



*The President's Daily Brief*

16 May 1970

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

16 May 1970

PRINCIPAL DEVELOPMENTS

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[redacted] Israel [redacted]  
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Economic reform in South Vietnam seems as far away as ever. (Page 2)

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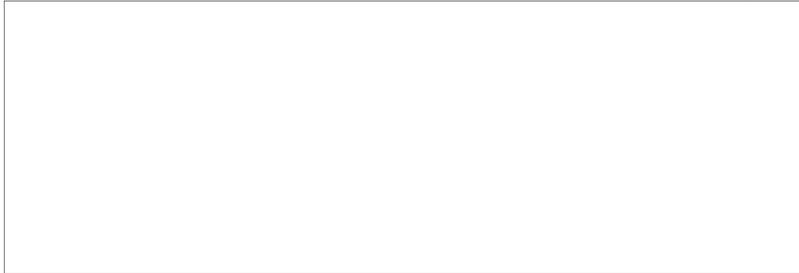
Communist troops consolidate their gains in north-eastern Cambodia. (Page 4)

The USSR is pushing for at least token aid from its European allies in its dispute with China. (Page 5)

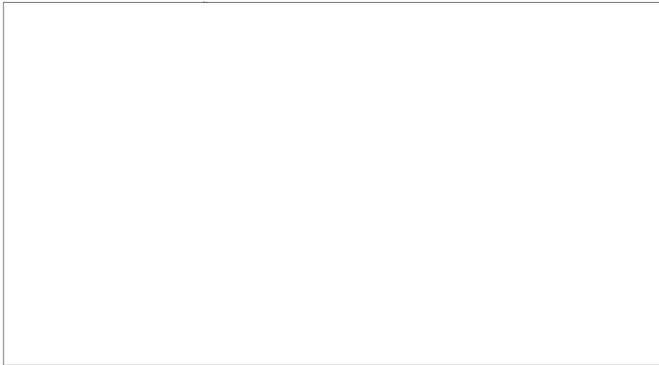
The Lebanese Government is badly shaken by the suspected presence of Syrian troops in southern Lebanon. (Page 6)

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ISRAEL



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SOUTH VIETNAM

Sensitive messages from the US Embassy in Saigon indicate that President Thieu and his economic ministers have tried to sound forthcoming about plans for urgently needed economic reforms to fight inflation and increase revenues. It seems likely, however, that they see the political costs of some of the needed measures as almost prohibitive; they may not have spoken frankly to US officials about their anxieties.

Saigon policy makers claim they are ready to increase domestic tax collection very substantially to prepare the way for further US economic aid. They have based much of their planning on getting special decree powers for President Thieu to increase taxes and on keeping the unpopular austerity taxes on the books. Now, however, South Vietnamese officials believe that the austerity taxes are likely to lapse soon because of opposition in the National Assembly. These officials are also beginning to waver about pressing for special decree powers, the keystone of their entire program, presumably because any request for such powers is likely to encounter very rough sledding in the assembly.

*Thieu is well aware that the present wave of dissent, which is based on a variety of grievances, began in the days following his sudden announcement last fall of new austerity taxes. He almost certainly anticipates that serious efforts to enforce new taxation would alienate each affected population group and would compound the discontent already existing in the military establishment, the bureaucracy, and other salaried groups.*

*The feeling that it is politically impossible to take necessary economic measures has probably contributed significantly to the general discouragement that appears to be deepening among many of Thieu's top aides. If Thieu does not take such measures, however, the economy is probably in for deep trouble.*

