

The President's Daily Brief

~~Top Secret~~ 1 December 1966



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DAILY BRIEF

1 DECEMBER 1966

1. Communist China

A deep split has developed in the Red Guard movement over the question of attacking party and government officials.

According to late information, the militant Red Guard "Revolution Rebel" Headquarters announced last week that it planned to ransack the headquarters of its main rival, which it called a "royalist" group, that was trying to shield the party. This "rebel" headquarters is believed to have directed goon squads that have been ransacking government offices and factories during the past six weeks.

Although the Guards were ordered early last month not to interfere with production, a newspaper published by the "rebel" group has revealed that clashes were still occurring, especially in factories, in late November. One account describes a 15-hour battle at a major tool plant in which 60 people were hurt. Factory loudspeakers urged the workers to "shoot to kill...these students are gangsters."

Outside of Peking, the Red Guard movement now seems to be split on the same political issue.

2. South Vietnam

Actions in the constituent assembly yesterday point up the potentially dangerous friction that is continuing between civilians and soldiers. The assembly's recent decision to require all military officers to resign their commissions before serving in the future government probably insures intensification of the rivalry.

Some influential leaders in the assembly feel strongly that this issue overshadows all other constitutional questions.

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3. Jordan

Yesterday's calm was broken early this morning by two clashes between Jordanian police and armed infiltrators from Syria. The Syrians are trying to play up the incident as one in which Jordanian citizens were fired on as they were fleeing into Syria to escape Husayn's oppression.

4. Japan

Prime Minister Sato won out in his party's presidential elections today, but the vote against him far exceeded the "worst case" calculations of Japanese political observers. The drop in Sato's fortunes means a new struggle for power in the Liberal Democratic Party before general elections next year.

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5. Soviet Union

The Russians are having a good deal of trouble deciding on the guidelines for their new Five-Year Plan (1966-70). Although Kosygin said last April that the plan "must be ready in four or five months," the latest word is that final approval will be delayed until late next spring.

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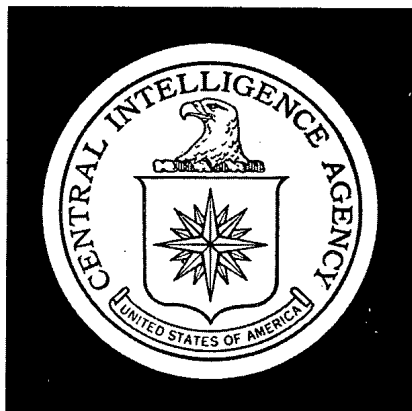
6. Kenya

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The President's Daily Brief

~~Top Secret~~ 2 December 1966



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DAILY BRIEF
2 DECEMBER 1966

1.. South Vietnam

Cambodia is complaining about Saigon's efforts to control shipping on the Mekong River international waterway.

Since mid-November, Saigon has required that ships bound for Phnom Penh via the Mekong must travel in convoy. The resulting delays have had a serious effect on Cambodia's oil supplies. The South Vietnamese defense ministry is reluctant to relax controls but is considering exempting oil tankers from the convoy requirement.

Cambodian officials--who accuse the US of inspiring the convoy system to harass Cambodia--have threatened to take their complaint to the United Nations. If Cambodia really starts feeling an economic pinch from these shipping controls, Sihanouk is likely to make strong representations.

Similar controls imposed by Saigon two years ago were ineffective.

2.. United Nations

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3. Canada

Ottawa is about to take another step toward recognizing Peking.

The Chinese Communists will surely respond by demanding a Canadian break with Taipei. The Canadians have rejected this in the past, but may now feel the time has come.

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4. Laos

Former neutralist leader Kong Le is now in Djakarta, still loud and bitter over what he thinks was US responsibility for his ouster last October. Ambassador Sullivan is convinced that the real culprit in this affair is a discredited French military officer who was once Kong Le's adviser, but who has since been expelled by the Laotian Government and disavowed by his own commanding officer.

This Frenchman played effectively on Kong Le's weaknesses--he even went so far as to prostitute his own teenage daughter to the little general. Before his expulsion, the Frenchman was able to persuade Kong Le that it was the US which was behind pressures on him to make military improvements he had no stomach for.

5. Cuba

Havana has agreed to permit the departure of US citizens who want to get out of Cuba. This came in response to a Mexican approach to Havana and is subject to the condition that the Mexican Government must handle all the details.

There are upwards of 900 US citizens, with some 2,000 dependents, now in Cuba. The Cuban offer presumably does not apply to the 20 or so US citizens still in Castro's jails.

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6. Soviet Union

Kosygin met the expected warm welcome when he arrived in Paris yesterday, but the result of his nine-day visit is generally expected to contain more sound than substance.

An idea of one thing on Kosygin's mind is revealed in the strong public blast he made today against the new West German Government. He seems out to create the impression that any improvement in Franco-German relations at this time would be at the cost of better relations with the Soviet Union.

7. India

Mrs. Gandhi's political future looks increasingly dim. One of her most powerful backers in the Congress Party [redacted] intends to work actively against her re-appointment as prime minister after the February elections.

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Other important party leaders have likewise become antagonized over some of Mrs. Gandhi's recent actions. She seems in fact to have lost whatever political touch she might once have had. Ambassador Bowles feels opponents in her own party could succeed in dumping her in February.

If they try, however, the big problem will be to agree on a successor. The most prominent men in the running have strong rivals who seem at this point to cancel out one another.

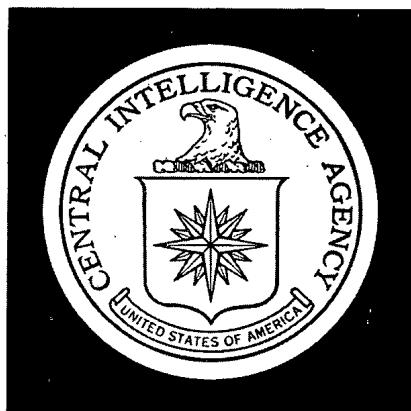
8. Ecuador

A new crisis is coming to a head. Late press reports say the constituent assembly voted today to strip the officers who headed the recent military junta of their citizenship rights. Top Ecuadorian officers have been watching the assembly closely on this issue and have hinted that they would respond to such a vote with appropriate "countermeasures." Just what this means is unclear, but could include dissolution of the assembly or even a full military takeover.

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~~Top Secret~~ 3 December 1966

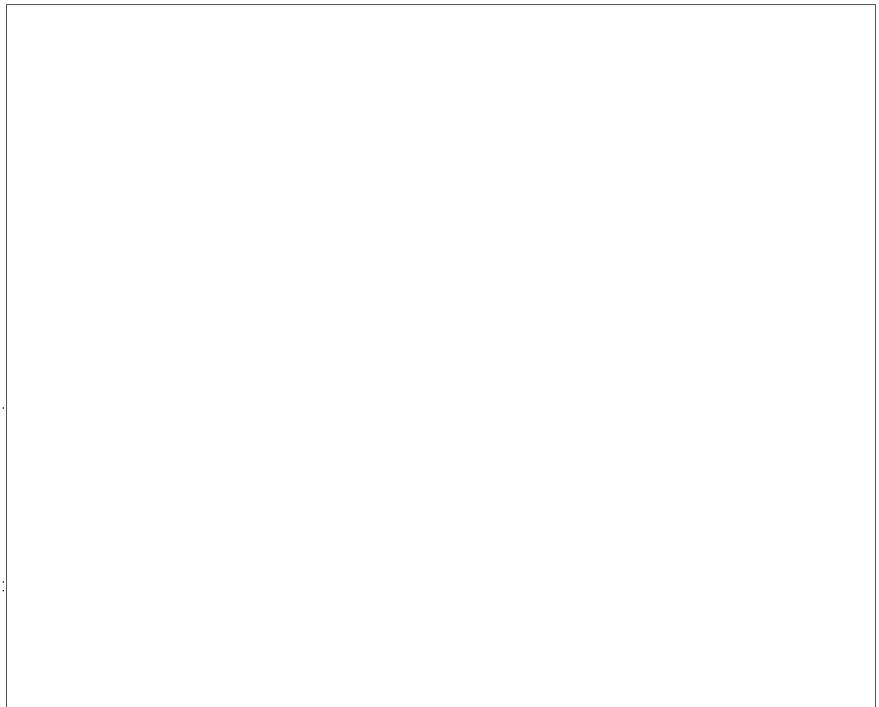


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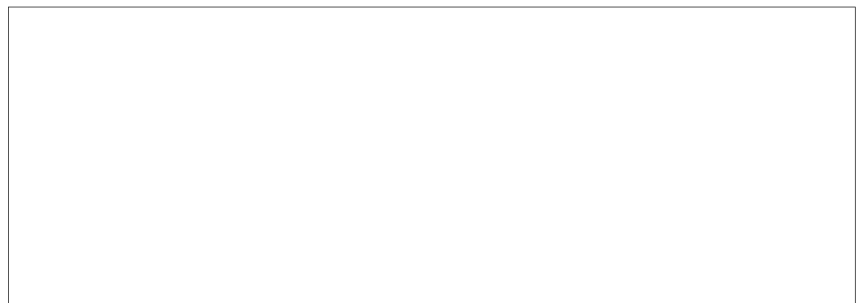
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DAILY BRIEF
3 DECEMBER 1966

1. Vietnam



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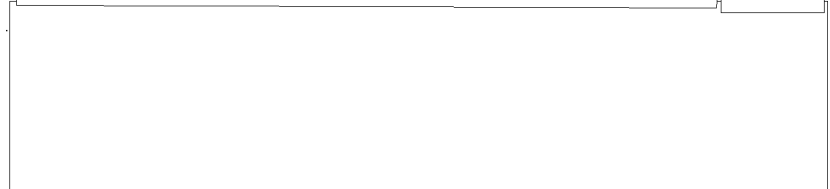
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2. Ecuador

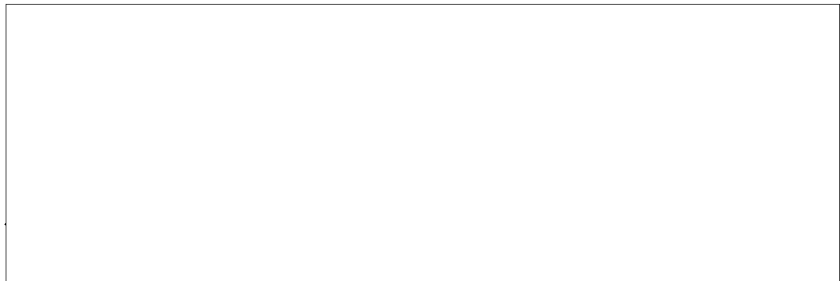
The military has not yet reacted overtly to yesterday's assembly vote which stripped members of the former junta of their citizenship rights. The military may only be waiting, however, to see what if any teeth are in the measure. If it means loss of pay and real disgrace, "countermeasures" by the military could yet materialize.

3. Congo

Relations with Belgium are improving. Union Miniere, the giant Belgian holding company, and Mobutu have tentatively agreed to set up a new company to control all of Union Miniere's assets in the Congo. The Congolese Government would own half of this company.

If this plan works out, Mobutu may indeed calm down. Lack of control over foreign business operations in the Congo was a principal cause of his anti-Belgian binge which last summer brought relations between the two countries to the brink.

4. Togo



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5. Soviet Union



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6. Soviet Union

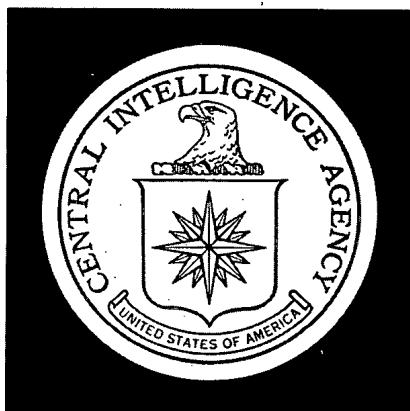
Moscow is pulling out more and more stops in its propaganda campaign to convince the Russian people that the Chinese are beyond the pale.

