

THE PRESIDENT'S INTELLIGENCE REVIEW

**ISSUED BY THE
CENTRAL INTELLIGENCE AGENCY**

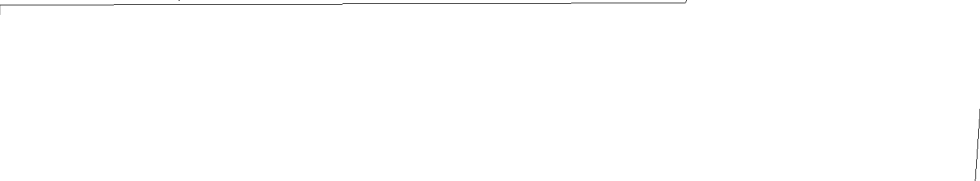


5 - 8 SEPTEMBER 1964
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1. South Vietnam: Khanh is moving slowly and most cautiously through the muddy political waters of Saigon.

He is trying hard, perhaps too hard, to conciliate the Buddhists, whose support he feels he must have. For example, he is, at Buddhist request, holding up on the arrest of Viet Cong suspects.

He is also moving to get the army out of politics, or at least so he says.



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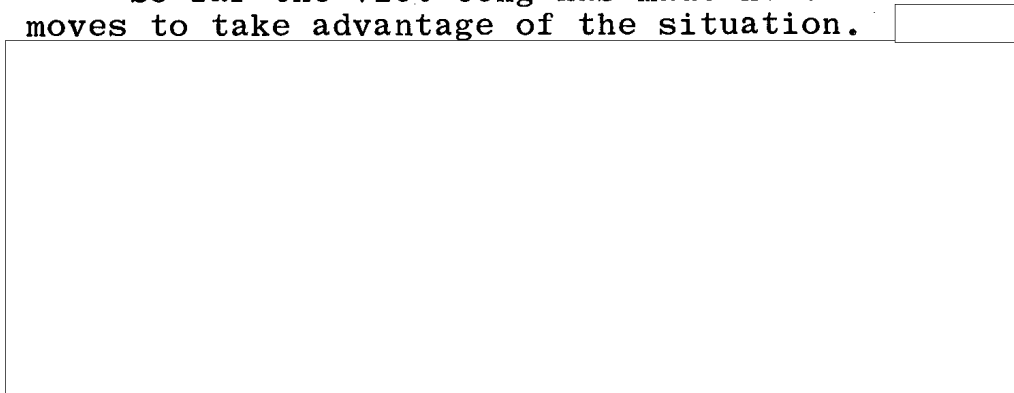
Khanh has also decided to butter up "Big Minh" by making him chief of the triumvirate. As such his powers will be limited, but he will be largely responsible for setting up the committee which is to select the November 1 provisional government.

Khanh has not yet formally accepted the resignations of any of his leading military associates. One of the thorniest to deal with will be Defense Minister Khiem, especially since Khanh intends to become his own defense minister.

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Khanh must be wary lest Khiem or another disgruntled officer spark a coup.

So far the Viet Cong has made no visible moves to take advantage of the situation.



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2. Indonesia-Malaysia: An air of imminent crisis still hangs over the area.

Malaysia's complaint about the Indonesian airdrop goes before the Security Council Wednesday. There are good indications that Indonesia does not intend to deny the fact but will justify it on the grounds that only "volunteers" were involved and that Indonesia was only responding in kind.



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Indonesian charges this weekend that a US naval force passed through the Sunda Strait were probably intended to serve as a pretext for new anti-American moves. The charges were leaked to the press despite our very specific denial.

Anti-Americanism is already on the rise in Indonesia. On Monday Djakarta airport workers prevented the servicing of a Panam plane, despite government approval of the flight.