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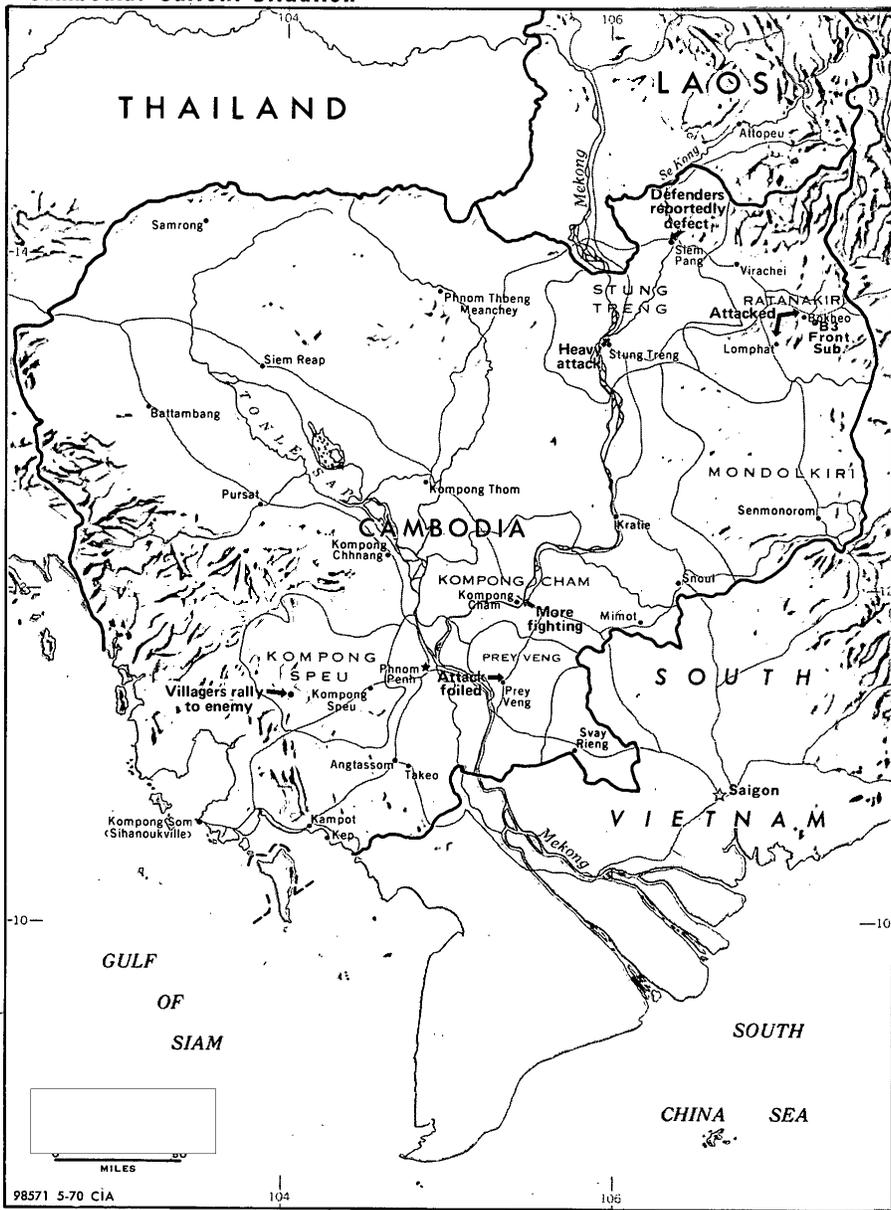
SOUTH VIETNAM - CAMBODIA

Stations serving the main political headquarters of COSVN and a number of military and operational subordinates are congregating in an area about 25 miles north of the Tay Ninh Province border--a good bit beyond the 21.7-mile limit set for US forces.

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Furthermore, the North Vietnamese 7th Division headquarters moved into a position just to the south of this new base, suggesting that elements of the division could have a security mission for these COSVN elements.

### Cambodia: Current Situation

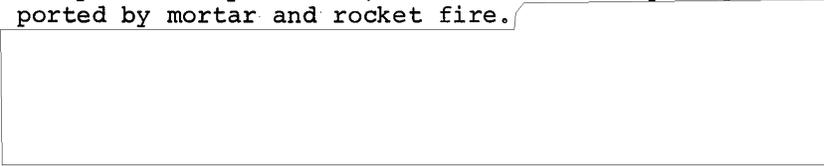


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CAMBODIA

The Communists are driving the government out of the northeastern provinces. The capital of Stung Treng Province apparently fell yesterday before a sharp attack by about 2,000 Communist troops supported by mortar and rocket fire.



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*Additional enemy attacks against the isolated government positions in the northeast are almost a certainty, and it is probably only a matter of time before the government's presence there is eliminated. The current Communist drive probably is designed to ensure the maintenance of already existing supply routes from Laos and to open up other routes farther inland.*



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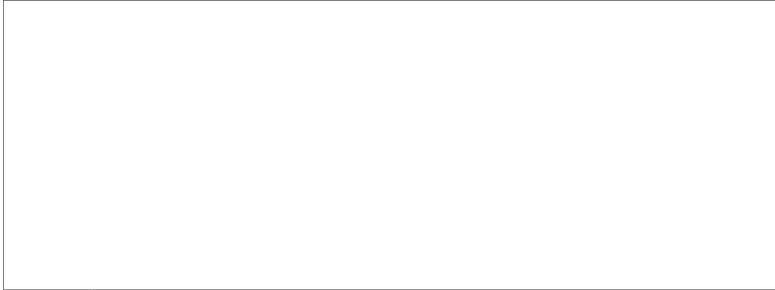
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USSR - EASTERN EUROPE - COMMUNIST CHINA

The USSR seems to be placing increased stress on spelling out the "internationalist" responsibility of its allies to support Moscow in its conflict with China. An editorial in the Soviet Defense Ministry journal Red Star on 14 May is the most recent of a series of articles playing up the alleged determination of Warsaw Pact states to rebuff aggression "anywhere," a tenet implicitly incorporated into the Soviet-Czechoslovak treaty signed and published last week.