Within the last two weeks, both television and the theater have been enlisted to spew out anti-Chinese venom. Soviet TV is now showing--with ungentle commentary--film clips of Red Guard excesses, and anti-Chinese cracks are slipping into--or sometimes being dragged into--Moscow plays.

This, taken together with the general step-up in Soviet polemics and Moscow's drive for an international Communist conference, sounds like an attempt to get the Soviet people ready for a prolonged mud-slinging match with Peking.

Meanwhile, the embassy reports that anti-US propaganda is falling off perceptibly, particularly on Vietnam.

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~~Top Secret~~ 5 December 1966



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DAILY BRIEF
5 DECEMBER 1966

1. Arab States

Wednesday's emergency session of the Arab Defense Council in Cairo is sure to be a shouting match between Jordan and Egypt. After some hesitation, King Husayn agreed to send a delegation headed by his prime minister--a personal target for much of the Arab antagonism against Jordan.

Demonstrations broke out again today in west Jordan after several days of relative calm. It looks suspiciously like a provocation by Husayn's enemies designed to bring new pressure on the King on the eve of the Cairo meeting.

2. Rhodesia

Lingering hopes of a last-minute settlement seem to have finally been put to rest today. Prime Minister Wilson has dispatched George Brown to New York to request an early meeting of the UN Security Council on the question of mandatory sanctions.

3. Panama

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4. Egypt

Nasir is getting nowhere in his effort to have the Soviets bail out the Egyptian economy. He sent his first vice president to Moscow recently and, from all accounts, the result was more hard-nosed Soviet advice to economize and work harder.

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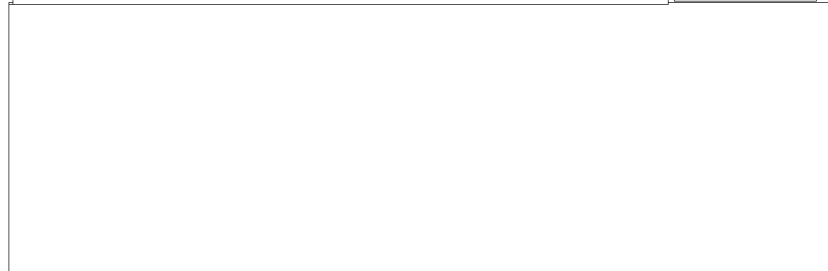


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5. Guatemala

The army has been making some headway in recent weeks against the Communist guerrillas. Troop morale has risen and the wind has been knocked out of rightist allegations that the government is soft on Communism.

It will still be a long fight ahead, though. Guerrilla attacks took place last week in new areas of the countryside. The terrorist network in the capital city remains very active. Last weekend the government extended its emergency powers for another thirty days.

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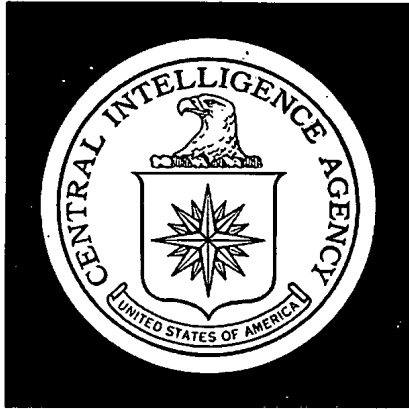
6. Cuba

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The President's Daily Brief

~~Top Secret~~ 6 December 1966



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DAILY BRIEF
6 DECEMBER 1966

1. South Vietnam

The Directorate has decided to turn down the constituent assembly's request for changes in those articles of the assembly's charter which empower the Directorate to amend the constitution.

Official announcement of the Directorate's position is being delayed, apparently in the hope of finding some way to sugar-coat the rejection. Some deputies, however, have already gotten wind of the decision. The Directorate's bull-headedness will disappoint the assemblymen, most of whom had hoped for a compromise on at least some of their desired changes.

2. North Vietnam

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3. Rhodesia

The sanctions program

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is unlikely either to satisfy black African governments or to have a serious impact on Rhodesia's economy.

To be effective it would have to include Rhodesian exports of manufactured goods, which would hurt Zambia, and Rhodesian imports of petroleum, which would require the cooperation of South Africa. Since South Africa will almost certainly not cooperate, sanctions would then have to be extended against South Africa as well. London would suffer from this as much as Pretoria, and the latter is in a very strong position to withstand any pressure that could be brought to bear.

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4. France

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5. Cuba

Recent photography of Soviet ships en route to Cuba has identified four guided-missile patrol craft carried as deck cargo. Another Soviet arms carrier--the ninth this year--is now en route from Leningrad.

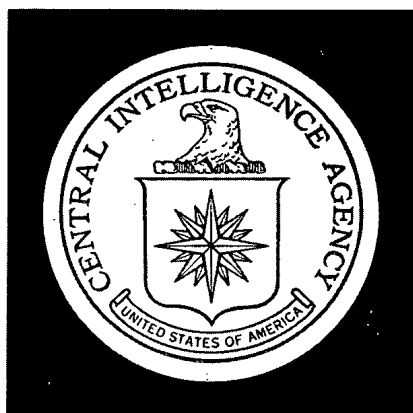
6. Guatemala

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~~Top Secret~~ 7 December 1966



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DAILY BRIEF
7 DECEMBER 1966

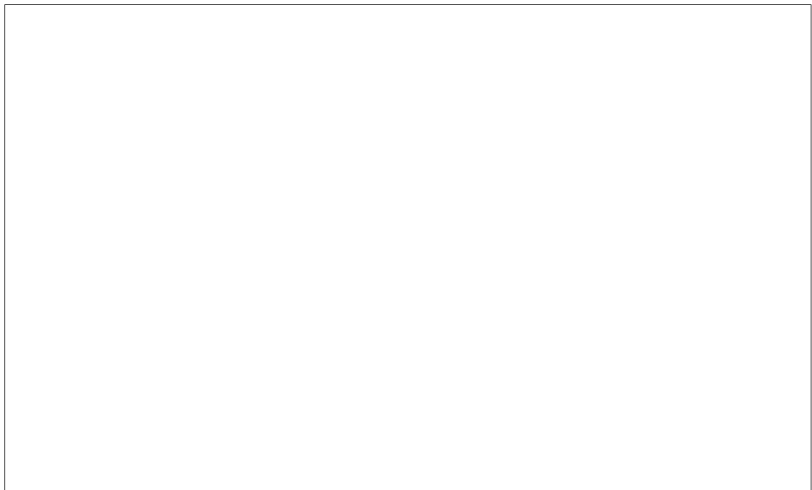
1. South Vietnam

The Viet Cong chose their target well if, as seems likely, they were responsible for the assassination of Deputy Tran Van Van this morning. Van was a very militant southerner and a thorn in the side of the regime.

Had not one of the assassins been caught and his confession quickly publicized, the killing would almost surely have been laid at Ky's door by many of Van's friends and resulted in a new upsurge in tension between southerners and northerners. It still may.

This is one more indication that the Viet Cong is well attuned to political bickering in Saigon.

2. North Vietnam



3. Communist China

We see continuing evidence of preparations for China's fifth nuclear test. We believe it could come any day now but have nothing yet to pin the time down precisely.

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4. Soviet Union

The Russians are making major improvements in their air defense system along the Chinese border. [REDACTED]

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5. Iran

The Iranians, with Soviet help, have found some promising oil real estate offshore in the Caspian. [REDACTED]

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Iran in the past has been reluctant to allow the Soviets any real leverage in their oil production, but recently the Shah has been after larger oil revenues and greater trade with the Eastern bloc. The Shah has previously said that the Soviets have offered to buy his oil at a price at least equal to that paid by the Western consortium.

Moscow's trade minister is due in Tehran shortly.

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6. Jordan

The Arab Defense Council met in Cairo this morning amid continuing attacks against King Husayn by Syria and the Palestine Liberation Organization.

The Syrian chief of state even made a public statement today that "our weapons are available to those Jordanian rebels who want them." On Monday the head of the Palestine Liberation Organization stated that his organization had "reached a joint struggle agreement" with Syria.

The Cairo meeting has ostensibly been called to discuss Jordanian defense policy against Israel. The real issue, however, is whether Jordan will let its Arab neighbors come in to "aid" in strengthening border defenses against Israel. Such a move would cause political turmoil in west Jordan and further embroil Jordan with the Israelis.

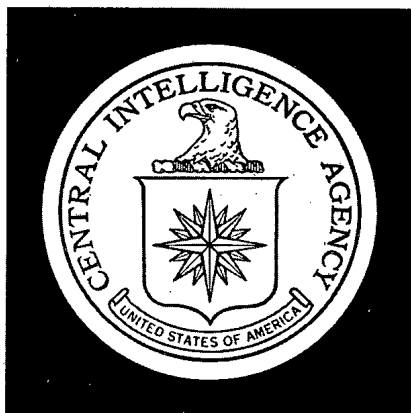
As it now stands, the meeting is almost certain to make Jordan's split with Syria and Egypt even deeper.

7. Yugoslavia

In an altogether unprecedented development for a Communist country, the government of Slovenia--one of the provinces of Yugoslavia--resigned today. The issue was the state assembly's refusal to adopt a health insurance bill. This is the most dramatic example so far of the Yugoslavs moving away from the classical Communist way of doing business.

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~~Top Secret~~ 8 December 1966



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DAILY BRIEF
8 DECEMBER 1966

1. North Vietnam

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This is the first report of petroleum shortages in Hanoi itself and we have no ready explanation for it.

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Shortages which have appeared in other parts of North Vietnam have been attributed by the North Vietnamese themselves to transport and distribution difficulties.

2. Nigeria

Prospects for working out a new constitution appear dimmer than ever.

Western leaders are now showing an increased sense of estrangement from the rest of the country. They are demanding the immediate removal of all northern troops from their region, and are beginning to side with the East in favor of a loose confederation. Supreme Commander Gowon still insists on establishing an "effective federation," but efforts to get Eastern leaders even to talk about this concept are getting nowhere faster than usual.

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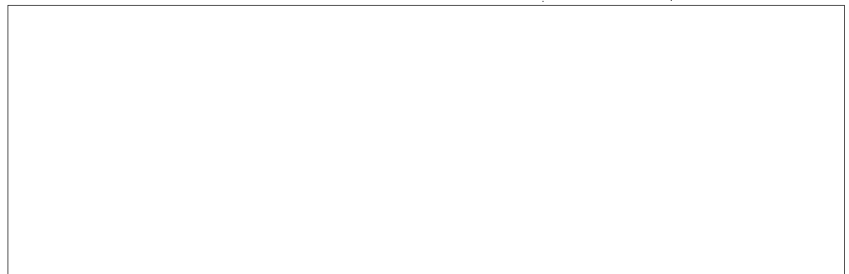
3. Soviet Union

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4. Soviet Union




5. Communist China

Evidence mounts that some fields of Chinese science and technology are being hurt by the "cultural revolution." For one thing, we have noted that many Chinese scientific and technical journals have been shut down since the "revolution" got under way.

The latest example of this comes from the field of medicine. An official announcement reads: "To satisfy the ardent desire of the broad masses to study the works of Chairman Mao, serial publications of the Chinese Medical Association will be suspended and all efforts concentrated on printing Chairman Mao's works."

6. Communist World

 plans are afoot for a conference of European Communist parties in Warsaw early next year. Officially the agenda will be limited to Vietnamese and European security issues, but attitudes toward a world Communist meeting are certain to be aired.

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7. Macao

The colony has been calm since last week's riots. The Communists responsible have their blood up, however. Probably encouraged by the Portuguese authorities' virtual capitulation to their original demands, they are now upping the ante.

