



The President's Daily Brief

23 July 1970

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THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

Recent developments in Cambodia are discussed on
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Soviet

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Bolivia has agreed to release the ten prisoners demanded by a guerrilla group in return for two German hostages. *(Page 6)*

The Soviets have rejected the latest Allied proposals for improvements in Berlin. *(Page 7)*

The Soviet economy during the first half of 1970 improved significantly. *(Page 7)*

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Cambodia: Current Situation



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CAMBODIA

Government forces in the center of Kirirom remain pinned down by enemy troops.

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[redacted] four trucks carrying food and other supplies were ambushed and destroyed on the only road into Kirirom on 21 July; some supplies were then airdropped to government forces in the city.

The Communists also attacked several other government positions near Route 4 in Kompong Speu Province yesterday. Thirty government defenders at Sre Khlong abandoned their post there and headed for Kompong Speu city, following a heavy enemy mortar attack. Twelve miles southeast of the city, the Communists have dug in along the road leading to the village of Srang, which they apparently still occupy. Press reports indicate that government forces are still some distance from Srang.

The military training center at Romeas in Kompong Chhnang Province remains under attack, but air strikes may enable the badly battered government defenders there to hold their ground. According to government messages, a large enemy force is moving to attack the Lovek depot from the north, and another group of 600 Communist troops is heading southward from the lower end of the Tonle Sap in order to block road and river traffic to Kompong Chhnang city.

In Kompong Thom Province, the governor says the Communists are attempting to prevent reinforcements and supplies from reaching Kompong Thom city by placing troops in ambush along the Stung Sen River, south of the city. He expects renewed attacks on the city soon. The local military commander believes he can hold the city as long as he gets air support.

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Lon Nol continues to receive widespread and enthusiastic popular support, and key government leaders are working cooperatively together. Sihanouk has been effectively discredited, and it appears that he could muster little public support for his "government" if he should return. As the war drags on, however, some political dissatisfaction with the government is bound to crop up.

The government believes that Cambodian Communist elements in the countryside number less than a thousand, and do not pose a serious problem. Many of the Cambodians fighting alongside the Communists probably are doing so involuntarily. Phnom Penh's estimate that only about 10 percent of the population in Communist areas willingly cooperate with them cannot be verified at this time, but probably is too conservative. The longer the Communists remain in these areas, the greater will be the number of their local supporters. Whatever the case, it probably will be some time before the Communists can establish a solid infrastructure.

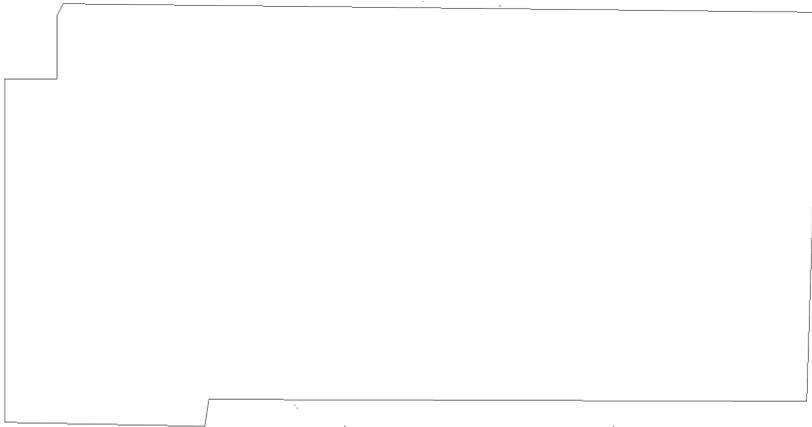
There are signs that the army's combat performance is improving, and the morale of the armed forces remains high despite their initial reverses. Still, the Cambodian Army continues to be plagued by a lack of effective communications, transportation facilities, tactical air support, and centralized training. Military leadership evidently is not as bad as originally supposed, and there is no doubt that the army will remain loyal to Lon Nol and fight as best it can against the Communists.

