

CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF

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DAILY BRIEF 1 OCTOBER 1966

| l. South Vi | etnam | |
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There are more signs that the military leadership is taking measures to assure that it retains a foothold in a future constitutional government.

2. Indonesia

A year ago today General Suharto and the army slapped down an open grab for power by Indonesian Communists. Suharto and a group of military and civilian leaders are now the real rulers of the country. They can look back over the year at some significant accomplishments, which are briefly discussed in today's Annex.

3. Yemen

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4. Soviet Union

Brezhnev is continuing gradually to expand his authority inside the Soviet "collective" leadership. We see this in the field of political appointments—most recently in putting a buddy from the old days in the Ukraine in charge of the country's militia.

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There is also

the fact that the General Secretary is still widening his role as the regime's number one spokesman.

5. Brazil

Congress will select a new president on Monday. Retired Marshal Costa e Silva is unopposed. Students in Sao Paulo are calling for labor support for protest demonstrations on Monday against the "repressive military dictatorship." Similar demonstrations may well occur in other cities.

ANNEX

Suharto Looks Back

A year ago today armed bands of assassins were searching out key army generals who were the last brake on Sukarno's plunge into Communism. The world's fifth most populous country seemed about to disappear behind the Bamboo Curtain.

But the army, under General Suharto, struck back within hours and the 1 October coup failed. Today Suharto and his military and civilian co-leaders can look back over the past year with some sense of accomplishment. Sukarno is now on a short tether. his radical policies reversed. The world's third largest Communist party has been crushed, and Indonesia is taking the first steps toward unraveling its economic chaos.

Suharto and his colleagues have handled Sukarno with care, slowly siphoning off his authority and carving the super-ego down to size. Sukarno, in fact, is sure to be cut down even further when his former chief lieutenant, ex-foreign minister Subandrio, goes on trial in Djakarta tonight. Subandrio, who worked long and hard to get Indonesia into the Chinese camp, is being tried for his role in the abortive events of 1 October, but it is really Sukarno who will stand in the prisoner's dock.

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While reducing Sukarno's prestige and ability to influence developments, Indonesia's new leaders have reversed the course of his Peking-oriented foreign policy. They took a big step toward actual nonalignment by returning Indonesia to the United Nations on 28 September. The days of foreign policy by personal whim are over.

In the economic sphere, Indonesia submitted a stabilization plan to Western creditors in a Tokyo meeting last week. The plan talks of a balanced budget, private capital, credit controls, and a

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realistic exchange rate--all a far cry from the freewheeling charge account techniques of Sukarno.

The Indonesian delegation in Tokyo could also point to attempts to cut government expenses and to increase tax collections.

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Suharto and company have a reasonably good report card for the past year. Whether or not they can keep up their marks depends to a large extent on their determination to enforce the tough economic measures which are sure to be painful and unpopular.

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| l. North Vietnam | | |
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| | On Monday, Moscow announced the signing of a new economic agreement with Hanoi which provides "fresh, gratuitous assistance" to North Vietnam with a general pledge for support of North Vietnam's conditions for ending the war. | |
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| 2. North Vietnam | | |
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| 3. Congo | The some 2,500 Katangan mutineers | F0\/ |
| | who escaped when government forces "took" Kisangani (Stanleyville) last | 50X1 |
| | week are still at large somewhere sout | h - 50X1 |
| | east of the city, where they continue to be a security threat. | |

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4. Soviet Union

Preliminary analysis of the latest satellite photography—the mission ended last Tuesday—provides further evidence that the Soviet ICBM deployment program is continuing apace.

More than 20 new construction starts for the small silos that house the SS-11 missile have already been discovered, although the mission covered less than half of the known 15 ICBM complexes. Two new large silos for the SS-9 missile were also identified.

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These discoveries, plus continuing study of earlier photography, raise the count reported in the 6 September Brief to about 340 small silos and 128 large ones.

5. Soviet Union - Eastern Europe

The outlook for the fall harvest is excellent. The take in the USSR will approach the record harvest of 1964.

The Soviet wheat crop, for instance, will almost certainly be well above the annual average. In Eastern Europe, 50X1 total breadgrain production will probably be off only slightly from last year's high level, while coarse grains will top the 1965 output. There should be feed grain and roughage enough for good livestock production at least through early 1967.

The USSR, nevertheless, has contracted to buy abroad almost four million tons of wheat this fiscal year-probably to replenish stocks and help fulfill commitments to Eastern Europe and Cuba.

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CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF

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4 OCTOBER 1966

DAILY BRIEF 4 OCTOBER 1966

1. South Vietnam

What started out as an internal squabble in one of Ky's ministries has blossomed into a major issue with some southerners in the cabinet on the verge of quitting because of heavy handedness by northerners who control the national police.

If Ky intervenes quickly, the issue may well be papered over. ever, if some southern cabinet members do resign, the problem will undoubtedly spill over into the constituent assembly and impair the delicate relationships 50X1 there.

| 2. | Soviet | Union |
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3. Nigeria

The facade of civilization in Nigeria continues to crumble.

Some Nigerian officers, now thoroughly frightened by the uncontrolled intertribal slaughter, are thinking of asking for US and British troops to help restore order. The crux of the problem is somehow to re-establish discipline over the Nigerian troops who themselves have been among the worst offenders.

The entire control structure of the army has broken down. Officers who retain some civil or military power are seeing their authority eroded day by day.

Prime Minister Wilson has become personally interested in the problem and appears willing to send out a team of British officers to find out what can be done. The British, however, want to avoid being put into a position where their troops might have to fire on Nigerians.

The Nigerians are also thinking of asking for foreign technicians to help replace the relatively skilled Ibo tribesmen who are being killed off and driven out of the northern and western regions.

4. Yugoslavia

A thorough reorganization of the Yugoslav party structure was formally approved today at the opening session of a major party meeting in Belgrade. Its purpose is to diffuse power within the party and thus to prevent the emergence of another figure like security chief Rankovic, whom Tito ousted this summer for trying to accumulate overriding power in his own hands.

Despite a change in titles, Tito himself will continue to be the dominant authority.

5. West Germany

Many Germans are talking of Erhard's visit here as a kind of watershed marking the start of a period of growing divergence between US and German interests.

A large portion of the press, as well as many politicians, is saying that US interests have now shifted from Europe to Asia. They claim that the US is looking for an understanding with the Soviet Union that would cement the status quo in Europe--including the division of Germany.

Those in Erhard's party who want to throw him out have been quick to disparage his performance in Washington. US-German relations will be a useful tool in their political struggle, and the US can expect to take its lumps in the process.

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CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF

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5 OCTOBER 1966

DAILY BRIEF 5 OCTOBER 1966

1. South Vietnam

Ky has indeed acted quickly to head off the cabinet crisis that appeared to be brewing yesterday. He requested, received, and accepted the resignation of the northern cabinet minister whose heavy-handed treatment of his chief subordinate, a southerner, started the fuss.

Ky today denied that any other cabinet members had resigned, and told Ambassador Lodge that the incident was closed.

2. Vietnam

The Soviets will soon begin to supply North Vietnam with petroleum from Vladivostok, in the Far East. They will use 4,000-ton tankers rather than the 10-11,000 tonners that have been used to bring oil from the Black Sea.

Use of the smaller ships will give the Soviets greater flexibility in offloading at Haiphong. Since the June bombings of the facilities there, offloading a large tanker has taken at least three weeks.

The changed route will not keep the Soviets from meeting Hanoi's petroleum requirements of about 16,000 tons a month. Sufficient small tankers are already in the Far East, and siphoning off this amount of petroleum products will not seriously deplete supplies there.

3. Communist China

The Chinese leaders appear nervous over this year's harvest. We believe they have cause for concern—there are reports of hunger already. Today at Annex we discuss Chinese agriculture and the prospects for the harvest.

