



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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2 JULY 1965

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1. Communist China

There is an indication in an intercepted message that military control may have been imposed over at least some rail lines not directly linking with Vietnam. The message states that goods could not go by rail from a point in coastal East China to one in West China without a "certificate of military transport."

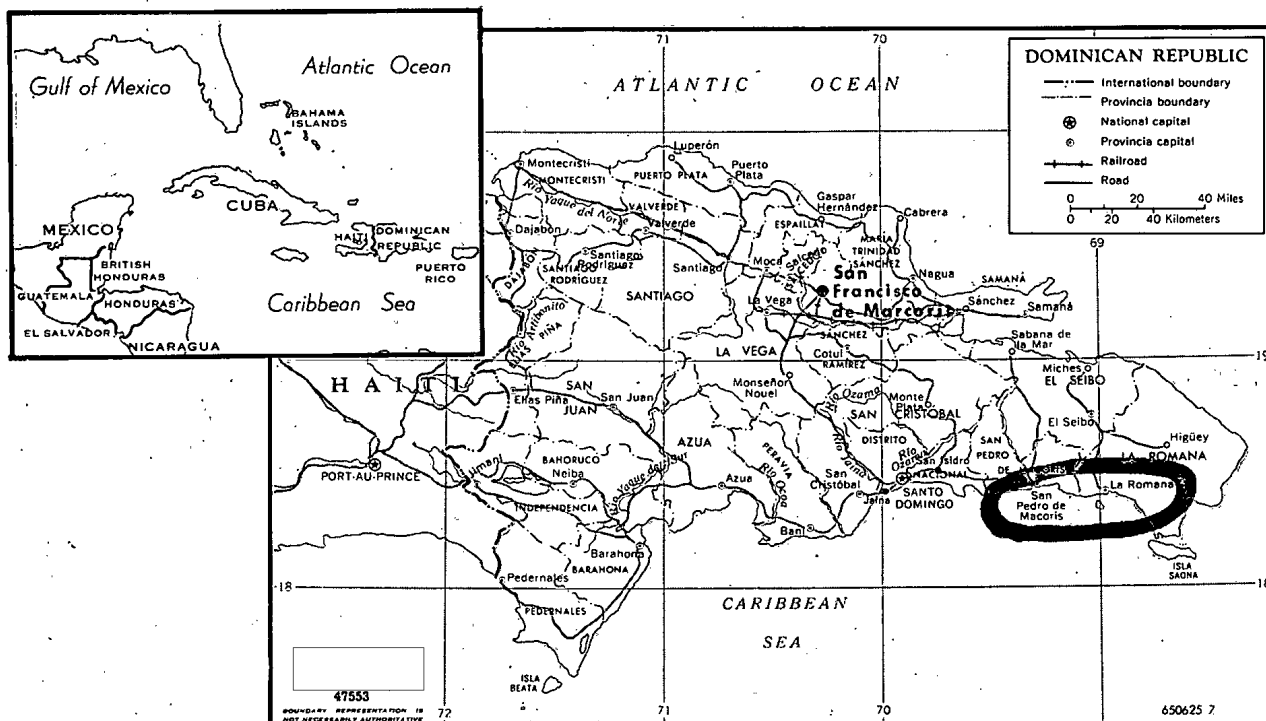
More information is required for a firm assessment. One implication is that other rail lines are feeding traffic to the line into Vietnam. Another is that there is generally heavy military usage of the lines. For some weeks there has been information that the usual traffic on north-south rail links has been disrupted.

2. North Vietnam

The signs so far are that the North Vietnamese spring rice crop, normally about one third of the annual supply, may equal last year's bumper crop. In the next few months, therefore, there should be no serious food shortage, except those caused locally by disruptions to transport.

3. South Vietnam

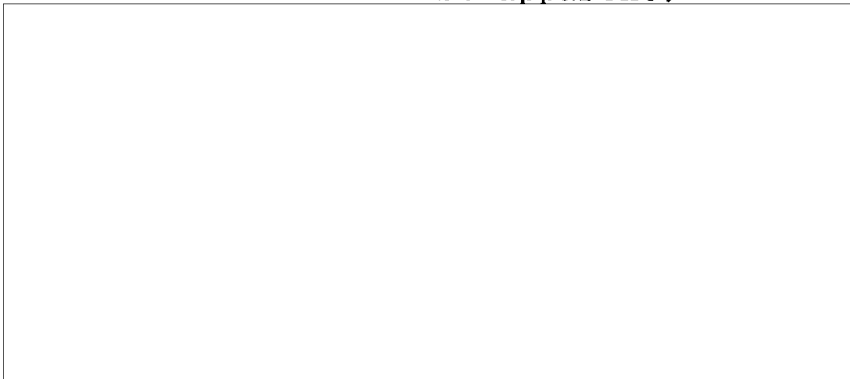
After initially ordering some 36 Vietnamese language newspapers in Saigon to shut down during July, Premier Ky has been backing and filling. Yesterday he said he would reconsider after a three-day shutdown. This controversial episode, which is raising tempers inside as well as outside the government, will undoubtedly be followed by others. At Annex today is an assessment of the still uncertain mixture of political assets and liabilities produced by the restoration of the military to power.



