THE WHITE HOUSE

WASHINGTON

TOP SECRET-SENSITIVE CONTAINS CODEWORD

March 5, 1979

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ZBIGNIEW BRZEZINSKI

SUBJECT:

Daily Report

<u>Information</u>

Reaction to Your Trip to Mexico: According to Ambassador Lucey, overall reaction in Mexico to your visit has been extremely favorable. Senior Mexican officials have reported positively on Lopez-Portillo's reaction; one high-level cabinet member said that he informed the cabinet at a special meeting following the visit that you showed a comprehensive and thorough understanding of Mexico's needs and problems and were a "tough negotiator." Lopez-Portillo told various officials that the discussions had formed a new basis for U.S.-Mexican relations. Reaction by Mexican congressmen has also been very favorable; some members noted with special pleasure your speech in Spanish and your references to Octavio Paz and Benito Juarez. (S)

The Mexican media have continued to comment on the trip. Mexico City's influential political weekly magazine Siempre said you "acted as a modern statesman, who realizes much more clearly than the great news commentators in his nation that times have changed and that for this reason modes of diplomacy must also be different." (U)

PRC Justification of Vietnam Incursion: China's leaders appear successful so far in justifying to their populace China's "self-defensive counterattack" against Vietnam. State believes the credibility of the leadership on this, however, hinges on limiting the war. Serious dissatisfaction will likely rise if protracted war brings Soviet action against China or severely undercuts the modernization and liberalization drive. (S)

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Briefings have stressed that Vietnamese provocations against China, backed by the Soviet drive for hegemony, had to be met now in order to prevent a future, more debilitating war. At the same time, the briefings have carefully tried to prepare people to accept a small-scale military "victory" or even defeat as a Chinese moral and political victory. Public concern has been dampened by a stress on "business as usual;" leaders have been appearing regularly and government sessions convened. The continuing parade of Western visitors to Peking -- not balanced by media disclosure of Western criticism -- has also been reassuring. (S)

Implications of Iran for the Soviet Role in the Persian Gulf:

the Soviet Union could ultimately become the major strategic winner in the Persian Gulf as a result of the downfall of the Shah. In a prolonged period of change in Iran, the Soviets would be increasingly inclined to provide backing for those forces which they considered sympathetic to their own interests. The Soviets will probably not provide direct support to the terrorist groups currently operating in Iran; although some groups are likely to receive support from Soviet-armed clients such as Libya. (C)

The Soviets will have to move cautiously to exploit these new opportunities in the Gulf area, however, because key Arab states — both conservative and radical — already perceive an expansion of Soviet influence in the area. Moscow's first steps to date suggest that the Soviets will resort to a public approach designed to reassure the Gulf states of the USSR's peaceful intentions. (C)

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