4. Communist China

The Chinese were quite accommodating in preliminary trade talks with the Japanese in mid-September. The Chinese readily agreed to pay cash for their purchases of steel and fertilizer and were forthcoming on prices for Chinese exports.

The talks--which set guidelines for full-scale negotiations to begin next month--resulted in agreement to increase 1967 trade by 20 percent over this year. Japan is already Communist China's largest trading partner.

The Chinese will probably be somewhat tougher when final details are discussed. They are likely to remain fairly cooperative, however, in keeping with their campaign to expand trade with non-Communist countries.

5. France

The French have decided to begin independent development of a communications satellite next year. The satellite is to be placed in a stationary orbit to relay communications between France and Africa.

It will be several years, however, before the satellite or the necessary launch vehicle will be ready.

Three joint working groups have been formed under the Franco-Soviet space collaboration agreement.

6. NATO

The forthcoming trilateral talks on offset problems are generating concern among the other NATO allies.

Secretary General Brosio feels that the US, Britain, and Germany cannot discuss balance of payments without getting into such factors as force levels and strategy which concern all the allies. Similar views have been expressed by Italy and the Netherlands—the latter also noting that the talks may inflate the role of Germany in NATO affairs.

Norway's defense minister fears that consideration of troop reductions might result in political pressure on his government to reduce its commitments.

7. Congo

Mobutu continues to press for unconditional surrender of the 2,500 Katangan rebels who withdrew from Kisangani (Stanleyville) ten days ago. He appears unaware that the Katangans are negotiating from a strong position.

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the rebels are well armed, well disciplined, and not impressed by the government forces drawn up against them. The Katangans are tired of fighting, however, and would probably lay down their arms if their safety were guaranteed by the European mercenaries.

Katangan distrust of Mobutu has been heightened by a premature radio announcement yesterday that they had surrendered.

8. Uruguay

The Uruguayan Government is expelling four Soviet Embassy officials for interference in Uruguayan labor affairs.

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Our embassy, in calling the Uruguayan Government's attention to the Russians' activities, urged that one or two be expelled at a time in order to retain leverage over the Soviet Embassy. The Uruguayans were so disturbed, however, that they ousted all four at once.

Uruguay's Communist party has been involved in a series of politically motivated strikes, including the recent successful general strike, and the government is extremely sensitive on this issue.

ANNEX

The Hungry Giant: China's Agriculture Stumbles Again

"Do we not have a bellyful of rage? That is magnificent. Our rage will drive us onward."

Mao Tse-tung

Rage is a poor substitute for rice, particularly in a land where the specter of famine lurks just beyond the next harvest. This year is no exception. The winter ahead looks bleak and hungry.

Two grains--rice and wheat--form the basic staples of the Chinese diet. The major harvest is in the fall and the signs are not promising. Across the plains of northern China, the wheat has been baked by prolonged drought. South China, where most of the rice is grown, has had floods and insect pests. There is ample rage for all men's bellies in China today but there is not ample food.

Agriculture in China is still essentially a form of basic combat between a man with a hoe and the elements. Much that is done on China's soil today would be primitive by comparison with American farming standards of the Revolutionary War era. A vast population, archaic techniques, and periodic natural disasters would strain any nation's ability to feed itself.

The sheer mass of Chinese humanity keeps the wolf perennially at Peking's door. Some authorities estimate there may be close to 900 million Chinese. The regime claims 700 million. There has been no published census since 1953, however, and that one was open to a good deal of questioning. The truth probably lies between the two figures; it is doubtful that even the Chinese Communist government knows within 50 million the number of mouths to be fed. Whatever the real population of China, the Chinese seem to be reproducing themselves at a prodigious rate—an estimated 17 million a year.

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When the colossal miscalculations of the present regime are added to this equation, the task of feeding China becomes almost impossible.

For instance, Mao, whose credentials as a guerrilla chieftain are considerably more impressive than his knowledge of farming, ordained in 1958 that all plowing would be four and one-half feet deep. This may be an excellent depth for a pipeline, but it is not conducive to the growth of wheat. Presumably what Mao had in mind was turning over the tired soil at the top but what he got was millions of acres of sterile yellow clay.

By 1960 everything in China was going downhill and agriculture led the way. To this day, China has yet to bring in a grain harvest that exceeds 1957's 180 million tons. And the population has increased at least 120 million since then.

| | Food is already scarce. |
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| In six major cities, Chinese the situation will get worse | are on short rations and before it gets better. |
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Not that the Chinese will starve in the millions as they did in 1960 and 1961 after the collapse of Mao's "Great Leap Forward." But a good many will go hungry. With wheat imports running at between 5 and 6 million tons a year and a domestic crop that may bring in 170 million tons, China will probably squeak through in 1967. But two years of really bad weather, or another serious mistake in Peking, could bring on a famine of major proportions.

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THE PRESIDENT'S DAILY BRIEF

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DAILY BRIEF 6 OCTOBER 1966

1. South Vietnam

The leaders in Saigon are expressing their opposition to use of the 1954 Geneva agreements as a frame of reference for future Vietnam peace negotiations.

Ky told newsmen this week that he does not accept the Geneva Accords because "the situation now is different and the goal is different."

Chief of State Thieu is trying to line up South Korean and Thai support

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2. North Korea

In a "plague on both your houses" speech yesterday, Premier Kim Il-song rounded on the Soviet Union and Communist China. Implying they were equally guilty of sacrificing the interests of other Communist states in their feud, Kim hit the Russians for backsliding "weakness against imperialism" and the Chinese for pretensions to be "the center of world revolution."

For several years, Kim has maneuvered between the two Communist giants but this is his most striking bid yet to set North Korea on an independent course between Moscow and Peking.

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Two of the Russian cosmonauts have been talking a bit recently about the Soviet manned space program. One of them said that work on a new space vehicle had caused the long standstill in the program; he implied that there had been difficulties. The last Soviet manned flight was in March 1965.

The other cosmonaut hinted that the next Soviet mission would be radically different.

We have a number of indications that the Soviets are working toward a flight of a month or more. We also know that they have a new booster available with triple the weight-lifting capacity of their current model. (This is the one used to orbit the "Proton" 27,000-pound satellites.)

All these programs could contribute to developing a manned space station—a likely goal for the Russians during the 1967-69 period.

4. Ghana

Ghana has decided to break relations with Communist China. This has been in the works for some time,

The Ghanaians closed down the Cuban Embassy in Accra last month. The Russians, however, will probably get no more than the implied warning.

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5. Panama

Opposition leader and former president Arnulfo Arias believes a canal treaty settlement will be postponed until after 1968 because of political conditions in both the US and Panama. He says that the treaty and rising unemployment will be major issues in Panama's 1968 election.

Arias also says that he will start soon to "create trouble" for the Robles government. He indicated that his party must be ready to go to any length to return to power.

6. West Germany

Dissatisfaction with Erhard shows no sign of letting up, but the Chancellor himself seems to think he can weather the storm. The general impression in Bonn is that the leadership situation will not change much one way or the other until after the Bavarian state elections in late November.

7. Jordan-Syria

The Jordanians have admitted to our embassy that they are in touch with a number of dissident groups in Syria. Word of these contacts is almost bound to leak--adding new grist to the propaganda mills in Damascus and Cairo about a Jordanian-US plot against Syria.

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TOP SECRET



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF

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7 OCTOBER 1966

DAILY BRIEF 7 OCTOBER 1966

1. South Vietnam

The Buddhist-led antigovernment "struggle movement" in the northern provinces of South Vietnam is not yet laid to rest. Tri Quang has called on remaining strugglers to reorganize for a new phase to begin 1 November.

Local officials say they are preparing lists of strugglers still at large and a roundup will begin soon. These officials appear uncertain, however, as to how far Saigon is prepared to go in eradicating the movement. They are confused, for instance, by reports that the regime is planning to release some of the struggle leaders in Saigon.

