



The President's Daily Brief

4 August 1970

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FOR THE PRESIDENT ONLY

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PRINCIPAL DEVELOPMENTS

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Developments in Israel are examined on Page 3.

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The Shah of Iran has again expressed his frustration over US policy. (Page 5)

[redacted] Bolivia [redacted] (Page 6) 50X1

The Uruguayan Government has responded indirectly to the kidnapers' ransom demands. (Page 7)

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CAMBODIA

The battle for Kompong Thom continues, but the Communist offensive appears to be losing some of its momentum. According to an intercepted Cambodian Army message, government defenders have reoccupied most of the key buildings in the city; urgently needed supplies of food and ammunition have been air-dropped to government forces.

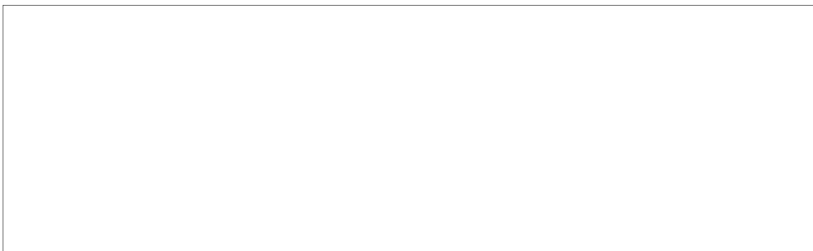
The enemy still holds the town of Skoun. A relief column from Kompong Cham has been halted a short distance east of the city.

The planned offensive to retake Kirirom has encountered more delays. Press reports indicate that enemy harassing attacks near Sre Khlong have blocked Route 4, preventing the movement of supplies and reinforcements for government units already proceeding toward the resort town. A provincial official says that Communist troops around Sre Khlong must be dislodged before a full counterattack on Kirirom can be made. He also claims that the enemy is still sending reinforcements into the Kirirom area despite heavy allied air strikes.

In the only other significant military action, a government command post in northwestern Kompong Speu Province reported yesterday that it was surrounded and under attack by a large Communist force. The local commander said he had taken heavy losses, and asked for airborne reinforcements.

Meanwhile, there are signs that the Communists may be planning new attacks on Kampot city and on the Chakrei Ting cement factory in Kampot Province. An intercepted message has reported that "hundreds" of Communist troops are now in position north and east of both locations. The message also claims that these forces will attack when South Vietnamese troops are withdrawn.

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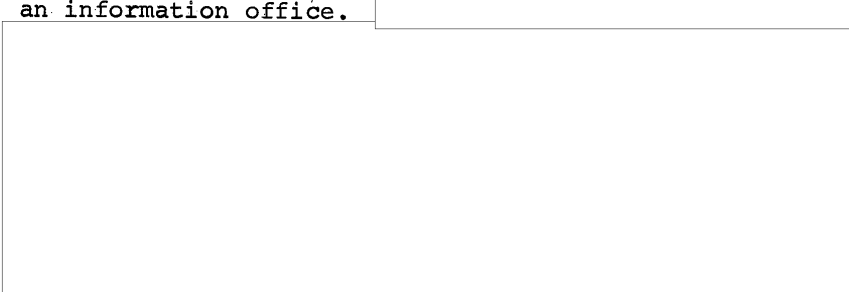


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Prom Tep Savang, one of Cambodia's more able and articulate spokesmen, has been sent to Paris to open an information office.

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ISRAEL

Mrs. Meir's government still retains a comfortable parliamentary majority and the support of the great majority of the people despite the departure of the right-wing Gahal party. Although the Gahal's vote to leave was very close, its departure hurt Mrs. Meir, who wanted to keep together the "wall-to-wall" coalition that had been in office since the eve of the 1967 war. The coalition was unwieldy and disparate, but it served as the symbol of Israeli unity.

Mrs. Meir's willingness to forgo the Gahal partnership at this early stage of the peace effort underscores the gap between her own views and the dogmatic nationalism of Gahal leader Menahem Begin. Mrs. Meir retains the backing of Minister of Defense Dayan, but only time will tell whether the cut-down cabinet will be better or less able to negotiate a settlement. Israeli requirements for a peace settlement remain high, and Mrs. Meir has pointed out before that her government without Gahal will be no less resolute in the defense of Israel's "vital security needs."

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LAOS



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there is additional evidence that the recent heavy attack on government positions near Tha Tam Bleung had a political as well as a military objective. The Communist troops that routed a government battalion in the attack on 31 July have abandoned the positions they seized, and the level of military activity has returned to the normal rainy season low.

