

The President's Daily Brief

10 August 1973

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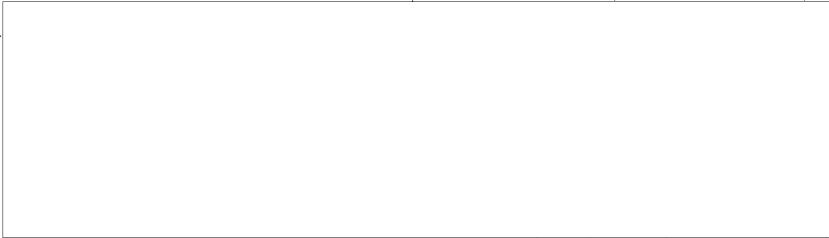
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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS



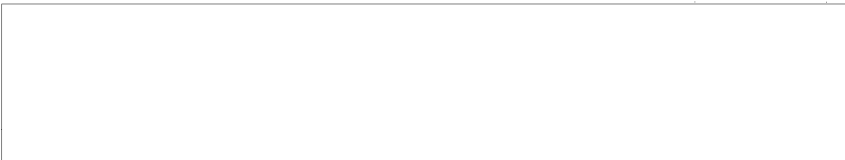
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In Cambodia, the serious fighting that has broken out between Khmer and Vietnamese Communist forces in the southern border areas emphasizes the fragility of the wartime alliance. (Page 3)



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The dollar strengthened yesterday against major European currencies and is now about 3 percent above last month's low. (Page 5)



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In Chile, President Allende's inclusion of the commanders of the three military services and the national police in his 17-man cabinet does not significantly affect his coalition's control of the government. (Page 7)

Notes on President Pompidou's scheduled visit to China and another Soviet probe toward Mars also appear on Page 7.

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ISRAEL - EGYPT - USSR - NORTH KOREA