8. Syria

Seizure of the Western-owned Iraq Petroleum Company's pipeline will have these principal repercussions:

--Damascus will lose its revenue from the pipeline, since the company has refused to meet Syrian demands that would nearly double the fees.

--The Syrian refinery will soon be without crude oil, since the company intends to stop pumping oil from Iraq immediately and has diverted all Syrian-bound tankers.

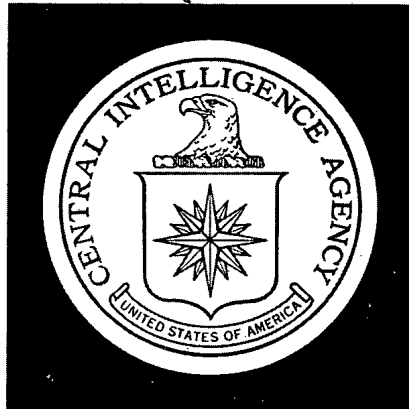
--Lebanon stands to lose \$4 million a year in fees from its branch of the pipeline, even though the company will try to supply the Lebanese refinery by other means.

--Iraq will lose about 40 percent of its government revenue.

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The President's Daily Brief

~~Top Secret~~ 9 December 1966



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DAILY BRIEF
9 DECEMBER 1966

1. South Vietnam

Ky went on television today to blast away at the Viet Cong for Tran Van Van's murder. The accused assassin also came before the cameras. Many Saigon circles are cynical about the published evidence and there is a widespread conviction that the government was behind the killing.

* * *

Retail prices in Saigon shot up during the week ending on Monday. With the exception of the peak reached during the September elections, they are now at their highest level of the year.

This latest increase was due partly to a drop in deliveries of rice and pork from the provinces. However, non-food items also rose. All told, there was a seven-percent hike in the retail price index.

2. Soviet Union

The Soviet-French statement winding up Kosygin's visit is an unimpressive thing. No new agreements are recorded. The statement does go on at some length reiterating joint views of the Vietnam war as a "threat to peace."

Kosygin clearly failed to lessen De Gaulle's opposition to a nonproliferation treaty. On the issue of Germany, there was apparently nothing the two leaders could agree to say--so they said nothing.

The initial reaction of one more than normally excitable French official was, however, that the visit was more significant than the joint statement suggests. This man, a foreign ministry official, said that Kosygin's visit was the prelude to close Franco-Soviet collaboration in "all domains," including communications, scientific exchanges, trade, and consular relations.

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3. Soviet Union

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4. France

De Gaulle is as strong as ever against British membership in the Common Market. He does not have the French public with him on this, however, and would find it more difficult this time to bar Britain with an out-and-out veto.

Paris is expected, therefore, to try an end run. It is likely to dwell on the suspicion among the other members that London's still unspecified conditions will require unacceptable changes in the community.

5. Bolivia

President Barrientos tried to face down a hostile crowd of 4,000 miners this afternoon--and failed. He had traveled to the mine unarmed and alone in a courageous attempt to head off a bloody confrontation between the striking miners and the national guard.

The miners still show no sign of heeding a government ultimatum to get out of the mines. Troops are standing close by, ready to enforce the government order. The strike has so far been a localized affair, but an armed clash at this mine could well lead to trouble at others.

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6. Rhodesia

Ian Smith is working hard to advertise his willingness to keep the door open for a settlement. He may even go ahead and implement many of the points of the constitutional agreement he concluded with Wilson last weekend. He will surely not give in, however, to Wilson's demand that the British hold effective power in Rhodesia during the interim before legal independence.

Smith's acceptance of British positions on the basic constitutional issues could, if it comes to pass, ultimately bring Wilson back to the conference table. We may not yet have seen the last of London's "final" offers to Rhodesia.

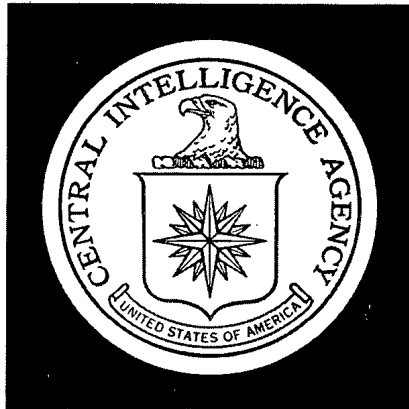
7. Jordan

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~~Top Secret~~ 10 December 1966



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DAILY BRIEF
10 DECEMBER 1966

1. North Vietnam

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2. Indonesia

General Suharto has finally been persuaded that President Sukarno must be deposed. [REDACTED]

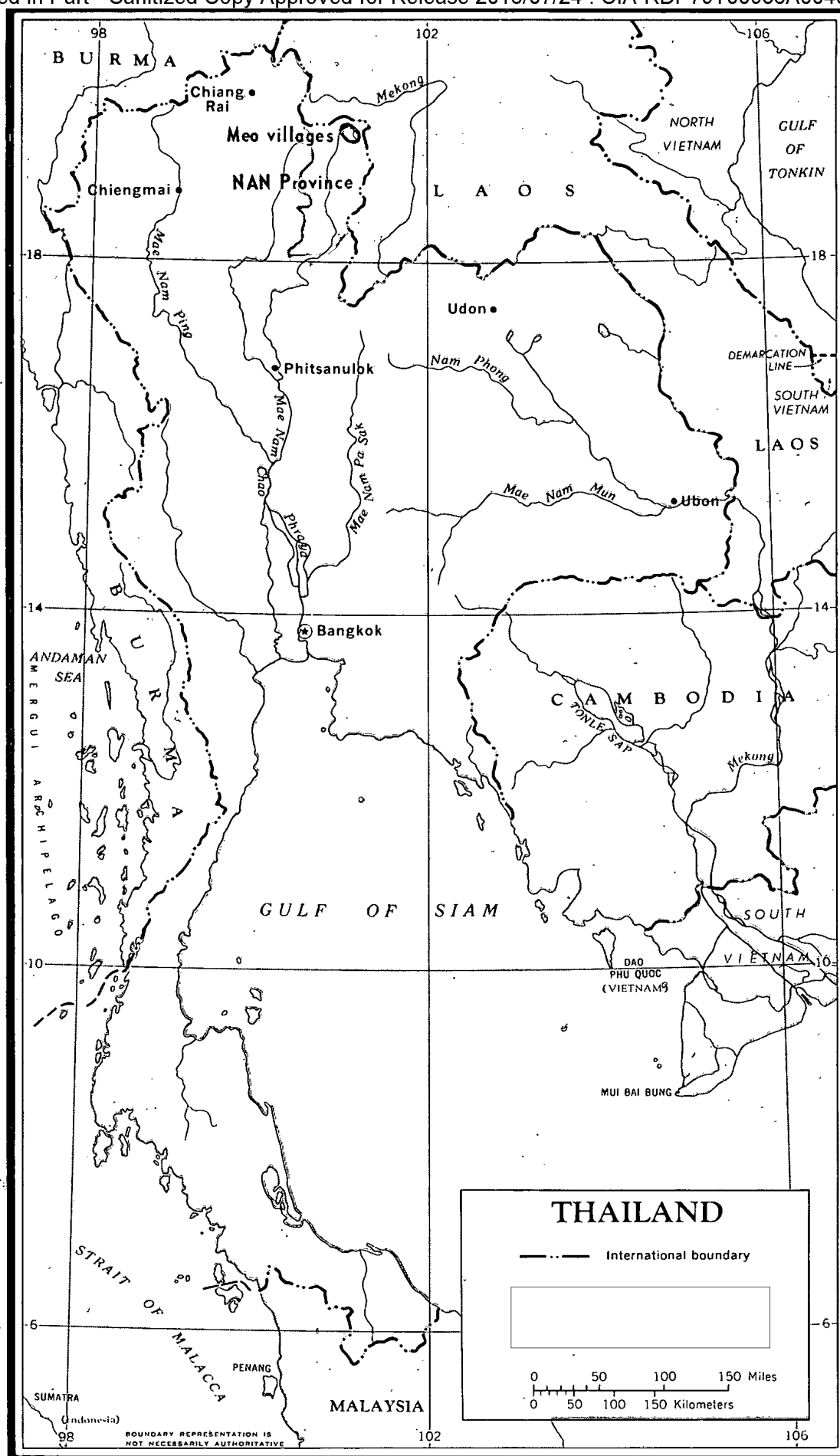
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The current highly publicized trial of former air force chief Dani is being used effectively to prepare the case against Sukarno. The judges have gone out of their way to implicate Sukarno in last year's pro-Communist coup effort and the President in effect is also on trial.

This does not mean Suharto will move against Sukarno in the very near future. The cautious general is very much aware of strong pro-Sukarno sentiment in densely populated eastern and central Java and of the need to strengthen popular backing for a move against Sukarno.

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3. Macao

The Chinese are keeping the pot boiling in Macao.

Just as the situation was calming down after the newly arrived Portuguese governor humbled himself before local Communists, the government of Kwangtung--the province of Communist China immediately adjacent to the colony--has issued a new set of demands. These include punishment of colonial officials, surrender of Chinese Nationalist agents to mainland authorities, and apologies to Chinese residents.

Should further Communist provocation result in renewed violence, Peking could use this as a pretext for moving into the colony "to restore public order." In that event, the Portuguese could offer only token resistance.

We are not sure what is behind this latest Chinese move. The Kwangtung government has been under Red Guard attack and may feel it has to be as militant as possible. On the other hand, one of the struggling factions in Peking may be giving the orders to gain political advantage.

In any case, continued pressure on Macao will cause a serious flight of capital from Hong Kong, and this would seem to be against Peking's interests, if it is not too preoccupied to consider them.

4. Thailand

The Communists are apparently making gains among some tribesmen in northern Thailand, far from the main area of their activities in the northeast. The Communists appear to have won control of eight Meo tribal villages in remote and rugged Nan Province (see map).

[] the Communists have brought in personnel from Laos to give the villagers weapons training and are sending some tribesmen to Laos and North Vietnam for military and ideological training.

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5. Sino-Soviet Dispute

The principal conclusions of the National Intelligence Estimate entitled "The Outlook for Sino-Soviet Relations," which has just been published, are summarized below:

- We believe that Sino-Soviet relations will continue to deteriorate as long as the Mao Tse-tung - Lin Piao leadership group retains authority.
- While we do not foresee a deliberate break in state relations, we cannot exclude a sudden explosion of the dispute into a new and more virulent form in the near term. Unplanned incidents could provoke greater hostility and more forceful retaliations.
- In the longer term, the prospects rest mainly on what happens in China after Mao. A regime even more anti-Soviet than the present one could emerge. Even in this case, however, both sides would almost certainly seek to avoid war.
- The emergence of a more flexible leadership in Peking could lead to some easing of tensions. While it is unlikely that any Chinese regime would offer the Soviets significant concessions, even a very limited rapprochement would be likely to have an important effect on the world scene as a whole.

