



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



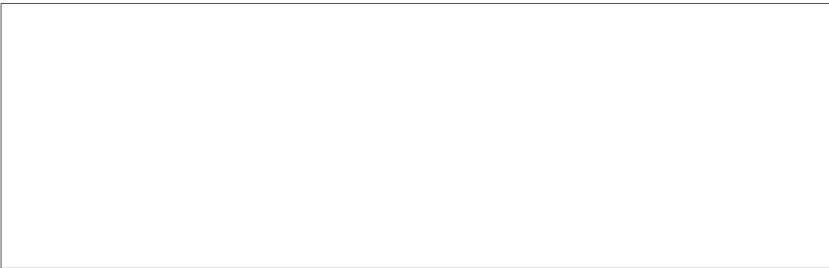
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13 OCTOBER 1966

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1. North Vietnam



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2. South Vietnam

Ky's dissident cabinet ministers have agreed to take no action that would undercut the Manila conference. They are not satisfied with Ky's concessions, however, and remain determined to force security chief Loan out of the government.

The ministers, all southerners, believe that Loan's security forces are responsible for anti-southern tracts circulating in Saigon and for threatening telephone calls to southern leaders.

In spite of the dissidents' willingness to avoid a showdown now, Ambassador Lodge fears that press treatment of the controversy may again stir things up. Although Loan's highhandedness is the immediate irritant, Lodge notes that the basic problem is deep-seated regional prejudice for which there is no easy solution.

3. Brazil

President Castello Branco has removed ten more elected officials from office, including six congressmen, and cancelled their political rights for ten years. This move to prevent "undesirables" from being elected to Congress next month is sure to bring on a new storm of criticism both at home and abroad.

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4. Soviet Union

Moscow's public blasts against Peking became a step shriller today. Kosygin told a gathering in Sverdlovsk that Chinese leaders are going "further and further along the road of division and are causing serious damage to the struggle for socialism." This morning's Pravda carries an editorial on the "cultural revolution" calling it a "political purge" aimed at destroying the culture of the Chinese people.

In recent weeks it has become increasingly clear that the Soviet leadership is encouraging foreign Communist parties to join in this concert of condemnation. It has published calls from two obscure parties for a world party conference on the Chinese problem. On this, however, Moscow can expect strong opposition from such Communist "neutrals" as Yugoslavia, Rumania, and North Korea.

Whether the Soviets are any closer now than they were a month ago to some kind of joint and formal anti-Chinese action is unclear. It is a sure bet, however, that they are taking soundings and preparing for that possibility.

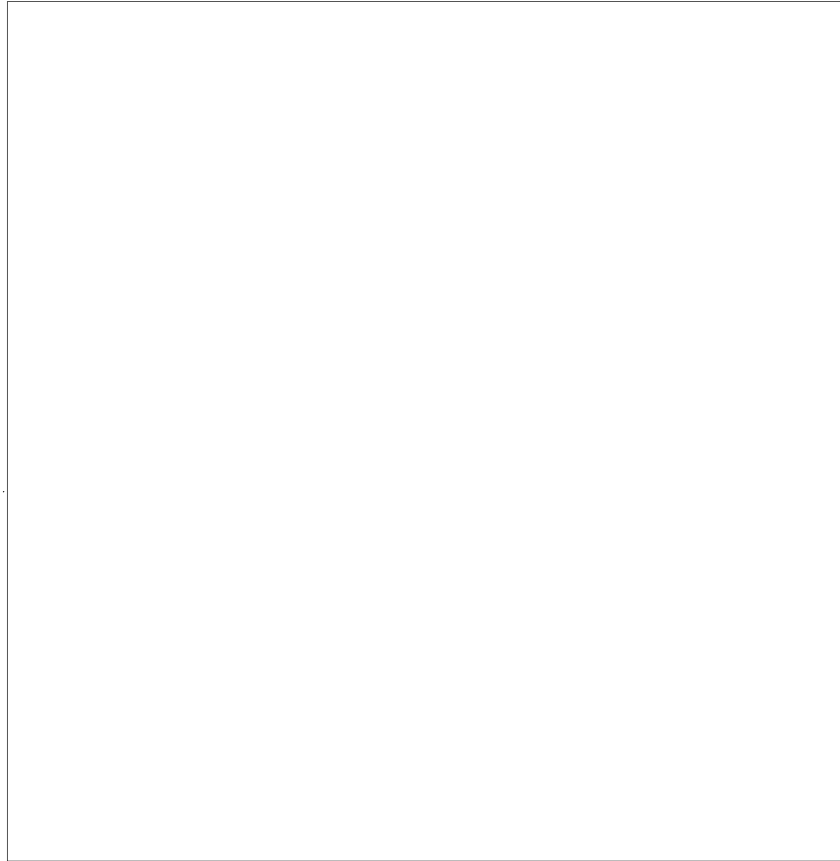
5. West Germany

A new crisis may be brewing over Erhard's 1967 federal budget. The Free Democratic Party, Erhard's coalition partner, is objecting to various provisions of it and is expected to fight them vigorously. Erhard will not be able to offer many concessions.

Normally, this kind of argument would be papered over without much trouble. Now, however, the price the Free Democrats are willing to pay for membership in the coalition is steadily going down. The feeling is spreading among Free Democrats that the tie to Erhard's party may be a losing arrangement.

6. Eastern Europe

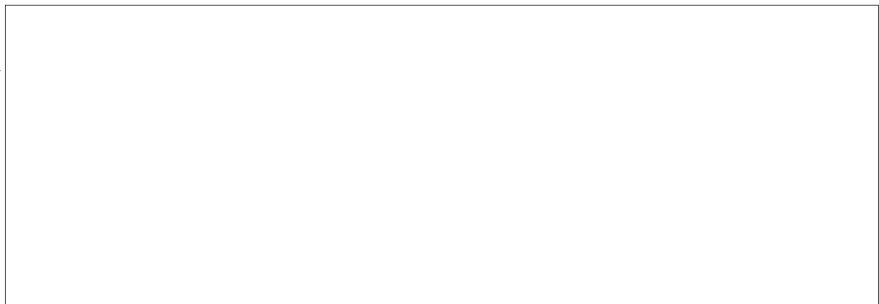
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7. Panama

The tactics Arnulfo Arias intends to use in his drive to torpedo the Robles government have become clearer since the National Assembly convened on 1 October. His flunkies in the Assembly are introducing a flood of bills which have popular appeal but which the government will have to oppose because of their prohibitive cost. This is calculated, of course, to enhance Arias' popular image as a reformist leader frustrated by the entrenched oligarchy.

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