



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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24 JUNE 1965

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1. Vietnam

A battalion of the US 173rd Airborne Brigade was lifted by helicopter today into a Viet Cong-held area in Binh Duong Province 25 miles north of Saigon. Preliminary reports indicate only light contact with the enemy. Elsewhere, the military situation was little changed today, although widespread Viet Cong terrorist and harassing activity continued.

Viet Cong activity, particularly the interdiction of transport routes [redacted]

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[redacted] is doing increasing damage to the national economy. There are local shortages, hoarding, and price rises--an incipient inflationary situation to which increased government military expenditures contribute. An assessment is at Annex.

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The Saigon government's announced decision to break diplomatic relations with France will presumably have little immediate practical result. Consular relations are to be maintained, and South Vietnam contemplates no seizures of French interests or breaches of cultural and economic ties. The French appear unconcerned.

General Thieu has told Ambassador Taylor that the new regime plans to rule by committee, and that General Ky's position will be something less than a true chief of government.

2. Algeria

The Boumedienne regime is dealing firmly with continuing but scattered opposition demonstrations. The military appears to have matters under control, but dissident propaganda is circulating in Constantine as well as Algiers.

The new government has not yet revealed its purposes or its international affinities. There is some reason to believe it is having trouble getting organized, and in particular establishing relations with various personalities and factions estranged by Ben Bella.

The Afro-Asian foreign ministers' meeting scheduled to start today has been postponed until Saturday. Further slippage in the schedule would not be surprising, and the meeting may not come off at all.

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3. Cambodia

The "protocol" signed yesterday in Phnom Penh providing for limited Chinese Communist military technical assistance to Cambodia takes Sihanouk a little closer to Peiping, but not much. He will probably keep the number of Chinese technicians to a minimum, being well aware that neither South Vietnam nor Thailand will view this development with equanimity. For Peiping, the transaction probably amounts to another excursion in cautious--and inexpensive--trouble-making, designed to keep Cambodia's pro-Western neighbors uneasy.

4. Greece

The clash which has been brewing between King Constantine and Prime Minister Papandreou may erupt in the next day or so.

Papandreou, who seems certain to win the parliamentary vote of confidence scheduled for today or tomorrow, is reported planning to announce the replacement of the right-wing army chief of staff without consulting the King. The King, [redacted]

[redacted] would view this as a direct threat to the throne, and might well force a major crisis by asking for Papandreou's resignation.

The US ambassador comments that it is not certain whether the King has in fact decided to throw down the gauntlet at this time. If he does, Papandreou may--as he has threatened in the past--take the issue "into the streets."

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5. Cyprus

Greek-Turkish negotiations over Cyprus are now hung up over how much land Turkey should be ceded in return for its agreement to union of Cyprus with Greece. The Turks have asked for 1,170 square kilometers along the Greek-Turkish border; the Greeks are thinking of a counteroffer of 450. The bargaining, temporarily in recess, will be resumed soon when the Greek ambassador to Turkey finishes consultations in Athens.

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6. Latin America

Uruguay is seeking to coordinate opposition to the establishment of a permanent inter-American peace force. Foreign Minister Vidal has been in touch with Chile, Peru, Ecuador, and Mexico, all of which--along with Uruguay--opposed creation of the force for the Dominican Republic. Chile has already indicated that it could not support the proposed permanent force, which will be considered at the upcoming Inter-American Conference.

7. Berlin

Despite the recent tendency of some Western correspondents to cry alarm, there seems so far to be nothing out of the ordinary about routine Soviet and East German troop maneuvers along the autobahn west of Berlin. Specifically, there is nothing to indicate a relationship to recent East German helicopter activity over the city, nor to the 1 July deadline for changes in the regulations covering international rail and barge traffic.

8. Communist China

The last sizable contingent of Chinese receiving technical training in the Soviet Union--a group of 47 scientists at the Joint Institute for Nuclear Research near Moscow--left for home on 17 June, according to the Chinese press. This training, although not directly concerned with weapons, has been valuable for junior Chinese nuclear scientists. Its termination is symptomatic of the state of Sino-Soviet relations.

9. Dominican Republic

The Organization of American States team has now received mutually unacceptable counterproposals from the rebel and the loyalist camps, and a new critical phase in the negotiations has been opened.

Imbert's response maintains that his government adequately fulfills the role of an interim regime and that there is no need for the formation of yet another provisional government. There are moderate notes, however.

Imbert, speaking privately to Ambassadors Bunker and Bennett, indicated yesterday that he was not yet ready to step out of office voluntarily. He insisted that he "could not leave now," and that his job "was not yet finished."

The rebels are probably under stronger pressure to get an early settlement.

