



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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14 JUNE 1966

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DAILY BRIEF
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1. South Vietnam

There has been no further trouble reported from Saigon since riot police dispersed several thousand Buddhist-led demonstrators this afternoon, Vietnam time.

In Hué, the opposing forces seem to have reached a temporary impasse. Colonel Loan now has 400 of his combat police from Saigon in the city, but he says that he plans to move slowly to restore order.

In the military sphere, the South Vietnamese armed forces report a total of 50,503 personnel losses for the first quarter of 1966; more than 34,000 of these were dropped from the rolls as deserters.

Regular force desertions--some 18,660 men--ran at a rate of 20.1 per thousand during the quarter. This compares with a monthly average of 14.2 per thousand last year and 8.3 per thousand in 1964.

Conscripts, who represent only about 7 percent of South Vietnamese military strength, accounted for more than 30 percent of the total desertions.

2. Communist China

Remarks last week by Foreign Minister Chen Yi [redacted] seem designed mainly to inform the US that the domestic upheaval in China has not weakened Peking's determination to resist any settlement in Vietnam except on Communist terms.

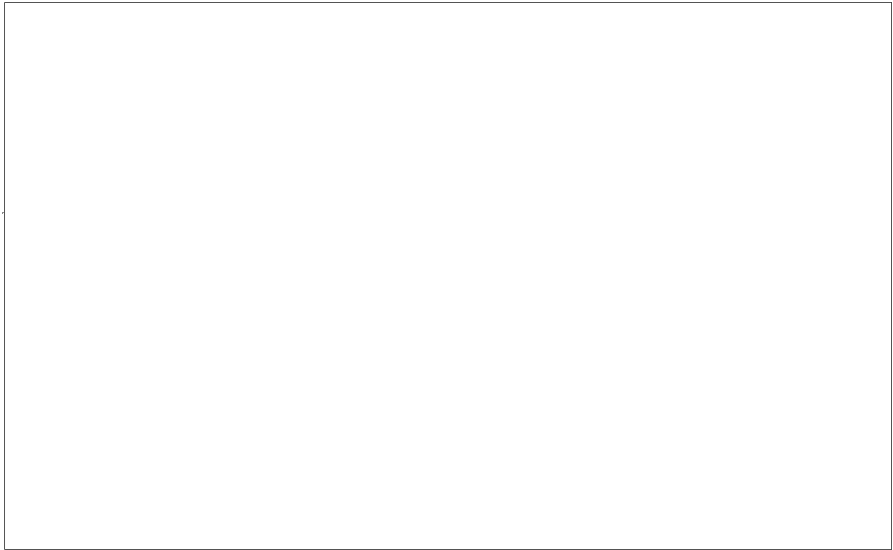
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Chen reiterated the conditions for ending the war which Peking has stated before. [redacted]

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3. Communist China

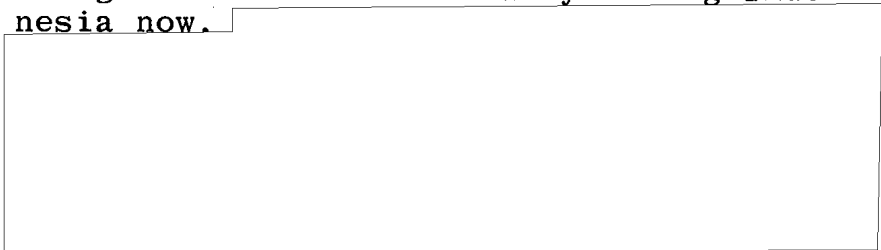
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4. Indonesia

The three-day visit to Djakarta by Pakistani Foreign Minister Bhutto may have buoyed the spirits of President Sukarno, but it certainly won no points among the men who are really ruling Indonesia now.

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5. Cyprus

Cooperation between Greek and Turkish Cypriots in the court system, one of the last areas of formal intercommunal cooperation, is in danger of breaking down. Turkish Cypriot judges withdrew from the mixed courts last week, and some elements around Makarios are urging their replacement by Greek Cypriots. This, of course, would be another step toward de facto partition.

U Thant referred to this as one more of the recent "disheartening developments" on Cyprus which require a continuation of the United Nations peace force there. Far from diminishing, armed confrontation is "becoming more intense," U Thant said.

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6. France

Whatever prospect there may have been for cooperation among non-Gaullist, non-Communist forces of the moderate left and center was given a bad setback last weekend. The Convention of Republican Institutions, one of the three components of Francois Mitterand's political grouping, held its national meeting then.

The proceedings marked a significant shift toward collaboration with the Communist Party and the renunciation of any attempt to reach an understanding with Jean Lecanuet's center forces. NATO, in particular, took a beating. The upshot, the US Embassy points out, may well mean the movement of more support from the center to De Gaulle.

7. Dominican Republic

Petulant though it was, Bosch's speech yesterday was an admission that his party had been defeated in the election. It should serve to clear the air and further to reduce the threat of extremist violence over the election result.

Bosch's call on his party to become a vigorous democratic opposition presages an active time in the new congress where Bosch partisans will have a little over a third of the seats in the lower house and five of the 27 senate seats. The Bosch party is already preparing a legislative program.

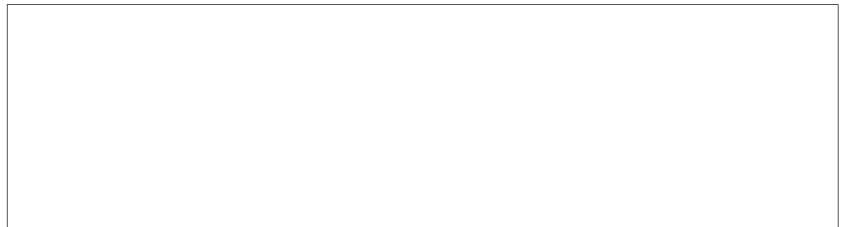
Balaguer's followers, on the other hand, presently have little idea of what the programs of the new administration will be, and Balaguer himself, if he knows, is keeping his own counsel.

8. Ecuador

The financial and economic crisis is tightening. Consumer prices have shot up and sales are dropping since the recent imposition of the government's austerity measures, which included a drastic budget cut, credit restrictions, additional taxes, and import surcharges. Unemployment is up.

Part of the problem is that international reserves are approaching zero. Negotiations are under way with international lending agencies and the US for about \$30 million. While the talks proceed, the government is under heavy pressure from business interests to revoke the austerity measures.

9. Cuba



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