

The President's Daily Brief

~~Top Secret~~ 18 June 1968

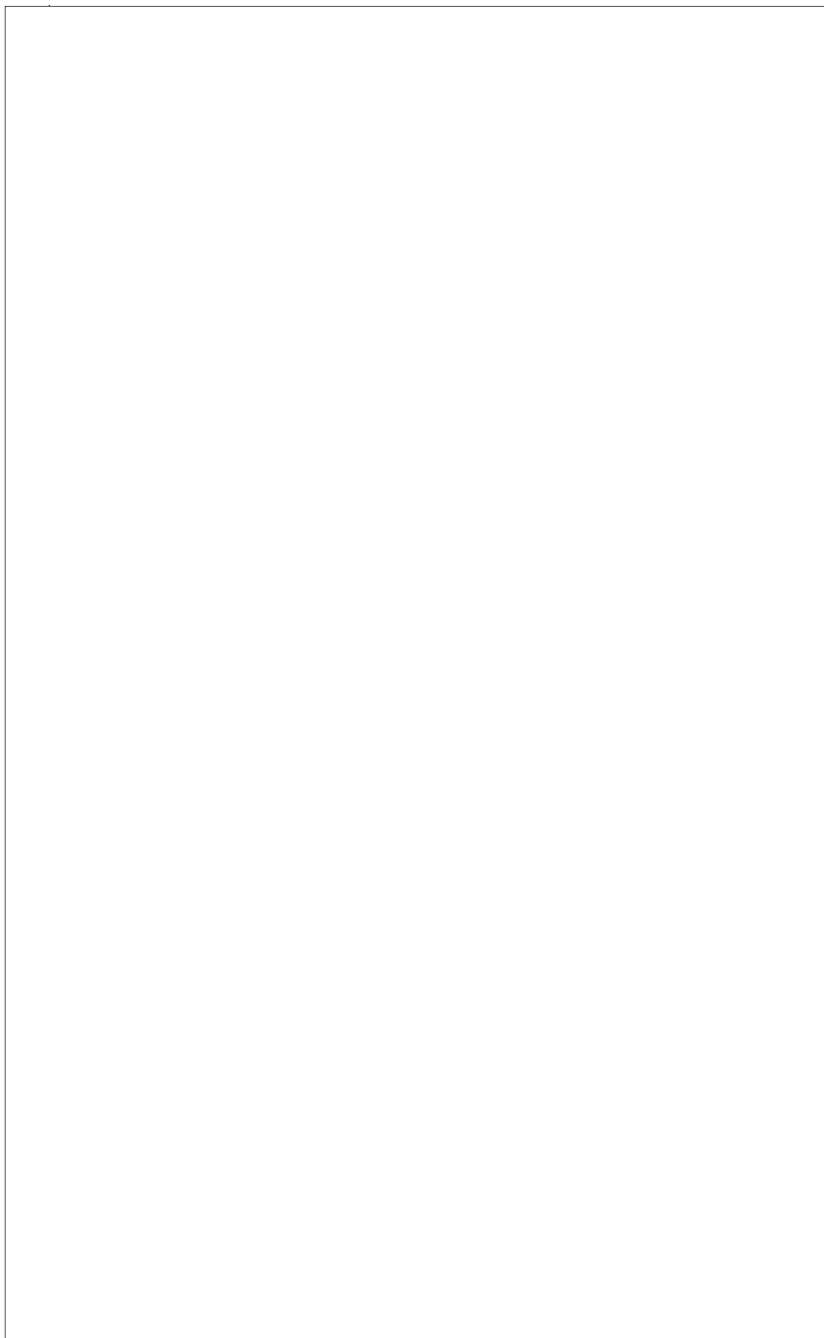


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THE PRESIDENT'S
DAILY BRIEF
18 JUNE 1968

1. South Vietnam

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At Annex we examine the uneasy political climate in Saigon in terms of how the Viet Cong may be viewing it and what they might hope to do about it.

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2. Canada

General elections are one week from today and Trudeau's Liberal Party still looks good for a small majority in the new parliament. The prime minister has run a well-organized campaign focused on foreign policy and national unity. He has stayed away from Canada's economic problems where the Liberals are most vulnerable.

Trudeau's edge might be a little larger had he not been pushing so hard for the unity of French and English-speaking Canada. This may put a few seats in Quebec in jeopardy. An unexpectedly large turn-out against Trudeau in the French-speaking province could even cost the Liberals a majority.