When the chips are down, Ky may well be reluctant to run a risk of reigniting the unrest that caused him so much trouble last spring.

2. South Vietnam

The cabinet crisis that Ky thought he had settled by firing his health minister last Wednesday has revived.

Six ministers with southern sympathies submitted their resignations in protest over an article published yesterday in a Saigon newspaper backed by Ky. The article defended the ousted health minister and criticized his deputy whose detention by the police started the fracas. Ky suspended the newspaper effective today, but the dissidents are not likely to be permanently placated.

Ambassador Lodge points out that some of the participants in this rhubarb are undoubtedly aware that now is a good time to strike because the Manila conference puts Ky under pressure to keep his house in order.

3. Rhodesia

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assessment of the Rhodesian situation. It adds up to saying that Smith's position is as solid as the Rock of Gibraltar--or, as the next item shows, probably more solid.

Smith still has the confidence of the white Rhodesians, and is firmly in control of their political party, the Rhodesian Front. Neither Smith, the cabinet, nor the Front has any intention of taking steps toward majority rule, and no attempt is being made to educate Africans for responsible positions.

To top things off, the assessment points out that there is no sign of a fall in Rhodesia's exports to her major trading partners despite British sanctions.

4. Gibraltar

The Spanish, determined to make Britain acknowledge at least a degree of Spanish sovereignty over Gibraltar, are stepping up their harassment of the Rock.

Madrid has protested alleged incursions of its airspace by military planes using Gibraltar's airport, and has announced it will soon cut off vehicular traffic along the neck of land which connects with Spain.

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The two sides may scuttle further talks—a session was scheduled for Monday—and take the case to the International Court. This could put the problem on ice for years—and suit the British just fine.

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5. Guatemala

The rightist coup plotters are planning to give President Mendez Montenegro a chance to mend his ways. If he does not accept an ultimatum to sack some of his recent appointees, whom the plotters consider leftists or Communists, out he goes. Four of the men on the list are cabinet members.

ultimatum will be presented by Sunday. The plotters may have to wait longer than that, however, for the necessary military support for a coup.

6. Congo

Most of the Katangan mutineers at large southeast of Kisangani (Stanley-ville) have agreed to lay down their arms. Mobutu backed down considerably from his demand for "unconditional surrender," and has agreed—although not yet in writing—to the Katangans' demand that they be returned home without reprisals.

7. Communist China

Even the French are not immune to the diplomatic cold shoulder Peking turns on countries represented there.

The French foreign ministry's director of Asian affairs, recently returned from ten days in Peking, admits he did not "see any Chinese." Although he did not request appointments, the Chinese were informed of his arrival and failed to seek him out. De Gaulle's personal representative, Sainteny, got the same treatment when he passed through Peking en route to Hanoi in June.

This lends credence to rumors that the French ambassador has for some months had trouble seeing top Chinese officials.

8. Indonesia

The marathon two-day celebration of Armed Forces Day this week, in which Sukarno was on frequent display, showed how much his image has faded.

Our embassy in Djakarta comments that a garden party at the palace showed him as still the great leader—of singing and dancing. Everyone not in this anach—ronistic circle of forced gaiety and childish behavior was bored stiff. Also, the once magnetic orator gave two major speeches, but his audience for the most part stared stiffly ahead or gazed at their thumbs.

Suharto remained, whenever possible, in the background. But he did have to step forward to read the official proclamation for the celebration—and attracted enthusiastic attention.

The embassy adds, however, that although Sukarno looks bloated and has lost much of his spring, he got through the arduous schedule and is obviously not a sick man.

9. Iran

Negotiations for the purchase of Soviet arms are still going on, both in Tehran and Moscow. The Shah claims to have resisted "pressing offers" of MIG aircraft and missiles, but is determined to buy antiaircraft guns and armored personnel carriers.

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8 OCTOBER 1966

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DAILY BRIEF 8 OCTOBER 1966

1. North Vietnam

One of the seven major Chinese military support units in North Viet-nam seems to have completed its mission and may be returning to China. This is the special engineer division

which

has been working on coastal defense construction projects off Haiphong.

Communications involving this unit have been gradually declining for some months, and now appear to have ceased altogether.

2. Malaysia

Civilian officials are beginning to get concerned over continuing Indonesian incursions into Malaysian Borneo.

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The civilians' eyes have finally been opened by solid proof that there were incursions not only after the two countries had agreed in June to end confrontation, but also after the agreement had been signed in mid-August.

The civilians, however, are reluctant to believe Suharto himself is responsible. They think Suharto is the best they can hope for in Indonesia today.

| 3. West Germany | | | 50> |
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| 4. Indonesia | | | 50 |
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TOP SECRET



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF

10 OCTOBER 1966

DAILY BRIEF 10 OCTOBER 1966

1. NATO

The chorus of complaints over the forthcoming trilateral talks on the offset issue has been intensifying in recent days among the other NATO Allies. They seem genuinely fearful that they will be left out of major policy decisions. Some raise the old fear of an increased German role in the Alliance and they all point to the "threat" of an emerging US-British-German "directorate" dominating NATO affairs.

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2. India

The food situation will improve only slightly next year if present signs are borne out. Prospects are fair in most parts of India for this fall's harvest. But this is not the case in the populous northeast where unusually capricious rains have been ruinous. Near-famine conditions are approaching in some parts of the area.

The government now estimates it will need to import some 8.4 million tons of grain next year, compared with this year's 10 to 11 million tons. Even this estimate may turn out to be too optimistic.

Mobutu has now turned on Ambassador Godley as one of his principal whipping boys in the Western diplomatic community. Though he seems willing to patch things up with the US, he is telling some of 50X1 his aides that he may PNG the ambassador.

Mobutu

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establish diplomatic relations with Moscow. He seems to think this will "balance off" Western influence in the Congo and prove that he is a "true African nationalist."

Mobutu

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was personally involved in kicking the Soviets out in 1960 and 1964 and now says he will be on guard against any repetition of the blatant subversion that led to their expulsion.

However, he is no match for the subtler political pressures which a Soviet ambassador could employ on him. Also, if Moscow gets a third chance in the Congo, it will again have an opportunity to worm its way into such organizations as youth groups and political factions.

4. Nigeria

There were no more mob killings reported over the weekend, but economic problems are mounting seriously in the northern region. Many plants and services are being shut down following the departure of technically skilled personnel fleeing to their home regions.

For all practical purposes, the eastern region is already detached from the rest of the country. Many residents, confident that oil revenues will make independence viable, are pressing for formal separation.

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TOP SECRET



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF

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11 OCTOBER 1966

tervention.

DAILY BRIEF 11 OCTOBER 1966

1. North Vietnam

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the atmosphere in Hanoi as un-

The Hanoi leadership committed to a long war which would require further sacrifices by the population, but confident the country could withstand any US attacks. Hanoi plans to fight, however, with its own forces, calling on the Communist countries only for material aid.

The Vietnamese wished to avoid Chinese in-

Vietnamese were "more inflexible than ever" in insisting on their four points as a basis for a political settlement.

2. Israel

Since the death of four Israeli policemen from a landmine set by Syrian infiltrators last Saturday, the Israeli Government has been under pressure to strike back. By appealing to the US and the UN Security Council for pressure on Syria to stop infiltration, Israel may be attempting to provide justification for vigorous retaliation.

The Syrians are likely to provide a pretext for Israeli military action. In an interview broadcast today in Damascus, Syrian Prime Minister Zuayyin charged that Israel was engaged in a conspiracy to bring down the Syrian Government. He declared that in response to any Israeli move, Syria will "inflame the area" and make Israel a "graveyard."

| 3. Soviet Union | 50X1 |
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4. Laos

The Laotian political picture was even more complicated than usual when Premier Souvanna Phouma left on his current visit to Washington and New York. The situation he left behind is briefly discussed at Annex.