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IRAN

The Shah has again expressed his frustration over US policy toward Iran, particularly on military sales and oil.

At the head of the list of items discussed with Ambassador MacArthur was the Shah's concern that the Foreign Military Sales Act, which would authorize a credit of \$100 million for Iran to purchase US military equipment, still has not passed Congress. The delay, with no end in sight, causes him to wonder whether he can depend on the US to supply the military equipment he wants over the next five years. He continues to worry about the threat to the area from the USSR and radical Arab nations, and is determined to expand and modernize his armed forces. Although he would prefer to buy most of his sophisticated equipment from the US--particularly aircraft--he said there are others waiting in the wings to sell. He specifically mentioned the French Mirage.

In the past, the Shah has followed through on some threats to turn elsewhere for equipment--witness the arms agreement with Moscow in 1967.

He spoke "more in sadness than in anger" about the refusal of the US to give a special oil quota, which would have permitted Iran to sell oil in the US and helped to pay for military equipment.

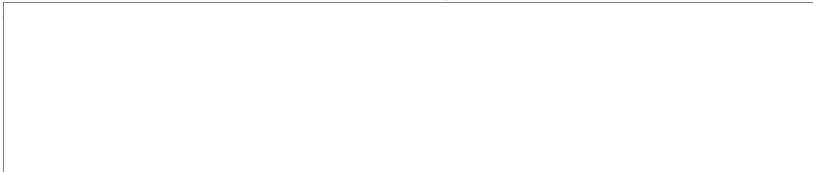
The Shah was most bitter, however, about the failure of the Western oil consortium to increase oil exports from Iran rapidly enough. He singled out two US companies--Texaco and Socal (Standard of California)--as the main offenders. He suggested that they might be taken over by the government and replaced by German or Japanese companies that are more willing to cooperate.

Iran is approaching a foreign exchange "crunch," and oil revenues are more important to the Shah than ever. He had hoped that the cutback in Libyan production would be made up in Iran, but thus far this has not worked out. The Shah undoubtedly would prefer to avoid "nationalization." Nevertheless, he has obviously thought out the implications of such a move and the depth of his concern suggests that he might follow through on his threat if more oil revenues are not forthcoming. (Although Texaco and Socal own only 14 percent of the consortium, voting within the organization is such that the two companies could exercise a veto in many instances.)

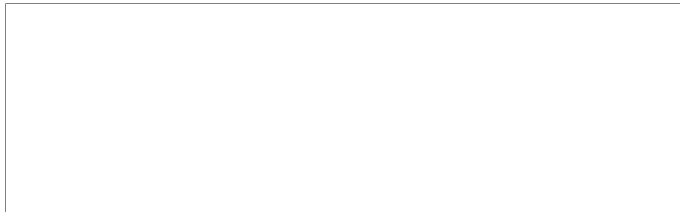
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BOLIVIA



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URUGUAY

In a communiqué issued by the Ministry of Interior yesterday, the government said that it will not exchange all of the imprisoned Tupamaros for the kidnaped American AID official and the Brazilian diplomat.

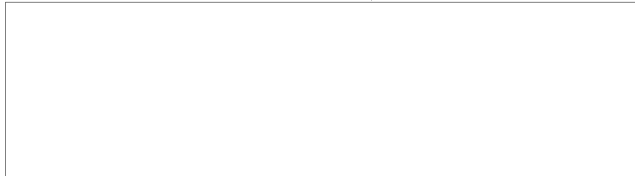
President Pacheco evidently decided that the terrorists' demands provide no basis for negotiation or a direct reply, because they are impossibly high. He therefore decided to make an indirect reply through the Ministry of the Interior.

The government's response reflects both Pacheco's belief that he should not negotiate directly with the terrorists and military pressure against any action that might hint of weakness. The US defense attaché reports that the Uruguayan military will not tolerate a capitulation because this would represent an end of law and order in the country. Whether the Tupamaros will respond with less extreme demands remains to be seen.