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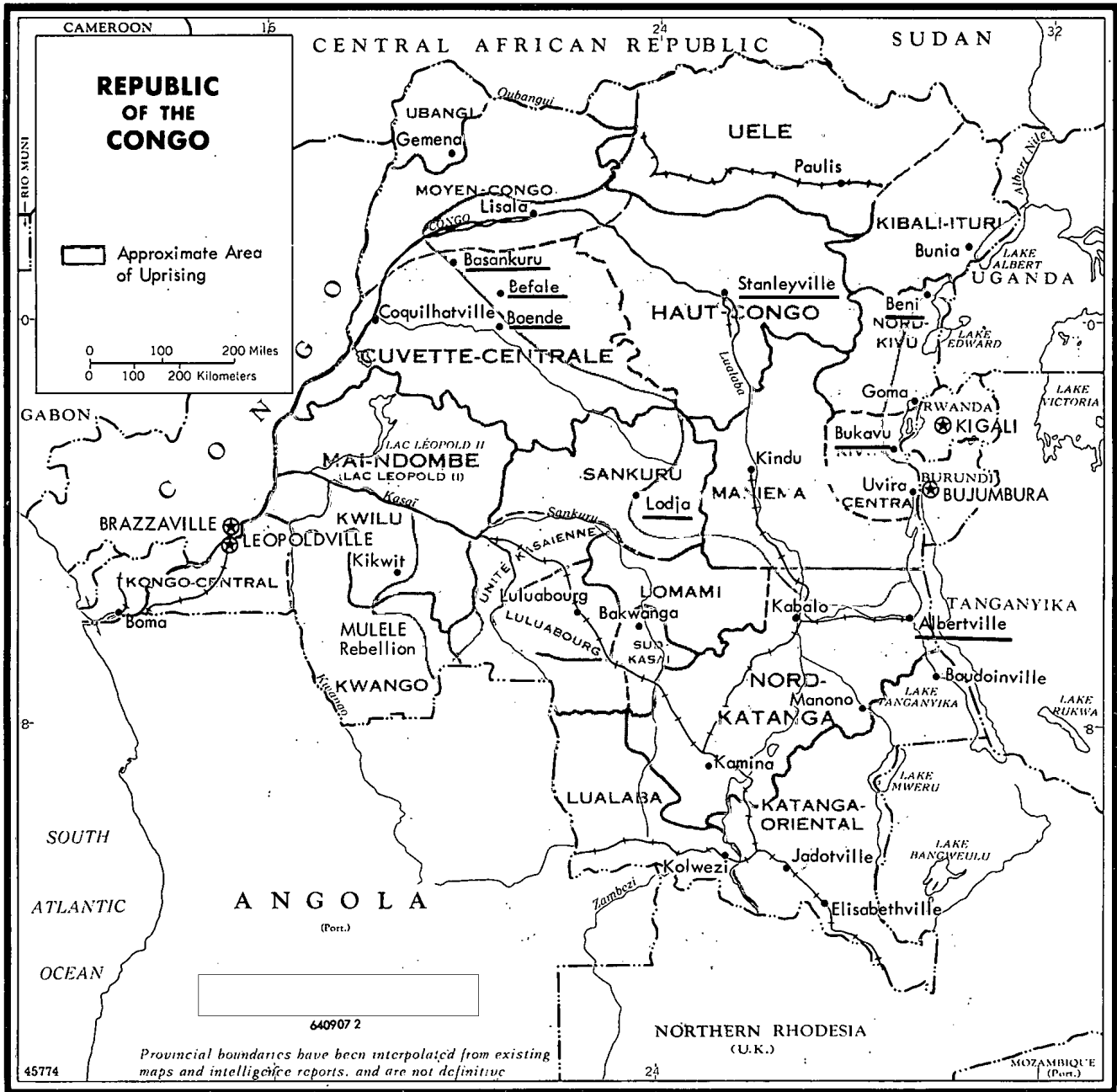
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3. Congo: Rebel bands continue their virtually unopposed sweep across the north.

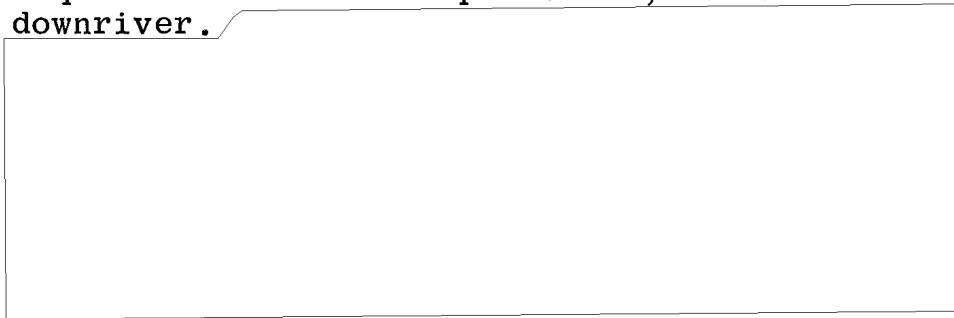
They are moving on Coquilhatville from both the north and the east. 
 the local garrison, true to Congolese army form, is already shedding uniforms.