ANNEX

A Prince in Politics

Souvanna Phouma has survived innumerable crises in his four tours as premier of Laos during the past fifteen years, and he is now facing another with full confidence in his ability to surmount In fact, Souvanna brought on the current crisis deliberately when it became apparent that the National Assembly was not going to submit meekly to his guidance.

The present Assembly, which includes many quite young deputies, has been feuding with Souvanna since it came into being last year. Souvanna has shown little inclination to compromise,



SOUVANNA PHOUMA

and his inflexibility and arrogance in dealing with the Assembly has sharpened differences. last month the Assembly refused to approve Souvanna's budget, and Souvanna--choosing to regard this as a vote of no confidence--urged the King to dissolve the Assembly and call a general election.

The King, who is considerably more than a figurehead, was reluctant to dissolve the Assembly since he recognized that Souvanna himself was at least equally to blame for the wrangling. The King's council finally decided on dissolution by a narrow margin, however, thereby enabling Souvanna to set off on his trip to the US. Dissolution is an unprecedented step in Laotian politics and nobody is quite sure when or how elections will be held or what the outcome is likely to be.

The prospect of a change in the Laotian Government raises the question of the fate of the tripartite principle that has nominally prevailed since

(Cont'd)

ANNEX (Cont'd)

mid-1962 when Souvanna began his present term as premier. The Geneva conference of that year had attempted to resolve the Laotian tangle by apportioning government posts among the leftists, rightists, and neutralists. During the past few years the Communists have refused to participate in the coalition government, but they have maintained an uneasy recognition of the legality of the government—punctuated by frequent loud accusations that it has sold out to the imperialists.

Souvanna, both politically and personally, embodies the principal elements in the Laotian political scene. He is related to the royal family, is a half-brother of the Laotian Communist leader, and has chosen a politically neutral role for himself. Educated in France, his combination of old-fashioned French civility and oriental arrogance has served him well in the Laotian political jungle. He is almost sure to continue as premier since no other political figure in Laos offers such a range of qualifications.

Both Souvanna and the King fancy themselves experts on Soviet policy toward Laos. They are now arguing that tripartitism can be abandoned without seriously offending the Russians because the Laotian Communist movement is now irrevocably in the Chinese camp. This is a dubious proposition, and Souvanna and the King are probably trying it out on various people to see what reactions they can elicit. The government that eventually emerges in Laos is likely to retain at least vestiges of the tripartite framework.

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CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF

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12 OCTOBER 1966

DAILY BRIEF 12 OCTOBER 1966

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2. South Vietnam

The latest cabinet crisis may be moving toward a solution. The six prosouthern ministers who submitted their resignations last week were Ky's guests at dinner last night.

They may soon with-draw their resignations. Other men are urging the six to press on for more concessions from Ky, but so far with little apparent success.

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| 3. Communist China | 50X6 |
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5. Congo

Former premier Adoula, who is leaving shortly to become the Congo's ambassador to Washington, had an audience earlier in the week with President Mobutu. Shortly afterward a much depressed Adoula gave Ambassador Godley the following summary of Mobutu's view of his own personal position.

"He has tackled the Belgians and has won hands down; he has thrown out the Portuguese. He is about to take on other Western powers and will handle them in a similar fashion for he is convinced that he is feared by everyone due to the strong backing he has both in his own country and in the continent."

TOP SECRET



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF

13 OCTOBER 1966

DAILY BRIEF 13 OCTOBER 1966

1. North Vietnam

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2. South Vietnam

Ky's dissident cabinet ministers have agreed to take no action that would undercut the Manila conference. They are not satisfied with Ky's concessions, however, and remain determined to force security chief Loan out of the government.

The ministers, all southerners, believe that Loan's security forces are responsible for anti-southern tracts circulating in Saigon and for threatening telephone calls to southern leaders.

In spite of the dissidents' willingness to avoid a showdown now, Ambassador Lodge fears that press treatment of the controversy may again stir things up. Although Loan's highhandedness is the immediate irritant, Lodge notes that the basic problem is deep-seated regional prejudice for which there is no easy solution.

3. Brazil

President Castello Branco has removed ten more elected officials from office, including six congressmen, and cancelled their political rights for ten years. This move to prevent "undesirables" from being elected to Congress next month is sure to bring on a new storm of criticism both at home and abroad.

4. Soviet Union

Moscow's public blasts against
Peking became a step shriller today.
Kosygin told a gathering in Sverdlovsk
that Chinese leaders are going "further
and further along the road of division
and are causing serious damage to the
struggle for socialism." This morning's
Pravda carries an editorial on the
"cultural revolution" calling it a "political purge" aimed at destroying the
culture of the Chinese people.

In recent weeks it has become increasingly clear that the Soviet leadership is encouraging foreign Communist parties to join in this concert of condemnation. It has published calls from two obscure parties for a world party conference on the Chinese problem. On this, however, Moscow can expect strong opposition from such Communist "neutrals" as Yugoslavia, Rumania, and North Korea.

Whether the Soviets are any closer now than they were a month ago to some kind of joint and formal anti-Chinese action is unclear. It is a sure bet, however, that they are taking soundings and preparing for that possibility.

5. West Germany

A new crisis may be brewing over Erhard's 1967 federal budget. The Free Democratic Party, Erhard's coalition partner, is objecting to various provisions of it and is expected to fight them vigorously. Erhard will not be able to offer many concessions.

Normally, this kind of argument would be papered over without much trouble. Now, however, the price the Free Democrats are willing to pay for membership in the coalition is steadily going down. The feeling is spreading among Free Democrats that the tie to Erhard's party may be a losing arrangement.

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7. Panama

The tactics Arnulfo Arias intends to use in his drive to torpedo the Robles government have become clearer since the National Assembly convened on 1 October. His flunkies in the Assembly are introducing a flood of bills which have popular appeal but which the government will have to oppose because of their prohibitive cost. This is calculated, of course, to enhance Arias' popular image as a reformist leader frustrated by the entrenched oligarchy.

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TOP SECRET



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF

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DAILY BRIEF 14 OCTOBER 1966

1. South Vietnam

One of the most important effects of Operation IRVING lies in its uprooting of the Viet Cong infrastructure in at least the two heavily populated coastal districts of Phu My and Phu Cat. The exodus of more than 16,000 refugees from the combat area is a good indication of the extent to which Communist control and influence over the local population has been shaken.

2. Communist China

"Peking Dogs Go Home!" A poster with this message was seen in Tientsin last month

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This is only one of a number of indications that resistance to the Guards is taking place in various parts of China. By all accounts, however, there has still been no resolution

3. Israel

The stage is set for more serious violence along Israel's borders. To-day's raid into Israel, presumably by Syrian-supported commandos, was a relatively small affair. But Israeli public feeling was already highly inflamed and the Israeli Government can now hardly resist pressure for retaliation.

This afternoon's UN Security Council meeting may serve little more than to provide both sides with an international forum. The Syrians are expecting Israeli reprisals and are preparing to respond. The Syrian chief of staff says the government will shortly arm civilian volunteers for "any eventuality."

of the conflict.

4. Indonesia

The Subandrio trial has been recessed pending a defense appeal of the death sentence. Most Indonesians seem to feel that the proceedings served well to condemn the old regime, even though Sukarno was not himself smeared with all the mud his opponents had hoped would hit him.

5. Mexico

President Diaz Ordaz is being impelled toward strong action against the local Communists. The Communists instigated the recent disturbances at the University of Morelia and are now effectively exploiting very real student anger over the heavy-handed government reaction.

They are now promoting a nationwide student protest movement and the president personally has become the principal target. He is being publicly blasted as "Porfirio Diaz" Ordaz, after the old dictator.

