



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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1 AUGUST 1966

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DAILY BRIEF
1 AUGUST 1966

1. South Vietnam

Ky and his government seem to be handling preparations for the September constitutional assembly elections effectively and honestly.

Functionaries in charge of the electoral process have apparently tried hard to avoid irregularities that might foster international criticism. Furthermore, some of the Saigon generals--including Ky himself--have gone out of their way to correct those irregularities brought to their attention.

The government has further tried to create an impartial atmosphere by allowing a committee of the 79-man Civilian-Military Council to take a hand in supervising the electoral machinery. The Council recently reinstated a few candidates disqualified by local screening boards.

Today, the government kicked off a three-day seminar for province chiefs and other officials concerned with running the elections. Ky again stressed the importance of adequate preparation and complete honesty.

2. Cambodia

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3. Soviet Union

The Soviets are continuing to strengthen their military forces gradually in areas adjacent to the Sinkiang border of China.

[REDACTED]

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Also, there are some indications [REDACTED] that an advance element of a motorized division may have recently deployed to the area.

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[REDACTED]

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4. Soviet Union

The Soviet Union's parliament, the Supreme Soviet, convenes tomorrow. There are new straws in the wind that the session may bring about some changes in the Soviet Government. The party Central Committee, which would have to put its stamp on any important change, met today on matters relating to the Supreme Soviet session.

Rumors have been floating around Moscow for the past few days that Kosygin is to resign for reasons of health. This could be, although we have seen no evidence that he is sick. His recent grueling work schedule points to no preparations for phasing out.

On balance, there is simply not enough evidence to forecast Kosygin's departure. The changes that do take place, however, could include a promotion to deputy premier for Foreign Minister Gromyko.

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5. Nigeria

Lieutenant Colonel Yakubu Gowon, 32-year-old army chief of staff, has taken over as head of state. Gowon, a northerner, made the announcement today in a brief broadcast following talks with the ranking remnant of the Ironsi regime.

Just prior to his takeover, Gowon was talking in favor of northern secession and this may still be his intention. He expressed a strong reluctance to face up to the "impossible task and risk of trying to unify a country that just will not be unified."

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As for the army, the US defense attaché reports that it has ceased to exist as a cohesive organization. Northerners control the bulk of what is left, but even this does not give them the power to impose their will on the rest of the country.

6. Congo

The Congo's relations with Belgium will deteriorate further if, as seems likely, the central government expels the Belgian consul in Lubumbashi (Elisabethville).

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7. France

Paris now says it will end payments to most NATO programs after the first of the year. It still says, however, that it would like to continue taking part in selected programs in which it has particular interest. This unilateral French pronouncement will strengthen the hand of those of the Fourteen who are reluctant to permit France to pick and choose its projects.

8. Brazil

Terrorist incidents in various cities have the public on edge. More violence has followed hard upon the fatal bombings in Recife a week ago. The US Embassy office in Brasilia and some private US companies have received anonymous bomb threats.

Contributing to the general jumpiness is the fact that no one seems to know whether the incidents are the work of Communists or violent protests against the Castello Branco government,

The series of elections scheduled for this fall already has political temperatures on the rise. The only legal opposition party, hurt badly by recent governmental decrees favoring progovernment candidates, is now debating whether or not to take part at all.

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DAILY BRIEF
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1. South Vietnam

Some of the problems now faced by Viet Cong units in the III Corps area--the ten provinces surrounding Saigon--came to light/

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Viet Cong units in this area may, in fact, be having more than the usual difficulties. General Khang, the new III Corps commander, is said to have expressed the view recently that allied operations and the destruction of Viet Cong food supplies in his corps area have forced the Viet Cong to scale down their activity.

Khang speculated that the Viet Cong may be moving some units south to the delta provinces, where there are still no US troops stationed, in the hope of scoring a needed victory.

2. South Vietnam

Premier Ky today seems to have officially put himself on record as being unavailable--at least initially--as a candidate for chief executive of an elected government. A communiqué to this effect was issued by the premier's office, thus formalizing the statements Ky has recently been making to Ambassador Lodge and to some newsmen.

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3. North Vietnam

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4. Indonesia

Sukarno has knuckled under and agreed to end the confrontation with Malaysia, Foreign Minister Malik told Ambassador Green last night. Sukarno apparently had been subjected to some pretty strong language from General Suharto at a table-pounding session with senior army officers. Malik intends to get all necessary documents signed, sealed, and delivered before Sukarno can cause any more trouble in his 17 August Independence Day speech.

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5. Nigeria

All parts of the country are reported quiet, at the moment, and tension has subsided in Lagos. However, the first public comment from an official in Eastern Nigeria appears to anticipate the early break-up of the country along tribal lines. The military governor of the province, an Ibo, said there now was "serious doubt" as to whether Nigeria's people could live together.

6. Kenya

Somali guerrillas are hitting hard at military forces in northern Kenya. Operating in an area inhabited by fellow Somalis, the guerrillas are armed, trained, and advised by the regular Somali Army, and they are being pushed across the border in greater numbers.

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7. United Nations

A storm may be brewing in the General Assembly on the issue of South-West Africa.

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8. Soviet Union

Kosygin keeps his job. Rumors that he would retire had circulated in Moscow for several days before parliament, the Supreme Soviet, began its session today, but Kosygin was "unanimously" re-elected premier. Any changes in the lower ranks will be apparent when Kosygin presents his nominations for posts in the new government.

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9. West Germany

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10. Dominican Republic

Balaguer made his first important change in the leadership of the security forces last night when he removed national police chief Jose Morillo Lopez. Morillo was effective and used police powers impartially--a notable departure from Dominican tradition. His removal will cause some apprehension among Balaguer's opponents although his replacement also has a reasonably good reputation for honesty.

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DAILY BRIEF
3 AUGUST 1966

1. South Vietnam

Voting in Saigon next month could be hazardous if the Viet Cong are able to carry out the increased assassinations and sabotage they reportedly are planning for the capital city. [REDACTED]

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[REDACTED] the Communists have assigned special terror squads to Saigon. Their objective is to cut down the vote in the elections for a constitutional assembly.

2. North Vietnam

An article in the party journal points to some top level dissension in Hanoi. The article is discussed at Annex.

3. Thailand

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4. Congo

The mutiny of Katangese troops in Kisangani shows signs of spreading.

Other Katangese soldiers northeast of Kisangani are moving toward the city, apparently looting and carousing on the way. Some mercenaries in the area are also getting out of hand, and are said to have blown up a bank and then headed for Kisangani.

This is just the sort of behavior that could quickly mushroom into a wild breakdown of public order quite beyond Mobutu's capability to control.

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5. Pakistan

Some Pakistani officials, although less intemperate than the country's press, are in a dither over alleged Indian preparations for an early nuclear test.

One foreign office type told our chargé this week he has it from "unimpeachable" sources that the Indians plan an atomic explosion before the elections next February.

We think these fears are unfounded.

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We think it unlikely that India intends to reverse its policy against nuclear proliferation, or to renege on its adherence to the nuclear test ban treaty.

6. Venezuela

Both political and military circles seem to be more restive than at any time in recent months.

Their unhappiness, stemming from the government's inept handling of its legislative program, is egged on by rumors and reports of Communist infiltration of the military, guerrilla landings on the coast, and a general belief that a wave of urban terrorism may develop.

The present situation does not seem serious enough to generate a coup

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7. Nicaragua

President Schick's sudden death is not likely to shake up the political situation. The Somoza brothers' well-oiled political machine is not affected. General Anastasio Somoza, Jr., nominated for president last weekend, is almost a sure bet for next February's elections.

The interim president named by congress today [REDACTED]

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[REDACTED] probably will not have an opportunity to do much harm.

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8. Cuba

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9. Nigeria

Ironsi's bullet-ridden body has apparently been found.

Public confirmation of his death could end the surface calm in Lagos, which many Nigerians regard as a lull before the storm. Many signs still point to a possible early breakup of the country along major tribal lines.

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10. Yemen

We are not optimistic that another round of talks--to begin "soon" between personal representatives of Nasir and Faysal--will do much toward solving the Yemen problem.

ANNEX

North Vietnam: Dissension in the Ranks

Some fairly solid evidence of infighting among members of the North Vietnamese politburo has recently come to light.

The July issue of the North Vietnamese party journal has an article by politburo member Nguyen Chi Thanh who apparently has been in South Vietnam directing the war effort. Thanh, a hard-nosed advocate of the Mao Tse-tung line, takes some hefty swipes at his critics in top policy-making jobs.

Thanh is rankled by Monday morning quarterbacks trying to run the war from a desk in Hanoi. He reserves particularly caustic barbs for "some people" who apparently recommended that the Viet Cong concentrate their military effort in the highlands even if it meant abandoning large parts of the coastal plain and delta.

In keeping with the best tradition of comradely togetherness, Thanh names no names. But the message comes through and it is quite clear that one addressee is Thanh's long-time rival, General Vo Nguyen Giap. Giap is North Vietnam's top soldier and the much publicized victor at Dien Bien Phu.

The very fact that the article appeared indicates the dispute, at least for the time being, has been resolved in favor of Thanh's strategy for warfare throughout the south.

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DAILY BRIEF
4 AUGUST 1966

1. Vietnam

U Thant feels that if Brezhnev is indeed running the show in the Soviet Union, "more serious developments" in Vietnam may follow.

In giving US officials a rundown on his recent visit to Moscow, Thant said that while both Kosygin and Brezhnev spoke in bitter terms about Vietnam and US policy, Brezhnev--whom he classified as a hawk--was much more militant.

Thant noted that only Brezhnev referred to "hundreds of thousands of volunteers ready to go to Vietnam at a moment's notice," and added that many of Brezhnev's remarks about President Johnson and the US were so bitter that he felt he should not pass them on.

It was Brezhnev's militancy, plus the general mood in Moscow, Thant said, which prompted the secretary general's public statements about the danger of a widening war. Otherwise there was "actually nothing new" in his conversations with the Soviet leaders.

