HEREWITH YOUR DAILY BRIEF AND SPECIAL REPORT AS OF 1100 EST 20 DEC:

1. SOUTH VIETNAM

    NATIONAL POLICE DIRECTOR LOAN SEEMS TO HAVE HAD A HANG IN RECENT ANTI-AMERICAN PRESS ARTICLES. IT IS HARD TO SAY JUST WHAT MIGHT BE BOtherING THE VOLATILE LOAN AT ANY GIVEN MOMENT, BUT HE HAS LONG RESIGNED-WHAT HE FEELS TO BE UNDUE US PRESSURE FOR CIVILIAN CONTROL, AND HE HAS BEEN MOST UPSET OVER SOME OF THOUGHT'S APPOINTMENTS.

    LOAN IS A KY PROTEGE AND HE ALSO BELIEVES THE AMERICANS ARE RESPONSIBLE FOR KY'S DOWNWARD MOVE TO SECOND PLACE. AS LOAN SEES IT, THIS REDUCES HIS POWER TOO.

    KY HAS SAID HE WILL TALK WITH LOAN--BUT THE VICE PRESIDENT DOES NOT THINK HE CAN DO MUCH TO CHANGE LOAN'S ATTITUDE.
2. PHILIPPINES

Marcos has met secretly with an emissary from the HUKS. The emissary conveyed the HUKS' offer to surrender provided that they get special treatment (women and liquor in jail), that no reprisals are taken against their families, and that the rewards for their capture go to their families.

Chances are about even that the president would continue these discussions personally, since he trusts no one else to do the job. The constabulary is said to believe acceptance of the HUKS' terms would encourage the young "to pursue a life of crime."

In any case, the fact that there have been talks at all means Marcos is making some progress against the HUKS.

3. COMMUNIST CHINA

Preparations for the next nuclear test are progressing. The next test appears at least several weeks away, however.
4. **COMMON MARKET**

The French have again formally "vetoed Britain's application. This was an open avowal of Paris' isolated position—and as such was a "success" for the Five. The ball is now in their court. Their ability to do anything will probably depend upon the German attitude. The Germans may try to play down the air of crisis. Bonn's partners among the Five, however, are likely to resent any German attempt to smooth things over.

**In outrage at the French position, the Dutch and the Luxembourgers last night walked out of an agricultural ministers' meeting. This could foreshadow a movement to go slow on things the French want, even at the expense of slowing down on things everyone wants.**

Britain, for its part, has made plain it will not take no for an answer. The Foreign Office says London will consult with those governments "who share Britain's views on the future of Europe."

5. **GREECE**

Negotiations for the King's return have so far run into a stone wall. Constantine has described the junta's latest terms as "a deliberate attempt to nullify..."
OTHER EMISSARIES HAVE STILL TO TRY THEIR HANDS, HOWEVER, SINCE THE KING APPEARS TO WANT TO RETURN, AND THE JUNTA SEEKS NERVOUS OVER LACK OF RECOGNITION, AN ACCOMMODATION IS STILL POSSIBLE.

6. CZECHOSLOVAKIA

THE CENTRAL COMMITTEE MEETING POSTPONED FROM LAST WEEK IS APPARENTLY ABOUT TO COME OFF, AND RANCOROUS DIVISIONS AMONG THE LEADERSHIP WILL PROBABLY PRODUCE SOME FIREWORKS. THE RUMOR MILL IS WORKING OVERTIME, BUT IT NOW LOOKS AS IF THE RESULT MIGHT BE THE SORT OF INCONCLUSIVE COMPROMISE THAT HAS ENABLED THE REGIME TO MIDDLE THROUGH PAST CRISSES. ACCORDING TO ONE STORY, NOVOTNY WON A CLOSE VOTE OF CONFIDENCE IN THE PARTY'S PRESIDING.

7. YEMEN

---THE ROYALIST ASSAULT ON SANA HAS BEEN HALTED. THE ROYALISTS ADMIT THAT AIR AND ARTILLERY ATTACKS ON THEIR POSITIONS WERE A BIG FACTOR, BUT THEY MAY ALSO HAVE RUN SHORT OF AMMUNITION.

---CUTBACK OF ROYALIST ACTIVITY HAS GREATLY ENCOURAGED THE REPUBLICANS, WHO ARE NOW STAND TOWARD

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ANY NEGOTIATION TO END THE FIGHTING.

