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The President's Daily Brief

July 10, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

July 10, 1974

PRINCIPAL DEVELOPMENTS

[Redacted]

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The Portuguese Prime Minister's resignation yesterday indicates that the struggle for influence within the leadership is far from over. (Page 2)

A successful Cambodian army campaign northwest of Phnom Penh has strengthened the government's argument that a communist military victory is not possible and that negotiations are the only way to end the fighting. (Page 3)

Moscow has made one of its sharpest attacks yet against the establishment of West Germany's Federal Environmental Office in West Berlin. (Page 4)

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[Redacted] Soviets [Redacted] (Page 5)

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[Redacted]

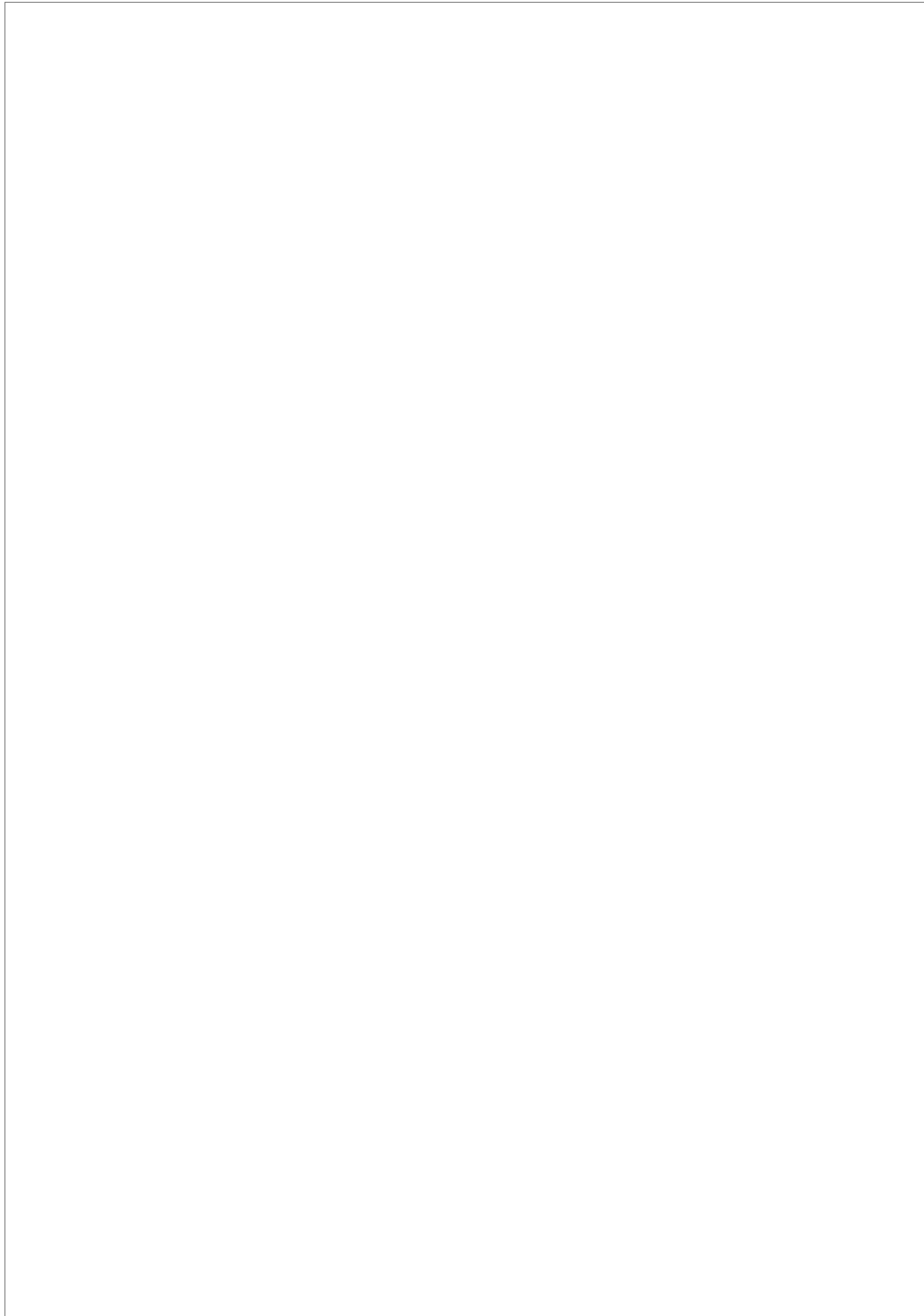
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Notes on the USSR and Chile appear on Page 5.