2. France

De Gaulle is adamant against committing France to any agreement for US re-entry to bases and facilities in France except in time of an actual war in which France were taking part. Foreign Minister Couve de Murville seemed uncomfortable when he passed this word on to Ambassador Bohlen earlier this week. He came close to an admission that he could understand why the US would regard this as an unacceptable arrangement.

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3. Uruguay

Alberto Heber took another step yesterday that may well be intended to justify an unconstitutional take-over. He resigned "provisionally" as president of the National Council of Government, explaining that "obstacles" placed in his path have prevented him from governing effectively. He intends to address the nation on Saturday to detail his reasons.

This speech is likely to be a strong effort to picture himself as the public champion of governmental reform--a re-vamping which most Uruguayans want, but which bickering politicians are well on their way to torpedoing. Heber's political gambit may well be his last attempt to bring about the needed changes by legal means.

4. United Nations

The Soviets seem to have done some real arm-twisting during U Thant's trip to Moscow in an attempt to get him to stay on as secretary general. Both Brezhnev and Kosygin urged him insistently and persistently.

5. Pakistan

It is now clear that the Pakistanis have China to thank for a significant increase in the strength of their air force. More IL-28 jet light bombers and more MIGs have been sighted recently on Pakistani airfields. These are almost certainly from China.

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6. Congo

The Belgians are very close to a decision on at least partial disengagement from the Congo. Foreign Minister Harmel has ordered the Belgian ambassador home for consultation by 10 August. Before he leaves, he is to tell Mobutu in the "clearest possible terms" that Belgium "can no longer tolerate" Congolese hostility.

Anti-Belgian actions continue in the Congo and these can only reinforce Brussels' present stand.

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7. Philippines

The resurgence of terrorism in the old Huk guerrilla strongholds seems to be mainly a reaction to President Marcos' efforts to end lawlessness in the countryside. Remnants of the Huk movement, which was largely broken in the 1950s, have managed since then to develop a profitable alliance with gangsters and local political leaders in central Luzon.

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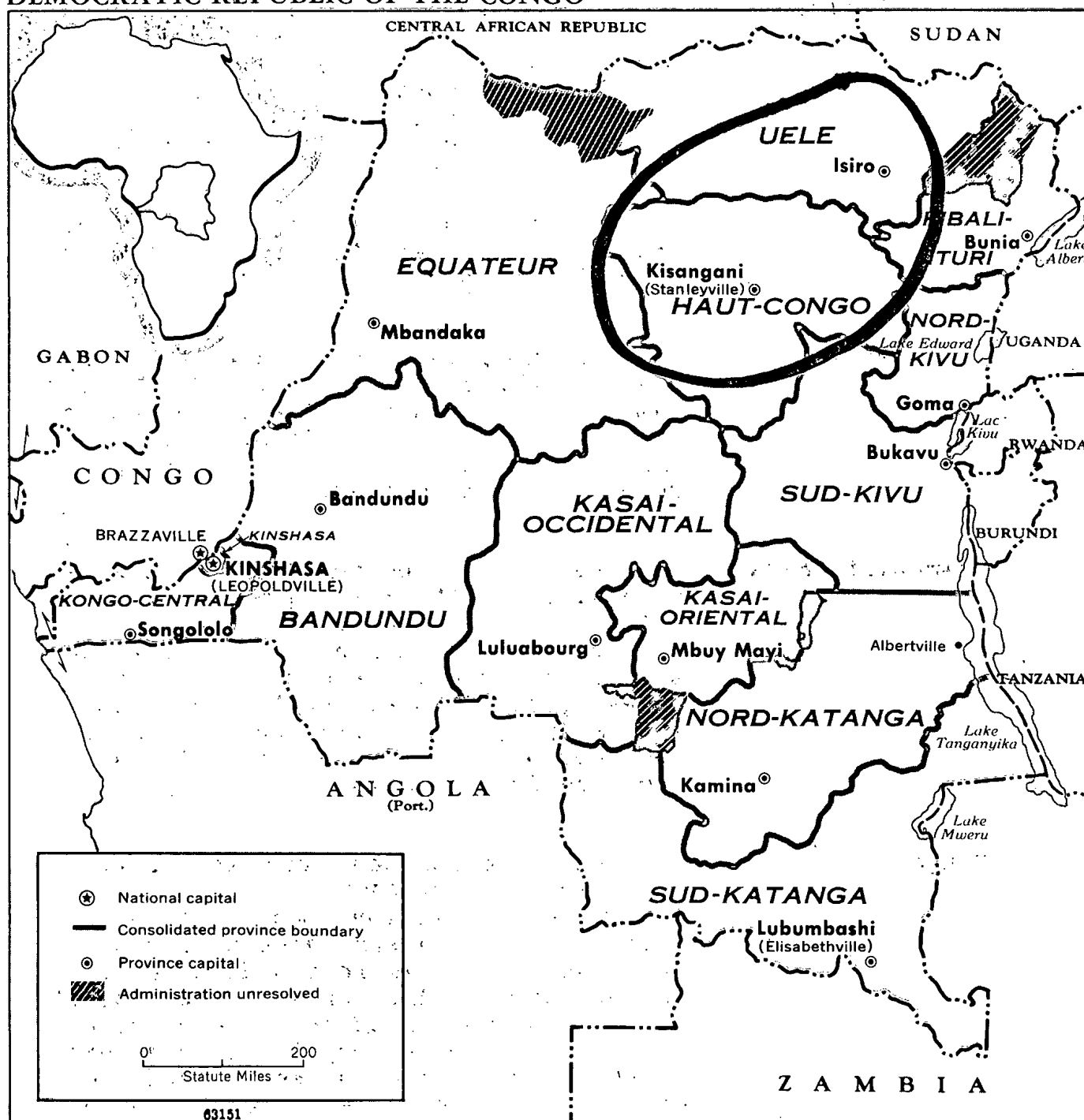
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DEMOCRATIC REPUBLIC OF THE CONGO



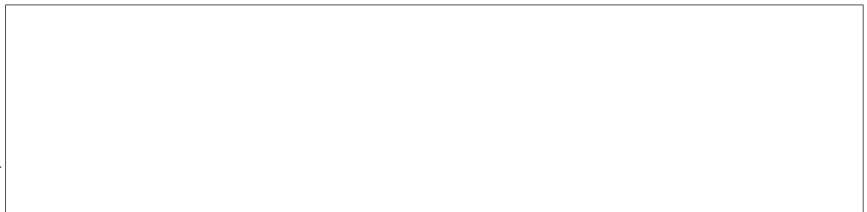
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1. South Vietnam

The economic situation is encouraging. The steady price rise kicked off by the devaluation in June was broken after about a month. The latest retail price index for Saigon--for the week ending 1 August--shows prices generally steady or slightly lower than the previous week.

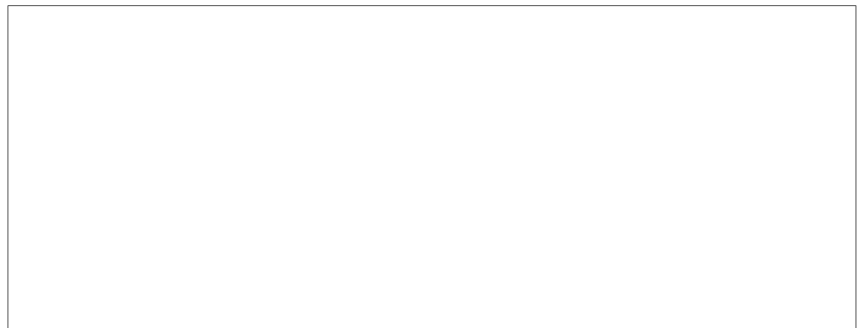
Labor is still a problem, however. Pressure for substantial wage increases is building up.

2. North Vietnam



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3. Communist China



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4. Congo

Public order continues to disintegrate in the northeast.

European missionaries are fleeing before roistering Katangese soldiers. There apparently is no immediate danger to the very few Americans in the vicinity.

An indication of the government's quandry was provided by the foreign minister yesterday when he asked Ambassador Godley "what should we do now?" For one thing, the Congolese are being told they had better not bank on our picking up the chips if they force the Belgians out.

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5. Ghana

The military government that kicked out Nkrumah in February inherited a virtually empty treasury, crushing foreign debts, and a political vacuum. The new regime's austerity program may help some but there is little prospect for major improvement through the months ahead. Some comfort may be taken, however, in the fact there is almost no chance for Nkrumah to get back in the saddle.

6. Kuwait

A serious threat to the British pound may be shaping up. Kuwaiti banks, which hold over \$420 million in sterling, are considering shifting to another Western hard currency over the next six months. The Kuwaitis are concerned with the possibility that the pound will be devalued. If the Kuwaitis do start unloading pounds, it could well start a run on sterling by other holders.

7. West Germany

"No progress" was the report from Wednesday's French-German talks on keeping French troops in Germany. The German foreign ministry shows no sense of urgency despite Erhard's rather grandiose we-want-the-French-to-stay pronouncements during De Gaulle's visit last month. Foreign Minister Shroeder's objective is to keep his negotiations with the French from moving faster than the talks between the rest of NATO and France on the future mission of French forces in Germany.

8. Soviet Union

Soviet spacemen appear to be cranking up for another moon shot. We do not know just what they plan, but having been upstaged by Surveyor, they may try for a space spectacular--perhaps an orbit around the moon and back to earth. If the launch comes off, it probably will be between 24 and 25 August.

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DAILY BRIEF
6 AUGUST 1966

1. South Vietnam

Ky has assured Ambassador Lodge that he will say no more about marching north. In his speech in the Philippines next week Ky will discuss the nature of "revolutionary war." If questioned, Ky intends to say his goal is the independence of South Vietnam.

2. Philippines

When President Marcos comes to Washington next month he may well have a draft revision of our mutual defense agreement in his hip pocket. The present agreement was signed in 1953 and gives us our base rights in the Philippines. Marcos is not seeking any drastic changes but, for domestic political reasons, he wants to go home with our agreement to renegotiate.