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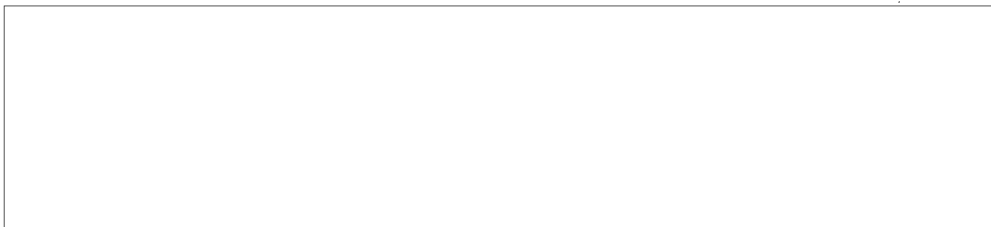
There are no reliable troops between Coquilhatville and Leopoldville, 430 miles downriver.



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The rebels in Stanleyville say they have set up a "Congo peoples' republic." We see this more as a bid for attention from the current OAU meeting than a sign that they have finally found unity.

Indeed the omission of certain key leftists from the new regime's roster is apt to cause new frictions. Many on the list are viewed with great suspicion by other rebels.



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The OAU meeting in Addis Ababa is in its critical final phase. Although Tshombé has acquitted himself well, the outcome is still in doubt. The radical African states, which would like to see the rebels gain status, have been dominating the proceedings thus far.

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4. Cyprus: The Greek leaders, smarting a bit at the treatment they have been getting from Makarios, are beginning to take a stronger line with the Cypriot chieftain.

For one thing, Papandreou has criticized the Archbishop's handling of the incendiary Turkish troop rotation problem. The Greeks now think they have Makarios' agreement to permit the rotation under UN supervision.

The Greeks have also warned Makarios that they will make a public show of disapproval of any agreement the Greek Cypriots may make in Moscow later in the week.

It remains to be seen how the wily archbishop will react in practice to these and other pressures. One of the problems is, as always, the degree of control which his beatitude may have over the many hotheads in Greek Cypriot ranks.

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Thus, although there is general agreement that the economic blockade of the Turkish Cypriots must end, local Greek Cypriot armed bodies continue to "ration" supplies en route to Turkish communities.

Accordingly, this remains the most immediate threat to the general quiet on the island.

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In addition, Makarios, never enthusiastic about enosis, has now thrown another obstacle in the way of early union. He has demanded that the question of British bases be thoroughly aired beforehand.

In Turkey the Inonu government may face a vote of confidence on the Cyprus matter later in the week. One possibility is that a broader coalition, involving all major parties but still under Inonu, could result.

Emotions on this subject are running high in Turkey once again.

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5. Communist China - North Vietnam:

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6. Laos: The talks in Paris between Souvanna Phouma and Pathet Lao leader Souphannouvong are getting nowhere. Both sides are already thinking about how to break them off most advantageously.

An early end would dismay the French who promoted the meeting. They are trying to get Souvanna to make the concessions needed so that some agreement can be reached.

