

The President's Daily Brief

~~Top Secret~~ 4 January 1967



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DAILY BRIEF
4 JANUARY 1967

1. North Vietnam

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2. Ecuador

The Rio Protocol of 1942 defining Ecuador's borders with Peru has once again become a source of trouble. Ecuador's wildly nationalistic Constituent Assembly recently denounced the agreement and this has caused both countries to withdraw their ambassadors; a diplomatic break could be next.

The US is a guarantor of the Protocol and the 25th anniversary of its signing comes later in the month. Our embassy in Quito anticipates anti-American demonstrations and even violence--perhaps from the seizure of US fishing boats.

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3. Communist China

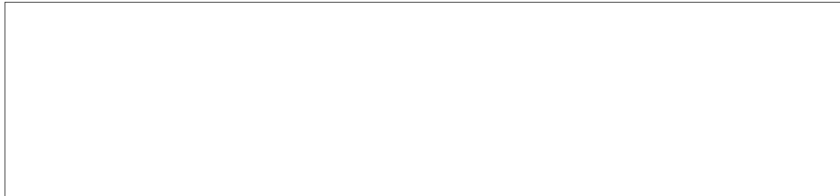
The din against chief of state Liu Shao-chi and party secretary Teng Hsiao-ping is getting so loud that it sounds like the prelude to the third act. Their removal from power, we believe, could come at any time.

Along with this, we see more and more signs that the Chinese economy is being threatened as the "cultural revolution" expands. With the whole area of economic management starting to come under attack, utter chaos is in prospect.

The economic realism of recent years seems to be diminishing. Declarations that another "leap forward" is imminent or under way are now commonplace, and for the first time in many years, economic claims are outright lies.

The press is now encouraging Red Guards to go into the plants and the rural areas to "merge" with the workers and the peasants. There are even indications that the spread of the revolution to the factories is being interpreted as sanctioning worker control over management.

Earlier, when official policy opposed such excesses, the central government was not notably successful in maintaining order in the factories. Now production is certain to suffer.



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4. Nigeria

Gowon and Ojukwu finally came face to face today at Accra. There is no word yet on what transpired.

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5. Soviet Union

The Russians have announced signing a five-year agreement with the French in the field of oil and gas prospecting. The effort here is said to be toward joint development of new instruments and equipment--including special computers--for handling prospecting data.

Moscow will surely get the better of this deal. The French, through their contacts with US oil companies and their licensing agreements with US manufacturers, not only can give the Soviets valuable information about US techniques, but can also sell them the most up-to-date equipment for finding petroleum.

6. Congo

It is quite clear from pitches made to American officials that Mobutu and a number of other Congolese luminaries still believe that the US will step in financially to save the day when the crunch with the Belgians really comes.

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