



The President's Daily Brief

18 August 1970

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

The situation in Cambodia is discussed on *Page 1*.

Higher defense costs have forced the Israeli Government to ask for tougher fiscal measures. (*Page 3*)

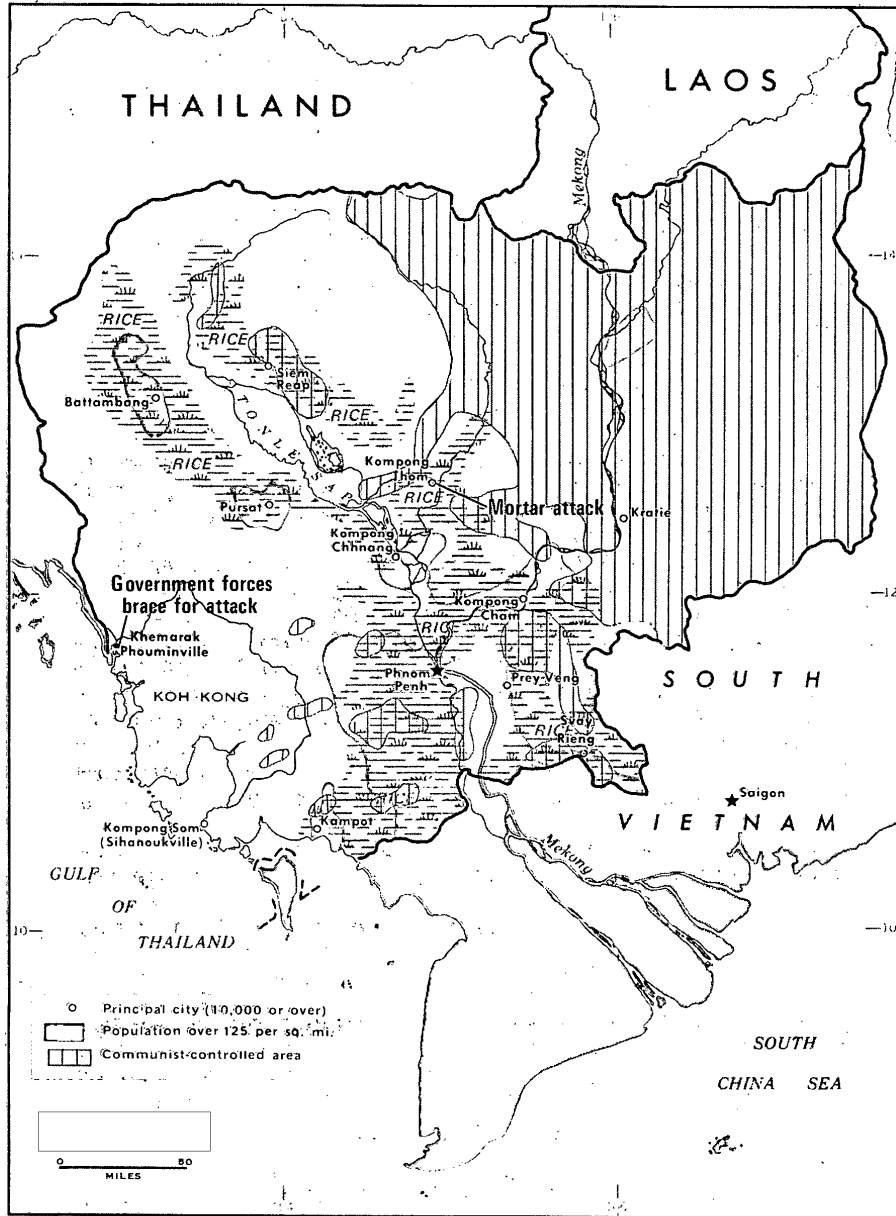


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Lebanon's new President will be faced with old problems. (*Page 5*)

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CAMBODIA: Current Situation



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CAMBODIA

Communist forces are continuing widespread efforts to harass government positions, but no significant new enemy ground attacks have developed.

* * *

The government is continuing its judicial campaign against Sihanouk and his followers. Seventeen members of Sihanouk's government-in-exile, including "prime minister" Penn Nouth, were sentenced to death in absentia by a Cambodian military tribunal on 17 August. According to a press report, Sihanouk's wife and her mother were sentenced to life at hard labor on charges of smuggling and selling weapons to the Viet Cong.

