



The President's Daily Brief

Sunday 5 Sept.

Sunday Cable

5 Sept. 71

~~Top Secret~~ 50X1



FOR THE PRESIDENT ONLY

PDB CABLE - SUNDAY - 5 SEPT 71

POLITICAL TENSIONS IN PHNOM PENH HAVE EASED. THE NATIONAL ASSEMBLY HAS AGREED TO POSTPONE ITS INTERPELLATION OF FINANCE MINISTER SOK CHHONG--A PROCEDURE TANTAMOUNT TO A VOTE OF NO-CONFIDENCE IN CAMBODIA--AND HAS SIGNED ITS READINESS TO CONSIDER MAJOR ECONOMIC REFORMS WHICH THE GOVERNMENT WILL PROPOSE, PERHAPS AS EARLY AS NEXT WEEK. CHIEF OF STATE CHENG HENG HAS TOLD AMBASSADOR SWANK THAT CHHONG IN TURN HAS AGREED TO STAY ON IN THE CABINET AND TO SEE THE ECONOMIC PROGRAM THROUGH THE LEGISLATURE. CHHONG, ONE OF CAMBODIA'S FEW TRAINED AND COMPETENT ECONOMISTS, HAD BEEN UNDER PRESSURE TO RESIGN BY A SMALL BUT VOCAL ASSEMBLY MINORITY, BECAUSE HE WAS THE ARCHITECT OF SOME EARLIER, UNPOPULAR GOVERNMENT ECONOMIC POLICIES. LON NOL AND SIRIK MATAK WERE ANXIOUS TO AVOID ANY SHOWDOWN WITH THE ASSEMBLY AS OTHER MINISTERS WERE SAID TO BE READY TO QUIT IN SYMPATHY WITH CHHONG. THIS PROBABLY WOULD HAVE BROUGHT DOWN THE GOVERNMENT, WORSENING AN ALREADY TURBULENT POLITICAL SCENE AGITATED BY THE PERSONAL ANIMOSITIES AND AMBITIONS OF A NUMBER OF GOVERNMENT LEADERS.

THE FORMULATION AND IMPLEMENTATION OF ONE OF THE KEY NEW ECONOMIC PROGRAMS--THE EXCHANGE SUPPORT FUND (ESF), A MULTINATIONAL AID ARRANGEMENT--IS EXPECTED TO TAKE SOME TIME. THUS, THE ASSEMBLY'S ACQUIESCENCE IN THE MATTER MEANS IN EFFECT THAT THE INTERPELLATION WILL BE SUSPENDED INDEFINITELY AND SUGGESTS THAT THE ASSEMBLY IS READY TO COOPERATE WITH THE GOVERNMENT IN RESOLVING CAMBODIA'S KNOTTY ECONOMIC PROBLEMS. IT WAS ALSO APPARENTLY RECOGNIZED THAT THE SPECTRE OF CONTINUED POLITICAL INSTABILITY IN PHNOM PENH COULD HAVE JEOPARDIZED THE ESF AS WELL AS THE PROSPECTS OF A CASH GRANT TO

Note: The last line in the page is missing, but it was shown in Document # 1:the Cambodians now under study in Washington.

FOR THE PRESIDENT ONLY

THE GOVERNMENT TASK FORCE ATTEMPTING TO RECAPTURE PAKSONG ON THE BOLOVENS PLATEAU IN SOUTH LAOS WAS DEALT ANOTHER SETBACK YESTERDAY. NORTH VIETNAMESE FORCES MOUNTED A COORDINATED MORTAR AND GROUND ATTACK AGAINST THREE LAO ARMY BATTALIONS MANNING FRONT LINE POSITIONS ON ROUTE 23 WEST OF PAKSONG. THE THREE BATTALIONS DISPERSED AND WERE REPORTED TO BE STRUNG OUT AND IN DISARRAY FOR SOME SIX MILES BACK ALONG THE ROAD. KNOWN CASUALTIES ARE ONE KILLED, 36 WOUNDED, AND OVER 200 MISSING. THREE IRREGULAR BATTALIONS AT BAN PHAK KOUT ARE TO BE JOINED BY A FOURTH TO FORM NEW FRONT LINE POSITIONS. ELSEWHERE IN SOUTH LAOS, TWO PATHET LAO COMPANIES--TOTALING 77 MEN AND THREE POLITICAL CADRE--DEFECTED TO THE GOVERNMENT AT A LOCATION NORTHEAST OF KHONG SEDONE.

IN NORTH LAOS, THREE IRREGULAR POSITIONS NORTHEAST OF THE PLAINE DES JARRES WERE LOST FOLLOWING ENEMY DAYLIGHT ATTACKS. THE NORTH VIETNAMESE ALSO KEPT UP THEIR SHELLING ATTACKS AND GROUND ASSAULTS ON IRREGULAR POSITIONS ON THE NORTHERN PLAINE, BUT NO OTHER POSITIONS CHANGED HANDS.

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