



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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10 JUNE 1965

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DAILY BRIEF
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1. Vietnam

The major battle at Dong Xoai, in Phuoc Long Province sixty miles north of Saigon, is continuing. US and South Vietnamese casualties have been heavy. The Viet Cong attacking force was at least a regiment, 1,500 men or more. During the day, the third South Vietnamese relief force dispatched to the area--two preceding waves apparently were badly hit--has succeeded in recapturing some positions, but the town itself apparently remains in the hands of the Viet Cong, which is capable of renewing the attack despite heavy air attacks.

In Saigon today, three Vietnamese were killed and four wounded by a charge of plastic explosive hidden in a bicycle.

On the political scene, Catholic groups continue to press for Premier Quat's resignation. Various generals, whom Quat has asked to mediate, are beginning to consult the Catholics and other opposition groups. In conversation with Ambassador Johnson this afternoon, Quat said that the generals were even then meeting to discuss the situation, but that he had no information about their deliberations. Quat seemed to have no clear ideas about what to do next.

The Communist National Liberation Front for South Vietnam, responding to press stories about US forces engaging in combat in South Vietnam, declared yesterday that if this should occur, the front reserves "the right, when necessary, to call for volunteers from the armies of North Vietnam and of friendly countries." This marks the first time that the front has intimated it might call for "volunteers" from regular military units.

2. Dominican Republic

The military situation both in the capital and the provinces remains quiet.

The negotiation committee from the Organization of American States was back in Santo Domingo today after a visit to Santiago, which Ambassador Bunker describes as "fruitful." Bunker says the committee found more backing for the rebel cause than Imbert has let on, but that this fell far short of majority support. The committee was scheduled for another round with Caamano today.

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3. Cuba

Cuba appears to have made major progress toward economic viability.

the sugar crop last year was close to 4.6 million tons, somewhat above our estimate of 4.1 million tons. Fidel Castro said in a speech on Monday that this year's harvest hit 6 million tons. This is probably a true statement, and indicates that sugar production is now back to or slightly above the pre-Castro annual average.

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4. Brazil

The latest economic returns indicate that the recession which has afflicted business for the past four or five months has not yet reached bottom, and public dissatisfaction with the government's program is increasing. On the other hand, prices last month increased less than in preceding months, so that the rate of increase in the cost of living may be slowing.

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[Redacted]

5. Bolivia

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6. Colombia

President Valencia--who intended his views to reach the US--told [Redacted]

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[Redacted] on Wednesday that the economic situation is critical but he thinks "any significant devaluation" of the currency in present circumstances would lead to political chaos.