3. Soviet Union

A Soviet nuclear submarine is prowling near Bermuda. This is farther west than Russian submarines normally operate but they are not complete strangers to the area. In late 1965, for instance, one was detected snooping around the Gemini 6 and 7 recovery zone.

The Soviets have three types of nuclear submarines--two that carry missiles and one for torpedo attack. There is some reason to suspect the one now off Bermuda may be the type equipped with eight 450-mile air-breathing cruise missiles.

4. Dominican Republic

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5. Morocco

The Russians said "nyet" when the Moroccan foreign minister raised the question of getting Soviet arms during a recent Moscow visit. However, Ambassador Tasca in Rabat is concerned lest the Soviets rethink this one and try some sort of proposition playing on Morocco's apprehension of Algeria's growing military strength. Tasca thinks the king is too smart to get hooked--but he may be sorely tempted.

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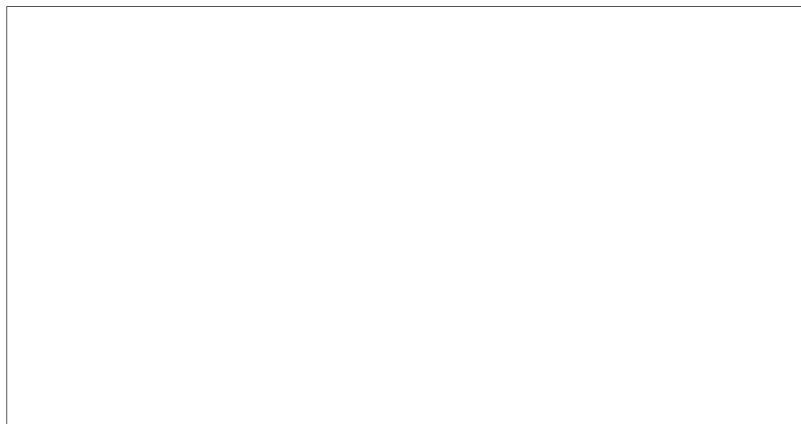
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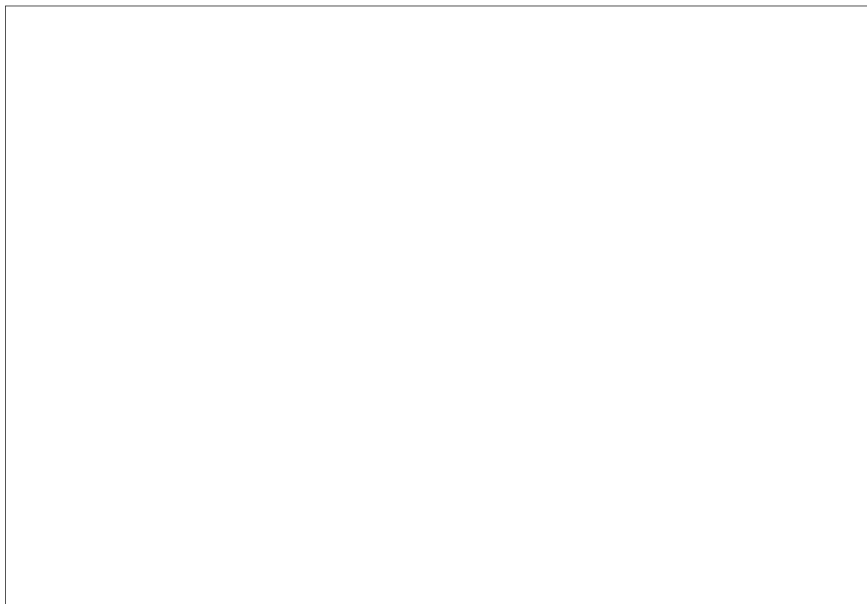
1. North Vietnam

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2. Soviet Union

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3. Rhodesia

British officials will return to Rhodesia this week for another round of almost certainly fruitless talks. We think Smith will turn down any proposals they are empowered to make.

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4. Iran

Tehran, exasperated over Moscow's slow response to its request in early July for arms, is now accusing the Soviets of "evasion and procrastination."

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Tehran thought its request was crystal clear and that Moscow was eager to oblige.

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5. Bolivia

President Barrientos was inaugurated Saturday. His speech reiterated Bolivia's determination to find an outlet to the sea, and outlined an ambitious industrial development program, increased oil production, and improvements in agriculture and communications. He promised guarantees for foreign private capital invested in these areas.

He also announced a cabinet of "national reconciliation," which included the leader of a party that had not supported him and abstained from the elections. All the members seem basically friendly to the US.

Barrientos said that the military men dropped from the cabinet would return to the barracks "to continue receiving their modest emoluments."

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6. Uruguay

Heber has decided to resume his duties as president of the National Council of Government. His walk-out last week--he called it a "provisional resignation"--did not attract much popular support for his crusade in favor of governmental reform. It did, however, rile the politicians within his own party who oppose reform and may have increased their chances of keeping his proposals off the ballot in November.

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DAILY BRIEF
9 AUGUST 1966

1. South Vietnam

The Buddhists are mounting a new effort to get international attention and make next month's elections as difficult as possible.

On Saturday the Buddhist Association fired off a letter to the UN complaining of government "oppression" and "mistaken US policy." Next came a communiqué from the association demanding a civilian government now and calling on all the faithful to boycott the elections for a constitutional convention.

The Buddhists probably do not have the strength to risk summoning up the street mobs again--their political line is getting a little threadbare, even for Vietnam. But their malice runs deep, and they clearly intend to contribute any disruptive background noises possible as elections draw near.

2. North Vietnam

The skipper of a Chinese Communist merchant ship in Haiphong harbor last month was stopped by the North Vietnamese when he fired on US aircraft overhead.

A European merchant officer who watched the episode through binoculars reports that port officials told him later they had ordered the Chinese to knock it off for fear US pilots would return fire and endanger other shipping in the harbor.

3. South Vietnam

Malaria appears to be a major problem among Communist troops. Prisoners, defectors, and captured documents all point to a high incidence with some units reporting almost every guerrilla ill. Of 20 prisoners captured on 6 August, at least half had malaria.

4. Communist China

Peking now seems to be trying to keep the "cultural purification" drive from getting further out of hand and to reduce the confusion and fear it has created in recent months.

Yesterday, the party Central Committee issued a directive saying that students should not be treated "severely" and that scientists and technicians should receive special protection from political harassment. Although the "cultural revolution" is to continue, it will be kept under direct party control.

Mao has sometimes in the past overridden the Central Committee, and there have been some increasingly tough pronouncements on domestic affairs in the past few days.

5. Soviet Union

The latest satellite photography, the first from the new very high resolution camera system, has provided the best coverage to date of the Tyuratam Missile Test Center. Construction continues rapidly at the two pads that are to support very large space boosters. Detailed study of the new pictures will provide new insights into this important new system, which probably is associated with a Soviet manned lunar program.

6. East Germany

The regime is showing increased concern over public unrest, which was growing even before a set of unpopular price increases was decreed last month. This is apparently the explanation for a big parade planned for East Berlin this Saturday, the fifth anniversary of the erection of the Berlin Wall. It seems intended to discourage the kind of antiregime demonstrations that have occurred on other recent anniversaries.

7. West Germany

Erhard's political problems may be aggravated by his growing difficulties over the budget. He could be faced with the unhappy choice of either squeezing the budget or asking for a tax increase.

If he decides on budget cuts, he may well look to the Defense Ministry. This, in turn, would run directly counter to US and British military offset requests.

8. France

De Gaulle's popularity at home has risen significantly since his return from Moscow. The latest poll, taken by the most reputable French polling outfit, gives him a higher rating than he has enjoyed since early 1962 (65 percent satisfied, 26 dissatisfied, 9 no opinion).

Some Gaullist political leaders will urge early national parliamentary elections, which must in any case be held before next March. They could come as early as this autumn.

9. Dominican Republic

President Balaguer, in office now for nearly six weeks, seems intent on reducing the political potential of some of the more reactionary military officers. Some of these officers, who had looked on Balaguer's comeback as a chance to feather their own nests, will be cut down to size by a series of organizational changes in the armed forces Balaguer directed last weekend.

Just to be on the safe side, Balaguer wants to complete the changes before the scheduled departure next month of the last units of the Inter-American Peace Force.

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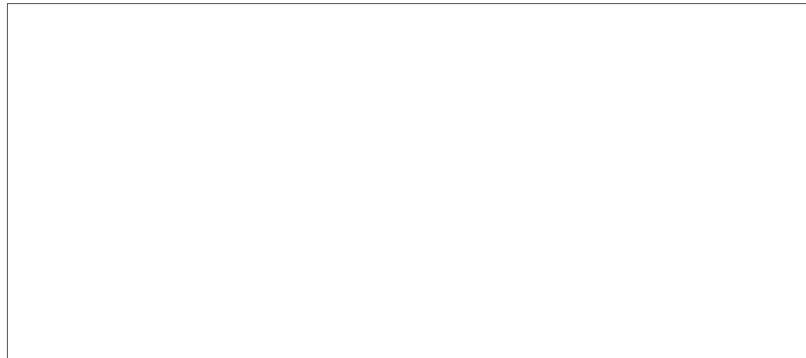
1. North Vietnam

Hanoi has obliquely admitted to some difficulties in trying to evacuate a large portion of the urban population while maintaining some semblance of normal life for the displaced persons.

A recent editorial in the party paper, when stripped of its propaganda content, showed the regime's concern over possible civilian casualties from intensified US raids. It strongly "advised" that further civil defense measures be undertaken "satisfactorily and urgently."

The editorial called for the evacuees to develop "a spirit of overcoming difficulty," evidently a reference to popular resistance to resettlement. Evacuees should quickly undertake productive tasks and "adapt to the new circumstances" to preserve the "lasting character of the evacuation"--an apparent admission that a tendency simply to wander back to the city has plagued the evacuation program.

2. Soviet Union



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3. Indonesia

General Suharto

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[redacted] felt that prompt ending of confrontation with Malaysia would trigger a flow of US aid. Suharto was discouraged by lack of an immediate positive response to his feelers for aid and is anxious to learn what he must do to start it coming.