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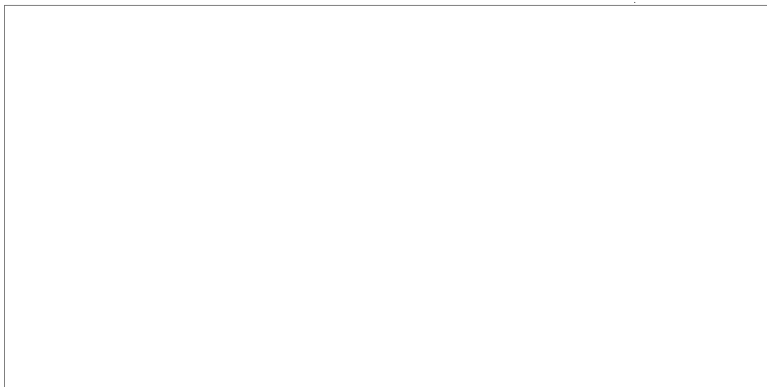
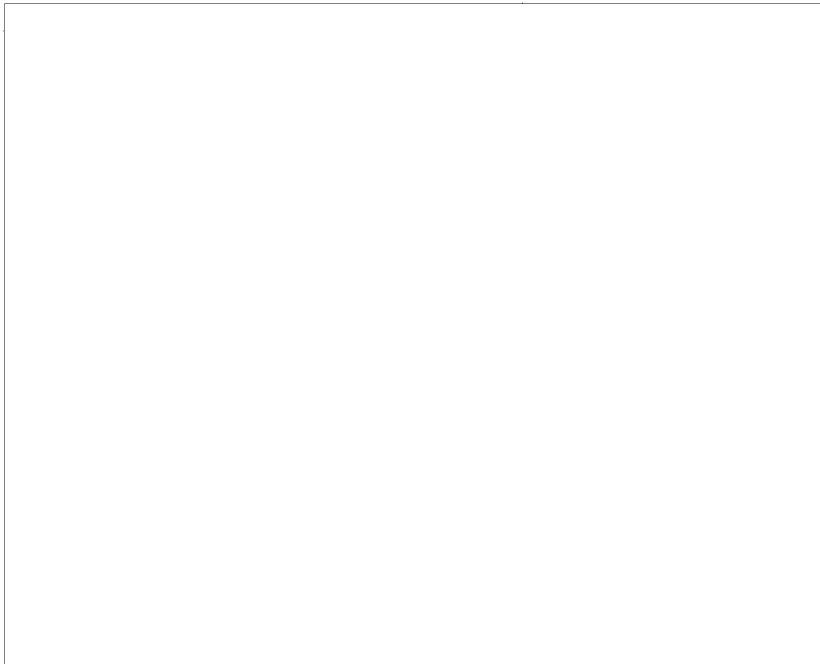
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POLISH FEARS ABOUT EAST GERMANY



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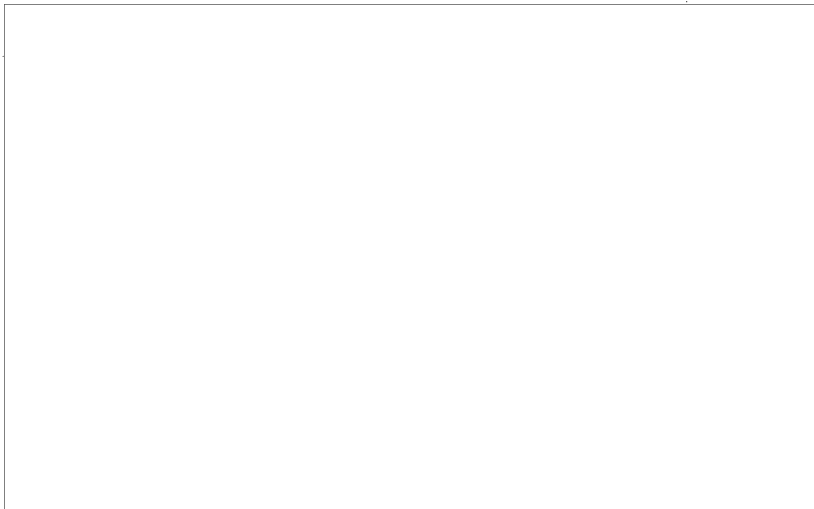
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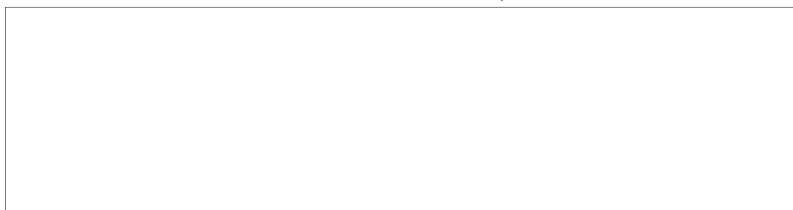
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