--THE REPUBLICANS WILL CALL ON THE
"SOVIET UNION "EVER MORE ENERGETICALLY"
FOR ASSISTANCE. A DEAL FOR SOVIET
TANKS MAY ALREADY HAVE BEEN WORKED OUT.

--IF THE ROYALISTS AGAIN ASSAULT
SANA, THEY WILL FIND THE REPUBLICANS
MUCH STRONGER.

8. CONGO

SCHRAMME AND HIS MERCENARIES ARE
STILL LanguISHING IN RWANDA. MOBUTU
WANTS THEM BACK IN THE CONGO FOR TRIAL,
AND IS MAKING NOISES ABOUT SENDING HIS
ARMY IN TO GET THEM IF KAYIBANDA STILL
REFUSES TO HAND THEM OVER. THE TWO
LEADERS WERE TO DISCUSS THE PROBLEM
AGAIN TODAY.

SPECIAL DAILY REPORT ON NORTH VIETNAM
FOR THE PRESIDENT'S EYES ONLY

20 DECEMBER 1967

I. NOTES ON THE SITUATION

NO SIGN OF GIVE: NORTH VIETNAMESE SPOKESMEN
ABROAD ARE CONTINUING TO PARROT THE HARD LINE ON
SETTLING THE WAR. THEY INSIST THAT AN UNCONDITIONAL
END TO THE BOMBING MUST PRECEDE ANY NEGOTIATIONS,
AND THAT A CEASE... NOT EVEN IN ACCORDANCE WITH
THEIR TERMS.

DURING A LENGTHY INTERVIEW WITH A JOURNALIST LAST WEEK, TRAN VIET DUNG, COUNSELOR OF HANOI'S REPRESENTATION IN FRANCE, REFUSED TO CONSIDER ANY SUGGESTIONS FOR ACHIEVING A SETTLEMENT EXCEPT ON THE BASIS OF WELL-KNOWN COMMUNIST POSITIONS. HE PLACED THE BLAME FOR THE WAR SQUARELY ON THE US AND CLAIMED THAT THE AMERICAN AIM IS TO DESTROY NORTH VIETNAM'S SOVEREIGNTY AND MAKE IT PART OF THE US "SPHERE OF INFLUENCE." DUNG ALSO CLAIMED THAT THE LIBERATION FRONT IS MUCH STRONGER THAN THE "SAIGON CLIQUE" BUT HE WAS UNABLE TO AGREE TO--OR EVEN TO COMPREHEND--A PROPOSAL THAT, IF THIS WAS SO, THE NORTH VIETNAMESE COULD SAFELY AGREE TO A "COMPROMISE" GOVERNMENT IN THE SOUTH.

FRONT ANNIVERSARY PROPAGANDA: THE VIETNAMESE COMMUNISTS ARE USING THE SEVENTH ANNIVERSARY OF THE FOUNDING OF THE LIBERATION FRONT TO VOICE THEIR DETERMINATION TO PRESS ON WITH THE WAR. AT A MEETING IN HANOI, FRONT AND NORTH VIETNAMESE OFFICIALS SPOKE OF THEIR RESOLVE AND DETERMINATION TO CONTINUE THE STRUGGLE. ONE SPOKESMAN PROTRAYED THE COMING PERIOD AS "ONE OF VIOLENT AND FIERCE BATTLES," BUT CLAIMED THAT THE PEOPLE WILL NOT SHRINK FROM ANY SACRIFICE OR TRIAL, AND THAT THE NORTH ABIDES BY THE SLOGAN "EVERYTHING FOR THE FRATERNAL SOUTH."

SIMILAR STATEMENTS OF RESOLVE WERE MADE AT A GATHERING OF P. N. J. U. OFFICIALS IN A "LIBERATED AREA" IN THE SOUTH.
WOULD-BE TRAVELERS TO HANOI: HANOI SEEKS TO BE
PERSISTING IN ITS POLICY OF DENYING VISAS TO RELIABLE
WESTERN NEWSMEN "BECAUSE OF THE DANGER OF THE BOMB-
ING." BUT ALLOWING ENTRY TO LEFTIST ARMY GROUPS.