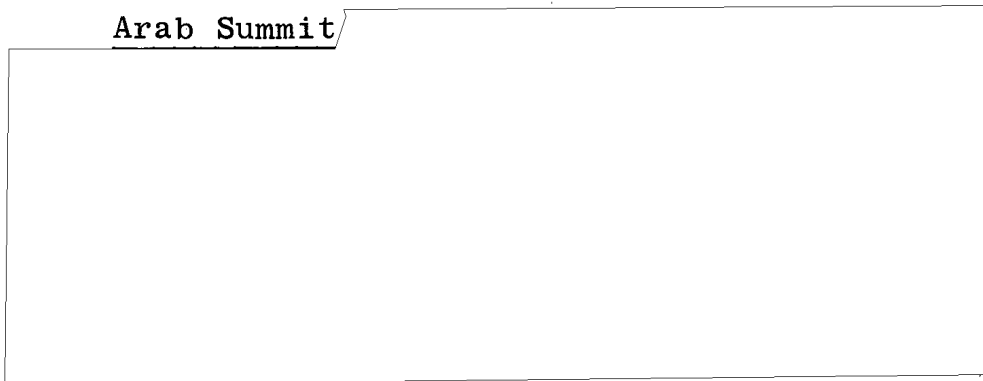
They even brought up their big gun, De Gaulle. But Souvanna, buoyed by recent government military success, has so far resisted all blandishments and is sticking to his conditions.

The military situation in Laos is quiet for the moment.

7. India: The Kerala state government has fallen as a result of a split in the ruling Congress party on local matters. The Communists controlled the state from 1957 to 1959.

In order to avoid a repetition, Shastri will probably put the state out of the Communists' reach by declaring "president's rule" from New Delhi.

8. Arab Summit



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9. Tanganyika-Zanzibar





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10. Yugoslavia: Tito's schedule is getting crowded. It now calls for talks before the month is out with Kadar, Gheorgiu-Dej, Ulbricht and Novotny.

We incline to connect this flurry of activity with Khrushchev's call for a December meeting of 26 Communist parties and presume that Tito will be urging caution in dealing with the scratchy China issue.

11. Ethiopia:   a group of disgruntled young officers were plotting to overthrow Haile Selassie. The Emperor, aware of this, has taken wind from their sails by announcing a round of military pay raises, promotions and transfers.

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12. Malawi (Nyasaland): Yet another new African state is in trouble.

The cabinet of pro-western Prime Minister Banda is in virtual revolt against his high-handed methods, 

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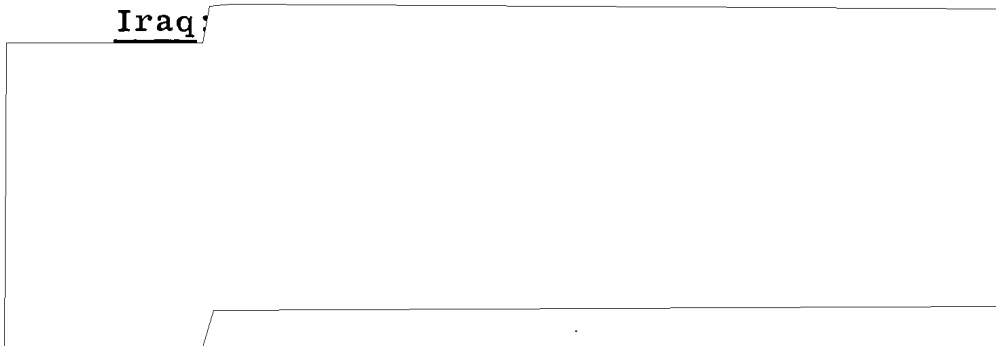




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Iraq:



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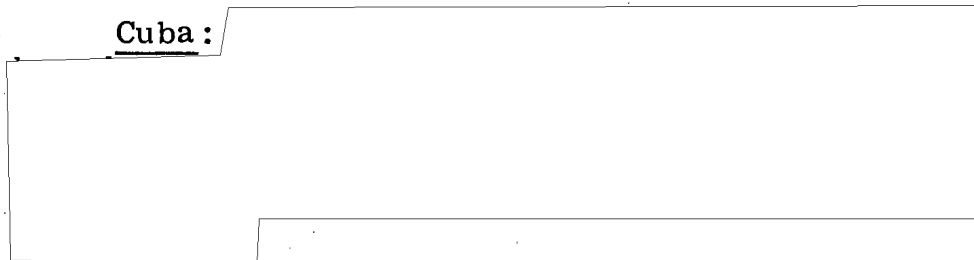
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Chile: With all but two voting places counted, Frei has taken over 56% of the vote, the largest percentage any Chilean presidential candidate has rolled up since World War I.

The country has been quiet in the aftermath and no serious disorders are predicted.

15.

Cuba:



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