6. United Kingdom

One of the most bitterly emotional slug-fests in recent British parliamentary history shook the House of Commons this week. When it was over, Wilson had the endorsement he wanted for his Rhodesia policy

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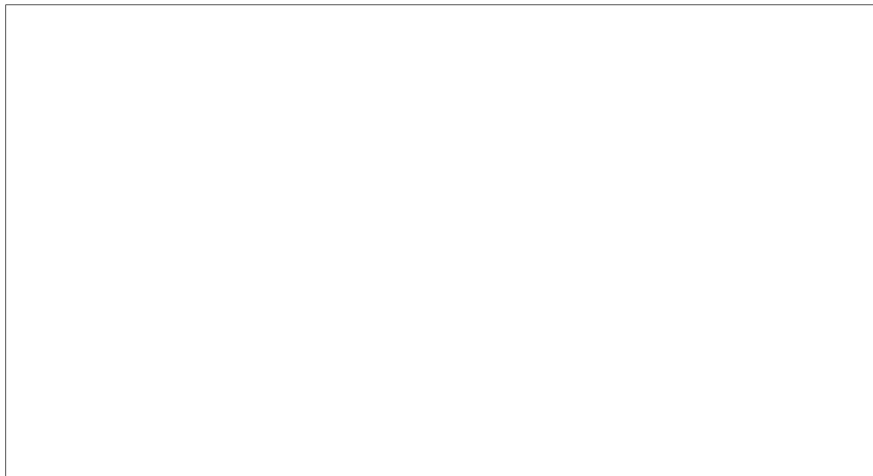
10 Dec 66

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7. Rhodesia

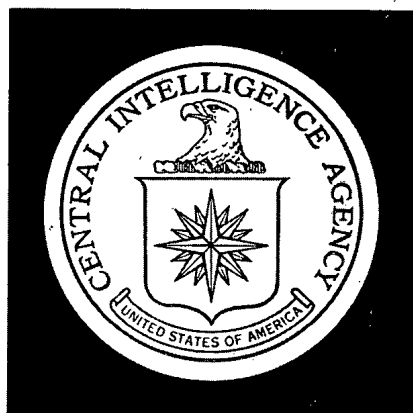
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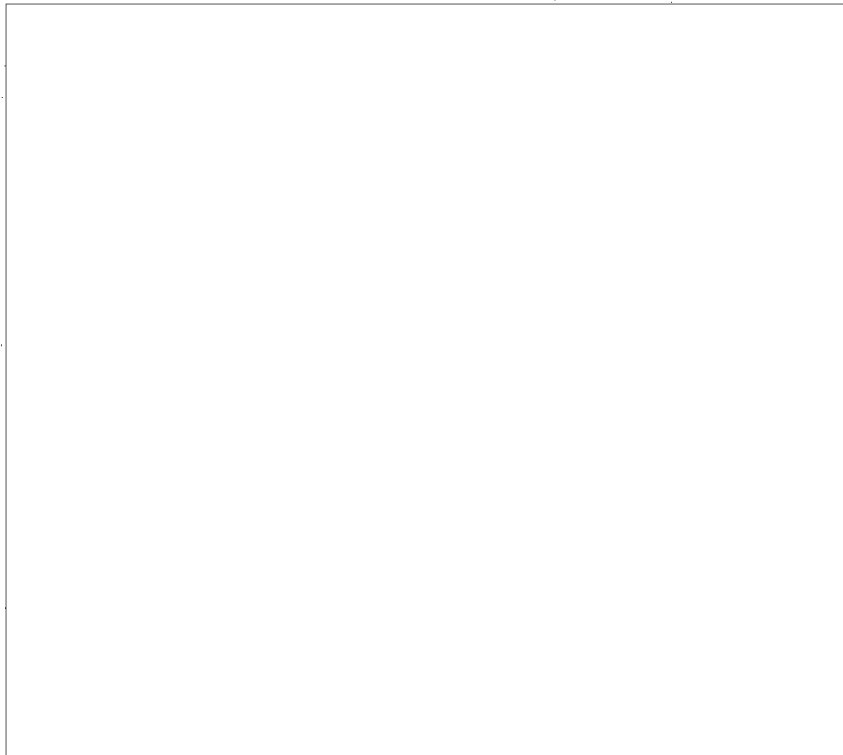
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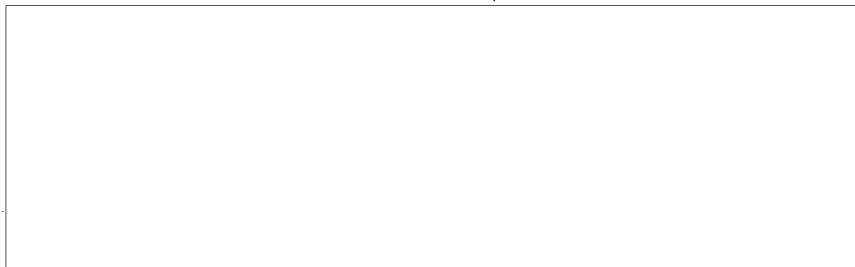
DAILY BRIEF
12 DECEMBER 1966

1. Vietnam



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2. North Vietnam



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3. Communist China



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4. Communist China

Peking is urgently seeking wheat supplies. The need for food imports is greater than at any time since 1962.

The Chinese have already contracted for the maximum amount allowable annually under the terms of its three-year agreement with Canada. In addition, Argentina has been asked to sell to China any amount it can spare.

Even with these imports, food rations for the Chinese will decline. In at least one province, authorities expect that planned food distribution "will encounter resistance."

5. Soviet Union

The central committee of the Soviet party has been convened for a review of policy, particularly the sharpening political offensive against China. The Soviet leadership probably intends to produce a display of domestic unanimity on the China question to add impetus to its push for an international Communist conference.

6. Togo

The army has decided to press President Grunitzky into a major shakeup of the government and the suppression of normal political activity.

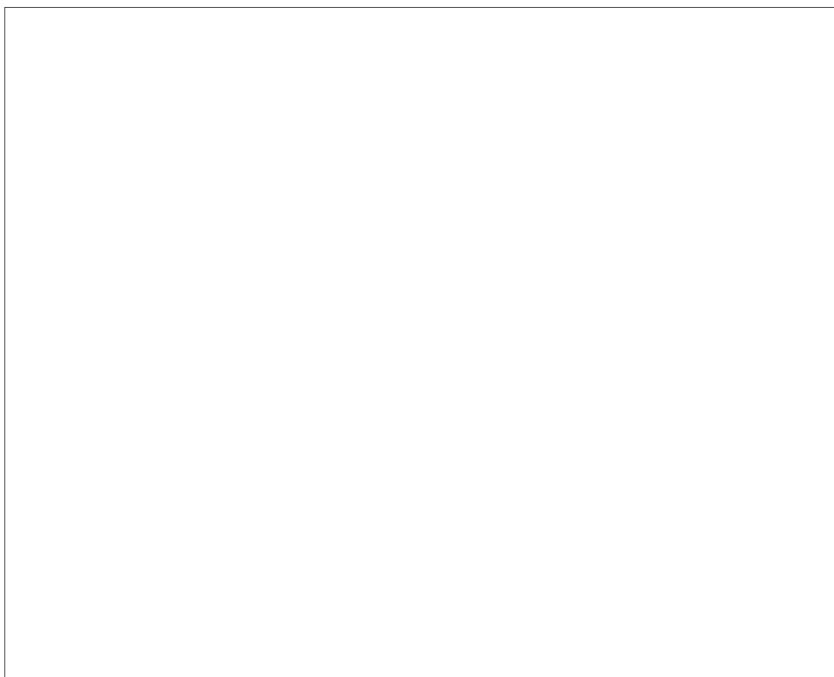
Vice President Meatchi, whose office would be abolished by the shakeup, is planning a "revolution" in retaliation and has requested US assistance. Our chargé has pointed out to a representative of Meatchi that the US cannot become involved.

This hassle seems to be mainly a conflict among personalities without any clear ideological implications. In any event, Grunitzky's position is becoming no stronger.

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7. Jordan

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~~Top Secret~~ 13 December 1966



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DAILY BRIEF
13 DECEMBER 1966

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1. Soviet Union

We expect that the Soviets will try several Mars probes over the next two months. A favorable launch period extends from about now through early February, with the choicest dates falling in January.

2. Soviet Union

The Soviet "legislature"--the Supreme Soviet--will open one of its two- or three-day semiannual sessions on Thursday. The economic plan and budget for next year will be the main order of business.

This year the country's economic performance has been mixed. Excellent results in agriculture have been offset by continued mediocre output in industry.

The Soviets brought in a record grain crop and impressive harvests of other crops, and achieved generally good results in the livestock sector. In industry, however, investment showed the lowest increases since the war and construction was actually down from last year.

3. Berlin

There was a remark in the East Berlin press today that West Berlin must recognize East Germany as the price for a holiday pass agreement. We doubt, however, that this will rule out some arrangement for visits this Christmas.

The point here is that the East Germans want to avoid being blamed for preventing the popular visits. Thus they may back down and approve an agreement, at the last minute, or merely sanction the visits without signing a formal piece of paper.

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4. Rhodesia

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5. Philippines

The Marcos government is reassessing its nonrecognition policy toward Moscow. The President continues to say publicly that he opposes recognition, but he may well shift his course in order to further his ambitions as an "honest broker" on Vietnam.

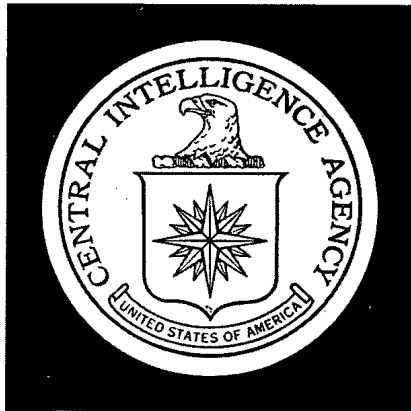
6. Venezuela

President Leoni has suspended constitutional guarantees following the attempted assassination by terrorists of his army chief of staff this morning. The President's move will help appease the military, who have been pressing for a stronger stand against guerrilla terrorism, but it is too early to know whether this will be enough to stem the alarming rise in this kind of activity.

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**DAILY BRIEF
14 DECEMBER 1966**

1. Soviet Union

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2. Guinea

The Chinese Communists seem to be eyeing the vacuum created by Touré's "rejection" of US help. Peking has recently come up with \$28 million in new credits, as well as promises to help meet Guinea's basic food imports. The Chinese, however, would be hard pressed to supplant US assistance completely.

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3. West Germany

We see Kiesinger's policy speech yesterday as an effort to dissociate his government from the stagnation of the Erhard days. He tried to create an activist image by stressing his determination to balance the 1967 budget, and generally emphasizing the domestic scene.

The foreign policy section was couched mainly in cautious generalities

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Although there were some warm words for the US and NATO, he left the impression that cooperation with France and European unification are uppermost in his mind.

4. Congo

Relations with Belgium are back on the bad side.

Mobutu has reneged on the tentative agreement with Union Minière which we reported in the Brief for 3 December.

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Now Mobutu is making unacceptable demands--with a 1 January deadline--and there is talk of the Congo Army taking over mines and refineries if the company does not knuckle under.

Mobutu, however, has backed away from confrontations with the Belgians before.

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5. Venezuela

The army has taken the bull by the horns and is pressing on with a reinvigorated antiterrorist campaign. The suspension of constitutional guarantees yesterday was followed up today with the army's occupation of the Central University in Caracas, long the principal haven in the city for the Communist terrorists.

The army's move should put a significant crimp in the terrorist effort. At the same time, however, it will cause an outcry among students and among many other democratic-minded Venezuelans who have long cherished the legally sanctioned immunity of the university from government intervention.

This is the first time since the overthrow of the dictatorship eight years ago that the military has taken such a step in Venezuela. University immunity--traditional in Latin America--has recently been breaking down elsewhere.