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EGYPT-ISRAEL

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PORTUGAL

The resignations yesterday of Prime Minister Palma Carlos and four other centrist ministers show that the struggle for influence in the Portuguese leadership is far from over.

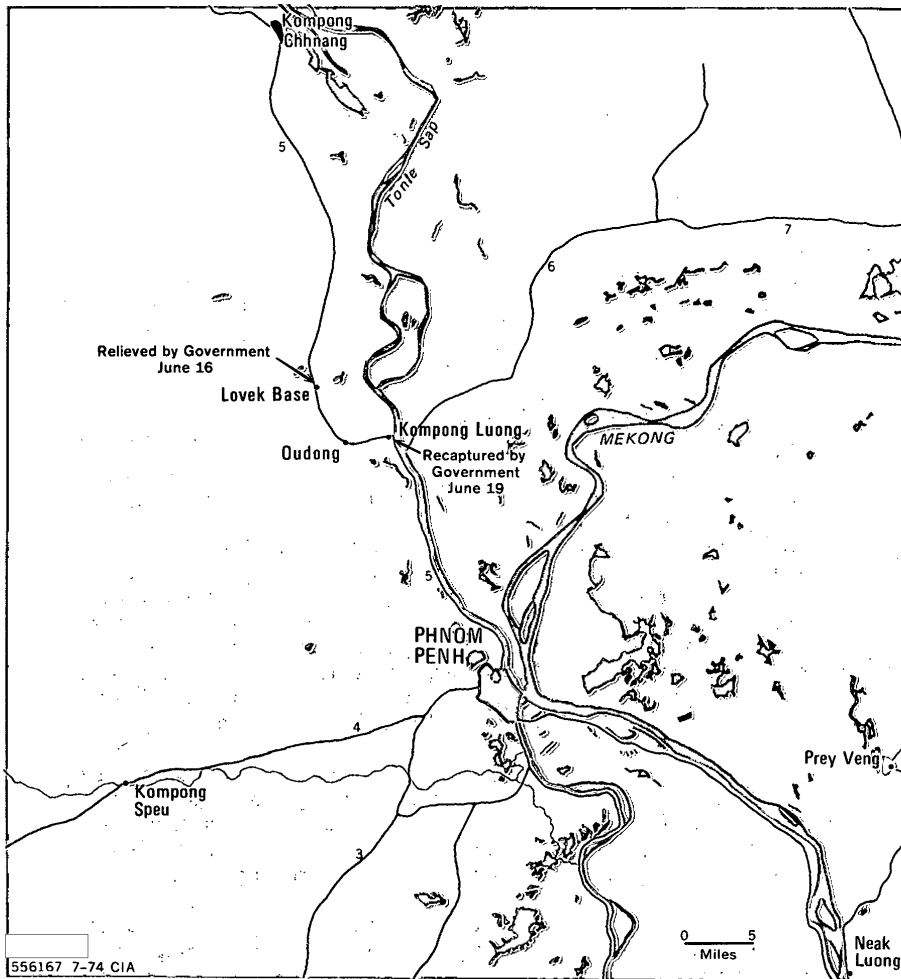
The resignation of Palma Carlos, in particular, implies a setback for President Spinola. Spinola is said to have been trying to force obstructionist leftists out of the cabinet and thereby keep the Prime Minister in office.

One of the ministers who resigned ascribed the resignations to the refusal of the Council of State, the supreme administrative body, to grant the Prime Minister greater freedom and power to govern the country. [redacted] all or most of the vacancies in the cabinet will be filled by military officers. Spinola may feel he can thus sidestep some of the problems that led to the resignations. Spinola may also hope that the Socialists and Communists may not want to continue in a cabinet that is largely military.

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The US embassy in Lisbon reported yesterday that the military alert in effect over the weekend has been canceled and that the city is calm.

CAMBODIA: Phnom Penh Area



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CAMBODIA

A successful Cambodian army campaign northwest of Phnom Penh has strengthened the government's argument that a communist military victory is not possible and that negotiations are the only way to end the fighting.

After three weeks of sharp engagements, advance government units yesterday entered Oudong without opposition. Once the former royal capital is secured, the army will have regained a significant portion of its previous holdings in the area. The communists overran the town in mid-March and touted their victory as a high point in their dry season campaign.

The Khmer communists made a major effort to stem government advances on the northwest front and by late June had committed between 5,000 and 7,000 troops to the fighting. Steady battlefield casualties and supply shortages caused by the present government campaign compounded long-standing insurgent command problems, however, and communist units around Oudong now appear in disarray.

It remains to be seen how soon such a government success will have a political impact. Prince Sihanouk yesterday rejected the government's latest peace initiative.