6. The Netherlands

The government's fall this morning was brought on by dissatisfaction in both business and labor groups over economic stabilization policies. Any new government is likely to continue present Dutch foreign policies.



THE PRESIDENT'S DAILY BRIEF

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15 OCTOBER 1966
TOP SECRET

DAILY BRIEF 15 OCTOBER 1966

1. South Vietnam

Ky can count on the support of most of the military if the latent cabinet crisis comes to a head, according to the calculations of Saigon military politicians.

If military leaders become too obvious in their backing of Ky, however, relations between civilians and military in the government would worsen. Distrust between the two groups has already had a part in bringing on the cabinet difficulties.

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| 2. | | Laos |
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3. West Germany

The beleaguered Erhard is now losing support among big businessmen. It is hard to judge just how far this has gone, but the trend is unmistakable. The considerable influence which these industrialists have in banking circles may well mean even more trouble for Erhard in his efforts to resolve the offset issue.

4. Rhodesia

Wilson has sent off another emissary to Rhodesia with his "final offer" for a settlement. There has been no basic change in Wilson's terms. He expects simply to get a clear-cut rejection from Smith which will serve to clear the decks for the action he has promised in the United Nations before the end of the year.

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5. Ecuador

Tomorrow's constituent assembly election will probably spark only scattered violence. The public is generally apathetic and the voting is expected to be light.

The assembly is supposed to select a provisional president of the republic sometime after it convenes on 3 November. This may be difficult since it now seems unlikely that any party or existing coalition can get a majority in the assembly.

6. Poland

Gomulka has eased off attacks against the Catholic church in recent weeks after what must have been a basic policy decision to moderate the long dispute that has caused dissension in and out of the party. This amounts to a tacit admission that the church has won the latest round.

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| 7. | France | pleased with Foreign Min- ister Couve de Murville's recent trip to Washington. | 50X1 |
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Couve was particularly satisfied with his "rather warm" talk with President Johnson.



THE PRESIDENT'S DAILY BRIEF

17 OCTOBER 1966
TOP SECRET

DAILY BRIEF 17 OCTOBER 1966

1. North Vietnam

Ho Chi Minh may have made another secret trip to Peking last month. We have no reason to discount the report, which comes from French press representatives in Hanoi. Ho was, in fact, out of public sight during the time he is said to have been in Peking.

As to the possible reasons for a Ho trip in September, we note that the timing would have permitted high-level Hanoi-Peking consultations just prior to last month's deluge of East European visitors to Hanoi.

2. South Vietnam

Minister of Economy Thanh has joined the six southern cabinet members in a threat to resign unless the security forces are curbed. Thanh is one of Ky's most able economic experts, but this will carry little weight with Ky if he feels Thanh is out of line.

The controversy is fast coming to a head. The dissidents recognize that Ky's desire to have his house in order during the Manila conference gives them more leverage now than they are likely to have for some time.

3. Soviet Union

Cuba's president and deputy premier arrived in Moscow today to join the meeting of East European Communist leaders. Rumania is also sending a high-level delegation, ending speculation that Bucharest might boycott the gathering because of differences with Moscow over treatment of the Chinese.

The assembling Communist leaders were greeted by three separate articles in today's Pravda calling for "unanimous condemnation of the political course taken by the Chinese leadership."

4. Dominican Republic

Balaguer's see-saw may be acquiring too much weight on the right. Both moderate and extreme leftists have been further alienated by his order to disarm former rebel military personnel, his appointment of a rightist interior minister, and his intention to dissolve a leftist labor union.

Balaguer may not intend to mount a coordinated campaign against the left, but his recent acts could be so interpreted. If the moderate leftists think he has it in for them, their tolerance for his regime could dry up quickly.

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THE PRESIDENT'S DAILY BRIEF

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18 OCTOBER 1966
TOP SECRET

DAILY BRIEF 18 OCTOBER 1966

1. South Vietnam

Chief of State Thieu accepted the resignation of six dissident cabinet ministers today, but Ky still hopes to persuade some of them to reconsider.

Ky told Ambassador Lodge that he believes three of the six are interested only in advancing their political careers. Ky said he would assure the six ministers--and Economy Minister Thanh who has also offered his resignation-that he remains opposed to abuse of police power. Ky is willing to restate this position publicly if the dissidents insist.

Three of the seven protesting ministers are slated to go to Manila with Ky next Sunday. Aware of the leverage this gives them, they are unlikely to accept Ky's assurances unless accompanied by some positive indication that Ky will restrain General Loan.

2. Communist China

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3. Israel-Syria

Another Israeli patrol vehicle hit a mine in the Demilitarized Zone today but no one was killed. While incidents such as this are bound to keep the Israelis and Syrians close to each other's throats, we doubt that Israel will resort to anything drastic as long as the dispute is being aired in the Security Council.

4. Soviet Union

The gathering of top East European, Cuban, and Mongolian Communists in Moscow represents a considerable tactical victory for the Soviets in their fight with the Chinese.

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Attendance by the top dogs of nine ruling parties will give weight to Moscow's claim that Peking's policies have been unanimously denounced.

The meeting will almost certainly focus on Vietnam as the issue on which the Chinese are most vulnerable. The participants can be expected to come out with a strong statement in support of Hanoi's war efforts, and to decry—at least implicitly—China's refusal to cooperate.

5. India

Mrs. Gandhi along with Nasir and Tito will begin their "tripartite meeting" in Delhi on Thursday night. Ambassador Bowles says that the most striking aspect of the atmosphere just before the conclave is the lack of enthusiasm for it by all sides involved.

The fact of the matter is that the participants are facing a rather embarrassing dilemma. They cannot ballyhoo the meetings as a particularly "purposeful" affair for fear of being accused of arrogating to themselves the right to speak for the nonaligned world.

At the same time, it is extremely difficult for them to underplay the thing to any great extent without giving the impression that Tito and Nasir journeyed thousands of miles only to chat informally with Mrs. Gandhi and to see the sights of Delhi.

6. Lebanon

All Beirut banks, except the Intra Bank which precipitated the financial crisis by closing on Saturday, will reopen on Thursday with backing from the Lebanese Central Bank. Intra Bank's difficulties were precipitated by heavy withdrawals

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Lebanese financial resources are adequate to avert a national economic crisis.



THE PRESIDENT'S DAILY BRIEF

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19 OCTOBER 1966
TOP SECRET

DAILY BRIEF 19 OCTOBER 1966

1. South Vietnam

Ky has his cabinet crisis under the rug, but only for the time being.

Five of the seven dissident ministers have agreed to stay on until after the Manila Conference. One minister is undecided and another, Minister of Economics Au Truong Thanh, apparently refused to go along with the others.

The ministers, who saw the conference as a chance to put pressure on Ky, may reconsider when he leaves town. In any event, he probably will be looking apprehensively over his shoulder next week.

2. Communist China

More signs of serious political tension are showing up in Peking.

The Red Guards, almost surely under high-level direction, are turning on new targets. Several of the party officials now under attack were active and, from all appearances, in good repute as recently as the first of this month.

The mass rally in Peking on Tues-day was a most unusual affair. After days of preparations, a crowd of more than a million Red Guards and others was kept waiting for about ten hours before Mao and other top leaders showed up. When they did appear, they simply drove by at about 20 miles an hour and the crowd was told that the rally was over. There were none of the customary speeches.

This probably means that top party leaders had been unable at the last minute to agree on who was to speak or what was to be said. It suggests that some of the leaders under Red Guard attack are strong enough to fight back.

3. Laos

General Kong Le, founder and chief of the Laotian neutralist forces, has apparently been eased out of his command.

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The next move will probably await Souvanna's return on 1 November, but it does seem clear that a step has been taken toward integration of the neutralists into the regular military. This in turn threatens to destroy what is left of the tripartite facade of Souvanna's government.