6. Syria

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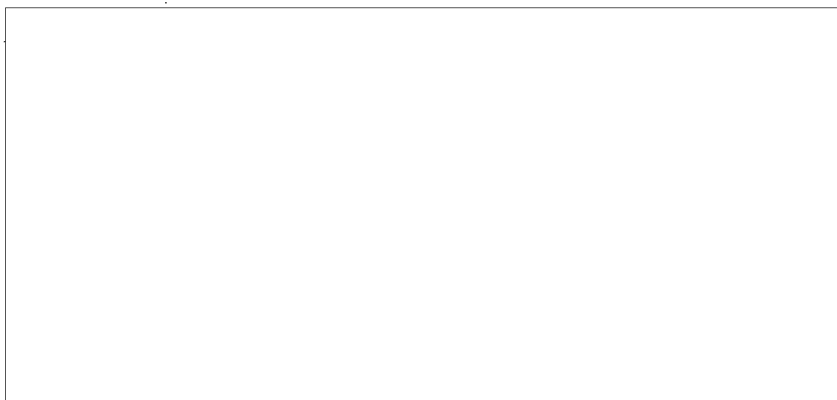
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7. Macao

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The President's Daily Brief

~~Top Secret~~ 15 December 1966



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DAILY BRIEF
15 DECEMBER 1966

1. South Vietnam

The Constituent Assembly's plan to have both a president and a prime minister will give South Vietnam a relatively strong chief executive, although he would not be as powerful as under a straight presidential system. The president would be popularly elected and would be able to hire and fire his prime minister. The prime minister, in turn, would be essentially an administrative executive charged with day-to-day operation of the government.

2. Communist China

Confusion, defiance, and anarchy are spreading. No faction or individual has so far made significant gains, but the conflict may be sharpening. The situation is discussed in today's Annex.

3. Soviet Union

The first fragmentary Soviet broadcasts on the 1967 budget point to a moderate increase (about eight percent) in explicit military appropriations above the outlays planned for 1966.

Of course, the appropriations explicitly detailed for the defense establishment are not necessarily a reliable indicator of changing defense policies or efforts. However, there is other evidence that total Soviet military outlays are, in fact, on the upswing.

4. United Kingdom

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5. Panama

Panamanian politicians, who enjoy long political campaigns, are warming up for the 1968 elections by pot-shooting at the canal treaty negotiations. The slow pace of negotiations is a continuing subject of opposition criticism, and government leaders are increasingly under the gun to defend themselves on the issue. This pressure is sure to grow; within three or four months the 1968 campaign will be in full swing.

Panama City newspapers, most of which are owned or controlled by government officials, are playing heavily on the negotiations. The object is to portray administration leaders as taking a new, vigilant, and forcefully patriotic stance in relations with the US. One paper, generally considered Robles' own mouthpiece, went so far last week as to question US good faith in the Canal talks.

The government is playing with fire in stirring up popular emotions on issues involving the US. There have already been some "sovereignty" demonstrations by extremist-led students and more can be expected with the approach next month of the anniversary of the disastrous riots of 1964.

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6. Venezuela

The military is continuing its very thorough dragnet operation at the university. Several hundred suspects have so far been nabbed, apparently including the leadership of the Communist Party apparatus on the campus. Weapons caches have also been seized. Public reaction to the military occupation of the campus has not yet jelled, though a few key civilian elements seem to approve.

An important question now is whether the military will soon turn back to civilian direction the extensive control it has taken in the anti-subversive drive.

7. Guinea

President Sekou Touré came around full circle yesterday and, in effect, apologized to Ambassador McIlvaine for the "extremely regrettable" events which had soured relations with the US. He blamed it all on "false information" he had been given and said it would never happen again.

This does not mean that Touré is ready to abandon the recently concluded aid agreements with Peking. It does suggest that politically we are now back to where we were in October--provided Guinean propagandists turn off their anti-US campaign.

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ANNEX

Communist China: Nation in Disarray

Confusion, defiance, and in some cases outright anarchy are spreading through China as Peking's aging leaders continue their struggle for ultimate power.

Crusading Red Guards in the provinces are meeting stiff opposition from entrenched party bureaucrats. Bloody clashes involving local workers and Guards are reported from widely scattered parts of China. In most cases, the local people seem to be defending party officials from vigilante Guards sent from Peking. In Chungking, a particularly nasty melee left 17 dead and 240 injured.

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Rival Red Guard units, representing different factions in the top leadership, have fallen upon each other

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In another act of defiance, the crew of a merchant vessel abandoned ship last Saturday to "carry out the cultural revolution." The vessel's home office was told it could send another crew if it wanted to keep the ship in operation.

Disarray is nowhere more obvious than in Peking itself. The omnipresent wall posters are calling for the heads of chief of state Liu Shao-chi and party secretary Teng Hsiao-ping. Yet both men continued to appear regularly with Mao Tse-tung--at least through late November when he reportedly retired to an East China villa for the winter. Senior party men who have already fallen from grace continue to be the targets of bitter criticism and a recent speech by Madame Mao sent a band of Red Guards rushing to the

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ANNEX (Cont'd)

home of Peking's former mayor, Peng Chen. Peng was seized and Monday paraded before a huge crowd of Guards for public vilification.

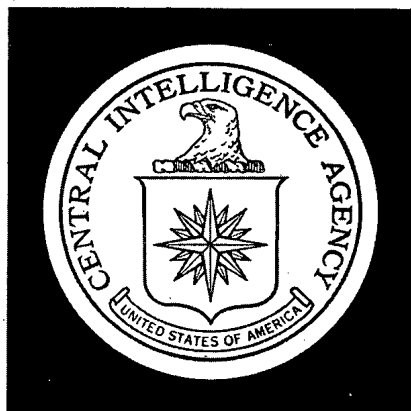
Liu Shao-chi and Teng Hsiao-ping have been dominant leaders in the party machinery for more than a decade. Their dismissal and disgrace would knock the main props from beneath the party apparatus and clear the way for far-ranging moves against many other local and national leaders whose careers have been tied to the two men.

Mao's role in all this is unclear. He may be personally managing a drawn-out and devious campaign to remove real or fancied enemies in the party hierarchy--or he may have done nothing more than give general approval for a harsh, disorderly campaign against entrenched party bureaucrats and then balked at the extreme action demanded against Liu and Teng. It is even conceivable that Mao has little to do with the campaign, but is being used as a figure-head by his heir apparent, Lin Piao.

At the moment, however, it does seem clear that a powerful group in the politburo is determined to keep the party machinery substantially intact. The conflict may be sharpening, but neither side has yet been able to muster the strength to move finally and forcefully against the other. Until there is a victor, and absolute authority is once again established, China seems destined to continue its drift toward chaos.

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DAILY BRIEF
16 DECEMBER 1966

1. Jordan

Relative calm has prevailed for several days, but there are indications of preparations for new moves against Husayn's regime.

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2. Indonesia

General Suharto's planned campaign to oust Sukarno has failed to materialize, and he is under increasing pressure to get up and get going.

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Suharto may be prodded into a somewhat faster shuffle, but he is not likely to move with precipitate speed for fear of sparking civil war in Java, where Sukarno's following is still strong.

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3. Turkey

Soviet Premier Kosygin heads for Turkey next Tuesday on a week-long visit. The Soviets have been working to persuade neighbors on their southern border that they are not ogres.

For their part, the Turks see the visit as another step in their program to broaden their foreign relations, but they have no intention of getting overly close with the Russians. We do not believe much of substance will be accomplished during the junket, although some economic deals may be signed.

4. Guatemala

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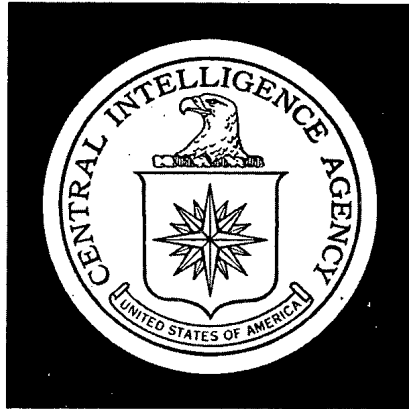
5. Venezuela

When government troops moved in on the university Wednesday, they arrested a US citizen, George Kapo, professor of chemistry. The soldiers, looking for leftists, were suspicious of Kapo's beard and hauled him away. The American consul entered the picture, Kapo was released, and at last report was shaving off the beard.

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DAILY BRIEF
17 DECEMBER 1966

1. Communist China

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2. Congo

Mobutu is brewing up something but the broth is still murky. Late reports indicate the government is being re-organized and that additional troops are being sent to Katanga.

Mobutu's negotiations with Belgian mining interests in the Congo have been deadlocked and he has given the company until 1 January to meet his terms.

It is conceivable he may be planning some move against Belgian-owned property in Katanga if the deadline is not met.

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3. Japan

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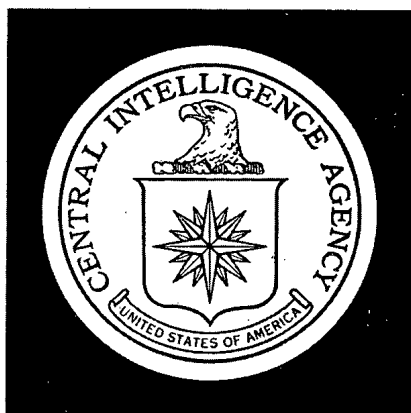
4. Soviet Union

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The President's Daily Brief

~~Top Secret~~ 19 December 1966



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DAILY BRIEF
19 DECEMBER 1966

1. South Vietnam

The constituent assembly has decided that the future government should have a vice president to share the pinnacle of power with the president and the prime minister. The delegates had the problem of presidential succession in mind when they voted. They have postponed discussion of just what duties would be shouldered by a vice president.

The assembly has now turned to the issue of local government. Many delegates favor popular elections at all levels. If they get their way, it would mean a general expansion of local autonomy. This would be particularly significant on the crucial province chief level, where incumbents--most of them active military officers--are now appointed by Saigon.

2. Dominican Republic

President Balaguer has reacted negatively and defensively to Ambassador Crimmins' efforts to impress upon him our concern with the growing polarization of political opinion in his country. Balaguer rejected charges that his security forces are unable to discriminate between the Communist and non-Communist left.

He made it clear that he feels a reconciliation between his party and the left-of-center Dominican Revolutionary Party is impossible. He dismissed out of hand the Revolutionary Party's accusation of government complicity in terrorist attacks against leftist groups.

All in all, this kind of mutual suspicion could easily bring on a renewal of dangerous political tensions.

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3. Haiti

The American embassy in Port-au-Prince says there is no doubt that Duvalier is filling his pockets from the recent deal with Santo Domingo to send Haitian canecutters into the Dominican Republic. The income from this agreement, perhaps as much as \$400,000, will be added to Duvalier's "non-fiscal funds"--a personal pot used to maintain his power structure.

Some US newspapers have already labeled the contract a "slave labor" agreement.

4. France

[redacted] the main accomplishment of the Kosygin visit was to establish the framework for Franco-Soviet economic cooperation. The two countries agreed to set up a high-level commission to coordinate economic and scientific efforts as well as a number of mixed-manned study groups to work on specific problems.

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De Gaulle is now debating whether or not to remain in COCOM, the Western committee for coordinating policy on the sale of strategic items to Communist countries.

5. Egypt

Nasir claims that he will be able to get 850,000 tons of wheat, thanks to help from the Soviets. This is enough to meet his requirements through the middle of next year.

The Moscow commitment calls for shipping some of the wheat and lending foreign exchange to buy the rest through commercial channels. This is quite a departure; [redacted] Moscow not long ago agreed to help Cairo with only 250,000 tons. The switch can be attributed to the good Soviet harvest.

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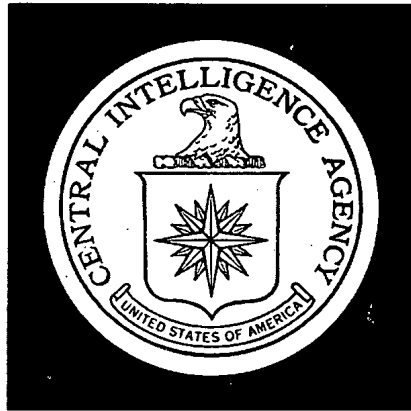
6. Nigeria

British troubleshooter Malcolm McDonald's talks with Gowon and with the Eastern military governor have not brought the two sides appreciably closer to agreement, but our embassy in Lagos is cautiously encouraged by this first sign of communication developing between them.

So far the two protagonists are fully agreed on only one point--that time is running against a compromise.

