



The President's Daily Brief

4 December 1971

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PRINCIPAL DEVELOPMENTS

The war between India and Pakistan is discussed on Page 1.

Egyptian Foreign Minister Riad yesterday delivered a moderate exposition of well-known views at the start of the UN Middle East debate. (Page 2)

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[Redacted] (Page 3)

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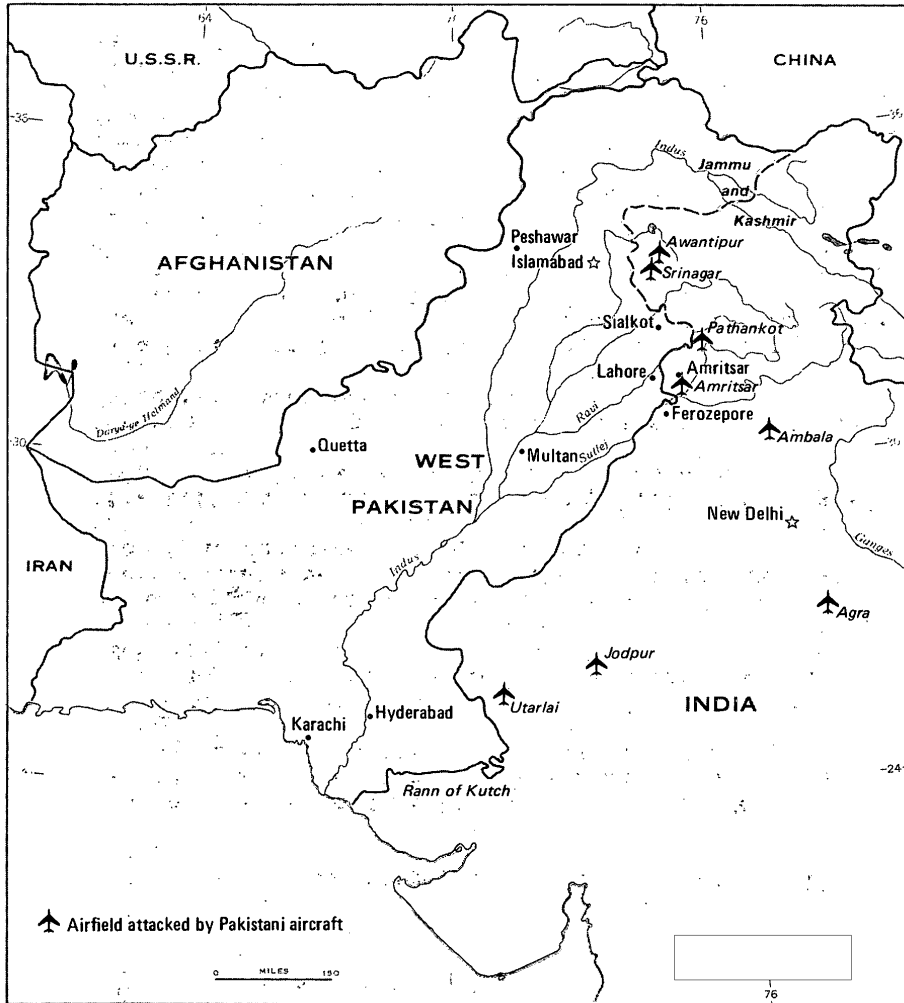
Reactions from Group of Ten nations to US willingness to devalue the dollar take the line that real negotiations can now begin. (Page 4)

The USSR has again tested its capability to intercept a satellite in earth orbit. (Page 5)

Castro finally let loose a few blasts in his last speech before leaving Chile. (Page 6)

The future of Turkish Prime Minister Erim, who resigned yesterday, lies in the confidence the military have in him. (Page 7)

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INDIA-PAKISTAN

President Yahya Khan's declaration of war goes one step beyond Prime Minister Gandhi's announcement yesterday that in the face of Pakistani air attacks, she had no choice but to put India on a war footing. There is as yet no clear evidence regarding Pakistani claims of Indian ground attacks in the west, Islamabad's rationale for yesterday's air strikes in the west. In any case, both sides now have traded air attacks, and further, heavier fighting has apparently begun in the east.

The Pakistani Air Force hit some eight airfields in Kashmir and western India, and India bombed Lahore and the Karachi port area, where petrol storage tanks were set on fire. The Indians also attacked Dacca airport, reportedly with MIG-21s.

The Indian Government has decreed a state of emergency which is expected to be ratified during a special session of parliament today. In Pakistan, which has been under a state of emergency since late last month, the government has ordered the mobilization of ex-servicemen and "essential persons." Pakistan has reportedly banned all commercial flights into and over both wings of the country and canceled all Pakistan International Airlines flights. This could complicate plans to evacuate all US dependents and nonessential personnel from Karachi, action the US consul has urgently recommended. India also apparently has halted flights into New Delhi and Calcutta.