3. Rhodesia

After more than two and one half years, economic sanctions still have had little impact on Rhodesia. Economic growth has slowed a bit, but there have been no serious disruptions.

The UN's latest effort to cut off Rhodesia's remaining foreign trade--a resolution passed 29 May by the Security Council--will be no more than a minor irritant as the Rhodesians already have found there are plenty of people willing to buy and sell, UN resolutions or no.

4. Uruguay

The Communist-dominated National Labor Convention has called a 24-hour strike today. This is to protest the limited state of siege imposed last week. The strike is not illegal, and neither the government nor labor want trouble. Given the tensions involved, however, there could be riots, particularly if the police get heavy-handed.

5. Israel

In his latest effort to outmaneuver Moshe Dayan, Eshkol has put some serious strains on his own party and on the coalition government it dominates.

Last week Eshkol abruptly designated Labor Minister Yigal Allon deputy prime minister. Dayan boycotted the meeting at which Allon's appointment was approved by most leaders of the Israel Labor Party. Now the popular defense minister is crying foul and threatening to stay out of party meetings until there is a vote with all his followers present.

At least four of the other five political parties in the government are also angry because Eshkol failed to consult them. One or more may pull out of the coalition when the cabinet acts to approve Allon's appointment.

A hero of the 1948-49 war, Allon leads an important faction of the Labor Party. He has been Dayan's leading rival for succession to Eshkol--and the prime minister's latest move would seem for the moment to give him the inside track.

6. France

The French, who only a few months ago were leading the attack on the dollar, now are trying to get dollars to support the franc. In fact, today France will sell \$400 million in gold for dollars. The US has been offered \$200 million; Swiss and other European central banks the remaining \$200 million.

To make the sale, the French are dipping into their reserves. While these reserves are still ample, they have been hit for about \$1 billion during the crisis. The French hope to keep the franc pegged at 20.11 US cents.

ANNEX

Communist Views of Saigon Politics and
Possible Courses of Action

Communist propaganda for the past few weeks has given heavy play to the continued "squabbling" between Thieu and Ky and has predicted even more serious and violent political crises ahead. The Communists' own scenario counts heavily on the weakening and ultimate collapse of the regime in Saigon. The Communists view the recent shake-ups in the government as resulting in Ky being "relegated to an inferior position." They credit their own military and psychological pressure for much of what has happened so far and are probably looking for ways to heat up the power struggle.

From a purely political point of view, the Communists are somewhat limited in their ability to force a confrontation between leaders in Saigon. They can spread rumors of coup plotting and, according to Ky, are now doing so. But these probably add little to those already rolling from Saigon's own rumor mills. We would expect new attacks, both by rocket and by ground forces, against the capital. The Communists, however, will be somewhat wary of moves which could have the effect of causing Saigon's factions to close ranks.

Ky told Ambassador Berger on 17 June that he had "intelligence" that the Communists planned to attack the presidential palace and Tan Son Nhut air base in South Vietnamese Army uniforms, allegedly in the guise of a Ky-sponsored coup. In such a scheme they would probably hope to dupe some Vietnamese Army troops into supporting their efforts--a remote possibility particularly if Tan Son Nhut, a Ky stronghold, were attacked.

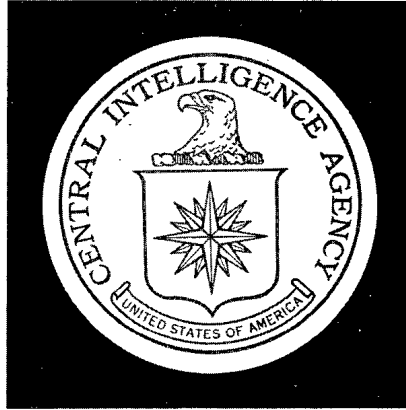
Were Ky to stage a real coup attempt, the Communists would stand a far better chance of exploiting the disarray either militarily in and around Saigon and in the rural areas or politically in the aftermath, both at home and abroad. They might, under the circumstances, surface new members or recruits for their Alliance and might even regard the moment as propitious for proclaiming a rival Alliance

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government. They would almost certainly try to exploit the tensions in the South Vietnamese Army by intensive appeals for defection, and they would probably attempt to step up sabotage and terrorism, hoping to pin much of the responsibility on either Thieu's or Ky's supporters. Ky, however, appears fully aware of these dangers and is declaring himself opposed to coup efforts.

