

The President's Daily Brief

~~Top Secret~~ 2 September 1967



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DAILY BRIEF
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1. South Vietnam

Lieutenant General Cao Van Vien, minister of defense and chief of the Joint General Staff, may get sacked after the election.

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Plans for a housecleaning in the armed forces are reaching sizable proportions with 200-300 officers reported on the list to get fired for corruption.

2. Communist China

Increasingly nasty Chinese treatment of foreign diplomats in Peking is leading several governments to consider pulling their representatives out of China altogether.

The sacking of the British Embassy on 22 August was merely the most dramatic event in a long string of such humiliations. The problem is particularly acute for the British and Indonesians. Peking has refused to permit any evacuation of personnel or dependents from these embassies, regarding them as useful hostages for Chinese Communist citizens in London and Djakarta.

The British are now proposing to the Chinese that tensions between the two countries can perhaps best be reduced by temporarily withdrawing all their personnel from each other's capitals. Peking may or may not be receptive to this idea, but as matters now stand pressures for reducing the foreign presence in China will keep on building up.

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3. Arab World

The oil producing states at the summit meeting said aloud what they had been saying to themselves all along--they were all feeling the pinch. They agreed to start the pumps again, although it still remains to be seen if the hard-nosed Syrians, who boycotted the summit and who wanted an embargo, go along.



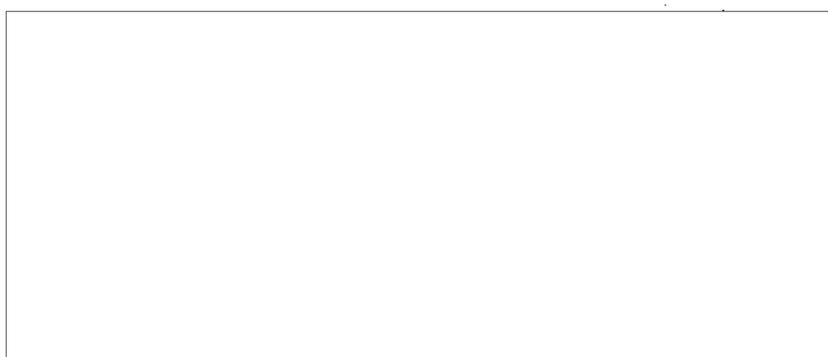
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The Communist nations are far from united on this subject though:



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4. France



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5. Nicaragua

The National Guard is evidently well on its way to wiping out the rural guerrilla units of a small pro-Castro terrorist organization. Many guerrillas reportedly were killed in recent clashes with the guard, which is now trying to chase down the survivors. Members of the terrorist organization in Managua may try to change their luck by starting trouble there during the 14-15 September national holiday, but we doubt that they would be very successful.



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6. Peru

There are tenuous signs that the political quarrel which has kept Congress paralyzed for five weeks could be settled soon. Even when Congress resumes, however, there will be little prospect of an end to the legislative-versus-executive bickering that has plagued the Belaunde administration. Belaunde is now facing another crisis which could prove even more troublesome: an economic downturn is causing Peru's foreign exchange reserves to dip dangerously low.

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