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The President's Daily Brief

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DAILY BRIEF
20 DECEMBER 1966

1. Cambodia

The Cambodians have again experienced the frustrations of negotiating with the Communists.

In late summer the Cambodians spent a fruitless month trying to get Viet Cong representatives to buy an agreement accepting the present alignment of the Cambodian border with Vietnam.

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A similar round of talks in 1964 was equally unproductive.

2. Japan

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3. Communist China

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4. Congo

Mobutu and Union Minière have begun the countdown to 1 January--Mobutu's deadline for the company to transfer its headquarters to the Congo or lose its concessions.

Mobutu, at a public rally on Sunday, gave a "solemn commitment before the people" to carry out his threat. Congolese soldiers--never a heart-warming sight to Belgians--are beginning to mill around the company's installations in Katanga.

Union Minière, for its part, appears determined to call what it considers a bluff. Company officials, however, are concerned over the safety of their people in the Congo.

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5. South Vietnam

Labor trouble could hit the Saigon docks this week.

Several hundred Vietnamese stevedores are losing their jobs tomorrow when a US Army service battalion takes over some of the cargo handling at the military port. The stevedores had been hired on a temporary basis pending arrival of the US unit, but the situation is being exploited by contending labor leaders. There is talk that other stevedores in the Port of Saigon may go out on a sympathy strike.

An effort is under way to find new jobs for the discharged men. If successful, this could avert serious work stoppages in the vital port.

6. South Vietnam

"The enemy is determined to destroy our base camp in War Zone C this year," stated a recently intercepted Viet Cong message. Since Operation ATTLEBORO ended in late November, there have been several such messages indicating the Communists are jumpy about the prospects of another major strike into their long-time jungle preserve northwest of Saigon. Most of these messages warn subordinate units to watch for new US troop concentrations.

7. Jordan

Husayn's radical Arab neighbors are keeping the pressure on him. The United Arab Command is pushing for implementation of its decision of two weeks ago to station Iraqi and Saudi troops in West Jordan by mid-February.

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8. Panama

Leaders of assorted leftist and Communist groups are banding together to brew up plans for "commemorating" the bloody "flag riots" of 9 January 1964. They also intend to denounce the canal treaty negotiations.

Although past attempts at combined action by these groups have fizzled, given the present atmosphere an emotional memorial program might materialize. Any attendant incidents could set off a new explosion, since the basic grievances that spawned the 1964 riot still exist.

9. Greece

Prime Minister Stephanopoulos apparently intends to resign following today's defection of his major support in parliament. The King may yet be able to bring the errant deputies into line, but another prolonged Greek political stalemate is more likely.

10. France

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11. France

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DAILY BRIEF
21 DECEMBER 1966

1. India

Religious and communal fanaticism is threatening to degenerate into violence again over two separate emotion-laden issues.

A prominent Hindu religious leader is well along in a fast to the death protesting the government's refusal to impose a nationwide ban on the slaughtering of cows--the sacred Hindu symbol of motherhood. Another fanatic, a leader of the nine-million-member Sikh minority, is threatening self-immolation next Tuesday unless the government grants territorial and political concessions to a newly created Sikh state.

There are no signs of compromise. Serious trouble could erupt on the death of either fanatic, presenting Mrs. Gandhi with yet another political challenge.

2. Soviet Union

Brezhnev celebrated his sixtieth birthday on Monday to the accompaniment of a more effusive chorus of adulation than he has yet received.

Even allowing for the Soviet habit of celebrating only the decennial birthdays of its leaders, this was a whopper. The bunkum still includes references to collective leadership, but it does appear that Brezhnev's preeminence has now become an undisputed fact of Soviet politics.

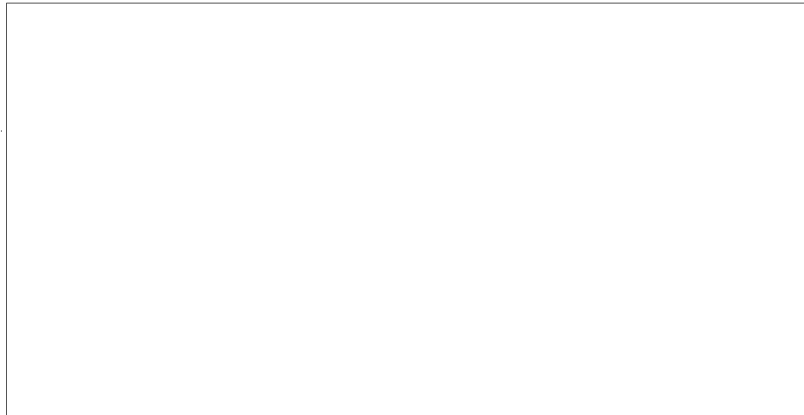
3. Soviet Union

The Soviets launched another moon probe this morning, their sixth this year. It will reach the moon Saturday afternoon, but we do not yet know its mission. It will probably either try for a soft landing or--like the last three--a lunar orbit. Our bet is the latter.

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4. North Vietnam

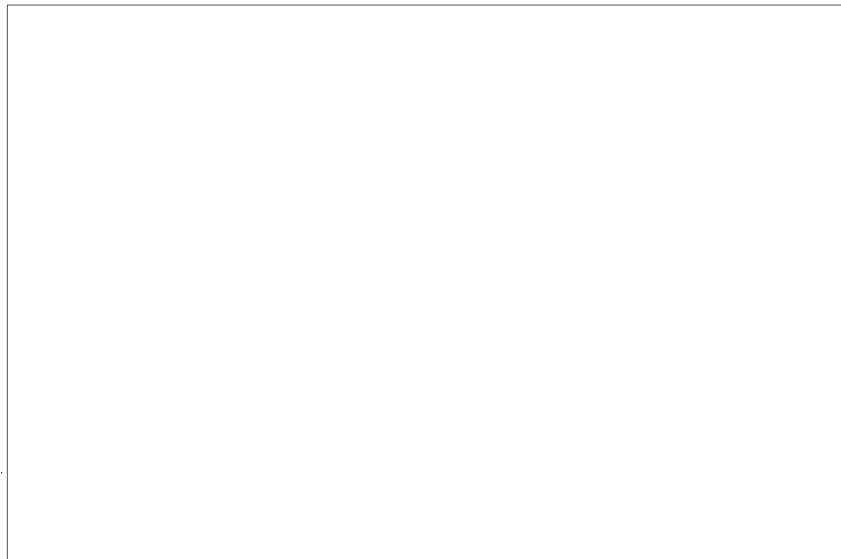
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5. Jordan

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King Husayn faces another crucial confrontation with his radical Arab neighbors next weekend. The United Arab Command meets in Cairo then to discuss implementation of its decision to station Iraqi and Saudi forces on Jordanian territory--including MIG-21s.



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6. Greece

A new government is scheduled to be sworn in tomorrow. It is likely to be only a caretaker regime, however, pending new parliamentary elections in a few months. It is to be headed by Ioannis Paraskevopoulos, a nonpolitical banker who once before put together a transition government.

The sudden change in Athens could throw a monkey wrench into the Greek-Turkish talks over Cyprus. Ankara will have little confidence in dealing with a temporary Greek government.

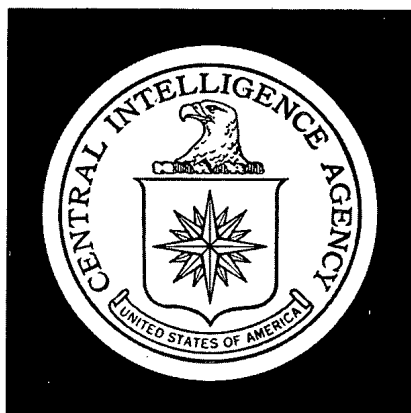
7. Venezuela

Public reaction to the military occupation of Central University a week ago continues to be surprisingly positive. Even some political leaders who had been strong advocates of university autonomy are now endorsing the government's action.

The police and military are still turning up incendiary devices and other terrorist weapons as they continue combing every nook and cranny of university territory. The Communist terrorist apparatus in Caracas has clearly suffered a severe blow. Only time will tell, however, whether it has been destroyed.

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The President's Daily Brief

~~Top Secret~~ 22 December 1966



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DAILY BRIEF
22 DECEMBER 1966

1. Vietnam

The Viet Cong seems to be pulling off an increasing number of successful small-scale attacks. Concern over the psychological impact of these actions on the population has been reported from most sections of South Vietnam. In some areas, Viet Cong harassment has produced higher prices--for which the government and the US are receiving the lion's share of the blame.

2. Communist China

Peking's grain imports for the first half of next year may reach a record four million tons. This is about a million tons more than China imported during the first half of 1966. Australia and Canada, China's biggest suppliers, are now being asked for much more than they had earlier been scheduled to send.

The Chinese are scouring the world for still more. The bumper crops this year in the Soviet Union will not help. The Chinese have been too prideful to seek Soviet grains for some years.

3. Cuba

Castro has been having trouble with openly defiant students at Havana University. For the university elections early this month the students had insisted on nominating candidates with what regime leaders called "untested political reliabilities."

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Castro apparently won this round and the affair is being muted. However, he must realize from his own violent and rebellious student days that the problem will not simply go away.

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4. Cuba

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5. Egypt

Nasir has stepped up his pressures against Saudi Arabia. Cairo's propaganda is working hard to create an impression of growing domestic dissatisfaction in the kingdom. A series of recent bomb explosions there was apparently the work of Egyptian-trained Yemeni terrorists sent in for the job. Nasir is also entertaining ex-King Saud, whom King Faysal ousted, but it is hard to see how Egyptian collusion with Saud can be made ideologically convincing.

Faysal's most obvious recourse is to heat it up for the Egyptians in Yemen. So far he has resisted demands for the resumption of open warfare by the Yemeni royalists, but he may not hold the line much longer.

6. Jordan

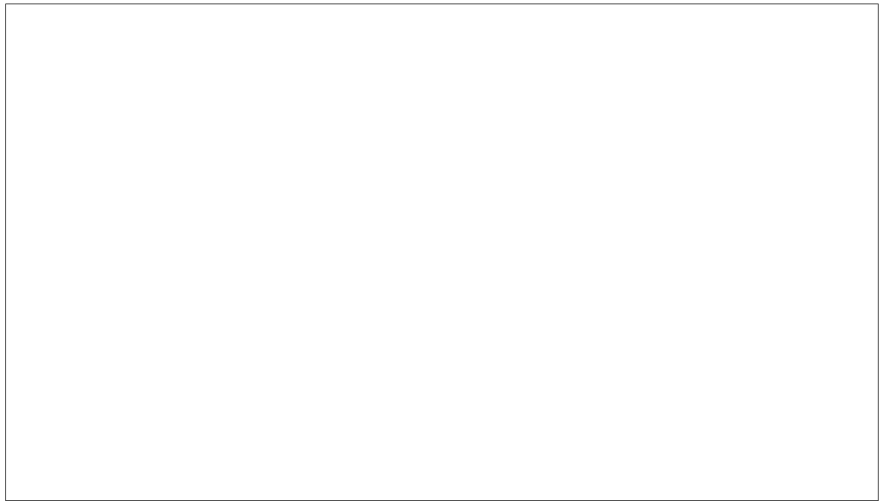
King Husayn today strongly reaffirmed his support for Prime Minister Tal, a principal target of his foreign and domestic enemies. By asking Tal to form a new government, Husayn served notice that he is in no mood to buckle under on basic issues.

We suspect that there will be an effort to appease the restive Palestinians of west Jordan by including some of their representatives in the new cabinet. It will be exceedingly difficult, however, to get any respected Palestinian to serve under Tal.