The Bangkok agreements for resumption of relations between Indonesia and Malaysia are due to be signed in a day or two.

Indonesian Foreign Minister Malik

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[redacted] is confident Suharto will promptly order a cease-fire as provided for in the agreements. [redacted]

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4. Pakistan

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5. Soviet Union -
Brazil

Moscow has bolstered its lagging trade with Brazil by granting an eight-year \$100-million credit that will permit Brazil to increase its purchases of Soviet machinery and equipment. The Soviet Union will accept Brazilian manufactures in part payment and thus provide a market that Brazil has been eager to enter.

A Soviet-Chilean deal along similar lines will probably be concluded shortly.

6. Congo

More stresses seem to be developing, partly because of Mobutu's failure to seek or receive sound advice. Mobutu's chronic suspicions have now been extended to include Western diplomats, in addition to the Belgians, whom he accuses of preparing for Tshombé's return. He has also expressed doubt as to the loyalty of the prime minister.

Should Mobutu act against the prime minister or offer his own resignation, as he has threatened, further factionalization of the military and weakening of his regime would follow.

7. Congo (Brazzaville)

Dissident army elements may soon challenge President Massamba-Debat's radical Brazzaville regime again. The dissidents have rejected an order to parade unarmed in next week's independence celebrations and have begun removing their families from Brazzaville. Should trouble develop, the president will probably rely on his Cuban guard, provided by Castro, which stood by the regime during the army mutiny last June.

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CENTRAL INTELLIGENCE AGENCY

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11 AUGUST 1966

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DAILY BRIEF
11 AUGUST 1966

1. South Vietnam

Election preparations are still moving along well. Even some of Ky's critics now concede that the candidate screening operation has been fair and reasonable. This is now about complete and the candidate lists are to be formally posted tomorrow. It seems that more than 700 candidates will be competing for the 108 assembly seats on 11 September.

Well over five million people may be registered in time to vote. This is about what the government was aiming for.

2. South Vietnam

Viet Cong leaders in the delta provinces of southernmost South Vietnam are apparently worried by the declining quality of guerrillas and party members at their command.

A Communist directive from this area recently fell into our hands. It rails against the "bourgeois mentality" of a number of comrades who "drag their feet when the going gets rough." The "drop in quality" was attributed to "recent heavy recruiting" in the delta provinces.

3. United Kingdom

The British press is almost unanimous in its lack of enthusiasm for Wilson's cabinet changes. Rather than reducing the cabinet or injecting new blood, Wilson simply shuffled portfolios.

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4. Communist China

We still have no explanation for Peking's unusual move in pulling today's People's Daily off the newsstands to delete a report of Mao's presence in the capital.

5. Philippines

We are likely to be offered some additional real estate for air and naval bases when President Marcos visits Washington next month.

Marcos intends to suggest that the new sites be called "SEATO" bases to make them politically more acceptable. Use of such bases for combat operations "could be worked out," a Philippine official said.

Any deal is likely to be expensive.

6. Soviet Union

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7. Iran

The Shah apparently has given up the idea of buying Soviet surface-to-air missiles but is still inclined toward purchasing antiaircraft guns and military vehicles from the Russians.

These points emerged on 10 August during a long discussion on arms procurement with Ambassador Meyer and Assistant Secretary of Defense Hoopes. The Shah admitted that the Soviets seemed less than enthusiastic on arms sales to Iran

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8. Congo

Mobutu is muttering about resigning. He said Tuesday he had given himself 48 hours to decide. The deadline has passed with no sign he has made up his mind. While the mercurial Congolese president probably will not quit, what little order still exists in the country would collapse if he did.

Meanwhile, out in the bush, the shooting and looting continues.

9. Disarmament

Further strains on Western unity are developing on the issue of nuclear nonproliferation. Most of our allies at the Geneva conference on disarmament feel the US draft treaty is no longer useful for serious negotiations and some may try initiatives on their own before the conference ends late this month.

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CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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12 AUGUST 1966

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DAILY BRIEF
12 AUGUST 1966

1. South Vietnam

The leader of a dissident "Montagnard" tribal autonomy movement is threatening to call for a boycott of the elections if Saigon does not meet the movement's demands by Monday. Government officials have reached tentative agreement with the tribesmen, but Prime Minister Ky has gone off to Manila without giving his approval.

An election boycott by tribal groups would be embarrassing to the central government, but the response would probably be limited. The tribesmen have been allocated a block of seats in the new assembly.

Prime Minister Ky is due to return this weekend, and Ambassador Lodge will seek to discuss the matter with him.

2. North Vietnam

Heavy coastal defense artillery which is being installed at key points along the North Vietnamese coast could be used against ships up to twenty miles offshore. Most of the batteries so far detected are grouped in important port areas, including the approaches to Haiphong. (See map.)

There is no evidence so far that the coastal defense system includes missiles of any type.

3. United Kingdom

The ink is barely dry on the agreement ending the confrontation between Malaysia and Indonesia, and Britain is already preparing to withdraw its troops from border operations in Malaysian Borneo.

For economic and political reasons, the British would prefer to get out of Borneo altogether. However, [redacted] continued Indonesian subversion will probably lead her to withdraw over a period of six to nine months, as British units can be replaced by Malaysian troops.

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4. Dominican Republic

Balaguer, in a speech last night, leaned over backwards to scotch rumors that any major military command changes were contemplated.

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Rumblings from the military hierarchy are likely to continue, however, as long as the president retains his controversial military adviser, whom the generals distrust.

5. Africa

The African group at the UN, gearing up to raise the South-West Africa issue, has sent a letter to the secretary general requesting priority consideration of the problem when the General Assembly convenes on 20 September. The Africans will probably demand revocation of South Africa's mandate and some sort of UN supervision of the territory.

6. Nigeria

Efforts to work out a new basis for the future relationship of the country's four regions are under way. However, a first round of talks between the "supreme" military commander and civilian regional representatives ended inconclusively, and further negotiations will probably be lengthy and involved.

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7. United Kingdom

The shift of Michael Stewart from foreign to economic affairs appears to be the key appointment in the unspectacular cabinet reshuffle. He has Wilson's respect and confidence, and the prime minister probably hopes that Stewart can persuade labor and industry to swallow the wage-price freeze. George Brown, the former economics minister, had about used up his credit with both sides.

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CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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13 AUGUST 1966

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23

DAILY BRIEF
13 AUGUST 1966

1. Vietnam

French officials are reported to have set aside time for a short meeting between De Gaulle and a representative of Ho Chi Minh during De Gaulle's visit to Cambodia beginning late this month. De Gaulle himself is said not yet to have responded to the proposal.

There are a number of reports that the French President intends to make a major pronouncement on Vietnam during his three-day stay in Cambodia. This could be, although as far as we can tell De Gaulle still feels the situation is not yet ripe for a French initiative.

De Gaulle may well see an advantage, however, in trying to demonstrate that France is in a unique position to serve as a mediator at some time in the future.

2. USSR

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3. West Germany

The economy is generally "quite satisfactory," according to a recent assessment by the US Embassy.

There is, to be sure, a slowing growth rate, a relatively low rate of industrial investment, and a tight money market. However, price stability--a major current objective--appears to have been achieved, and should permit an easing of money restrictions. This, plus Erhard's economic stabilization law, ought to get the economy back on an even keel.

All this will help Erhard by showing that he can still work his old economic magic.

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4. Nigeria

The army is apparently being broken up along tribal lines. Yesterday a 20-car train, filled with northern troops, headed north from the Eastern Region and will presumably return with eastern troops now in the Northern Region. Some of the northerners, now accustomed to the eastern fleshpots, are reluctant to return to their strait-laced homeland.

This switch will reduce tensions on the short haul, but will probably transform the army, once a force for national stability and unity, into groups supporting regional and tribal interests.

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5. Dominican Republic

There was a firefight last night between police and suspected leftist elements in the former rebel area of Santo Domingo. The demonstrations have been quelled at least for the moment.

The trouble started when police units were suddenly attacked with automatic weapons and grenades, apparently in revenge for the unexplained and probably mortal wounding earlier in the night of a former rebel leader.

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This incident illustrates the tinder-box situation in Santo Domingo, where lots of hotheads still have automatic weapons and explosives.

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CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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15 AUGUST 1966

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DAILY BRIEF
15 AUGUST 1966

1. South Vietnam

The number of Communists defecting to the government is running 70 percent ahead of last year. Defectors are coming in at the rate of about 44 a day, and so far this year close to 12,000 have turned themselves in. There has been an increase in the number of defecting Viet Cong officers, too, and the information they pass on is proving quite helpful to tactical commanders.

2. North Vietnam



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3. Cambodia



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4. Indonesia



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5. Belgium

The prime minister says his government would be seriously weakened if it buckled under to the "offensive of the NATO generals" on the proposed new location for Supreme Headquarters Allied Powers in Europe (SHAPE). He told Ambassador Knight last Friday that he will continue to insist that the Chievres-Casteau site, some 30 miles from Brussels, is the best available relocation place in Belgium.

He views the objections to this site as arbitrary, unjustified, and based on matters of convenience and comfort. Unless this problem is resolved soon, there could be a considerable delay in relocating SHAPE from Paris.

6. Dominican Republic

The honeymoon is over. Balaguer now faces some hard problems--and the need for steady nerves. The signs point to a resurgence of extremist terrorism in the capital and to the danger that the moderate left may be gradually alienated from its role as a "loyal opposition."

Much depends on Balaguer's ability to restrain some of his more trigger-happy military and police officers. Also important will be how he intends to implement the "political austerity law" he is now pushing for. Ambassador Crimmins fears the proposed two-year truce in partisan political activity could stimulate the very kind of agitation it is designed to prevent.

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7. Congo

The situation has worsened considerably. Rebellious Katangan troops in Kisan-gani have now apparently been joined by a large new Katangan unit which moved in from the northeast. There may be as many as 2,000 Katangans there now. An 80-man white mercenary unit is the only significant force there apparently still loyal to Mobutu, and he has no other effective troops to commit.