Although government leaders are now firmly committed to a hard policy toward the Vietnamese Communists, the possibility of an accommodation with them should not be ruled out. If either Hanoi or Moscow, for example, begins to push openly for negotiations to end the war in Cambodia--without the return of Sihanouk--the regime would find it difficult to refuse such a bid, because its claim to neutrality would be called into question and it would become increasingly identified with Saigon and the war in Vietnam.

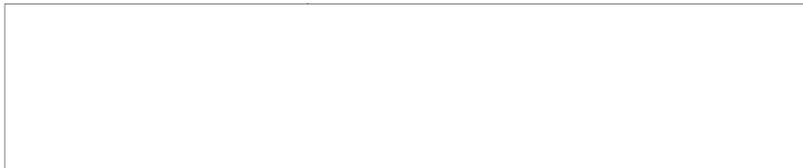
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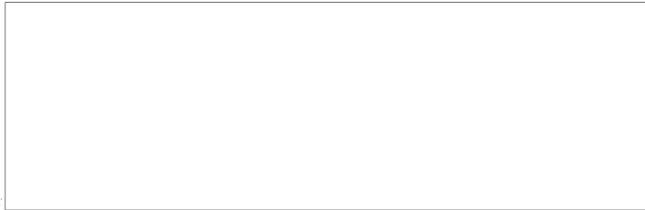
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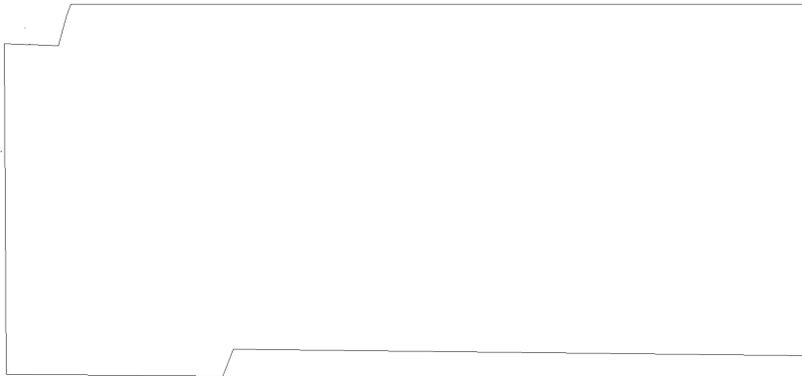
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FINLAND



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BOLIVIA

The government has agreed to release the ten prisoners demanded by the pro-Castro Army of National Liberation (ELN) in return for the two German hostages taken in Sunday's raid by the ELN on a US-owned mining company. The prisoners are to be flown to Chile at which time the hostages will be released.

Guerrilla activity, teachers' strikes throughout the country, and increasing student violence are posing new difficulties for President Ovando. If Ovando vacillates in dealing with these problems, military confidence in his leadership could weaken. The state of siege declared Tuesday gives the president the authority to take firm action to put down strikes and prevent disorders, but Ovando's style tends more toward compromise than decisive action.

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NOTES

USSR-Berlin: The Soviets advanced nothing new and rejected Allied proposals for improvements in Berlin at Tuesday's session of the four power talks. The Soviets also showed little interest in producing an expanded communiqué that would have served as a token of progress in the talks. Bonn has hoped that this would help to placate domestic critics of its own talks in Moscow, but the USSR apparently feels under no compulsion to show movement in Berlin now for the sake of the bilateral negotiations. The next meeting will be in September.

USSR: The Soviet economy during the first half of 1970 improved significantly over the poor performance of a year ago. Industrial production was up 8.5 percent and labor productivity 7.5 percent. Moscow says all branches of heavy industry and several agricultural sectors improved, but less glowing achievements were claimed for the consumer goods industry. In general, the gains are not remarkable when compared to Soviet figures over the longer term. Soviet leaders can be expected to continue to seek new measures to stimulate technological progress and economic growth.

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