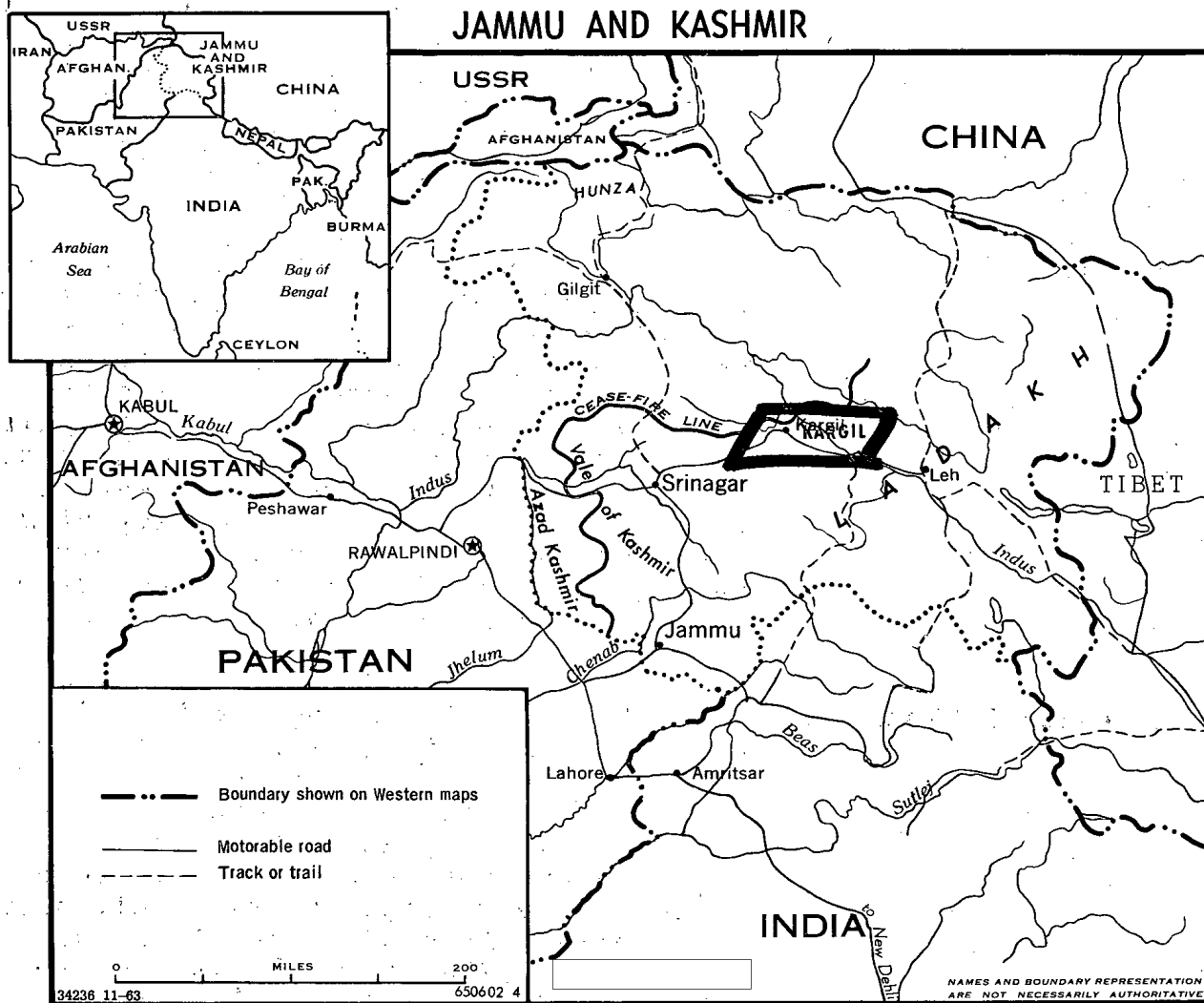
He said devaluation would "put not only the always-ready students but also their parents and their teachers and their local shopkeepers in the streets with stones in their hands and violence in their minds."

Instead, President Valencia said the US should help devise a compromise formula excluding devaluation for the time being but including stabilization assistance and certain conditions, such as stiff luxury and use taxes, and alleviation of the position of foreign oil companies.

The US Embassy comments that Valencia's fears about the consequences of devaluation are shared by many middle-class as well as wealthy people.

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7. USSR

In today's announcement of the failure of the moon probe Lunik-6, Moscow still did not specify what it was supposed to accomplish had it been successful. A soft landing was a likely objective

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Lunik-6 was launched under the least favorable circumstances of any of the Soviet moon probes. This suggests some urgency in the program and if so, the failure must have been particularly disappointing to Soviet officials.

8. USSR

[Redacted]

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This high level of activity appears to be a consequence of a general policy of keeping a larger portion of the Soviet Navy at sea than was the practice in former years, and does not seem related to the current international situation.

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9. India-Pakistan

The situation along the Kashmir cease-fire line is getting worse. Indian forces--ignoring the presence and orders of UN observers--have in the past few days expanded their perimeter in the area they overran last month near Kargil. The Pakistanis are likely soon to retaliate in kind, probably at some other point along the line where terrain or other advantages are in their favor. (See map.)

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