4. Soviet Union

The Soviets are preparing for one or more space launches in the next few days. The signs point to another moon probe this weekend, but there may well be some other launches before then for the benefit of the Soviets' high-ranking guests from Eastern Europe, Mongolia, and Cuba.

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The last Soviet moon probe, launched in August, failed in its mission to photograph the moon's surface from orbit. That may be the objective this time, though we cannot rule out the possibility of some kind of more spectacular effort. We have no evidence to support press reports that several men are to be put in orbit.

5. Lebanon

Beirut's position as a world-important financial center is jeopardized by the government's continued refusal to back Intra, the country's biggest bank, in its present difficulties. The regime's hesitancy stems from domestic political considerations and from avarice among Intra's Lebanese competitors.

Stories of the Soviet Narodny
Bank's interest in buying out Intra
are believed to have been floated by
Intra interests trying to stampede the
US Government into helping the bank out.
Narodny took front page ads in Beirut
papers on Wednesday to deny these stories.

6. Nigeria

Authorities in the Eastern Region are fast becoming resigned to the prospect of a formal breakup of the federation. They are preparing to stand on their own/

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In what Ambassador Mathews described as a "chilling" conversation, Eastern Governor Ojukwu told him this week that Nigeria is heading toward much more serious violence than anything that has yet occurred.



THE PRESIDENT'S DAILY BRIEF

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20 OCTOBER 1966

DAILY BRIEF 20 OCTOBER 1966

1. Vietnam

2. North Korea

Violence by North Korean agents operating along the Demilitarized Zone has been very much on the increase recently. This probably means that their missions have been changed from intelligence collection and subversion to harassment—perhaps to test the effectiveness of South Korean units deployed recently along the Zone.

We doubt that this activity is intended to embarrass the Seoul government on the eve of President Johnson's visit.

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On the domestic front, Sihanouk named a new premier and cabinet today. Conservative forces gained considerable ground.

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So far there have been no good leaks as to what has been going on at the gathering of East European and other Communist leaders in the Soviet Union.

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6. Berlin

Western representatives in Bonn are upset by some aspects of Mayor Brandt's talk last week--his fourth this year--with Soviet Ambassador Abrasimov in East Berlin.

The Mayor's willingness to discuss the issue of a Soviet presence in West Berlin--and especially his proposal that a Soviet Embassy representative deal directly with a member of the West Berlin Senat on this question--is judged to be way out of line. will be told that any understanding reached this way with the Soviets will not be recognized.

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7. Thailand

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8. Brazil

President Castello Branco recessed the defiant congress today, but the political turmoil is bound to increase further.

Castello Branco's action came after the lower house defied presidential orders to unseat a number of congressmen and revoke their political rights.

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Brasilia at last report was quiet.



THE PRESIDENT'S DAILY BRIEF

50X1

21 OCTOBER 1966
TOP SECRET

DAILY BRIEF 21 OCTOBER 1966

1. South Vietnam

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Viet Cong leaders have ordered all weapons withdrawn from village guerrillas in coastal Binh Thuan Province at least until the end of the year. cent US military activity in this area has demoralized the guerrillas, and there is concern that they will take their weapons and rally to the government side.

2. Laos

The revolt of the Laotian Air Force is over. General Ma and most of his pilots have flown to Thailand where they will be taken into what the Thais call "benevolent custody."

Ma never really had a chance in his effort to unhorse the Laotian general staff, with which he has been feuding since last spring. Despite his dramatic bombing of Vientiane this morning, he had no support from regional military commanders.

Ma's action, although not directly related to the recent shake-up in the neutralist military leadership, is a further indication of the fragile political situation in Laos.

3. Soviet Union

Moscow announced late this afternoon that the meeting of East European and other Communist leaders has ended. A bland communiqué speaks of "brotherly cordiality and friendship" and notes that the participants were shown "various examples of cosmic and military technology." Neither Vietnam nor China is mentioned.

4. NATO

De Gaulle appears likely to get his way on terms for negotiating the status of French forces in Germany. At a meeting of the Fourteen on Wednesday, all members caved in except the US, the UK, and the Dutch. Both the British and Dutch representatives are asking their home offices for instructions to go along with the majority.

France's tough position in recent NATO negotiations may be based on the belief that US policy is getting softer where Paris is concerned.

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5. West Germany

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6. Communist China

Two more high-ranking officials have come under public attack by the Red Guards. Posters are now going up on Peking walls calling for the death of Foreign Minister Chen Yi and Party First Secretary Teng Hsiao-ping. However, the power struggle in the politburo appears so completely deadlocked that, for the moment, the yelping of the Red Guards seems to have little effect.

The attack on Chen Yi is the first reported on an official closely associated with the Chou En-lai - Lin Piao faction.

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THE PRESIDENT'S DAILY BRIEF

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22 OCTOBER 1966
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DAILY BRIEF 22 OCTOBER 1966

1. South Vietnam

In the strongest statement yet to come out of the cabinet crisis, the Saigon University Students Union has denounced Ky's "police state regime" and fingered the prime minister as solely responsible for the recent imbroglio. The Saigon embassy believes the statement may well have been inspired by former economy minister Thanh.

Thanh has also made another move indicating that he is staking out a political position for the future. Yesterday he published a letter to "all businessmen and consumers" in which he managed to take all the credit for stabilizing South Vietnam's economy.

2. Berlin

Willy Brandt intends to continue direct contacts with the Russians in spite of Allied reservations.

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The US mission in Berlin notes that both Brandt and the Russians see advantages in continued talks and that Berliners generally approve. Brandt feels he is riding the wave of the future and gaining national prestige by pushing the Social Democrats' efforts to open new avenues to the East. The Russians can use the talks to put pressure on Bonn and to demonstrate the Communist thesis that Berlin is a "special political entity."

3. Congo

Mobutu is determined to use the current meeting of his army high command to remove Premier Mulamba, who is his most obvious potential political rival. Mulamba is trying to fight back. He returned unexpectedly from an official visit to Zambia, where he was sent to get him out of the way during the meeting.

Mulamba has considerable popularity and his removal entails some risk to Mobutu's regime. How far Mobutu will go in disgracing him depends on Mulamba's success in rallying his supporters.

Mulamba's removal would mean the loss of one of the few Congolese leaders with whom Americans could deal on a rational basis.

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THE PRESIDENT'S DAILY BRIEF

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1. South Vietnam

The Buddhist congress that met last Thursday and broke up in confusion on Saturday has now produced a formal split in the Buddhist movement.

The militant faction reconvened and elected their own chairman of the Buddhist Institute on Sunday. Since Tam Chau maintains that he is still chairman, this leaves two chairmen, each with his own supporters and head-quarters.

These developments make any reconciliation between moderates and militants much more difficult and further weaken the Buddhists as a political force. They will, however, add to other political problems: most moderates are northerners sympathetic to Ky, while the militants tend to sympathize with the opposition southerners in the cabinet and constituent assembly.

2. North Vietnam

who recently spent nearly three months in Hanoi found morale and discipline generally good and essential services functioning.

The populace was busily—and apparently willingly—working in support of the war effort and the economy.

Much work was being done by families.

For example, petroleum containers were being manufactured in back yards all over Hanoi. These were collected daily and used for dispersed storage.

Although rice was rationed, food was sufficient and the transportation and electric power systems were adequate. Streets and roads were kept in good repair. The authorities were still trying to move people out of the city but they tended to drift back at night and on weekends.

3. Soviet Union

The United States Intelligence Board has just completed work on the annual National Intelligence Estimate, "Soviet Capabilities for Strategic Attack." The Director of Central Intelligence has summarized its findings at Annex.