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FOR THE PRESIDENT'S EYES ONLY

- 1.) Special Daily Report on North Vietnam

- 2.) North Vietnamese Reflections of U S
Political Attitudes



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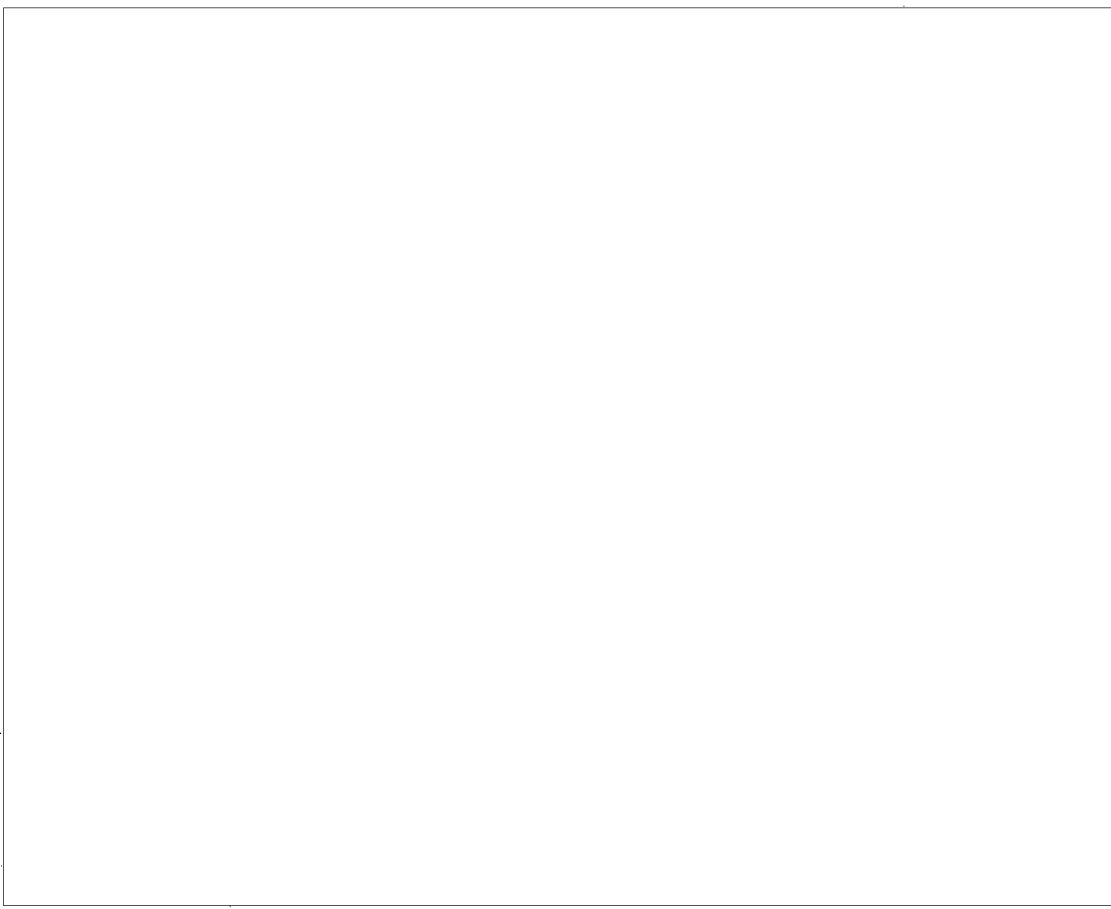
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Special Daily Report on North Vietnam
for the President's Eyes Only

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I. NOTES ON THE SITUATION



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Bombing Effects: The Communist head of Italy's biggest labor union recently returned from a trip to Hanoi and described North Vietnam as suffering "gravely" from US bombing, but determined to fight on for another 10 to 20 years if necessary.

Luciano Lama who is also a Communist member of Parliament told a news conference on 17 June that the bombings had not weakened the North Vietnamese spirit. He said that while the North Vietnamese do not expect "any immediate results" from the current talks, fruitful peace talks could begin when the Americans halt the bombing of the North.

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II. NORTH VIETNAMESE REFLECTIONS OF US POLITICAL ATTITUDES ON THE WAR

Reaction to Possible McCarthy Visit to Paris:
North Vietnamese diplomats in Paris have hinted that they welcomed a reported suggestion by Senator Eugene McCarthy that he would like to visit Paris and look in on the peace talks, according to Western Press reports.



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