In East Pakistan, major Indian Army and Air Force attacks have been launched. According to a press report, the Indian military commander in the area said these are aimed at forcing the surrender of the Pakistani Army and the establishment of an independent Bangla Desh. The US consul in Dacca reports that Pakistani forces in the East wing were beginning to feel the strain even before this latest round, and that there has been a sharp rise in brutal reprisals by the army in response to increased Mukti Bahini pressure.

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UN - MIDDLE EAST

Riad's restrained exposition of the Arab case in his speech yesterday at the UN confirms earlier indications that the Egyptians, for the moment, have in mind a relatively temperate resolution which could gain broad international support. While discussing Cairo's strategy at the UN with US officials this week, Riad made a strong pitch for US support in the world body. He said that Cairo's minimum substantive demands are an endorsement of the 1967 Security Council Resolution 242, reactivation of the Jarring mission as well as a response by Tel Aviv to Jarring's memorandum of last February, and a provision barring Israel from changing the status of the occupied territories.

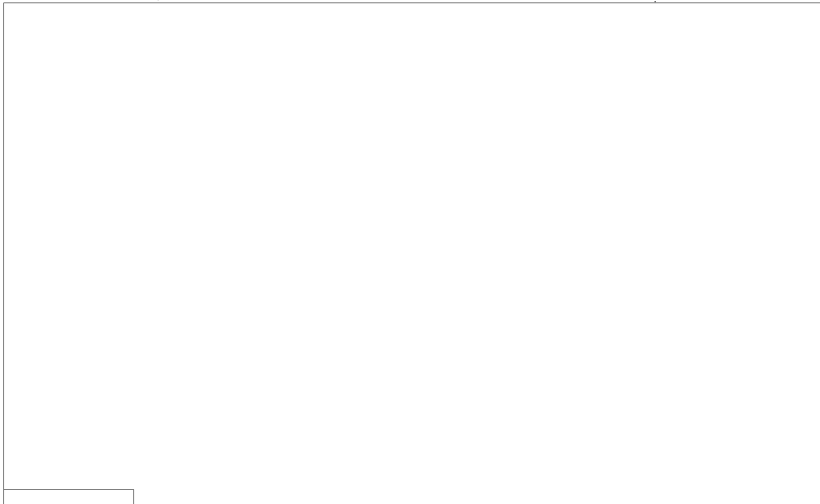
The Egyptians appear less confident of solid African support for a harsh resolution calling for sanctions against Israel. Cairo now seems intent on isolating Tel Aviv by gaining an overwhelming vote for a noncontroversial statement of their position. They probably calculate that if they fail to gain US support, they could submit a more stringently worded resolution, placing the onus on Washington. In their view, such a resolution would have a better-than-even chance for passage.

Probably with Israeli encouragement, Costa Rica has drafted an alternative text to the one the Egyptians have in mind. The appearance of the two texts should lead to considerable backstage negotiations during the debate, which may last for a week to ten days.

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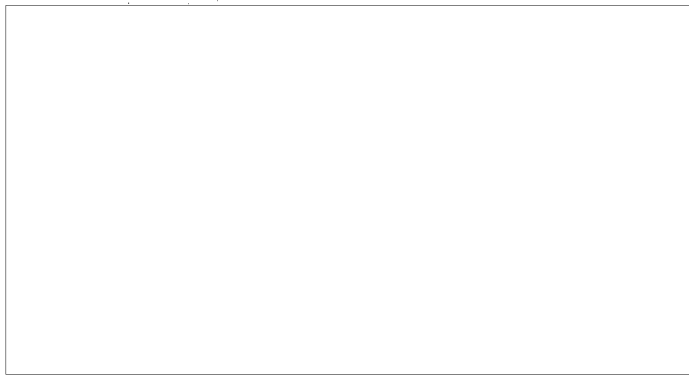
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INTERNATIONAL MONETARY DEVELOPMENTS

The willingness indicated by the US at the Rome conference to devalue the dollar if acceptable concessions are made by other Group of Ten countries has at least partially broken the international monetary deadlock. Most foreign press commentary so far has taken the line that, even though a final settlement was not reached in Rome, real negotiations have now begun in an atmosphere of cooperation, with the US having provided the breakthrough. Observers have noted, however, that even if an agreement is reached on currency realignment, more fundamental and longer-term issues--dollar convertibility into gold, reduction of the role of key currencies, and the scope of future trade negotiations--remain unresolved.