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LEBANON

The government is embroiled in a dispute over the movement of armed commandos from Syria into Lebanese territory. The cabinet disagrees on how many Syrian troops are involved, and President Hilu

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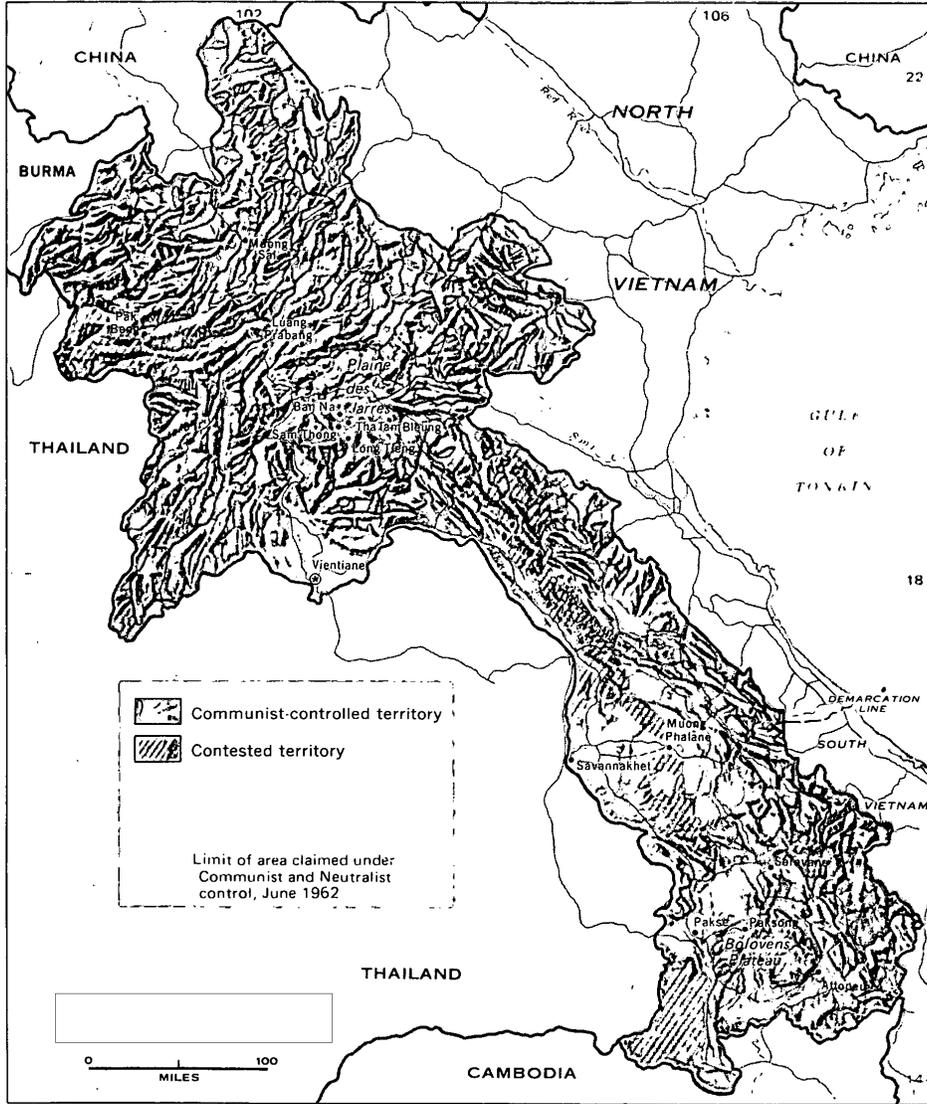
and a majority of the cabinet maintain that there are large numbers of regular Syrian Army troops in Lebanon.

Interior Minister Jumblatt and fedayeen spokesmen, however, claim that the incursion is a normal rotation of guerrillas into the area and that there are no Syrian troops present.

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# Laos



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NOTES

Laos: Enemy forces are continuing their war of nerves against Saravane. Two rockets landed within the provincial capital early on 15 May, but there were no casualties or damage. An unspecified number of Communist troops are reported to be within two miles of the town, but no fighting has developed. In the north, the situation remains quiet. Two government irregular battalions are being transferred from Long Tieng to the southern military region to help maintain the government's control of the eastern edge of the Bolovens Plateau.

Iran: Over the past year or so, the Iranian Government has solicited terms for a surface-to-air missile system from various foreign manufacturers and governments. This week an Iranian official expressed his government's desire to receive a US proposal on the Hawk missile system prior to making a final decision. The Iranians had made earlier approaches regarding this system, but found it too expensive. Nevertheless, they would probably prefer the Hawk because of its compatibility with their US-supplied air defense system.

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