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4. USSR

Soviet troop deployments to the Chinese border during 1964 were more extensive than was first apparent.



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Sino-Soviet border talks collapsed last August during the intense war of polemics, the Chinese accusing the USSR of occupying their territory and of massing troops. Since Khrushchev's downfall, however, the territorial issue has been muted.

5. Dominican Republic

Rebels attacked another government police unit this morning.

Last Saturday they raided a police station in the northeastern part of the republic. Today's attack was in the southeastern town of Ramon Santana.

two police were killed and three wounded by an unknown number of rebels, armed with at least one machine gun. Ramon Santana is in the La Romana - San Pedro de Macoris area,

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(See map.)

The split in the rebel ranks is becoming more overt. The Fourteenth of June Political Group--the largest of the extremist groups--is now publicly opposing Caamano's discussions on the Organization of American States' proposals. The group is apparently fearful the discussions will end in agreement to ban its activities.

Most of the rebel leaders are refusing to accept Garcia Godoy as provisional president. They consider him a representative of the oligarchy. Bosch, however, believes he would be "acceptable," and there are indications that rebel opposition may not be inflexible.

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6. Greece

Premier Papandreou's confrontation with King Constantine now seems inevitable.

The premier appears set on removing conservative Defense Minister Garoufalias as well as the army's right-wing chief of staff. He intends to take over the Defense Ministry himself as a means of suppressing information about his son's involvement with a covert left-of-center political group within the army.

Papandreou is to meet the King on the announcement of the birth of the heir to the throne, which is expected momentarily. If the King is adamant in opposing the changes, Papandreou's resignation may result. If not, rightist elements in the armed forces may step up their contingency plotting against the prime minister.

7. Peru

The pro-Cuban guerrilla threat in Peru may be more serious than the government has let on.

On 27 June the rebels ambushed a police unit in central Peru, killing at least seven men. The rebels--reportedly in large numbers--were equipped with modern automatic weapons, mortars, and grenades. The rebel success will probably compel the government to assign regular army units to the antiguerrilla campaign, replacing the poorly trained police.

8. Malawi

Malawi dissidents are reported planning to assassinate pro-Western Prime Minister Banda. Malawi police have received information that an attempt may be made on 5 or 6 July.

The dissident guerrilla forces--whose leader, Henry Chipembere, is in the US for medical treatment--collapsed last spring. Since then they have stated that assassination is their only way to oust Banda.

ANNEX

The New Government in Saigon: Pros and Cons

There are several positive factors. The government of General Thieu, chief of state, and Air Marshal Ky, premier, probably more than any of its predecessors, has struck a "revolutionary" public posture. It is calling for an intensified mobilization of the country's resources behind the war effort while at the same time proposing radical reforms. The cabinet itself consists largely of young new faces--apparently dynamic and highly motivated technicians with varied professional backgrounds. At the same time, the retention of several members of the Quat cabinet has maintained a degree of continuity in the government.

During the past month or so, the military leadership has displayed a considerable degree of unity. If it continues, this could generate the power and authority long needed to implement the many programs crucial to the war effort. Thus far, the military leaders appear to have retained the support of Buddhists and student elements, and at least temporarily to have disarmed those Catholics, southern politicians, and labor leaders who had eventually forced Quat's ouster.

The negatives, however, are numerous. There is little political sophistication among the present military leaders, who show little grasp of the immensity and complexity of the problems they face. Though zealous and strongly nationalistic, they tend to be impatient, to oversimplify issues, and to propose extreme solutions with little prior planning or appreciation of their potential impact. Some of the government's social, economic, and political proposals are so drastic that they risk antagonizing the sophisticated and well-entrenched urban elements, and could strain the country's limited bureaucratic resources.

While success may galvanize the new leadership and its supporters, failure or the realization that some programs are not realistic could easily arouse public opposition and even personal antagonisms within the leadership. However united they may be at the moment, it would be rash to assume that the

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present military leaders will be immune to temptations to allow ambitions for power to override national interests. Nor will they be immune to mutual suspicions such as have already been reported between Ky and Colonel Lieu. As head of the National Police, Lieu is also a close friend and protégé of General Thi, the politically powerful commander of I Corps (the five northern provinces).

Finally, at a time when the war appears to be entering a new level of intensity, the preoccupation of the generals with political matters could seriously weaken Vietnamese military capabilities. It is possible that the military, though exercising real power and holding the top posts, may actually delegate considerable authority to civilian officials. However, should this authority cover little more than day-to-day operations, the political demands on the generals would still be excessively distracting.

At the present time, the new government seems to enjoy relative freedom from open opposition despite continuing undercurrents of skepticism and criticism. Indeed, the new leadership appears to have inspired a degree of acceptance reminiscent of--though by no means equal to--that displayed after the ouster of the Diem regime. However, its public image so far is based on dynamically-stated goals rather than on concrete action.

The next month or so may be crucial, for it is obvious that the government's supporters as well as its critics are reserving final judgement until it clearly demonstrates its capabilities.

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