



The President's Daily Brief

~~Top Secret~~ 15 December 1966



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DAILY BRIEF
15 DECEMBER 1966

1. South Vietnam

The Constituent Assembly's plan to have both a president and a prime minister will give South Vietnam a relatively strong chief executive, although he would not be as powerful as under a straight presidential system. The president would be popularly elected and would be able to hire and fire his prime minister. The prime minister, in turn, would be essentially an administrative executive charged with day-to-day operation of the government.

2. Communist China

Confusion, defiance, and anarchy are spreading. No faction or individual has so far made significant gains, but the conflict may be sharpening. The situation is discussed in today's Annex.

3. Soviet Union

The first fragmentary Soviet broadcasts on the 1967 budget point to a moderate increase (about eight percent) in explicit military appropriations above the outlays planned for 1966.

Of course, the appropriations explicitly detailed for the defense establishment are not necessarily a reliable indicator of changing defense policies or efforts. However, there is other evidence that total Soviet military outlays are, in fact, on the upswing.

4. United Kingdom

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5. Panama

Panamanian politicians, who enjoy long political campaigns, are warming up for the 1968 elections by pot-shotting at the canal treaty negotiations. The slow pace of negotiations is a continuing subject of opposition criticism, and government leaders are increasingly under the gun to defend themselves on the issue. This pressure is sure to grow; within three or four months the 1968 campaign will be in full swing.

Panama City newspapers, most of which are owned or controlled by government officials, are playing heavily on the negotiations. The object is to portray administration leaders as taking a new, vigilant, and forcefully patriotic stance in relations with the US. One paper, generally considered Robles' own mouthpiece, went so far last week as to question US good faith in the Canal talks.

The government is playing with fire in stirring up popular emotions on issues involving the US. There have already been some "sovereignty" demonstrations by extremist-led students and more can be expected with the approach next month of the anniversary of the disastrous riots of 1964.

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6. Venezuela

The military is continuing its very thorough dragnet operation at the university. Several hundred suspects have so far been nabbed, apparently including the leadership of the Communist Party apparatus on the campus. Weapons caches have also been seized. Public reaction to the military occupation of the campus has not yet jelled, though a few key civilian elements seem to approve.

An important question now is whether the military will soon turn back to civilian direction the extensive control it has taken in the anti-subversive drive.

7. Guinea

President Sekou Touré came around full circle yesterday and, in effect, apologized to Ambassador McIlvaine for the "extremely regrettable" events which had soured relations with the US. He blamed it all on "false information" he had been given and said it would never happen again.

This does not mean that Touré is ready to abandon the recently concluded aid agreements with Peking. It does suggest that politically we are now back to where we were in October--provided Guinean propagandists turn off their anti-US campaign.

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ANNEX

Communist China: Nation in Disarray

Confusion, defiance, and in some cases outright anarchy are spreading through China as Peking's aging leaders continue their struggle for ultimate power.

Crusading Red Guards in the provinces are meeting stiff opposition from entrenched party bureaucrats. Bloody clashes involving local workers and Guards are reported from widely scattered parts of China. In most cases, the local people seem to be defending party officials from vigilante Guards sent from Peking. In Chungking, a particularly nasty melee left 17 dead and 240 injured.

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Rival Red Guard units, representing different factions in the top leadership, have fallen upon each other

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In another act of defiance, the crew of a merchant vessel abandoned ship last Saturday to "carry out the cultural revolution." The vessel's home office was told it could send another crew if it wanted to keep the ship in operation.

Disarray is nowhere more obvious than in Peking itself. The omnipresent wall posters are calling for the heads of chief of state Liu Shao-chi and party secretary Teng Hsiao-ping. Yet both men continued to appear regularly with Mao Tse-tung--at least through late November when he reportedly retired to an East China villa for the winter. Senior party men who have already fallen from grace continue to be the targets of bitter criticism and a recent speech by Madame Mao sent a band of Red Guards rushing to the

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ANNEX (Cont'd)

home of Peking's former mayor, Peng Chen. Peng was seized and Monday paraded before a huge crowd of Guards for public vilification.

Liu Shao-chi and Teng Hsiao-ping have been dominant leaders in the party machinery for more than a decade. Their dismissal and disgrace would knock the main props from beneath the party apparatus and clear the way for far-ranging moves against many other local and national leaders whose careers have been tied to the two men.

Mao's role in all this is unclear. He may be personally managing a drawn-out and devious campaign to remove real or fancied enemies in the party hierarchy--or he may have done nothing more than give general approval for a harsh, disorderly campaign against entrenched party bureaucrats and then balked at the extreme action demanded against Liu and Teng. It is even conceivable that Mao has little to do with the campaign, but is being used as a figure-head by his heir apparent, Lin Piao.

At the moment, however, it does seem clear that a powerful group in the politburo is determined to keep the party machinery substantially intact. The conflict may be sharpening, but neither side has yet been able to muster the strength to move finally and forcefully against the other. Until there is a victor, and absolute authority is once again established, China seems destined to continue its drift toward chaos.

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