4. Poland

A journalist source has told the Warsaw embassy that President Johnson's speech of 7 October made such an impact on Gomulka and company that the word was passed to the Polish press to stop attacking the President. We think there may be some exaggeration here, but note that this report is generally in line with other high-level reaction out of Warsaw.

5. Brazil

Ambassador Tuthill believes that the government may cancel the congressional elections set for next month if the opposition mounts a particularly hard-hitting campaign against Castello Branco's "dictatorial" policies.

As for president-elect Costa e Silva, he has up to now expressed strong support for the president, but the ambassador believes that many of his supporters are far from pleased with Castello Branco's dissolution of congress and his efforts to stifle the opposition. Some of them even fear that the government's action could result in an opposition victory.

6. Panama

An antigovernment and anti-US student demonstration in the Canal Zone on 20 October is quite likely to be followed by more incidents next week when Panama celebrates a national holiday. The National Guard is already alerted and Canal Zone authorities are reviewing border control measures.

ANNEX

DCI Summary of NIE 11-8-66

In my judgment the conclusions of NIE 11-8-66, on "Soviet Capabilities for Strategic Attack," can be summarized as follows:

The Soviets are building powerful strategic attack forces along with the strategic defense and other elements of their military establishment. Their main object in building these forces is to deter the US and support their own foreign policy.

Over the past year, the Soviets have started to build ICBM launchers in larger numbers than ever before. By 1968, they will have a considerably bigger operational force than we anticipated in our estimate of a year ago. Most of the ICBM's will be in dispersed silos to protect them from attack. This force should give the Soviet leaders greater confidence in their deterrent because of its ability to inflict mass destruction upon the US even if the US were to strike first.

In their planning for the years beyond 1968, the Soviets must consider such things as the cost of building more ICBM launchers, their technical ability to develop better systems, and the possible course of US military programs. They may decide that there is little strategic advantage in building an ICBM force much larger than the one they will have in 1968. On the other hand, they may seek to strengthen their deterrent and military power still more by increasing their ICBM force to about the size of the one now planned by the US. In either case, they will probably introduce new ICBM's with greater ability to survive US attack and greater effectiveness to strike at US forces. But the Soviet leaders almost certainly do not expect to build forces so powerful that they could launch a first strike against the US without receiving unacceptable damage in return.

The Soviet strategic attack forces will continue to include numerous missile submarines. In about 1968, the fleet will probably begin to have

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improved submarines with longer range missiles, more like US Polaris submarines than are present Soviet types. Missile submarines will increase their patrolling in the open seas, and in a few years a number of them may be on station within missile range of the US. The USSR will keep large numbers of bombers and missiles which could deliver massive attacks against Europe and Asia. It will continue to have a small force of bombers to use against the US.

The Assistant Chief of Staff, Intelligence, US Air Force, does not agree with certain major views expressed in the estimate. He estimates that "programs already underway, plus a continuing strong research and development effort, reflect a Soviet determination to rise from a position of strategic inferiority to one of at least numerical parity with the US in the belief that such a position would markedly enhance the aggressive pursuit of Communist aims." He considers that the Soviets will build somewhat more ICBM launchers than forecast in the estimate and that the estimate underplays the role of bombardment aviation in Soviet intercontinental attack capabilities.

Official copies of this National Intelligence Estimate will be distributed on 27 October. This estimate will be followed within the next few weeks by estimates setting forth our latest findings on Soviet strategic defenses and Soviet general purpose military forces.

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CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF

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25 OCTOBER 1966

DAILY BRIEF 25 OCTOBER 1966

1. West Germany

Erhard has been hit hard again. His coalition partners, the Free Democrats, have flatly refused to go along with his plan to raise taxes. They insist that the prospective budgetary deficit, which may exceed \$1 billion, can be avoided by cutting the budget. Even as it stands, the budget does not provide for sufficient funds to meet US offset obligations.

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2. Belgium

The economy-minded Belgian Government is considering a major slash in defense expenditures. This would require withdrawal of two of the six brigades Belgium now has in Germany. final decision may await the defense minister's trip to Washington next week.

3. Nigeria

The trend toward anarchy in Nigeria is causing deep anxiety in London. There is mounting pressure to do something, but equally strong sentiment against risking a long and expensive entanglement.

London is now thinking of sending some high-level political troubleshooter to Nigeria. The British have also made preliminary soundings with Canada, Australia, and New Zealand on the notion of a Commonwealth mission.

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4. Dominican Republic

Juan Bosch has announced that he will be leaving for an extended trip to Europe after his party's convention next weekend. His announcement was accompanied by petulant blasts at President Balaguer for refusing to tolerate a "creative opposition" and at the US for "openly continuing its occupation" of the country. He hinted, not for the first time, that he may withdraw from party activities altogether.

Bosch's hopes of playing an effective role as opposition leader have been repeatedly frustrated in recent months and he could this time really be on the point of throwing in the sponge.

5. Haiti

Duvalier's normally tight grip on Haiti has slipped a little in recent weeks. Seemingly spontaneous outbreaks of open public resistance have taken place in three outlying cities so far this month. These have coincided with a period of more than usual restiveness in the military establishment, brought on partly by delays in salary payments.

Duvalier is reacting characteristically.

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CENTRAL INTELLIGENCE AGENCY

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26 OCTOBER 1966
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DAILY BRIEF 26 OCTOBER 1966

1. South Vietnam

2. Soviet Union

The election of moderate southerner Phan Khac Suu as chairman of the constituent assembly should reduce the danger of an early showdown between the government and the large southern representation in the assembly. Among those defeated by Suu was a much more militant advocate of southern regionalism.

Even Suu, however, felt obliged last week to express his concern over "excessive" northern influence in the government. The cabinet crisis brought on by this divisive issue is still hanging fire in Saigon.

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| . Congo | Mobutu has put former prime minister Mulamba under house arrest for refusing to accept the post of defense minister and for disclosing his defiance to the press. | |
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5. Cambodia

Sihanouk's growing realization that the Communists are not going to score an early victory in Vietnam is prompting him to further moves toward an accommodation with the West.

An indication of a more relaxed Cambodian attitude toward the US was the ease with which Pan American Airways negotiated landing rights last month.

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At the same time, differences between the Cambodians and the Chinese have come to the surface. Cambodia has been particularly upset over Peking's refusal to back an expanded International Control Commission for the Cambodian-Vietnamese border, a move Phnom Penh has proposed in the hope of keeping the war from its territory.

6. Thailand

The Vietnamese community in northeast Thailand is quiet and there is no sign of disturbances in connection with the President's visit.

The unfailingly courteous Thais have pointed out the President's reception in Bangkok may be subdued. Thais consider any display of high spirits in the presence of the King to be in bad taste. The mood will be quiet cordiality.

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CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF

27 OCTOBER 1966

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LATE ITEMS

| Communist China | | 50X |
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| • | Chinese claims that they detonated a nuclear device in the low atmosphere about ninety miles from Lop Nor this morning. | |
| | The Chinese announced that they had fired a missile carrying a nuclear warhead and that the warhead detonated on target. | 50) 50) |
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| | This was the fourth nuclear explosion detected in China since Peking began its test program in October 1964. | |
| Soviet Union | The Soviets also set off a nuclear shotan underground oneat Novaya Zemlya today. | 50× |
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DAILY BRIEF 27 OCTOBER 1966

1. South Vietnam

After his return from Manila, Ky moved quickly to minimize the effects of the simmering cabinet crisis. He accepted the resignation of Economy Minister Thanh and then persuaded four of the remaining six dissident ministers to stay in the cabinet.

The constituent assembly elected a young northern Catholic as secretary general, the number two post, thus balancing off the elderly moderate southerner previously elected chairman. The southerners are the largest regional bloc in the assembly, but the lack of a southern extremist among the top officers should keep them from dominating assembly proceedings.

