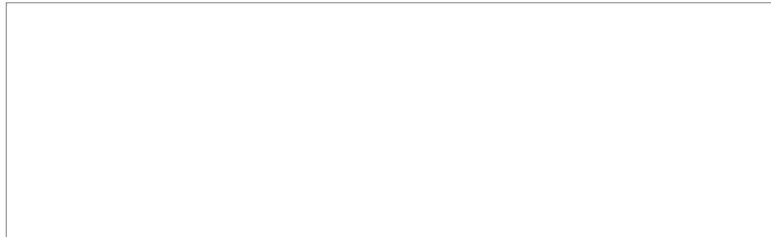
The period of bitter mutual recriminations touched off by the execution of leftist coup leaders and three top local Communists last month may be coming to an end. Both countries appear to be edging toward more normal--although still cool--relations. Sudanese spokesmen have stressed recently that Khartoum does not wish to perpetuate the state of hostility with Moscow and that trade agreements with the USSR and Eastern Europe would be honored. Some Soviet military advisers are reported to be resuming their activities, curtailed since the coup.

On the Soviet side, critical comments in the Soviet press have subsided and the Soviet ambassador in Khartoum has returned to Moscow for reassignment, presumably as a further gesture to appease Numayri.

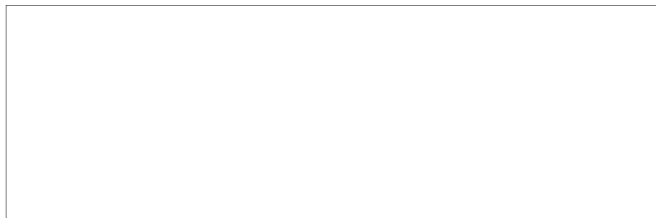
Sober reflection presumably has persuaded Numayri that he could not sacrifice vital Soviet military aid and advisory programs to emotions of the moment. The Soviets, for their part, have apparently decided that abandonment of their efforts to defend local Communists is an acceptable price to pay for recovery of their position in Sudan.

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ISRAEL-USSR



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BOLIVIA

Nearly all of the important military units outside La Paz have now joined the rebels and Torres retains the backing only of leftist labor and student elements and major air force units in the capital. The army units in La Paz--whose support is essential for the coup's success--have remained uncommitted.

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Little fighting has been reported as the rebels have extended their control from city to city, but serious clashes could occur if troops move on La Paz. Several truckloads of miners armed with rifles and dynamite arrived in La Paz yesterday, according to press reports.

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The rebels apparently have no clear plans for governing the country. Although rebel leaders in Santa Cruz yesterday proclaimed former Colonel Hugo Banzer--a prime organizer of the rebellion--president of Bolivia, it is far from certain that he will assume the presidency in the event Torres is deposed. Banzer was reported to have been captured in the early stages of the rebellion and other military leaders have taken over the direction of the rebel movement. Leaders of the Bolivian Socialist Falange and the center-left National Revolutionary Movement have also played major roles in the rebellion and presumably would have important positions in a successor government.

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NOTES

Ceylon: The government has responded to recent coup rumors

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and to increased insurgent activity, by tightening security around Prime Minister Bandaranaike and by extending the curfew to key towns in outlying areas.

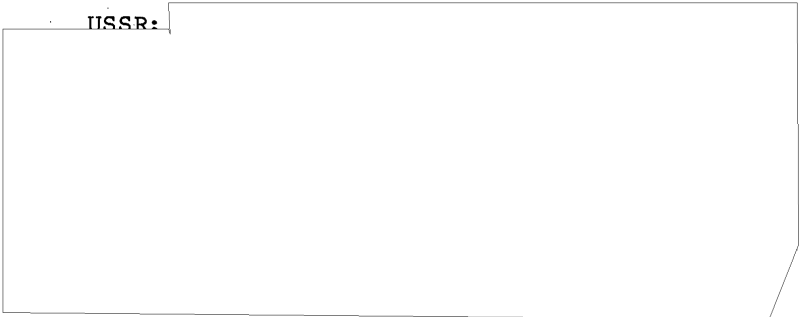
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Pakistan: Yahya has told Ambassador Farland that he plans to remove Military Governor Tikka Khan about 1 September and appoint A. M. Malik, a Bengali civilian, as governor of East Pakistan. Tikka--known as the "Butcher of Baluchistan" for his part in suppressing a tribal rebellion in West Pakistan--is generally regarded as the person most to blame for army brutality in the East. Although Malik, the Refugee Coordinator in the East Wing, has been described as a tired old man, his appointment should at least lessen some of the foreign criticism of Yahya's policies in the East.

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