There are no signs yet as to how the Katangans intend to exploit their strengthened bargaining position. They may head for home in Katanga--a move that could lead to a new Katanga secession. There are reports that this is all part of a move by Tshombé to regain power, but we are not yet ready to accept these reports.

8. Cuba

The evidence filtering in from Latin America since Castro's 26 July speech points to a new period of friction between the Cuban regime and the Moscow-oriented Latin American parties.

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Last week's Latin American Student Congress in Havana is likely to aggravate the problem. The congress specifically endorsed "armed struggle" as the best tactic and laid the groundwork for a permanent organization based in Havana. This will provide Castro with a new vehicle for promoting the kind of uncoordinated revolutionary action from which Moscow has tried to dissuade him.

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9. Eastern Europe

Next month's Warsaw Pact exercise in Czechoslovakia is being billed as the largest ever to be held. Elements of several Soviet divisions will apparently be moved into Czechoslovakia from the USSR. This is intended to be another demonstration of the Soviet Union's growing capability for rapid reinforcement of Eastern Europe.

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CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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16 AUGUST 1966

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DAILY BRIEF
16 AUGUST 1966

1. Congo

The situation continues to deteriorate, amid increasing indications that Tshombé and his followers are exploiting the chaos in order to return him to power. This possibility and some of its consequences are discussed at Annex.

2. Pakistan

Outgoing Pakistani Finance Minister Shoaib has floated the idea that the US should offer to resume the supply of military spare parts to Pakistan on the condition that Pakistan forego further military aid from China.

It was not clear, however, that he was speaking for anyone except himself. Clearly, strong elements in Pakistan would resist such a deal. In fact, Shoaib himself noted that the Pakistani military were free of budgetary restraints in making deals with Peking since all Chinese aid was on a grant basis.

Nevertheless, foreign ministry officials have indicated to Ambassador Locke that Pakistan would be forthcoming in seeking to avoid an arms race with India if the United States were to resume the supply of military spare parts.

3. Dominican Republic

The newly appointed Dominican police chief has ordered harsh reprisals against suspected terrorists. Overreaction by national police to continued agitation and disorders could alienate public support from the Balaguer regime.

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4. Syria-Israel

Both countries have made belligerent statements in the wake of Monday's clash on the Sea of Galilee. The incident began with an exchange of fire between an Israeli patrol boat and a Syrian shore position. In subsequent air action at least one Syrian MIG was shot down.

Each side has since issued a statement that it will retaliate immediately if the other makes a move. In this hair-trigger situation the stage is set for increasingly serious incidents.

DEMOCRATIC REPUBLIC OF THE CONGO



ANNEX

Mobutu's Position Weakening

Mobutu's central government has lost control of the northeast portion of the country. Its clumsy attempts to deal with the three-week-old mutiny of Katangan troops in Kisangani have produced nothing more than a truce that leaves the Katangans in control of most of the city. Moreover, other Katangans who abandoned their posts in the northeast have now arrived in Kisangani. The rebellious troops there may now number as many as 2,700--a formidable force that the notoriously inept Congo Army cannot handle.

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The Katangans therefore seem to be in a position to move south toward Katanga--where Tshombé's secessionist regime held out for several years--or to remain in virtual control of Kisangani, making Mobutu and the central government look more ridiculous every day. In any case, the Katangans' withdrawal from their posts in the northeast has created a vacuum which the few government troops in the area cannot begin to fill. As a result, the "simbas" who, aided by radical African countries, terrorized the northeast during the rebellion of 1964, are showing signs of renewed activity.

The mutiny and attendant troubles in the northeast, enough in themselves to discredit if not overthrow Mobutu, are compounded by the political situation in Kinshasa. Mobutu seems less concerned with the breakdown in the northeast than with his fears of a plot against him. His relations with Belgium have improved slightly in recent weeks, but he remains profoundly suspicious that Belgian business interests, or even the Brussels government, are out to do him in. These suspicions have broadened to include other Western nationals.

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ANNEX (Cont'd)

Mobutu does not seek or take sound advice and almost always tries to deal peremptorily and emotionally with the incredibly complex economic and financial issues between the two countries. Belgium has already withdrawn many of its military advisers and seems likely to reduce its technical assistance as well. This will reduce the army's ability to cope with unrest, and generally add to Mobutu's frustration.

Thus this atmosphere in Kinshasa, in a sort of vicious circle, makes the government even less able to cope with the mutiny in Kisangani.

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All this has produced a situation where a serious effort by Tshombé to return to power looms as a distinct possibility. Tshombé liked being premier of the Congo. We believe he wants to regain power--in all the Congo, not just Katanga--and is being supported in this effort by a number of non-Congolese industrial leaders, many of whom are more fanatically pro-Tshombé than Tshombé himself. We have no hard evidence that he or his followers instigated the Kisangani mutiny, but they do appear to be exploiting the deteriorating situation in the country in an effort to return to power.

Such an effort would further disrupt and demoralize the Congo. Moreover, if Tshombé should manage to return to office his reappearance would antagonize most other African governments, many of whom would accuse the US, as well as Belgium, of complicity. At least some of the Congo's neighbors would probably again lend support to Communist-controlled efforts to renew the rebellion in the Congo.

An equally discouraging prospect is that the situation in the Congo will disintegrate into the chaos of 1960 with all conceivable leaders discredited.

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DAILY BRIEF
17 AUGUST 1966

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1. South Vietnam

Public concern over high prices has not abated and worry over the high cost of living still seems to be the dominant issue in most areas, and especially so in the Delta.

There was a moderate rise in Saigon retail prices during the first week of this month. This followed a period in which prices had seemed to be leveling off. US experts in the field are confident, however, that inflationary pressures can be kept within bounds for the remainder of this calendar year.

Public concern may be raised further by a recent report drafted by Professor Vu Quoc Thuc, a member of the civilian-military advisory council and generally regarded as one of his country's most eminent scholars and economists. The professor is very critical of Saigon's economic policies and blames the US for many of the difficulties. Ky's minister of economy has taken to the rostrum in an attempt to answer some of Thuc's points.

2. Soviet Union

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3. Soviet Union

The Soviets seem to have finally made the grade in weather satellites. Moscow announced today that data from Cosmos 122, launched 25 June, would be provided to weather services in other countries. The Soviets have had an agreement to exchange satellite weather information with us since 1962 but, until Cosmos 122, none of their experimental weather satellites had worked properly.

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4. Iraq

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5. Indonesia

In marked contrast to the enthusiasm of years gone by, half a million Indonesians stood in stony silence today to hear President Sukarno's speech marking the nation's sixteenth year of independence. The speech was less of a blockbuster than we had anticipated although he did his best to sow some seeds of discord.

Sukarno castigated the US on Vietnam and said now was not the time for Indonesia to rejoin the UN--the latter a direct challenge to one of the ruling triumvirate's key foreign policy objectives. Ambassador Green believes General Suharto will overrule Sukarno on the UN issue and that today's speech may prompt the military to move more forcefully against the president.

6. Ethiopia

There is likely to be some tough bargaining ahead as we begin another round of negotiations with Addis Ababa on military aid. The Ethiopians are most uncomfortable about the Soviet arms going into Somalia, and Ethiopian officials have warned that they expect us to be forthcoming.

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THE PRESIDENT'S DAILY BRIEF



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18 AUGUST 1966

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DAILY BRIEF
18 AUGUST 1966

1. Vietnam

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2. Vietnam

Japan now intends to lend its support to the call for an Asian initiative toward peace in Vietnam issued by Thailand, the Philippines, and Malaysia earlier this month.

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There has been little enthusiasm for the original proposal, but Japan's efforts may help to get the ball rolling.

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3. Communist China

The hierarchy appears to have been shaken up, with Defense Minister Lin Piao replacing Liu Shao-chi as number two man.

At a mammoth rally in Peking today Lin was showered with all the traditional prestige symbols. He was identified as "Mao's dearest comrade in arms," sat in the place of honor beside Mao, and was the principal speaker. Liu, by pointed contrast, did not get to speak and was an inglorious eighth in the official list of those present.

Chou En-lai, listed next after Mao and Lin, spoke and sat on Mao's right. Clearly he remains solidly in third place. Others of the elite seemed to have been demoted, whereas a top economic specialist who opposed the "Great Leap Forward" in 1958 re-emerged among the great.

These changes were probably hammered out during the early August central committee plenum which was almost certainly not as gentlemanly an affair as Peking's press accounts and the bland communiqué issued Saturday suggested.

About the only thing we can say with certainty about this new power structure is that it looks unstable, too much so to give us any new insights on the future course of Chinese policy.

4. Indonesia

Suharto and Malik are apparently confident they can now finish the job of cutting Sukarno down to size. They are said to be planning a new anti-Sukarno campaign, and today's reported demand by the country's largest political party that congress remove Sukarno as president may be the opening salvo.

5. United Kingdom

London plans to ask the North Atlantic Council to determine the best way to cut the cost of keeping British troops in Germany. By involving the council, the British probably hope to build up pressure on Bonn to increase offset payments, and to shift to NATO as a whole the responsibility for any reduction of their military strength in Germany.

6. NATO

The dispute over where in Belgium NATO military headquarters is to be relocated--which already has the Belgian Government up in arms--appears to be raising doubts among the rest of the Fourteen as to the wisdom of putting it in Belgium at all. Ambassador Cleveland says the matter is no longer a technical question of site selection, but a major political issue with considerable potential for NATO disarray.

7. Dominican Republic

Balaguer has reaffirmed his intention to make extensive organizational changes in the armed forces. These would in theory reduce the chances of a challenge to the government from the right wing, which he considers a greater threat than the left.

He tacitly acknowledged this would be risky business by reiterating his desire to act before the scheduled departure of the Inter-American Peace Force next month. If, indeed, he goes ahead with these reforms, he might request the peace force to stay longer.

8. Bolivia

President Barrientos invited Ambassador Henderson to breakfast yesterday, and announced his discovery of a tough budget deficit problem. He seemed confident and willing to tackle the issue, and said he was already pressuring for cuts in spending in all ministries, including some belt-tightening for the military.