Ky continues to face the problem of calming student, Catholic, and labor groups who joined the southerners in expressing indignation over policestate methods during the recent cabinet crisis. He must also deal eventually with Defense Minister Co and IV Corps commander Quang who will attempt to exploit regional animosities to their own advantage. Ky has been threatening to get rid of Co and Quang for months and may now feel that he has the necessary backing to do so.

2. Soviet Union

The Soviets announced this afternoon that Kosygin will repay De Gaulle's visit to Moscow by making an official junket to France in early December. Brezhnev and Podgorny will do the same sometime next year.

3. West Germany

The four Free Democratic members of the cabinet have resigned—a heavy if not fatal blow to the Erhard government. The Chancellor in turn has decided to attempt to run a minority government, but opponents in his own party may well turn him out instead.

If Erhard goes, the Christian Democrats and Free Democrats may try to rebuild the coalition around Christian Democrat parliamentary chief Barzel or Bundestag President Gerstenmaier. Prospects for a coalition with the Social Democrats are not good.

4. Congo

Mulamba tried to reverse his course and accept the defense portfolio late last night, but Mobutu's line so far is "sorry, too late." Officials on the spot now expect that Mulamba will be brought before a military tribunal and charged directly with instigating the Kisangani mutiny.

Kinshasa is still calm.

5. Thailand

Communist terrorists are stepping up their activity in the northeast.

assassinations 50X1

of village leaders and police informants; there have also been at least four skirmishes recently between police and insurgent elements.

This upswing in fighting comes at the end of an unusually heavy rainy season—a period which badly hampered operations on both sides.

| 6. | Vietnam | | |
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CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF

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28 OCTOBER 1966

DAILY BRIEF 28 OCTOBER 1966

1. Vietnam

A knowledgeable Polish official at the UN says that Warsaw will soon send a party delegation to Vietnam as part of a continuing effort to persuade Hanoi to negotiate.

When asked if the recent visits to Hanoi by a number of East European delegations should be viewed as a competitive effort or as part of a master plan, the Pole replied neither; they result from a common agreement among the East Europeans and the Soviets that this is the best way to proceed.

The Polish official said he will provide more details when available.

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2. North Vietnam

An appraisal of the bombing of North Vietnam through 11 October concludes that although air strikes against transport facilities continued at a high rate, the over-all capability of the transport system to move supplies to and within North Vietnam seems to have improved. This has been accomplished largely by expansion of rail and road networks and increased transport on the inland and coastal waterways.

The campaign against North Vietnamese POL continues to chip away at the country's storage capacity, but there is no evidence yet of actual shortages.

7. Burma

Ne Win's trip to Washington last month is already having its effect in Burma. Before he went to the US, Ne Win feared that somehow we would try to do him in. More confident now, he has released from jail the two most prominent members of the regime he ousted in 1962. Ambassador Byroade feels more political prisoners will soon be coming out.

The releases could be the first step toward more significant changes. The terms under which former Premier U Nu and his deputy were released may well have involved assurances by Ne Win that, in return for their cooperation, he would revise some domestic policies.

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8. France

A reading of the first available portions of De Gaulle's press conference today indicates that it contained no surprises. He presented the picture of a peaceful France, serenely above the mundane quarrels in which other nations have become involved.

He specifically stated that he was not offering now to mediate in the Vietnam war. He left the impression, however, that he would be available when the contenders are ready for him to play the mediator's role.

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CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF

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29 OCTOBER 1966

DAILY BRIEF 29 OCTOBER 1966

1. Vietnam

High East European officials have been hinting during the past month that prospects have improved for some move toward negotiations on Vietnam. They claim, in sum, that they are certain there will be progress toward peace talks if only the US will stop the bombing in North Vietnam.

These assertions have not been accompanied by any explanation why the East Europeans believe what they say, if they do.

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One explanation which occurs to us is that most East European regimes would like to be responsive to recent US overtures for improved relations. To the extent they can portray their aid to Hanoi as an effort to increase their influence at the expense of the Chinese and to encourage Hanoi to negotiate, they avoid delivering a direct rebuff to the US by publicly emphasizing this aid.

On the other hand, if the hints have any real substance the key is in the recent Communist meeting in Moscow, about which almost nothing has been revealed. We do not believe that a decision was reached there to undertake any peace initiative. The question was probably discussed, however, and the matter may not be closed.

2. Soviet Union

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3. Algeria

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Talk of cabinet changes and coups has become traditional in Algiers when the city is filled with troops just before the Revolutionary Day celebrations on 1 November, but it is also true that there is growing impatience among some of the military toward Boumediene.

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4. Philippines

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the outcome of President Johnson's visit has been overwhelmingly favorable. President Marcos in turn finds that this success supports his own internal political position and the position of the Philippines in the Asian community. It also allows Marcos to progress toward a domestic program which focuses on internal development.

5. West Germany

Political circles in Bonn now generally agree that Erhard's minority government will continue to function without much change until the Bavarian elections on 20 November. Newspapers in West Germany and Berlin were virtually unanimous yesterday that the collapse of the coalition means the end of Erhard as chancellor.

6. Haiti

Additional anti-Duvalier demonstrations erupted this week in at least two more outlying towns as public discontent with the regime grows. Recently decreed taxes seem to have been the igniting factor.

7. Costa Rica

The country's long democratic tradition is under severe strain. A climax seems near in the political warfare that has been developing between the Trejos administration and the biggest opposition party, which controls the legislature.

President Trejos has concluded that he can no longer govern effectively. He let it be known on Wednesday that he may resign and turn the government over to a vice president who is even more violently hated by the opposition.

Trejos' threat has sparked new efforts to reach an accommodation between the contending forces. Former president Figueres, a leading opposition power, is taking an active part in the peace talks. Agreement will not be easy, but both sides are aware that the alternative could well be a resort to arms. Figueres' party has its own militia, only one of several private armies responsive to political leaders.

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| DAILY BRIEF 31 OCTOBER 1966 | | |
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| l. North Vietnam | | |
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| 2. Philippines | President Marcos, buoyed by continuing Philippine euphoria over President Johnson's visit and the Manila conference, is following through with a variety of foreign initiatives. | |
| | His ambassador to Indonesia has been instructed to return to Djakarta immediately to fill in Indonesian officials on the conference. Foreign Secretary Ramos is en route to Saigon to discuss establishment of the consultative machinery conceived at the conference. Philippine embassies throughout Asia have been told to provide host governments with copies of the Summit communiqué. | *(*) |

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| 4. | IVE | () r | "() | \cdot | :() |

King Hassan returned home from Moscow with agreement for the first economic assistance the Soviets have ever given Morocco. The Soviets agreed to provide \$52 million in credits.

We do not know whether Soviet military aid was discussed in Moscow. King most probably would prefer to postpone decision on any Soviet military offers until after his trip to the US in late November.

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| 6. United | Kingdom |
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7. Dominican Republic

Juan Bosch's Dominican Revolutionary Party moved toward a much more radical position during its weekend convention. Young radicals seem to have taken over most top party offices.

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As expected, Bosch gave up the party presidency. He was appointed instead to the post of party "adviser." It is generally agreed that his influence has diminished at least temporarily and that the new leaders will be in effective control during his long absence from the country which begins this week.

These developments are another serious setback to lingering hopes that the country's biggest opposition party could somehow play a constructive role under the Balaguer administration.

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9. West Africa

Guinea and Ghana remain almost hysterically adamant against any move to resolve the bizarre mess they got themselves into over the weekend. In Guinea, militant mobs have been unleashed in mass anti-US demonstrations. Mobs even invaded Ambassador McIlvaine's residence today and laid siege to the chancery. The ambassador is no longer under formal house arrest, however.

The Ghanaians meanwhile flatly refuse to release their high-level Guinean prisoners. They are treating them well, however, and even entertained some of them at a cocktail party last night.

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