



# The President's Daily Brief

*3 August 1973*

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

3 August 1973

PRINCIPAL DEVELOPMENTS

Khmer Communist forces continue to test Phnom Penh's outer defenses. The insurgents reportedly have no present plans to capture the capital itself, but are disappointed that their pressure has not brought down the Lon Nol government. (Page 1)

In the past week the dollar gained slightly against the mark and the French franc, but dropped with respect to the British pound and the yen. (Page 2)

The French

[Redacted]

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[Redacted] (Page 3)

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The US veto of last week's Middle East resolution in the UN has strained relations with the non-aligned nations and with the other Western members of the Security Council. (Page 4)

India

Pakistan

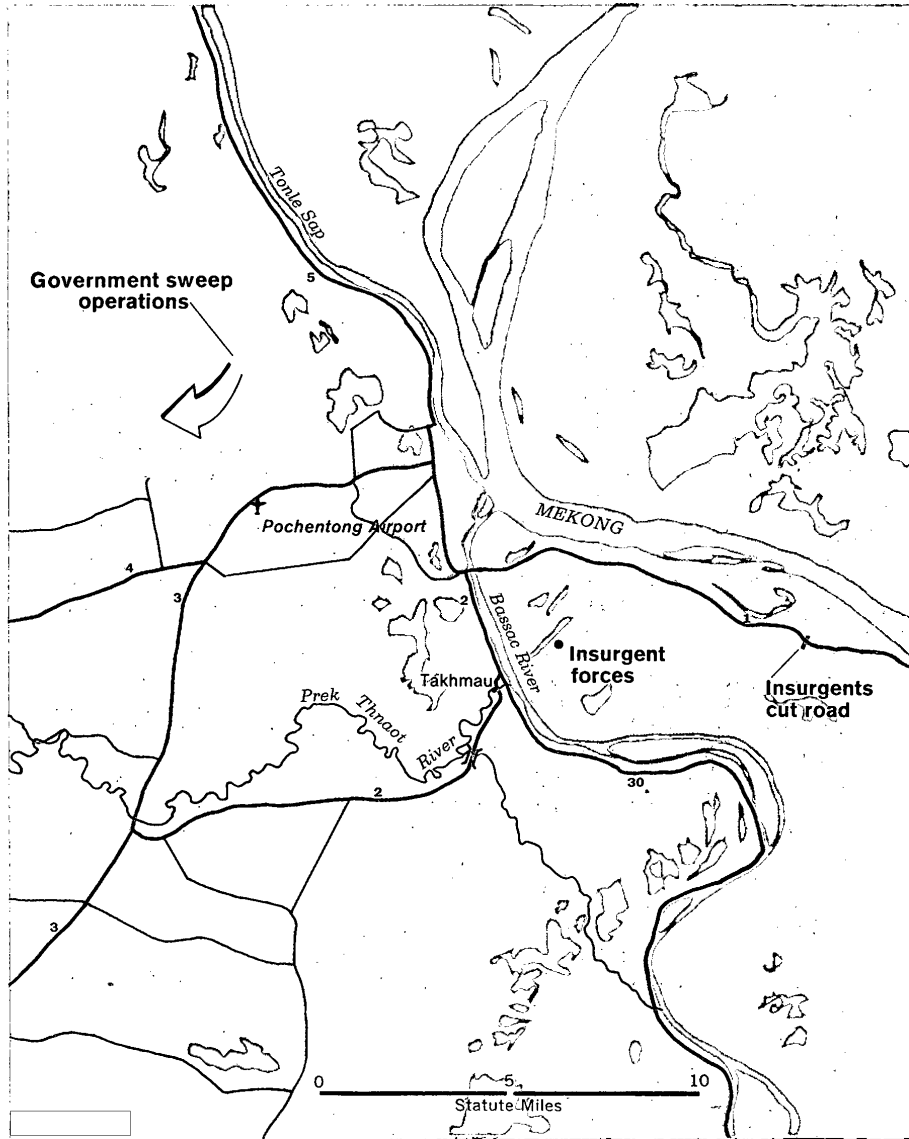
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A note on coup-plotting in Haiti appears on Page 6.

# Phnom Penh



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CAMBODIA

Khmer Communist forces are continuing to test Phnom Penh's outer defenses.

In an apparent effort to divert Cambodian Army units from the defense line south of Phnom Penh, insurgent units in the past several days have stepped up attacks between the Bassac and Mekong rivers. A small insurgent force in this area is now operating within two miles of Takhmau, the capital's largest suburb. Other Communist units have cut Route 1 twelve miles from the capital. Army commanders, in response to these threats, are planning to shift the 1st Division from the Route 3 front, where a new government counterattack has met stiff resistance.

Northwest of Phnom Penh, government sweep operations are putting pressure on small insurgent elements that have infiltrated into an area three to five miles from Pochentong Airport. Intercepted messages suggest that the insurgents in this sector have been trying to consolidate their units for an attack on the airport or other key installations on the western outskirts of the capital.