Even so, he said, he might need "some kind of help" before the year is over.

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THE PRESIDENT'S DAILY BRIEF



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DAILY BRIEF
19 AUGUST 1966

1. South Vietnam

Prime Minister Ky has signed an agreement meeting the major demands of the montagnard tribal autonomy movement. Ky has also extended the period during which the montagnards can name candidates for the September election. These measures will pave the way for the return of montagnard special forces to government control, and will probably remove the threat of a montagnard boycott of the election.

Radical Buddhist leader Tri Quang has declined an invitation to visit Japan. Tri Quang, now some 70 days into his "hunger strike," gave poor health as his excuse. In truth, he probably is afraid that he would not get back in the country once he left it.

2. North Vietnam

A senior Polish official believes Hanoi's price for coming to the conference table might be open to some negotiation--if, as a down payment, we stopped the bombing.

Talking with Ambassador Gronouski yesterday, the Pole said he thought the North Vietnamese would agree to sit at the table with the Ky government. He also thought Hanoi would perhaps be less insistent that the Viet Cong's program be the exclusive base for negotiations.

In times past the Poles have not been too adept at second-guessing North Vietnam. In fact, the official talking to Gronouski made a trip to Hanoi during the January halt in bombing--and he failed to bring home any sign that the North Vietnamese were willing to move toward negotiations.

3. Burma

Ne Win will be visiting Japan after he leaves Washington next month. The Japanese expect him to seek a speed-up in the financial assistance which they had previously promised him. 50X1

4. Soviet Union

New agreements were signed this week in Moscow detailing the assistance which Fiat of Italy is to give to the Soviets' big program for overhauling and modernizing the auto industry. The Italian Government is to guarantee a \$300-million credit for deliveries of Fiat equipment to the Soviet Union and another \$50 million for Soviet purchases elsewhere.

Training of Soviet technicians is to begin in Italy this fall. Some 2,000 are ultimately to be trained.


The Soviets will eventually have to invest some \$1.2 billion to reach their goals. Even if all goes reasonably well the big effort will bring the Soviet Union just to the threshold of the automotive age by 1975. We calculate that by that time the Soviets could have about as many cars as Americans had fifty years ago. Most of these, however, will go to the Soviet upper class--the bureaucrats and the managers.

5. Congo

the mutinous Katangans may already have left Kisangani for the long trek to their homeland. If so, there is little Mobutu's forces can do but sporadically harass and delay them on their way. 50X1

6. United Nations

U Thant will stand for another term if he receives some indication that the US and the Soviet Union intend to use his office and the UN machinery to help solve major world problems. 50X1



7. Cuba

The regime is about to unveil its latest attempt to grapple with the hard problem of lagging labor productivity. The central labor organization is to open its twelfth congress next week. It is expected to ratify important changes aimed at making it a more effective instrument for controlling and stimulating the labor force.

There is no reason to expect these changes to be any more effective than past efforts to get more and better production out of the Cuban worker.

There will be a number of foreign guests present, including some from North Vietnam, and we can expect more of the usual anti-US diatribes.

8. Latin America

The Declaration of Bogota, issued by the presidents of Chile, Colombia, and Venezuela at the close of their conference this week, is likely to give new impetus to the idea of economic integration in Latin America. It is now clear that this will be a major item on the agenda at the forthcoming meeting of all the presidents of the hemisphere.

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CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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DAILY BRIEF
20 AUGUST 1966

1. North Vietnam

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Almost all the North Vietnamese politburo have been out of sight recently, but a Western correspondent in Hanoi has reported that Giap and Dong were on a trip to Moscow.

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2. South Vietnam

The Viet Cong, who clearly missed the boat in last spring's Buddhist insurrection, apparently are laying plans to increase their influence in non-Communist groups opposed to the government. A recent Viet Cong broadcast outlined a program for proselyting among religious, student, and labor groups which show any potential for fomenting trouble.

3. Vietnam

The Japanese plan to approach the North Vietnamese in Moscow and urge a positive response to the Asian peace initiative proposed recently by Thailand's foreign minister. The Japanese doubt the meeting will be a warm one but are willing to try.

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4. Indonesia

Foreign Minister Malik has directly and publicly contradicted Sukarno. In a press statement yesterday Malik said Indonesia would be back in the UN in time for the September General Assembly session. Sukarno had said two days earlier that Indonesia would not rejoin the UN now. Sukarno's position, Malik told a reporter, is not Indonesian policy.

Army-inspired anti-Sukarno demonstrations continue in Djakarta.

5. Burma

A dragnet is out for one of Ne Win's political enemies who got into this country early this month. The man is considered potentially dangerous although Ne Win himself seemed reasonably relaxed when told of the affair yesterday.

6. NATO

Belgium stands firm on its take-it-or-leave-it offer of a relocation site for Supreme Headquarters Allied Powers Europe (SHAPE). Yesterday the Belgians suggested that, if everyone got going, it might be possible to have minimum facilities ready by next April. General Lemnitzer still feels the site is too far from Brussels--some 30 miles--but sees little alternative in view of the political complexities involved.

7. Nigeria

There are some signs of incipient anti-American sentiment in Northern Nigeria.

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CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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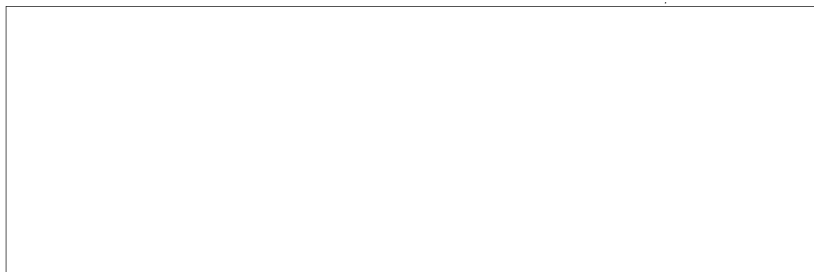
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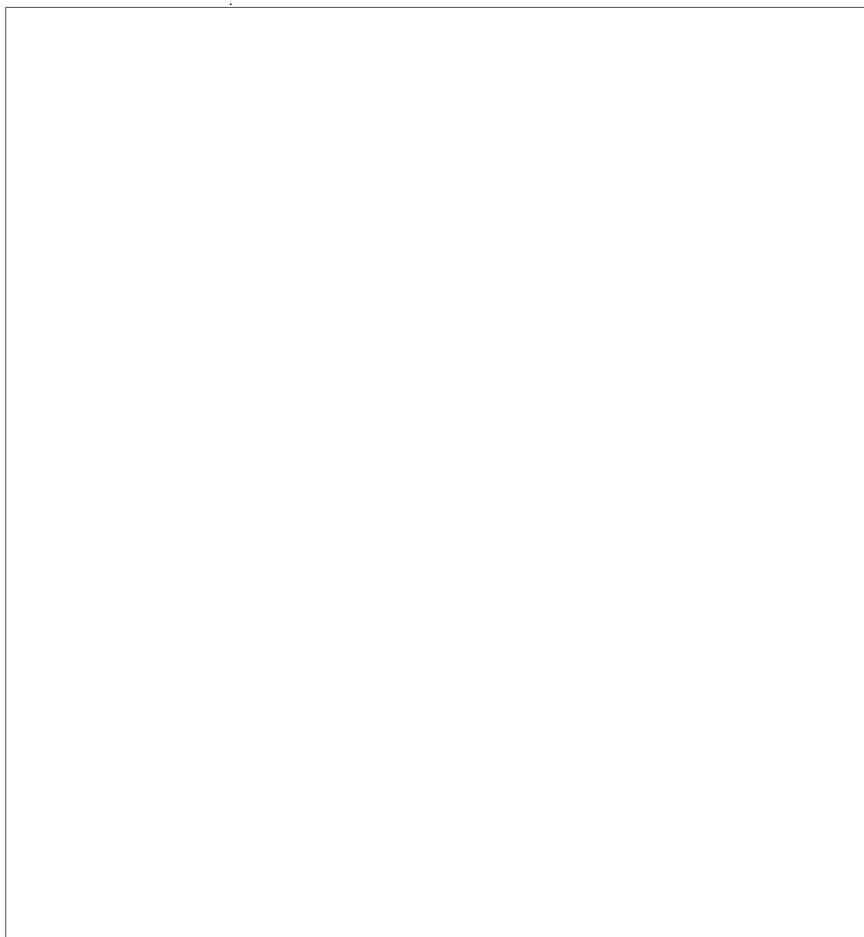
DAILY BRIEF
22 AUGUST 1966

1. Communist China



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2. North Vietnam



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3. South Vietnam

Both Buddhists and Viet Cong are stepping up preparations to disrupt or discredit the September constituent assembly elections.

The Buddhist Institute's communiqué directly urging the faithful not to vote has been transmitted as an order to Buddhist representatives outside of Saigon. Today, one of the more radical monks told a Saigon press conference that the Buddhists have no intention of abandoning their boycott of the elections.

Recent Viet Cong broadcasts have made plain an intention to use all the traditional methods of terror and intimidation in the Saigon area. All candidates are being warned to withdraw, since their lives will not be "insured," and all voters are urged to stay away from the polls.

4. Syria-Israel

Syrian military forces on the Israeli border have been substantially reinforced in the last few days

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The immediate dispute is over salvaging a grounded Israeli patrol boat and a downed Syrian MIG-17 in the Sea of Galilee. Both were casualties of the incident on 15 August.

United Nations officials are trying to head off a major clash. However, the Syrian chief of staff has refused to withdraw his threat of military action if Israel persists in its apparent intention to salvage the boat without allowing Syria to retrieve the plane.

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THE PRESIDENT'S DAILY BRIEF



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DAILY BRIEF
23 AUGUST 1966

1. West Germany

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2. North Vietnam

We doubt that Hanoi has sanctioned the recent Polish soundings on negotiations. A brief examination of this is at Annex.