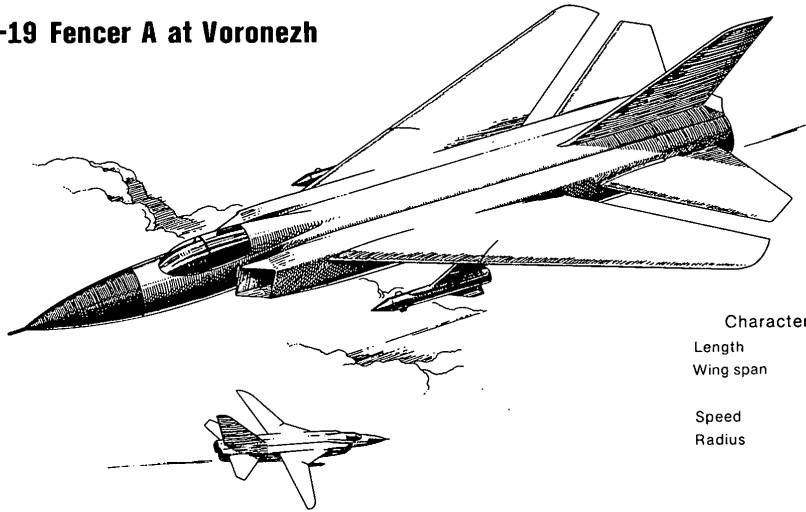
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USSR - WEST GERMANY

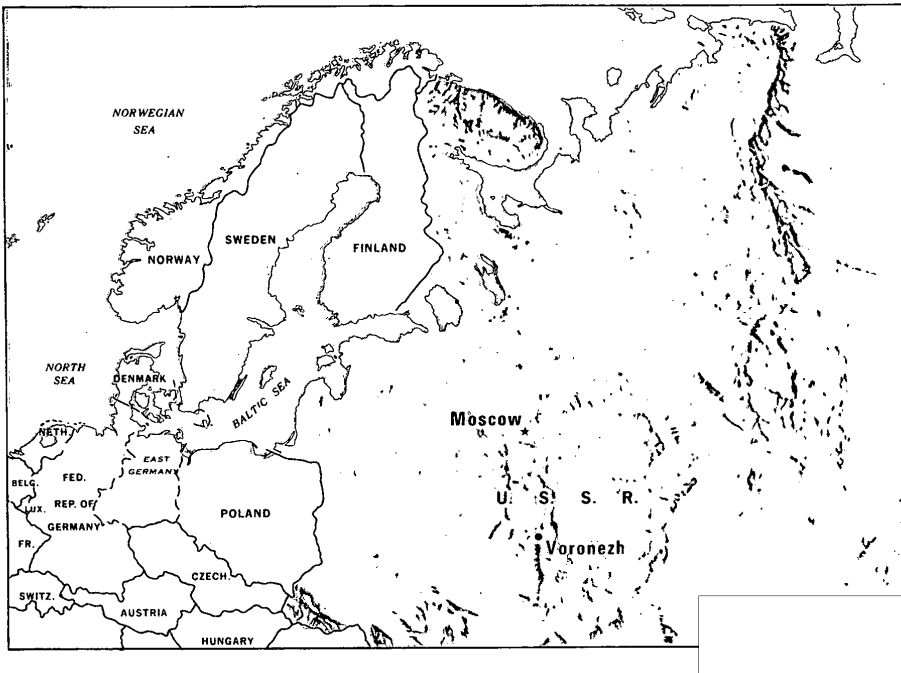
Izvestia on July 7 printed one of Moscow's sharpest attacks yet against the establishment of a West German Federal Environmental Office in West Berlin. A signed commentary asserted that the office will violate the "letter and spirit" of the Quadripartite Agreement on Berlin and warned that West Berliners will suffer the consequences if Bonn does not desist.

Until now, Moscow has handled the Schmidt government with considerable caution while trying to establish some rapport. At the same time, the Soviets have been seeking assurances from the West that the office will not become a wedge in a West German effort to establish closer ties with West Berlin.

SU-19 Fencer A at Voronezh



Characteristics	
Length	68 feet
Wing span	58 feet extended 34 feet swept
Speed	1435 knots
Radius	930 nm



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NOTES

USSR: [redacted]

[redacted]

[redacted]

[redacted]

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Chile: Santiago and the Anaconda Company appear to be near final agreement on compensation for copper mines nationalized by the Allende government. The junta has approved an arrangement worked out with Anaconda negotiators last month. A settlement with Kennecott Copper Corporation, whose mine was also nationalized, seems further off, but talks are continuing. A new round is scheduled to begin on July 22 in Santiago.

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