



The President's Daily Brief

15 June 1973

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Top Secret

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

15 June 1973

PRINCIPAL DEVELOPMENTS

On his return to Argentina next week, Juan Peron must arbitrate differences that have developed within the Peronist movement, set a firm course for the government, and put down terrorism. (Page 1)

Chile [redacted] (Page 2)

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Popular support for the Indian Government and the ruling Congress Party is fast eroding although Mrs. Gandhi retains much of her personal popularity. (Page 3)

[redacted] Saudi Arabia, Egypt. (Page 4)

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The Soviets launched an unmanned Soyuz spacecraft early this morning from the missile and space center at Tyuratam. (Page 5)

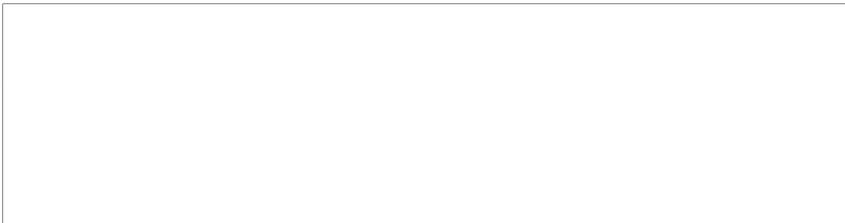
European traders have demonstrated considerable skepticism about the impact of the new US economic policy. (Page 5)

Negotiations are continuing between the Libyan Government and Western oil companies, but company representatives find no flexibility in Tripoli's position. (Page 5)

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ARGENTINA

Juan Peron will be faced with imposing tasks on his return to Buenos Aires next week. He must arbitrate differences that have developed within the Peronist movement, set a firm course for the government, and put down terrorism.



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Even some of Peron's political opponents say that he is the only individual who can restore order and get things moving. Campora so far has been unable or unwilling to challenge groups that have occupied radio stations, hospitals, and universities or to reduce the bickering that has stalled appointments to several posts below the cabinet level.

Only the new economic team headed by Finance Minister Gelbard has made any progress. It has instituted price controls and reached agreement with labor on belt-tightening measures designed to slow inflation.

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CHILE

General Prats bluntly warned President Allende early this week that the government must act quickly to halt the present economic deterioration.

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[Redacted]

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Prats did not include himself in the lineup but may have his eye on the post of prime minister or vice president. Neither exists now, and Prats wants one of these positions created by constitutional amendment.

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Allende has worked out "irreconcilable" differences before, usually to his advantage. This time, however, the task looks much harder. In any event, impeachment proceedings now under way in congress against three key ministers will force some cabinet changes very soon.

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INDIA

Popular support for the government and the ruling Congress Party is fast eroding. The government's inept handling of the recent drought, suspicion that Mrs. Gandhi is trying to pack the Supreme Court and muzzle the press, and rumors of corruption at the highest levels of the administration are factors in its decline.

The Congress Party is faltering in several states where the Prime Minister earlier replaced troublesome, but politically astute, local leaders with trusted functionaries lacking a personal power base. In three states Congress Party governments have been replaced this year by direct "President's Rule" from New Delhi. Congress Party candidates have also fared poorly in several recent by-elections.




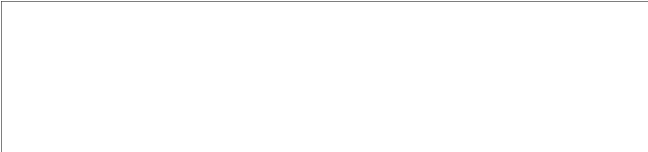



The Congress Party is riven by ideological disputes, and caste and personal rivalries. In addition, the Communist Party of India, formerly a de facto ally of the Congress, no longer gives unconditional support to the government. Opposition parties, encouraged by the trend, have become more active.

Mrs. Gandhi retains much of her personal popularity and has no serious rival for power within the party. She does not face national elections until 1976, and is free to decide whether elections scheduled for early 1974 in several states should be postponed under an extension of President's Rule. She can also time a cabinet reshuffle to strengthen her somewhat tarnished reputation as an administrator.

Other developments over which she has no control could be even more beneficial; a good monsoon in the next few weeks or the early arrival of food grains promised from overseas would be of considerable help.

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SAUDI ARABIA - EGYPT

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NOTES

USSR: The Soviets launched an unmanned Soyuz spacecraft early this morning from the missile and space center at Tyuratam. The mission, which will coincide with Brezhnev's visit to the US, probably is a test of modifications made to the spacecraft.

International Monetary Developments: The dollar closed lower in almost all European currency markets yesterday, but at a point substantially above last week's low. Traders demonstrated widespread skepticism about the impact of the new US economic policy. They expressed fear that US plans for controls on food exports and reduced tariffs on imports of scarce materials will set back improvement of the US balance of payments. There was some disappointment that President Nixon did not announce specific measures to strengthen the dollar's market performance. The first official foreign reaction to the new US measures came from the Canadian Finance Minister who expressed concern that other countries might retaliate against US export controls.

Libya: Negotiations are continuing between the government and Western oil companies, but company representatives find no flexibility in Tripoli's position. The companies are maintaining their offer of a 50-50 joint operating arrangement against the government's demand for 100-percent participation. Company officials are concerned that Tripoli is overestimating its negotiating strength and may force itself into a position from which it would view nationalization as the only alternative.

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