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3. South Vietnam

With just over two weeks to go before the elections, the unofficial pollsters are at work. One Saigon lawyer, an ex-minister of education, estimates the Buddhist boycott will be quite effective in central Vietnam with only 30 or 40 percent of the electorate voting. He expects 50 percent in the southern provinces and about 60 percent turnout in Saigon. The embassy comments that if 50 percent of South Vietnam's five million registered voters go to the polls on 11 September it will be a significant achievement.

4. Communist China

Mao and company may be preparing to broaden the party purge. Today Peking's leading daily changed its tune somewhat by claiming that there is a "faction in power" which is resisting the party's leadership and "taking the road of capitalism." Until now the line has been that only a "small handful" of people have been in opposition.

ANNEX

Communist Diplomatic Activity on Vietnam

We doubt that Hanoi has given its blessing to recent Polish soundings on negotiations.

Twice within the past week Polish officials have urged us to stop bombing North Vietnam and accept--"in principle"--Hanoi's oft-repeated four points. Such signs of faith by us, the Poles hint broadly, could produce a more cooperative North Vietnamese position.

There is little doubt that the North Vietnamese would like to see the bombing end. However, there has been no sign of give in any public or private statements coming from Hanoi. Only yesterday, the North Vietnamese reiterated their uncompromising position in a foreign ministry statement condemning an Asian peace initiative proposed by the Thais.

We believe the latest Polish proposals represent a unilateral effort to promote some US concessions which Warsaw hopes might bring Hanoi and Washington closer to the negotiating table.

The current Polish effort is quite similar to that undertaken by the Rumanians last May--in fact, the price tag is identical. Both the Poles and the Rumanians seem convinced that the first move must come from Washington.

As for the Soviets, there has been no sign from that quarter of any change in position nor of any effort to prod the North Vietnamese along.

We believe it is likely that the recent Yalta meeting between top Soviet leaders and a very senior North Vietnamese delegation concerned itself with Soviet military and economic aid to North Vietnam--and not with bringing the war to a conference table.

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DAILY BRIEF
24 AUGUST 1966

1. West Germany

The German press has been highly critical of the Air Force chief Panitzki's criticism of the government, viewing his action as entirely improper regardless of the validity of the charges. However, a third high-ranking general has now offered his resignation, suggesting that Panitzki's unusual action is symptomatic of deep dissatisfaction within the armed forces.

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2. United Kingdom

Prime Minister Wilson's wage-price freeze is heading for trouble.

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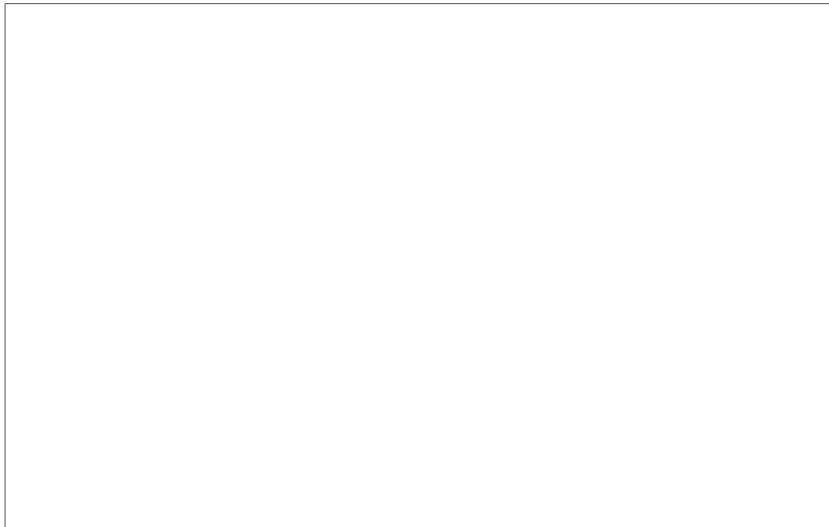
Over the weekend, two additional unions announced they will oppose the government's policy at the Trades Union Congress conference which opens on 5 September. It now appears likely that anti-government forces will be in the majority at the convention, particularly since the rank and file of several large unions may yet repudiate their leadership's support of the government.

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3. Soviet Union

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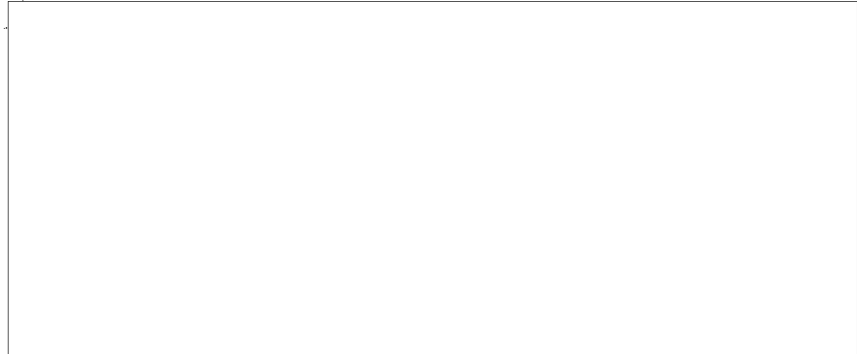


4. Soviet Union

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5. Egypt

Moscow has taken another step to bail Cairo out of its tight financial situation, agreeing to postpone for four years payments on \$172 million of Egypt's arms debt. This latest reprieve will allow Cairo to buy more raw materials and industrial goods from the Soviet Union.

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6. Congo

Mobutu is trying to prevent the Katangan mutineers from moving out of Kisan-gani (formerly Stanleyville) toward Katanga.

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Meanwhile, the security situation in the northeast is worsening, with the rebels who were on the run in mid-July renewing their depredations in areas vacated by the Katangan troops.

7. Pakistan

Pakistan intends to continue infiltrating small bands into Indian-held Kashmir, apparently to keep things stirred up enough to sustain international concern over Kashmir without unduly provoking India.

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CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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25 AUGUST 1966

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DAILY BRIEF
25 AUGUST 1966

1. Communist China

Mao clearly has lost confidence in the high-level brass of the party and is bypassing it as he plunges ahead toward new "revolutionary" excesses.

Carrying out a function that normally would be handled by the regular party machinery, wild-eyed mobs of teenagers, the "Red Guards," are rampaging through the streets of major Chinese cities on witch hunts for all vestiges of the old society--and for real or imaginary enemies of Mao.

2. Communist China

Peking's trade is turning more and more toward the free world as the Chinese, largely through their own efforts, become increasingly isolated from fellow Communist states.

This trend was first noted in 1965 when about 70 percent of China's total trade--\$3.7 billion--was with non-Communist countries. Now, Japan has replaced the Soviet Union as China's leading trade partner, and business with the industrial nations of Western Europe is up sharply. Grain accounts for a good share of Peking's imports from the West but there is a significant growth in imports of machinery and complete industrial plants.

3. Indonesia

Another strong plea for US economic assistance was made yesterday by two of Suharto's top advisers.

The two generals told Ambassador Green that Suharto is determined to get Indonesia out of its fiscal mess and that a basic economic stabilization program--"a real austerity program"--will be drawn up during the next week.

4. Soviet Union

A top-level Soviet official may be planning a trip to Chile.

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We do not know who might go although President Podgorny would be a likely candidate. Nor do we know who took the initiative, Moscow or Santiago.

Any visit by a senior Soviet would include further efforts to woo Chilean President Frei away from ties with the US.

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5. West Germany

Erhard today appointed replacements for two of the three generals who tendered their resignations.

While this move is intended to make it clear that the military establishment is run by civilians in postwar Germany, the chancellor is by no means out of the woods--there are rumors that six more generals plan to resign, and the cry for Defense Minister Von Hassel's head is mounting.

6. Canada

A nationwide railway strike is scheduled for tomorrow, and parliament will go into an emergency session on Monday to find some way out.

An increase in freight rates to help the railways meet the cost of settlement is one likely proposal. The wheat harvest is in full swing now and the strike will create a crisis as it disrupts shipments to grain elevators. Shipments to the Soviet Union and other large-volume buyers also will be affected.

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CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



50X1

26 AUGUST 1966

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DAILY BRIEF
26 AUGUST 1966

1. Vietnam

Interrogation of a recently defected Viet Cong [] has confirmed 50X1 rumors that high-ranking North Vietnamese party and military personalities are operating at the headquarters of the Communist war effort in South Vietnam.

According to the defector, Hanoi's number one man in the south is a member of the party politburo. He heads both the political and military apparatus in the south, and is assisted by two other North Vietnamese generals who also hold high party posts. [] 50X1

2. South Vietnam

The official two-week election campaign period began today.

In a kick-off speech yesterday, Ky appealed for a large vote and pledged that the elections would be honest. The Viet Cong took note of the occasion by gunning down six Vietnamese policemen and marines in Saigon.

We expect the Viet Cong to make a determined effort to disrupt things, but there are some signs that the Buddhist hierarchy is about to back away from its call for a boycott. However, the Buddhists will still work to defeat the government's candidates.

3. Nigeria

Security officials in Lagos have picked up scores of machetes from eastern tribal activists in the area. This lends some substance to persistent reports that these easterners were arming themselves for attacks against selected northerners. Any such violence would reinforce already strong northern secessionist sentiment.

4. Congo

The Belgian Government intends to maintain current levels of nonmilitary technical assistance to the Congo in spite of failure to come to any understanding with Mobutu.

Although opposing military commanders in Kisangani (Stanleyville) have reached a tenuous truce, there is widespread apprehension that the Katangans may decide at any moment to move south.

5. French Somaliland

The violent reception given De Gaulle forced him to cancel his scheduled public speech today.

Anti-French demonstrations of yesterday and today may have been organized by agitators from neighboring Somalia.

Nationalist activity in French Somaliland has been carefully curbed by the French in recent years. The government of Somalia has been actively seeking a change in the territory's status, however, and fears that the French may let the area fall under Ethiopian control.

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CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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27 AUGUST 1966

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1. North Vietnam

A Soviet tanker, the first to depart from the Black Sea since the late June air strikes, is now in Vietnamese waters and will probably remain in the Haiphong area for some time unloading its 10,000-ton cargo into barges.

