



# CENTRAL INTELLIGENCE AGENCY

## THE PRESIDENT'S DAILY BRIEF



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18 AUGUST 1966

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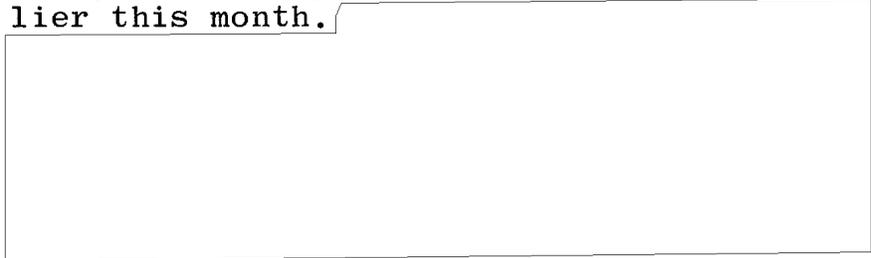
1. Vietnam



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2. Vietnam

Japan now intends to lend its support to the call for an Asian initiative toward peace in Vietnam issued by Thailand, the Philippines, and Malaysia earlier this month.



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There has been little enthusiasm for the original proposal, but Japan's efforts may help to get the ball rolling.



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### 3. Communist China

The hierarchy appears to have been shaken up, with Defense Minister Lin Piao replacing Liu Shao-chi as number two man.

At a mammoth rally in Peking today Lin was showered with all the traditional prestige symbols. He was identified as "Mao's dearest comrade in arms," sat in the place of honor beside Mao, and was the principal speaker. Liu, by pointed contrast, did not get to speak and was an inglorious eighth in the official list of those present.

Chou En-lai, listed next after Mao and Lin, spoke and sat on Mao's right. Clearly he remains solidly in third place. Others of the elite seemed to have been demoted, whereas a top economic specialist who opposed the "Great Leap Forward" in 1958 re-emerged among the great.

These changes were probably hammered out during the early August central committee plenum which was almost certainly not as gentlemanly an affair as Peking's press accounts and the bland communiqué issued Saturday suggested.

About the only thing we can say with certainty about this new power structure is that it looks unstable, too much so to give us any new insights on the future course of Chinese policy.

### 4. Indonesia

Suharto and Malik are apparently confident they can now finish the job of cutting Sukarno down to size. They are said to be planning a new anti-Sukarno campaign, and today's reported demand by the country's largest political party that congress remove Sukarno as president may be the opening salvo.

## 5. United Kingdom

London plans to ask the North Atlantic Council to determine the best way to cut the cost of keeping British troops in Germany. By involving the council, the British probably hope to build up pressure on Bonn to increase offset payments, and to shift to NATO as a whole the responsibility for any reduction of their military strength in Germany.

## 6. NATO

The dispute over where in Belgium NATO military headquarters is to be relocated--which already has the Belgian Government up in arms--appears to be raising doubts among the rest of the Fourteen as to the wisdom of putting it in Belgium at all. Ambassador Cleveland says the matter is no longer a technical question of site selection, but a major political issue with considerable potential for NATO disarray.

## 7. Dominican Republic

Balaguer has reaffirmed his intention to make extensive organizational changes in the armed forces. These would in theory reduce the chances of a challenge to the government from the right wing, which he considers a greater threat than the left.

He tacitly acknowledged this would be risky business by reiterating his desire to act before the scheduled departure of the Inter-American Peace Force next month. If, indeed, he goes ahead with these reforms, he might request the peace force to stay longer.

8. Bolivia

President Barrientos invited Ambassador Henderson to breakfast yesterday, and announced his discovery of a tough budget deficit problem. He seemed confident and willing to tackle the issue, and said he was already pressuring for cuts in spending in all ministries, including some belt-tightening for the military.

Even so, he said, he might need "some kind of help" before the year is over.

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