

*The President's Daily Brief*



14 July 1969

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*FOR THE PRESIDENT ONLY*

I. MAJOR PROBLEMS

EUROPE

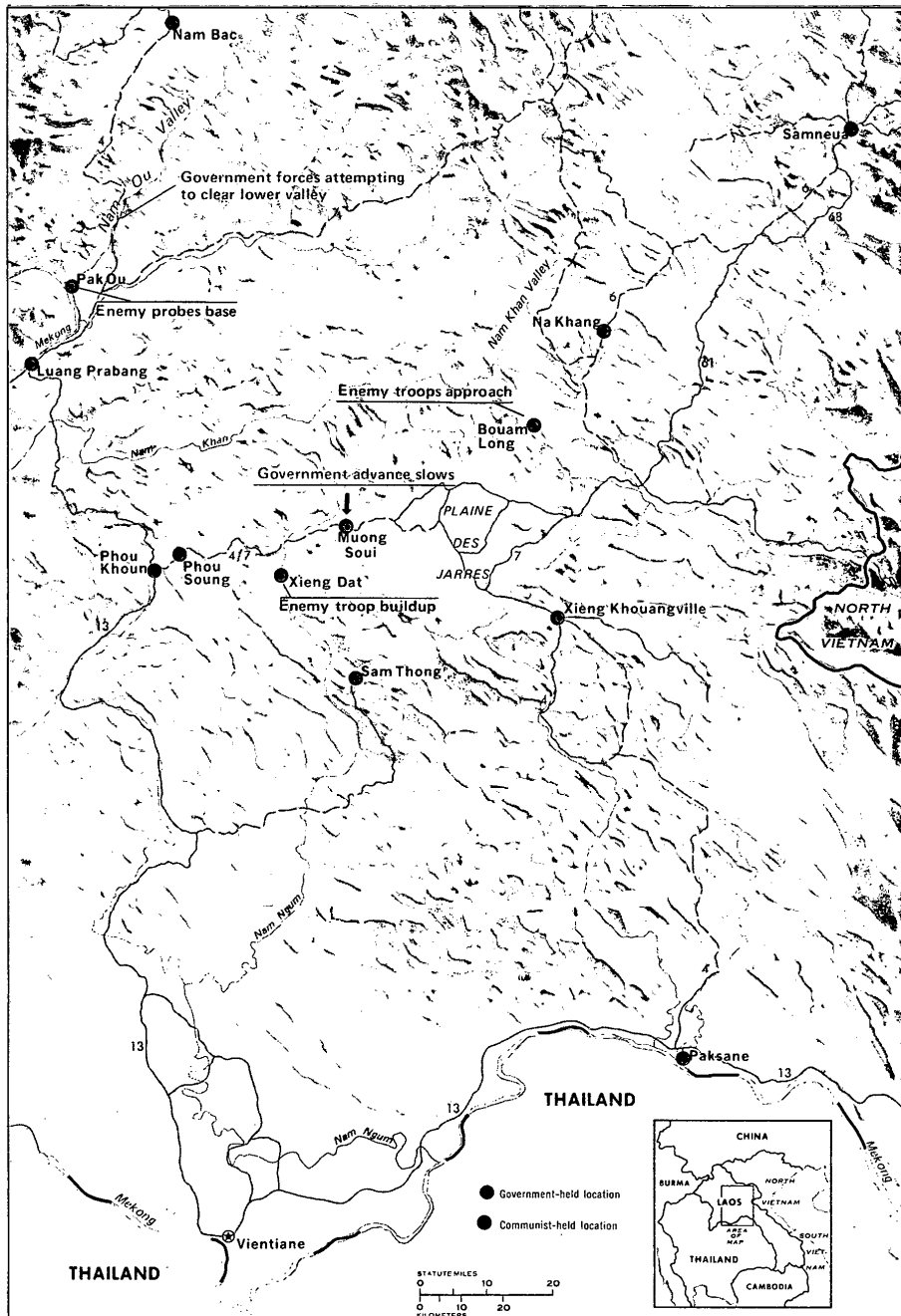
President Saragat yesterday asked Premier Rumor to form a new government, but it is not yet clear what kind of line-up Rumor will try for. Saragat is said to prefer an all-Christian Democrat (DC) government to last until early next year, but leaders with whom he has been consulting are urging him to pressure the new right-wing Unitary Socialists (PSU) to reconstitute the center-left coalition, including both Socialist factions as well as the Republicans and the Christian Democrats.

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SOVIET AFFAIRS

Moscow is continuing its efforts to appear positive in relations with the US. After indicating last week that the only country they would be willing to add to the ENDC was Yugoslavia, the Soviets on Friday suddenly switched signals

### LAOS: Current Situation



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and agreed to the US proposal calling for further enlargement by six countries--Netherlands, Hungary, Yugoslavia, Pakistan, one North African and another Latin American nation. Although additional negotiations remain on which country should represent the last two regions, this Soviet response suggests that Moscow will be willing to reach a final agreement on enlargement closely paralleling the original US suggestion--these six plus Japan and Mongolia already added.

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There is nothing significant to report on Vietnam or the Middle East.

II. OTHER IMPORTANT DEVELOPMENTS

LAOS

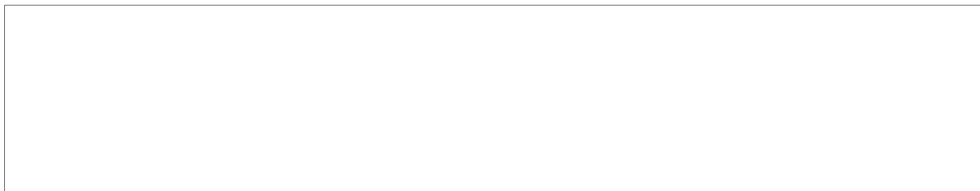
The government's campaign to retake Muong Soui seems to be floundering. Bad weather is severely curtailing air support--on which government forces are heavily dependent--and is permitting the Communists to bring in supplies and perhaps reinforcements as well. Even though General Vang Pao of the pro-government guerrillas is thinking of committing more troops to the campaign, a Communist counterattack seems to be only a matter of time.

Government leaders are also worried that the Communists may threaten the royal capital of Luang Prabang. Three North Vietnamese battalions seem to have moved toward Luang Prabang

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from the Nam Bac area, and probes have been made as far as Pak Ou on the Mekong. It is too early to tell how serious this activity is, but it may indicate that the Communists do intend to isolate the royal capital.

SOVIET UNION - COMMUNIST CHINA



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EL SALVADOR - HONDURAS

There was sporadic shooting along the Salvadoran-Honduran border again yesterday. Each country disclaims any intention of attacking the other, but both have moved more troops to the frontier.

Nicaraguan President Somoza believes the mediation efforts of the other Central American countries have been unsuccessful and is urging the invocation of the Rio Treaty, according to a message he asked the US Embassy in Managua to transmit to Ambassador Sevilla-Sacasa in Washington.

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