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8. Soviet Union



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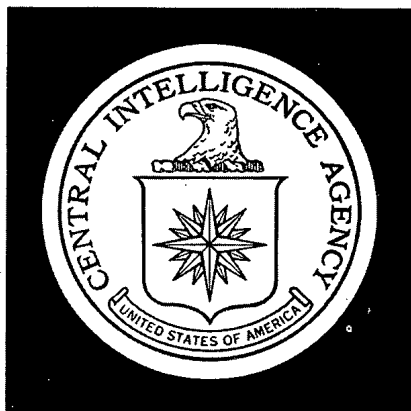
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DAILY BRIEF
23 DECEMBER 1966

1. North Vietnam

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2. South Vietnam

Tri Quang is slinking around in another series of maneuvers aimed at rebuilding his political power. The latest machinations of the radical Buddhist monk include a proposal that Vietnamese Buddhists and Catholics join in a campaign for acceptance of the Pope's appeal to extend the Christmas truce. Tri Quang is not likely to make much progress in this quarter, but he can be expected to continue his efforts to make trouble.

3. Macao

A new incident today--a set-to between a Portuguese foreman and a Chinese workman--may bring on further demonstrations in the colony. The Chinese could well use this as a pretext for inflicting more humiliations on the local authorities.

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4. Panama

The Robles government now seems optimistic about reaching a canal settlement with the US next year. [REDACTED]

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5. Bahamas

Tension in the Bahamas is rising as the islands prepare to elect a new government early next month.

The elections were called following talk that some government ministers have been using their positions to fill their pockets--particularly through gambling concessions. The opposition party now is calling for an investigation by a royal commission; Prime Minister Wilson is said to be personally concerned.

The opposition party is not particularly strong and [REDACTED] party extremists plan a campaign of violence if they lose. On top of this, there is more tension building because of a strike of construction and electrical workers which may well spread to other trades.

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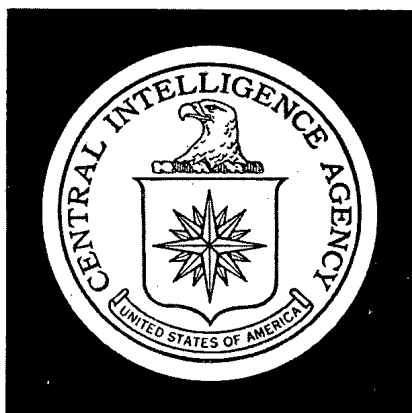
6. Syria

The parent companies of Iraq Petroleum voted today to pay the \$10.3 million in back transit payments demanded by Syria. This decision was pushed by Shell and British Petroleum over the objections of Mobil and Standard of New Jersey. The action was taken after the French member of the consortium hinted it was prepared to make a separate settlement with Syria. The French hoped thereby to get to market all of the oil from the pipeline.

Iraq Petroleum will not announce the decision until next Thursday.

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~~Top Secret~~ 24 December 1966



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DAILY BRIEF
24 DECEMBER 1966

1. Vietnam

As of 1100 EST today, only minor and widely scattered violations of the Christmas truce had been reported. The number of incidents so far--some 22--is below the rate of such incidents during the truce period last Christmas.

Two Marines were killed and seven wounded when Viet Cong fired on their positions near Da Nang; one American was wounded in another incident.

2. South Vietnam

Vietnamese dock workers have demonstrated, as expected, against the replacement on Wednesday of Vietnamese stevedores by US military personnel in the military port. So far, the demonstrations have been small and peaceful. Dock work continues undisturbed at both the military port and the Port of Saigon.

There are signs, however, that some labor leaders are bent on exploiting this issue to cause trouble throughout the whole Port of Saigon. The leadership of Vietnamese labor is badly split, and the dock workers' grievances have become an issue between factions.

Latest word is that there will be at least a partial strike of port workers on Monday or Tuesday.

3. Communist China

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4. Communist China

Recent rallies held to denounce officials brought down months ago mark a new trend in the political infighting going on among the Chinese leaders. We are beginning to see suggestions that the Mao - Lin Piao group is threatening to use more direct methods--execution or imprisonment--against its enemies.

Foreign correspondents in Peking say there were mass meetings in the capital on 12 and 20 December called to "unmask the crimes" of four former key members of the leadership. These included the one-time party boss of Peking, a former chief of the secret police and a former overlord of party propaganda.

Rumors are now flying that three out of four of these people committed suicide by poison after the meeting on the 20th.

It is still unclear whether this campaign against some of the earlier "enemies" will lead to moves against top-drawer members of the current opposition such as Liu Shao-chi.

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The President's Daily Brief

~~Top Secret~~ 27 December 1966



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DAILY BRIEF
27 DECEMBER 1966

1. Yugoslavia

The series of violent demonstrations against US Vietnam policy must be embarrassing to the relatively liberal men now dominant in the party and the government. The top leadership had approved the idea of peaceful protests, but surely had not anticipated violence.

We suspect that conservative elements in the party may have spotted an opening to provoke trouble and thereby express their dissatisfaction over current political trends in Belgrade.

Another factor in the violence may have been the general erosion of central authority in recent months. This has reached the point where even the police are now sometimes unsure whether to take action in situations which they would have waded into a year ago without hesitation.

2. Indonesia

The stop-and-go drive to force Sukarno out has picked up steam again. General Suharto seems to be looking to early next spring as the culmination of his phased program against Sukarno. But it would be easier all around if Sukarno should see fit to take a trip abroad well before then. He is probably being pressed to do so now.

The big military parade set for tomorrow in Djakarta is presumably to be a show of force to impress Sukarno with his weakening position.

3. Soviet Union

CIA researchers have taken a new look at the question of computers in the Soviet economy. Some of their findings are summarized below:

--Because of their concentration on computers for military and scientific purposes, the Russians are far behind the US in the use of computers for solving commercial problems. Moscow uses less than 15 percent of available computers for commercial work; nearly 60 percent of ours are so employed.

--In terms of numbers, we have more than 15,000 computers for commercial purposes; the Soviets have less than 500.

--Because of this great lag, the Russians have to employ about three million people to do their accounting work--most of which is still done by abacus and desk calculators. One Soviet scientist, who likes to play with projections, predicts that his country may be suffocated by paperwork. He calculates that if present methods remain in force, the volume of paperwork will increase by 3,000 percent by 1980.

4. Nigeria

The slide downhill toward a breakup of the country and civil war continues. The head of what remains of the federal government seems to be seriously underestimating the strength of the recalcitrant governor of the Eastern Region. Both are under pressure from close aides to abandon further efforts to negotiate. Both are collecting weapons and preparing for the worst.

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5. South Vietnam

Ky's minister of labor told US Embassy officers today that he thought the port strike might last only two or three days. He said that he is trying to isolate the two strike leaders from their parent union and from the stevedore companies. This may be largely talk.

Both of the rebel union leaders are now said to be threatening to broaden the strike to include other dockworkers throughout the country, as well as other types of workers in Saigon.

6. North Vietnam

[REDACTED]

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7. Jordan

Husayn has succeeded in delaying a final Arab decision on the entry of foreign troops and planes into Jordan.

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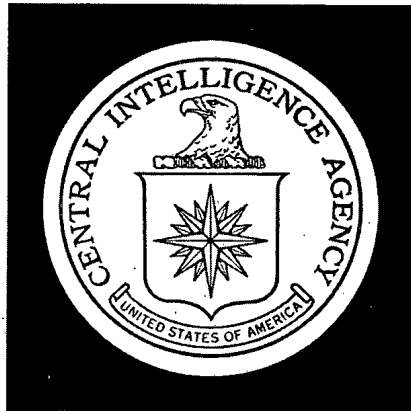
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Predictably, the Jordanian tactic evoked a new rash of invective from the Palestine Liberation Organization. The official radios in Cairo and Baghdad were also critical of the delaying tactics.

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DAILY BRIEF
28 DECEMBER 1966

1. South Vietnam

Yesterday's attempted assassination of a constituent assembly member will generate some unwholesome thoughts about the military government.

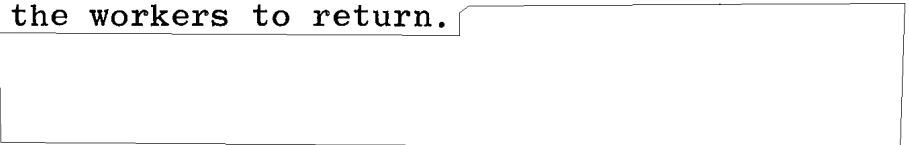
The attempt follows by only 20 days the assassination of another deputy. We have no evidence that the two crimes were linked or that the government was involved in either. But both men were outspoken critics of the present military regime, and some people still have lingering suspicions about the first incident.

It is quite possible that both men were attacked by the Viet Cong to create just this sort of effect.

2. South Vietnam

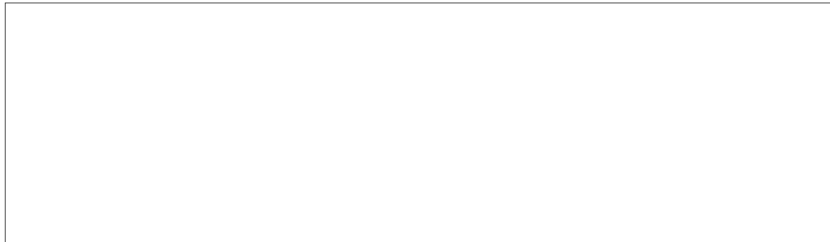
The government is beginning to take a larger role in dealing with the dock-workers' strike.

The Ministry of Labor and the Saigon Port Authority have publicly called on the workers to return. 50X1



The government is considering using Vietnamese troops to help operate the Port of Saigon.

3. Communist China



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4. Bolivia

President Barrientos has been storming around saying he would not attend an American summit meeting unless the subject of Bolivia's access to the sea was on the agenda. Now, Barrientos shows signs of give.

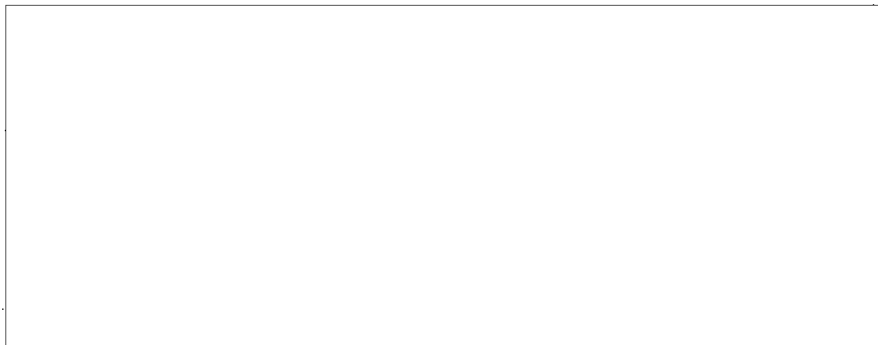
What he would like, Barrientos told a US Embassy officer recently, is an indication from Chile's President Frei that the two countries could begin talks about regional integration, including access to the sea.

Once Frei broke the ice, Barrientos said, diplomatic relations could be restored--they were broken in 1962--and the summit agenda conditions dropped.

In another conversation, the Bolivian foreign minister told Ambassador Henderson that spadework had already been done on exploratory talks and that at some point the US may be asked to exercise its good offices.

5. Cuba

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6. Soviet Union

Moscow's ambitions for a world-wide communications satellite system were underscored yesterday with the announcement that a station will be built in Cuba. This station will be hooked into the Molniya satellites which carry television as well as commercial and military communications. France also has agreed to participate.

