

CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF

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DAILY BRIEF 19 SEPTEMBER 1966

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2. Communist China

Peking is showing increasing concern over the autumn harvest which accounts for most of the year's production.

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In Canton, the rice ration has been cut by a third, the first time since the disaster years of 1960-61 that food shortages have been reported in a large city.

Communist China's grain production has remained static for the past five years while the population has grown by 14,000,000 a year. This year's total production is likely to be lower than last year's, and continued imports of grain will not help significantly to make up the difference.

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3. South Vietnam

Ky, in a confidential postscript to a conversation with Ambassador Lodge today, said "I am going to resign sometime. The more I am in politics, the more I find too many things I don't like." Ky said he had not thought of who would take his place.

Ky is probably worked up over the prospect of having to act against Defense Minister Co and General Quang. Although admitting that getting rid of them would probably not create as big a fuss as sacking General Thi had, he said he was nevertheless "sick to death" of having to deal with things like this.

Ky has been in moods like this before, and we think he is unlikely to resign without at least talking the matter over further with Lodge, who remonstrated vigorously with him.

4. Indonesia

Djakarta is moving to bring some order into its relations with the rest of the world.

Foreign Minister Malik is on his way to New York where he will be on hand to ease Indonesia's re-entry into the United Nations if the opportunity arises. The principal barrier facing Malik is Sukarno. Suharto favors re-entry, and Sukarno will be bypassed eventually on this issue as on others.

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5. West Germany

Chancellor Erhard's political problems have kept him from making serious preparations for his Washington visit. Foreign Minister Schroeder told our embassy in Bonn on Sunday that Erhard's trip would be discussed at meetings on Tuesday and Thursday of this week, but that important parliamentary debates might interfere.

Schroeder said he hopes the US will understand that because of circumstances in Bonn, talks with the US and Britain on the offset and troop question had best be postponed until after the Washington talks. Schroeder also expressed the hope that talks between Erhard and President Johnson would have a stabilizing effect in Germany and Western Europe by clearing up "confusion" as to American intentions.

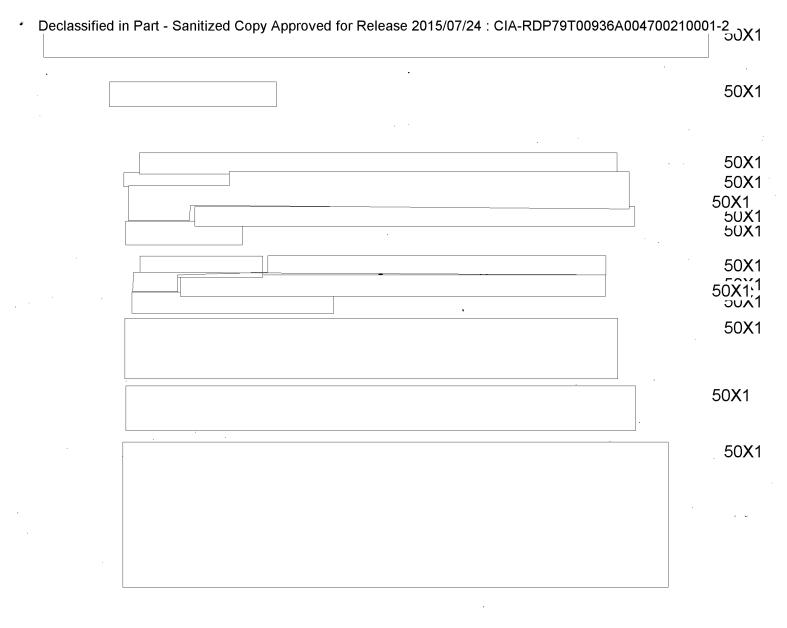
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