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[redacted]  
[redacted] the Communist offensive against Phnom Penh has not gone as well as expected.

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[redacted] a group of local insurgent officials from the Phnom Penh region met in mid-July and conceded that the offensive had been ineffectual since it had not brought down the Lon Nol government. The officials agreed that the offensive had foundered because heavy air strikes had caused substantial casualties and hindered tactical movement and supply activity. They noted, however, that they were under orders to continue the struggle by increasing pressure on Phnom Penh's outskirts, although no action to capture the capital itself was being planned.

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[redacted]  
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INTERNATIONAL MONETARY DEVELOPMENTS

The dollar showed a modest advance yesterday on European money markets. Since July 26 it has gained slightly more than 2 percent against the mark and the French franc, but lost some ground to the British pound. Pressure on the EC joint float has eased because the mark has dropped more than the other participating currencies. The dollar's recovery and the mark's fall are largely attributable to the easing of credit conditions in Germany. Few observers, however, believe that the mark's problems are over.

The dollar fell slightly with respect to the yen this week. Last month's demand for the dollar, stimulated by Japanese exporters' repayment of debts to the central bank, has largely dissipated. Japanese monetary officials are in general agreement that the yen should be allowed to appreciate another 5 to 6 percent in the coming months. They expect upward pressure on the yen partly because Japan usually runs a large trade surplus during the third and fourth quarters.

*FOR THE PRESIDENT ONLY*

FRANCE

|            |      |
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UN

*The US veto last week of a Middle East resolution sponsored by non-aligned nations has strained relations with those countries. They may reciprocate by counteraction on such issues as the Korean question in the General Assembly this fall, where they hold a majority and there is no veto. In the past week, non-aligned representatives blocked Western initiatives for UN action on terrorism and issued a statement condemning US bombing in Cambodia.*

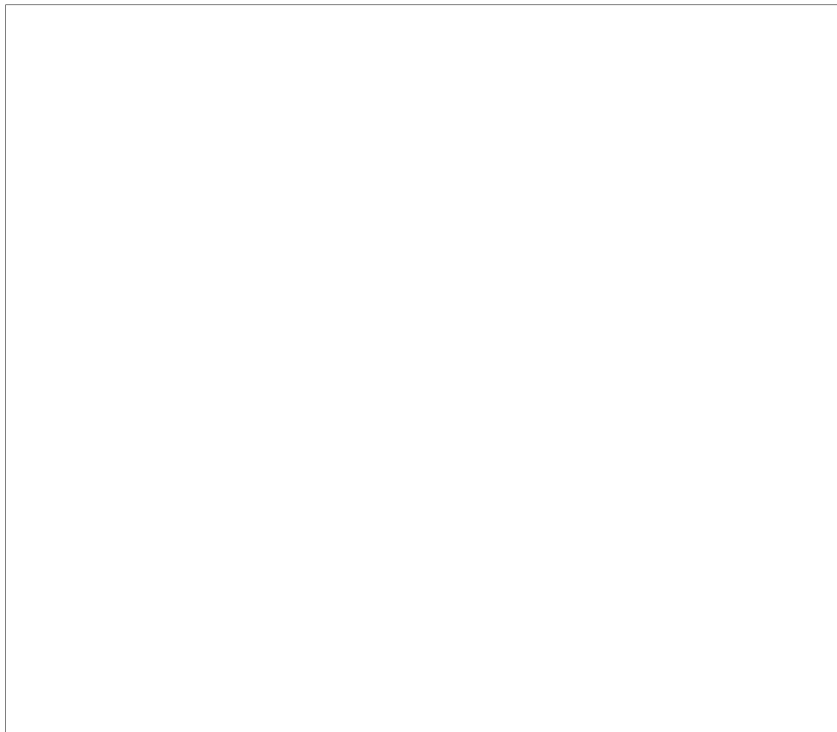
*The veto also opened a rift between the US and the other Western members of the Security Council. They considered the non-aligned resolution acceptable and were unwilling to line up with the US against Arab countries, with whom they have major commercial interests. They have let it be known that in their view the US was unnecessarily rigid; some of them also see in last week's events evidence of increasing US disinterest in the UN.*



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SOUTH ASIA

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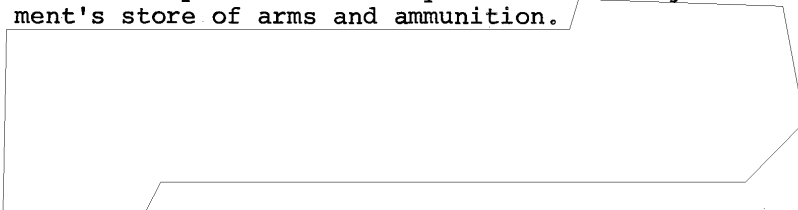


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NOTE

Haiti: Persistent coup rumors continue to circulate in Port au Prince in the wake of the palace fire on July 23 that destroyed much of the government's store of arms and ammunition.

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