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7. Sudan

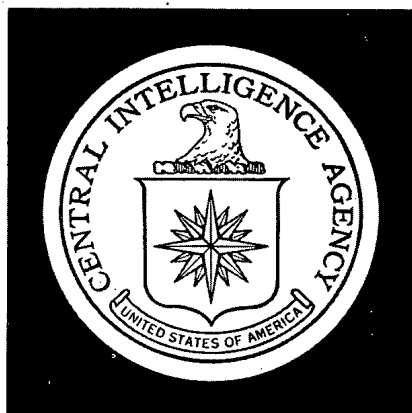
The government moved quickly this morning to quash a coup attempt led by a young Sudanese lieutenant. The lieutenant is the nephew of the top Sudanese Communist. While this is only circumstantial evidence that the Communists had a hand in the coup, it has provided the government with an excuse to start rounding up Communist leaders.

The Sudan has been plagued with demonstrations by both Communists and anti-Communists since a court decision to legalize the Sudan Communist Party last week.

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50X1

DAILY BRIEF
29 DECEMBER 1966

1. Jordan

Husayn's enemies have launched what could become a serious terrorist campaign inside Jordan. There have been several bomb explosions this week in the capital city. A Jordanian policeman was assassinated near the Syrian border early yesterday.

So far Jordanian authorities have few clues as to the perpetrators. The Palestine Liberation Organization, which this week announced the formation of a revolutionary council aimed at overthrowing the King, is a leading suspect. So is the Syrian Government.

50X1

2. Turkey

The Turks were wary hosts during Kosygin's recent visit. The government treated him as it felt protocol required, but did not extend itself. If Kosygin was seeking anything at all in the way of political concessions, he was disappointed.

3. Chile

President Frei is in for increased trouble from Congress. The Senate has just elected Salvador Allende as its president. Allende, two-time presidential candidate of the Communist-Socialist popular front, will be a nuisance in his new post.

This will be especially so during the upcoming debate over granting the president permission to leave the country for his US trip. It is likely now that the debate will be muddled up with anti-US invective.

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4. Laos

Premier Souvanna has seen to it that the new National Assembly elected next week will be easier to get along with than its predecessor. He has chosen candidates pledged to support him for most of the assembly seats.

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As usual, the Communists will boycott the elections, and the parts of the country they control will not participate. Souvanna, although disillusioned with both neutralists and Communists, remains determined to preserve at least the facade of tripartite government despite the boycott.

5. South Vietnam

At last report, a "general strike" in support of the striking dockworkers was to begin in Saigon at 5:00 PM Washington time this evening. South Vietnamese troops will be used to operate essential facilities in the city if the strike proves effective.

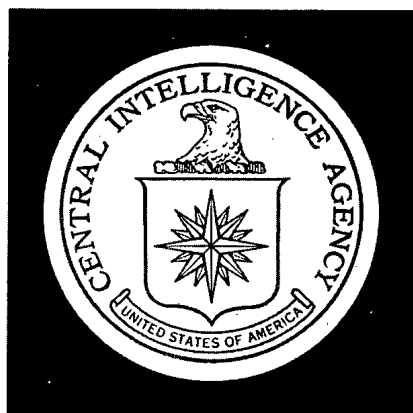
No progress has been made in getting the dockworkers back on the job. A US military offer to hire for jobs elsewhere sizable numbers of the stevedores laid off last week at the military port was rejected this afternoon by union leaders.

So far, the government has taken no real steps to end the strike. Ky, however, is expected to authorize police director Loan to take some action--as yet unspecified--if the strike drags on.

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DAILY BRIEF
30 DECEMBER 1966

1. South Vietnam

The dock strike is over. Stevedores, who had been replaced by US troops at New Port, have been offered jobs elsewhere on the Saigon waterfront by American authorities. The decision to accept our terms was helped along by the poor showing made today when a so-called general strike could produce no more than 3,000 Saigon workers willing to go out in sympathy with the dockers.

2. South Vietnam

50X1

3. Jordan

The Jordanians have played well in this week's round of Arab political poker. They have successfully stalled the effort to deploy other Arab troops in Jordan.

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4. Communist China

A campaign to curtail US use of Hong Kong as a Vietnam leave port may be brewing. Peking radio played this theme today for the first time since last February.

The Communists are probably feeling their oats after their easy intimidation of the Portuguese authorities in Macao. Hong Kong, however, is much more useful to Peking, and we doubt that the pressure will go beyond minor harassment of the colony.

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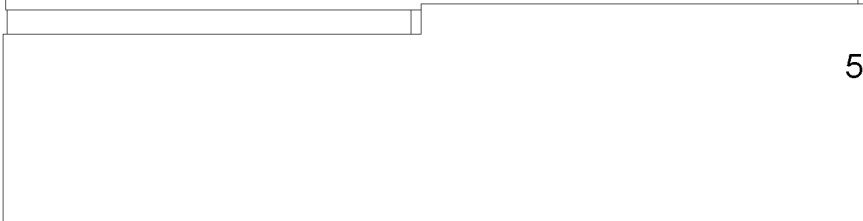
5. Indonesia

Suharto, as part of his effort to erode Sukarno's power, is trying to control the presidential purse.

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6. Argentina

It was President Ongania who insisted on the resignation of the cabinet yesterday. This was probably an attempt to mute charges--from both civilian and military quarters--that his government lacked direction and was making little progress in solving the country's problems.

Ongania will probably retain most of the less controversial members, but the chief targets of criticism--the interior and economy ministers--will go. We ought to have a clearer idea of where the regime is heading when their replacements are announced.

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7. Congo

The irresistible force is now trying to avoid colliding with the immovable object. Mobutu, finally comprehending the economic leverage Union Minière holds over the Congo, is no longer insisting that the company transfer its headquarters to Kinshasa.

However, other significant points of disagreement remain, and there are some signs that the company may have decided to let Mobutu stew for awhile. A settlement by midnight tomorrow--the date by which Mobutu is publicly committed to bring the company to heel--is unlikely.

Further delays on the issue will hurt the Congo more than the company.

8. Soviet Union

Peking's anti-Soviet crusade is causing increasing concern in Moscow.

An editorial yesterday in Red Star, the official army journal, warns that Mao and Lin Piao are turning the Chinese army into a "blind weapon" in their offensive against the USSR. The Chinese army is portrayed as an opponent rather than an ally.

All this is, of course, partly a propaganda thrust at "Mao and his group." But the tone of the editorial, as well as recent precautionary moves by the USSR near China and Mongolia, seems to us to show genuine anxiety over the upheaval in China.

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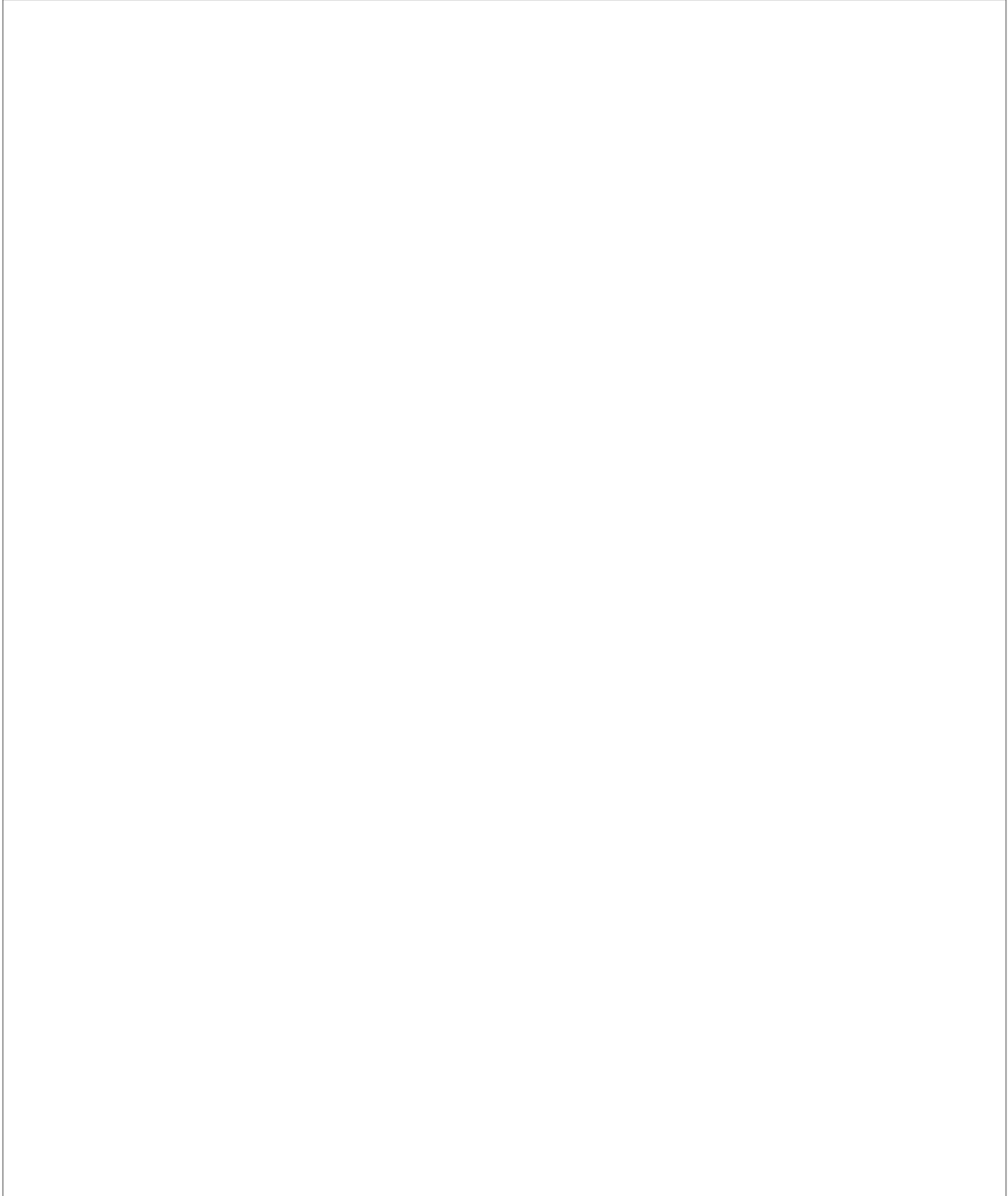
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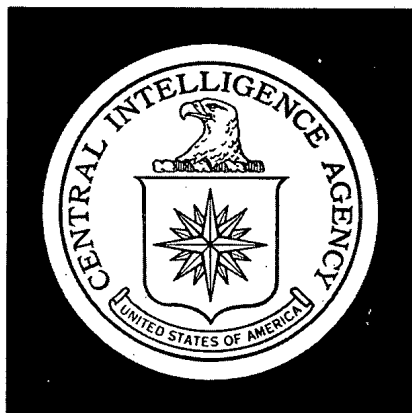
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DAILY BRIEF
31 DECEMBER 1966

1. North Vietnam

The people have been given an unusually bleak assessment of what the new year will bring them. Hanoi radio broadcast a year-end speech by party first secretary Le Duan in which he warned that the US would step up the war effort in 1967 and that the people must therefore brace themselves for even greater hardships and sacrifices.

Le Duan went on, as usual, to assert the inevitability of an ultimate US defeat. "Even atomic bombs," he said, cannot prevent this.

2. Vietnam

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3. Nigeria

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4. Yugoslavia

The release today of Milovan Djilas, after about five years of an eight-year sentence, will probably be represented by the regime as an example of the "personal freedom" stemming from the recent liberalizing trend.

Once Tito's heir apparent, Djilas has for some time been considered a dead issue, and the regime has been under no pressure to release him.

The present unsettled internal situation in Yugoslavia, however, offers a fertile field for someone of Djilas' background and reputation to cause trouble. The regime will probably watch him carefully--and keep his cell door open and the bed turned down.

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5. Soviet Union

We have further evidence of Moscow's concern over the military implications of its dispute with China.

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We doubt that Moscow sees any acute military threat, although incidents along the border continue. But Moscow does appear determined to respond vigorously to any Chinese provocation.

As for the Chinese, there is plenty of evidence that they are watching the Russians' every move, and may even be convinced that the Soviets will eventually attack China.

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