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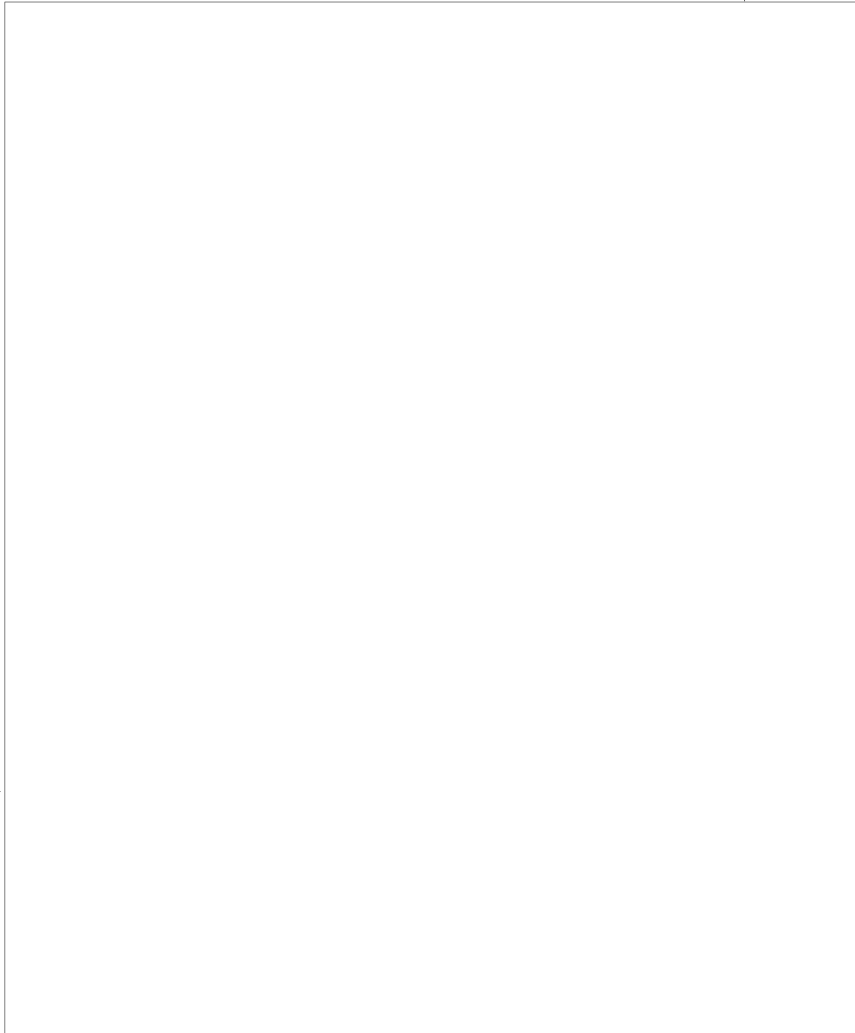
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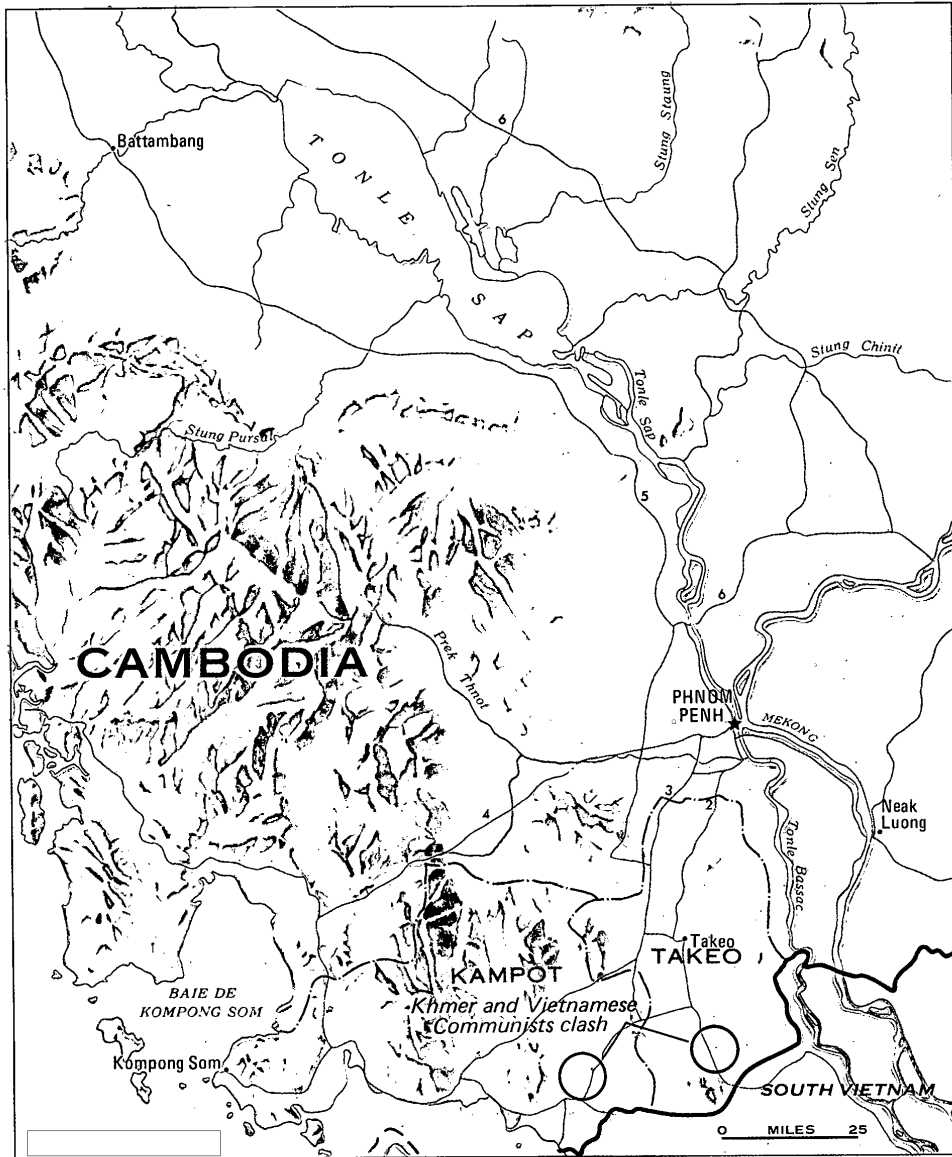
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EGYPT-USSR



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CAMBODIA

Serious fighting has broken out between Khmer and Vietnamese Communist forces in the southern border areas. A Khmer Communist message on August 7 stated that Vietnamese Communist forces in Takeo Province "continue to attack us unceasingly." The message claimed that the insurgents "had killed and wounded many" Vietnamese troops, and that similar heavy fighting had occurred in neighboring Kampot Province. The Central Committee was asked to "intervene with high authorities." [redacted] previous intercepted messages have indicated that fighting between the two sides in Kampot in late July caused between 50 and 200 Cambodian casualties.