THREE MEMBERS
OF A BRITISH PEACE GROUP, HOWEVER, HAVE APPARENTLY
BEEN GRANTED PERMISSION TO COME TO HANOI LATE NEXT
MONTH. THE THREE REPRESENT 26 WOULD-BE DEMONSTRATORS
AGAINST THE WAR IN VIETNAM. ONCE IN HANOI, THEY RE-
PORTEDLY WILL ATTEMPT TO GET THE REST OF THE GROUP
INTO THE COUNTRY.

POLES TALK TO GOVERNOR ROMNEY ON VIETNAM: FOR-
EIGN MINISTER RAPACKI TOLD THE GOVERNOR ON SUNDAY
THAT THE "MECHANISM" OF ESCALATION, WHICH "FEEDS ON
ITSELF," IS AT WORK AND IS PREVENTING NEGOTIATIONS-
A POINT RAPACKI HAS REPEATEDLY MADE BEFORE. RAPACKI,
CHOOING HIS WORDS CAREFULLY, WENT ON TO SAY THAT
HE COULD GIVE NO GUARANTEES AS TO HOW SOON NEGOTIA-
TIONS WOULD BEGIN AFTER CESSION OF BOMBING. HOW-
EVER, RAPACKI SAID HE HAD "REASONS" AND "SUFFICIENT
EXPERIENCE" IN THE LAST YEAR AND A HALF FOR "THINK-
ING THAT AFTER AN UNCONDITIONAL HALT TO THE BOMBING,
ONLY A FEW WEEKS WOULD ELAPSE BEFORE NEGOTIATIONS
WOULD BECOME POSSIBLE." HE ADDED THAT THE "US GOV-
ERNMENT KNOWS PERFECTLY WELL THAT STOPPING THE BOMB-
ING WOULD LEAD TO NEGOTIATIONS."

MORE BARGES REDUCE TANKER UNLOADING TIME: THE SMALL SOVIET TANKERS FLYING BETWEEN VLADIVOSTOK AND HAIPHONG NOW ARE GETTING IN AND OUT OF THE NORTH VIETNAMESE PORT IN MUCH LESS TIME THAN THEY WERE TAKING LAST FALL. ONE OF THE MAIN REASONS APPEARS TO BE THE GREATER NUMBER OF NORTH VIETNAMESE BULK PETROLEUM BARGES WHICH TAKE ON THE TANKERS' CARGOES AND PROVIDE BOTH STORAGE AND DISTRIBUTION SERVICES. ONE OF THE SOVIET TANKERS RECENTLY COMPLETED UNLOADING IN THREE DAYS. LAST OCTOBER IT WAS TAKING OVER TWO WEEKS TO UNLOAD. EACH OF THESE TANKERS CARRIES ABOUT 4,000 TONS OF BULK PETROLEUM PRODUCTS. THERE ARE AT LEAST FIVE OF THEM ON THE VLADIVOSTOK-HAIPHONG RUN.
II. NORTH VIETNAMESE REFLECTIONS OF US POLITICAL ATTITUDES ON THE WAR

FRONT ON REPORTS OF PLANNED MEETING WITH US OFFICIALS: A 15 DECEMBER LIBERATION FRONT COMMENTARY INCLUDES THE FIRST VIETNAMESE COMMUNIST REFERENCE TO REPORTS OF A PLANNED MEETING BETWEEN US AND FRONT OFFICIALS IN SAIGON. THE STATEMENT SAYS THAT "ALL THE US AGGRESSORS' DECEITFUL PEACE TRICKS HAVE GONE...

...INCLUDING THEIR VILE ACT OF GIVING RISE
TO A MYTH ABOUT THE SO-CALLED PROPOSAL OF THE FRONT
TO SEND REPRESENTATIVES TO THE UNITED NATIONS, AND
ABOUT THE FRONT'S REPRESENTATIVES COMING TO THE US
EMBASSY IN SAIGON. THE STATEMENT DID NOT COMMENT ON THESE POINTS. IT WENT ON TO UNDERSCORE THE INDEPENDENCE AND IMPORTANCE OF THE FRONT AND TO VOICE THE DETERMINATION OF THE "VIETNAMESE PEOPLE" TO "SURGE FORWARD ON ALL BATTLEFIELDS" IN ORDER TO "REALISTICALLY GREET" THE ANNIVERSARY OF THE FRONT.