Incidentally, we see no signs as yet that the loss of petroleum and petroleum storage facilities has had much effect on the North Vietnamese economy.

No shortages of petroleum or dislocations attributable to the loss of petroleum facilities have been observed. Oil imports have probably been maintained at necessary levels by transshipment of some 25,000 tons diverted from North Vietnamese ports to Chinese ports since June.

2. South Vietnam

Ky says that he has tentatively accepted an invitation by the Associated Press Editors Association to address their meeting in Los Angeles in mid-November.

3. United Kingdom

Prime Minister Wilson's decision to defend his wage-freeze policy personally at the Trades Union Congress opening on 5 September is unlikely to avert a negative vote by the congress. However, the courage and determination shown by Wilson in taking this somewhat unusual step may help him win back some lost ground.

A marked hardening of sentiment in the trade union movement against United States actions in Vietnam is indicated by resolutions drafted by four unions on the extreme left. The motions may be modified before presentation, but they probably portend a more bitter debate on this issue than in the past.

4. Indonesia

Recent public statements in Djakarta have repudiated Sukarno as a spokesman for his government even more thoroughly than did Foreign Minister Malik a week ago.

The armed forces newspaper commented on Thursday that Sukarno's 17 August speech had ended the "pretense" that he speaks for the Indonesian people. The next day, the Information Minister told the press that the Indonesian Government no longer felt bound by Sukarno's statements.

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CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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29 AUGUST 1966

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DAILY BRIEF
29 AUGUST 1966

1. Soviet Union



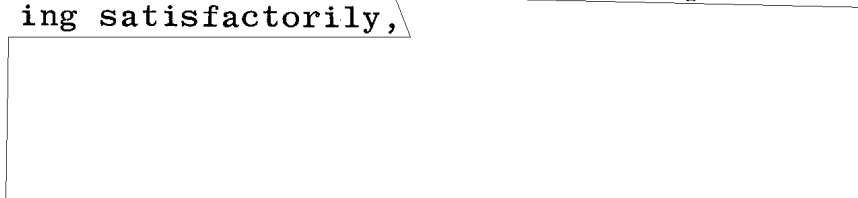
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2. Soviet Union

Moscow says that Luna 11 is perform-
ing satisfactorily,



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3. South Vietnam

The Mekong River is flooding badly upstream in Laos. The floodwaters could reach the delta area in South Vietnam in a week or ten days and be a disruptive factor on election day.

4. South Vietnam

The decline in Saigon retail prices, which was interrupted by moderate increases early this month, has now resumed. US experts estimate that prices have risen only a relatively moderate fifteen percent since devaluation two months ago.

Also encouraging was the recent initiative by Minister of Economy Thanh who suggested that there be regular and frequent US - South Vietnamese meetings to review economic problems, policies, and plans.

5. India

Factionalism is growing in the ruling Congress Party. Several prominent Indian politicians are saying that Mrs. Gandhi will be forced to shuffle her cabinet this fall in order to broaden the support for her government.

6. West Germany

Erhard may ask for a reduction in future military offset payments when he comes to Washington next month.

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The chancellor may also propose sending larger numbers of his military personnel to the US for training, with the costs applied against the offset.

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CENTRAL INTELLIGENCE AGENCY
SUNDAY HIGHLIGHTS
FOR THE PRESIDENT
29 AUGUST 1966

1. Soviet Union

Luna 11, the Soviet lunar probe launched on Wednesday, appears to be in orbit and operating satisfactorily.

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Moscow's last lunar probe, Luna 10 launched in late March, was also placed in orbit around the moon. Luna 10 gathered scientific data on the moon's environment,

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2. North Vietnam

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3. South Vietnam

Ky is evidently considering further high-level personnel shifts within the military, but any announcement of the changes will apparently be postponed until after the elections in order to avoid disruptive political speculation.

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CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF

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DAILY BRIEF
30 AUGUST 1966

1. Vietnam

Representatives from North Vietnam, Communist China, and Poland are in Cambodia during De Gaulle's visit. In addition, the Polish ambassador to Hanoi touched in at Phnom Penh on 25 August and then left for Warsaw [redacted]

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[redacted] prior to De Gaulle's arrival.

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Whether or not these travels have any connection with previously noted Polish soundings on the possibility of negotiations is not clear from present evidence. Although De Gaulle himself probably will not talk with anyone from Hanoi, it is possible that a member of his entourage will do so.

2. NATO

Some members of the Fourteen seem to be getting soft on the agreement to move the North Atlantic Council out of Paris. [redacted]

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3. Dominican Republic

There is presently no evidence that a coup or insurgency will be triggered by the scheduled departure of the Inter-American Peace Force in late September. Balaguer's political base is not a firm one, however, and he may well have trouble keeping the lid on in the months ahead.

Balaguer has given no signs he intends to ask the Force to stay but such a move is conceivable--if he can find a pretext and if he is willing to take the very considerable political risks involved.

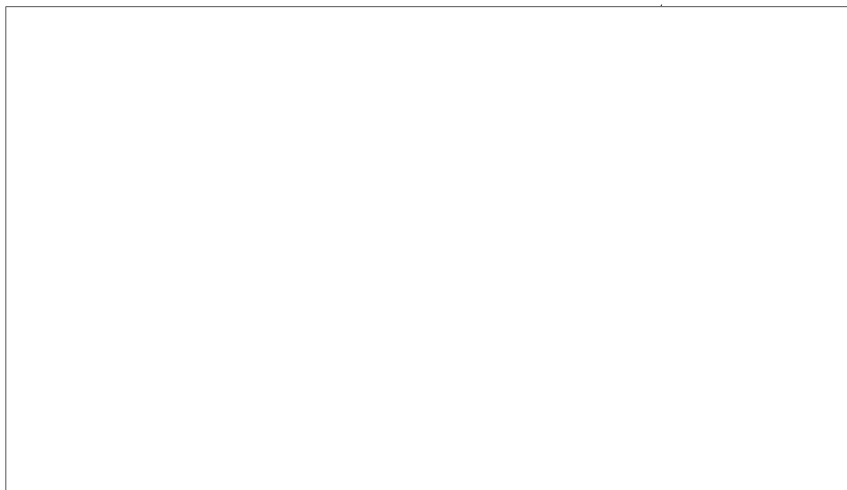
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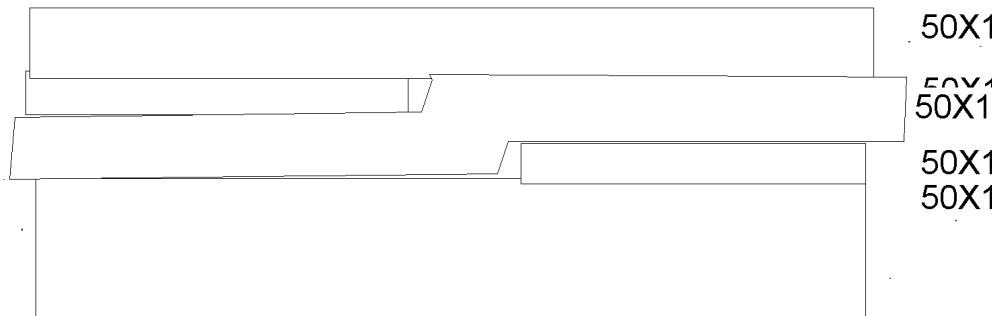
4. France

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5. Iran

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6. Jordan

The Jordanians apparently have no intention of attacking Israel despite orders from the United Arab Command to prepare for such an attack in the event of hostilities on the Syrian-Israeli border.

The Jordanians told Ambassador Burns of the orders last night and of their suspicion this is a Nasir provocation. They asked that we approach the Israelis and urge them not to overreact to any border clashes.

There are no indications that Israel is massing troops on the border as reported by the Arab command.

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7. United Kingdom

Wilson has a tough week coming up.

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The Trades Union Congress starts
its annual conference next Monday, [REDACTED]

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Then, on Tuesday, the Commonwealth
prime ministers meet on Rhodesia. [REDACTED]

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CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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DAILY BRIEF
31 AUGUST 1966

1. North Vietnam

[redacted] 50X1
[redacted] another division-level 50X1
unit of the North Vietnamese Army--as
yet unidentified--may be moving south.

[redacted] 50X1
It is still too early to determine
the number of troops involved or the in-
filtration route they may take.

2. Communist China

Peking continues to strengthen its 50X1
southern fleet. [redacted] 50X1

[redacted] 50X1
Photography of last 50X1
week shows that two and possibly three
destroyer escorts are under high-priority
construction there.

3. Communist China

[redacted] 50X1

4. Rhodesia

After more than nine months of independence, the Rhodesian economy is functioning reasonably well despite British sanctions. Rhodesia has maintained a favorable trade balance during the first half of this year, a good portion of the current tobacco crop has been sold, and unemployment is relatively low. So much petroleum is coming in from South Africa and Mozambique that new storage tanks are being built.

This is a dismal picture for Prime Minister Wilson to face on the eve of next week's confrontation at the Commonwealth conference.

5. Yemen

There is now some small chance that Egypt and Saudi Arabia may reach an accord that will permit them to get out of the Yemen mess. Thanks to Kuwait's mediation effort, the two seem closer to agreement than they have been for several months.

6. Cuba

The just-concluded labor congress has tightened the screws much further on the Cuban worker. The Central Labor Organization was streamlined drastically in an effort to make it a more efficient instrument for extracting more from the labor force.

Castro was in a mood to chastise and criticize when he delivered his long speech at the closing session Monday night. He blasted the Cuban worker who does not recognize that labor "is a fundamental social duty." He called for harder work and tighter discipline, but offered no hope for better living conditions until after this decade.

7. West Germany

The chances have increased that Erhard will have to sack Defense Minister von Hassel. Judging from the highly critical German press reaction, Von Hassel's effort to arouse public support for himself at the expense of the generals has backfired. Tomorrow the Bundestag Defense Committee opens its investigation of the uproar, and Von Hassel is to be the leadoff witness.

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