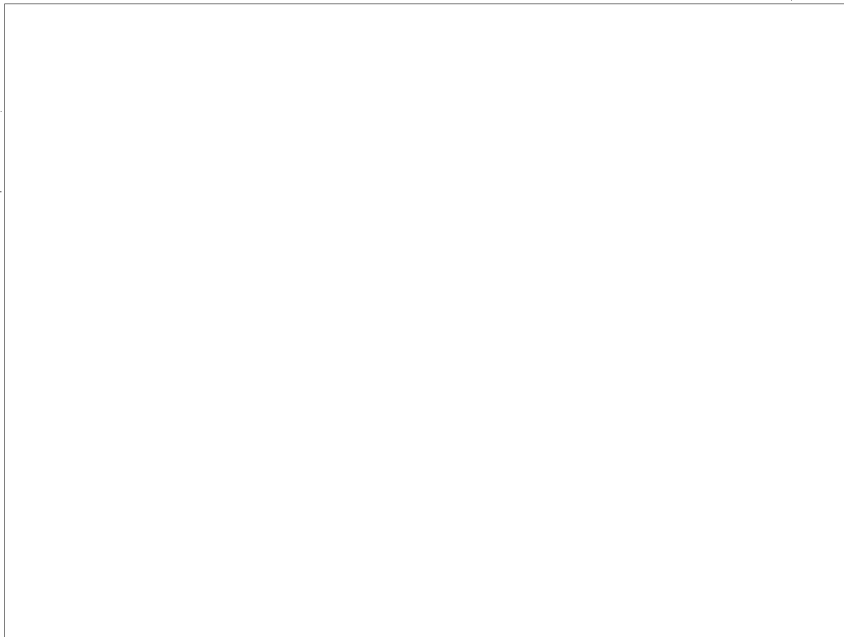
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A main irritant between these allied forces has been the gradual--and sometimes forceful--displacement of Cambodian villagers in the border area by Vietnamese forces. Other factors have been a rice shortage caused by heavy Vietnamese requisitioning and squabbles over the division of arms and ammunition stocks.

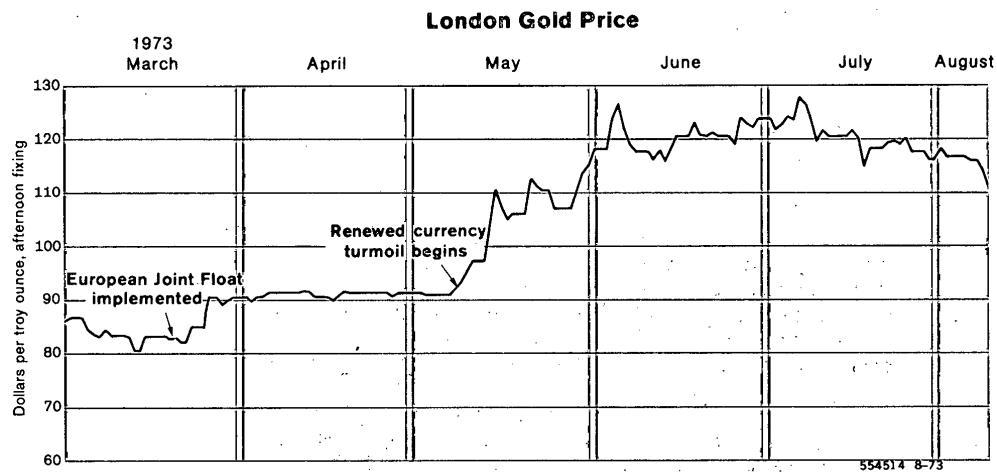
Khmer and Vietnamese Communist leaders are trying to get the situation under control and probably will succeed. The incidents emphasize, however, the fragility of the wartime alliance and probably foreshadow increased problems over the long term.

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USSR



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INTERNATIONAL MONETARY DEVELOPMENTS

The dollar strengthened yesterday against major European currencies and is now about 3 percent above last month's low.

The main cause is rapidly rising US and Eurodollar interest rates, which are inducing money managers and speculators to switch back into dollars from marks, other currencies, and gold. The relative steadiness of the dollar during the past week is also encouraging speculators to sell gold they had bought as a hedge against monetary instability earlier in the summer.

At one point yesterday, gold had dropped over \$12 to \$102 an ounce, but by the close of trading it was back up to \$110 an ounce--as compared to the \$127 peak reached on July 6.

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ROMANIA



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NOTES

Chile: President Allende's inclusion of the commanders of the three military services and the national police in his 17-man cabinet does not significantly affect his coalition's control of the government. Members of the Communist, Socialist, and other coalition parties retain the major posts, and relatively ineffective ministers made way for the military appointees. Allende apparently will try to deny the armed services the real authority that many officers demanded as a condition for military re-entry into the cabinet.

France: Plans are almost complete for President Pompidou's visit to China, which is scheduled for September 11-17. Pompidou probably regards the visit as an opportunity to demonstrate France's position as a world power and preserve his diplomatic flexibility. There are no significant problems between China and France, and the visit is expected to go smoothly.

USSR: Yesterday the Soviets launched the fourth probe toward Mars in the series that began on July 21. Each was launched from Tyuratam aboard an SL-12 booster. They should arrive in the vicinity of the planet next February and March.

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