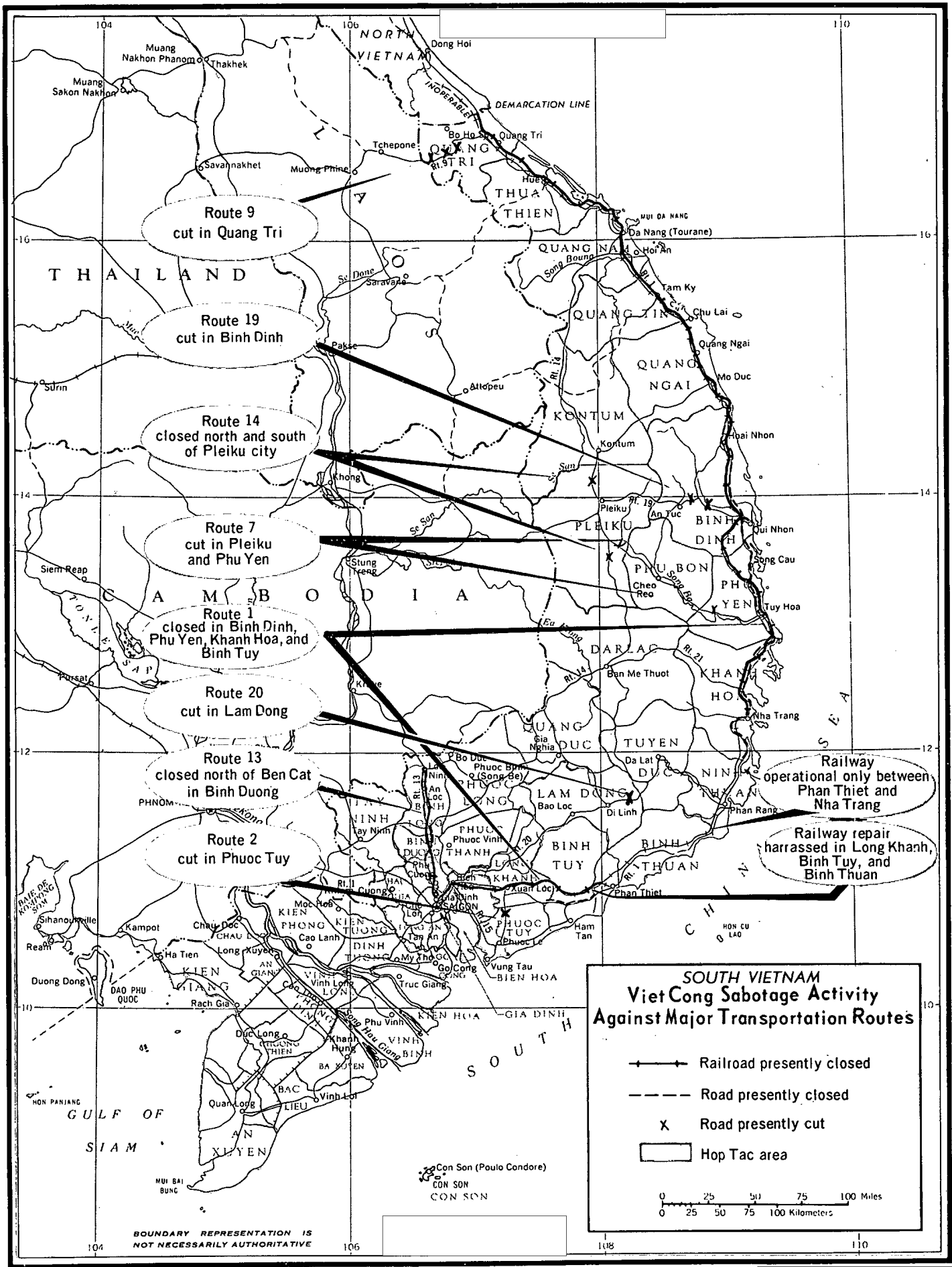
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The general strike much touted by rebel extremists has all but fizzled out, and several sniping incidents have been the only recent violence.

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ANNEX

The South Vietnamese Economic Situation

The cut in Route 20 between Saigon and Dalat has interrupted the supply of vegetables to Saigon. (See map.) Some 20 percent of the rubber plantation workers are estimated to be idle because of interference with shipments to and from the rubber growing areas. The rice situation has continued to deteriorate as stocks in Saigon and the Mekong Delta have decreased further, and the collection of rice paddy from the countryside has become more difficult. Actual and expected shortages have brought about sharp increases in the prices of vegetables, fish, eggs, rice, charcoal, condensed milk, and wheat flour.

The economy is also under pressure from US and government military requirements. Labor costs in Saigon and the coastal cities have risen significantly, particularly in construction activities. There have been greatly increased complaints from Vietnamese about the inability of the government and private individuals to compete with higher prices paid by the US military and by local contractors working on US projects.

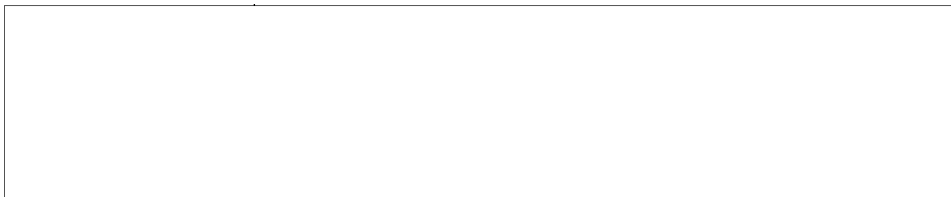
Transportation difficulties have created a large backlog of supplies in Saigon which are needed in the provinces. Current provincial stocks range from only one week in Thua Thien and Quang Ngai to eight weeks in Da Nang city. Coastal shipping is hindered by the slow turnaround time at Da Nang; six of eight chartered vessels have been withdrawn from the Da Nang run by their owners. The US mission is attempting to meet the problem by the transfer of barges from Saigon to Da Nang to facilitate off-loading and by plans to utilize junk craft to carry cargo to the ports north of Saigon.

While the Viet Cong are continuing their attempts to disrupt the South Vietnamese economy, they are also taking more extensive economic measures in areas under their control. South Vietnamese currency

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is being replaced by North Vietnamese banknotes in more areas, and the Viet Cong are issuing receipts in various denominations for forced loans by the populace; the quality of paper and printing used for these receipts suggest an intention to carry out the program on a broad scale and on a permanent basis. The Viet Cong are also offering good prices for rice purchases and are encouraging farmers in the delta to hoard rice not sold to the Viet Cong by advising them that price increases are likely.



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