Widespread speculation in anticipation that the dollar will be devalued has driven the dollar to record lows on foreign money markets, while gold has risen to \$43.75 per ounce. The only major currency not subject to heavy pressure has been the pound. The Bank of France is buying dollars to maintain the commercial franc ceiling, and the French Government is implementing additional financial controls.

Until now the franc has not been subject to much pressure. Paris apparently now fears that its present two-tier exchange system may no longer be adequate to prevent speculation. To prevent appreciation of the franc and preserve a stronger bargaining position, the government is also enacting several measures to restrict capital inflows.

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USSR

The Soviets have conducted another test of their capability to intercept a satellite in near earth orbit. The target satellite--announced by TASS as Cosmos 459--was launched on 29 November from Plesetsk. Yesterday morning the interceptor satellite was launched from Tyuratam.

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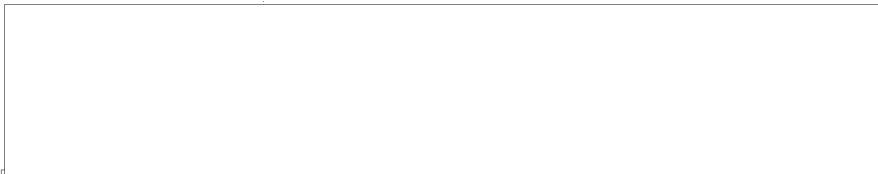
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CUBA-CHILE



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Castro stated in effect that Chile's revolutionary process could be defended only by using violence.

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These remarks reflect Castro's long-held belief--based on his own experience--that any "revolution" has to be defended against hostile elements. While he may now believe that each country must undergo its own distinct revolutionary process, he clearly is not discounting violence as a means to maintain revolutionary impetus. In public, at least, Castro made a great effort throughout his visit to keep out of Chile's domestic problems. Only in his farewell speech and in response to antagonistic questioning from Christian Democratic students did he drop his facade of neutrality. On these occasions, he argued vehemently that the Chilean "revolutionaries"--the Allende government--had the right and the duty to defend themselves against "fascists and reactionaries"--the opposition political parties.

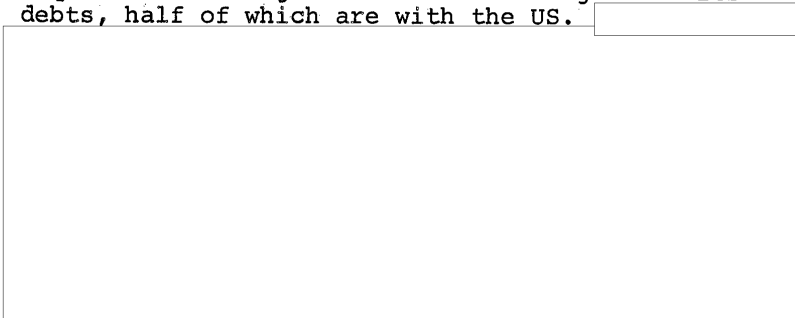
Within Allende's coalition, there are strong differences over the wisdom of using violence against the opposition. The Movement of the Revolutionary Left and most of Allende's hard-line Socialist Party consider it a necessity, while the Communist Party considers violence usually counterproductive. It was a Communist goon squad, however, that used the roughest tactics against the women's demonstration on 1 December.

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NOTES

Chile-USSR: Chile's foreign exchange reserves have fallen substantially since Allende's election in September 1970, and this has forced Santiago to request its foreign creditors to renegotiate its debts, half of which are with the US.

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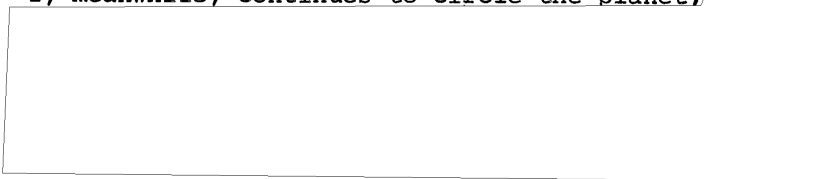
USSR: The Soviet Mars 3 probe apparently went into orbit around the planet on 2 December.

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Mars
2, meanwhile, continues to circle the planet.

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Turkey: Prime Minister Erim, whose government resigned yesterday following the withdrawal of 11 technocrats from the 26-member cabinet, will remain in a caretaker status until a new government is formed. The withdrawing ministers had felt that parliament was frustrating the government's economic reform program and that recent conciliatory moves by Erim toward the dominant Justice Party would only encourage further obstructionism. The resignations of the reform-minded cabinet members have probably damaged the military's confidence in Erim's leadership, and much will now depend on whether and how rapidly he can form a new cabinet acceptable to both parliament and the military high command.

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