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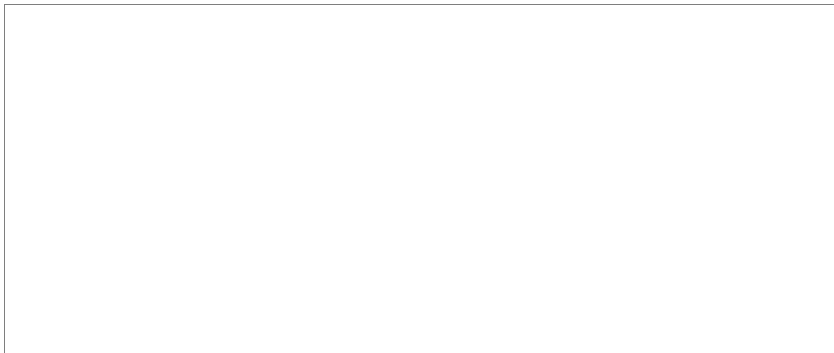
The government's new Ministry of Community Development is preparing to initiate its first project in the Phnom Penh area, but it must overcome such serious problems as uncertain financing, limited manpower and vague but ambitious goals. The ministry, whose main purpose is to improve life in the rural areas, has plans to dispatch teachers and advisers to the capital's outlying areas and to nearby villages by the end of this month. They will be tasked with carrying the government's message to the population. The ministry also is planning to maintain contact with people in contested and Communist-controlled areas, and it even hopes to create a guerrilla organization in Communist territory.

Preoccupied with the war and other more pressing problems, government leaders have had little time to devote to countering the Communist presence in the countryside. The establishment of a community development program is evidence that they are now beginning to think ahead to the longer-range Communist threat. The new programs should help stem Communist inroads in the countryside.

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ISRAEL

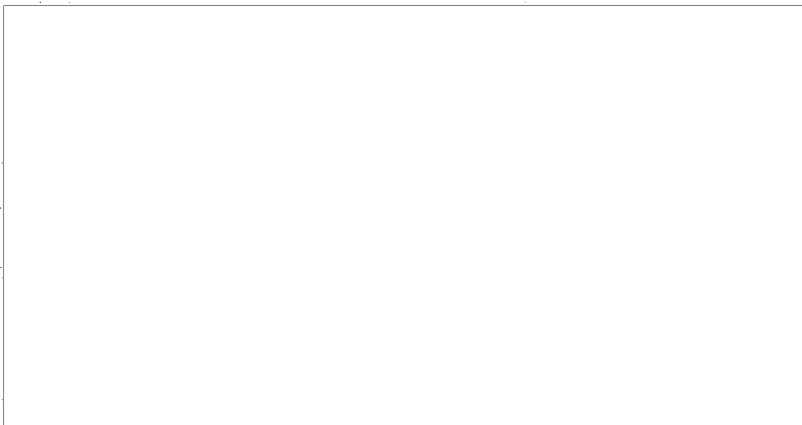
Sunday the government announced that it would ask the Knesset for an increase of over \$335 million in the defense budget for the fiscal year ending in March 1971. The announcement specified that it would be necessary to raise taxes on capital gains, corporations, and purchases to help support this supplementary budget.

A tax boost of this type probably would raise the equivalent of \$120 million and Israel apparently counts on foreign loans to finance the remainder of the defense increase. The additional expenditures will bring defense costs for the fiscal year to more than \$1.5 billion, some 28 percent of the gross national product. A large portion of the new funds probably will be used to procure foreign arms and equipment.

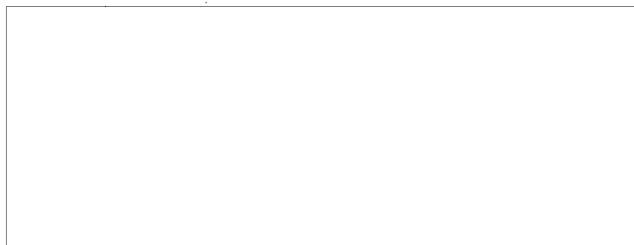
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MEXICO

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LEBANON

Sulayman Franjiyah, a moderate Christian, was elected President yesterday by the Chamber of Deputies. During the final days of the campaign the new President--a long-time politician who somehow manages to be both pro-Western and pro-Egyptian--was mentioned as a compromise candidate acceptable to both the Christians and Muslims.

Upon assuming office on 23 September Franjiyah will face the problems that confronted his predecessor: how to control the fedayeen and how to avoid being dragged into a conflict with Israel by the Palestinians.

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