

THE PRESIDENT'S INTELLIGENCE REVIEW

ISSUED BY THE
CENTRAL INTELLIGENCE AGENCY



6 - 8 MAY 1964

~~TOP SECRET~~

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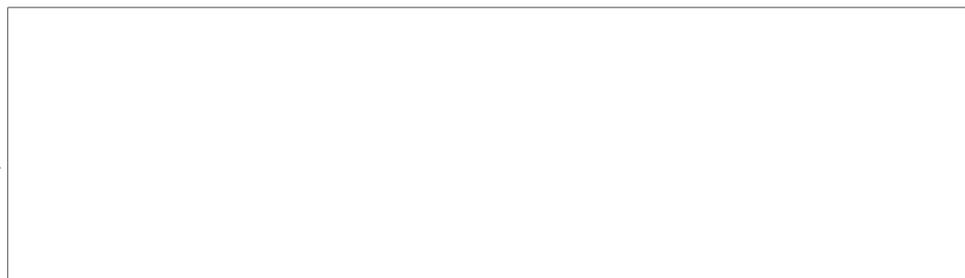
8 May 1964

1. Laos: The coup group is strengthening its control over Souvanna while pushing a government reorganization in the face of Pathet Lao opposition.



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Last Tuesday it was announced that Souvanna had agreed to changes in the cabinet designed to improve its efficiency. In fact, the changes appear to have been dictated to the Premier by coup General Siho.



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There have already been indications that the Pathet Lao may be preparing to set up a separatist government outside Vientiane. On Thursday, a Pathet Lao spokesman said that if his party is forced out of the present coalition, there will be "partition and civil war."

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Cuba-USSR :

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3.

South Vietnam - Cambodia: Another serious border incident has occurred between South Vietnam and Cambodia.

(Cont'd)

Cambodia charges that 13 South Vietnamese M-113 armored personnel carriers penetrated two-and-a-half kilometers into Svay Rieng Province yesterday, firing on village inhabitants and clashing with local Cambodian forces.

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From Saigon, MACV reports that a South Vietnamese M-113 was hit and set on fire by a Cambodian armored vehicle in an apparent follow-up action in the incident area. The M-113 was identified by MACV as part of a security force operating against Viet Cong forces which have been harassing South Vietnamese border posts in recent days.

Sihanouk's reaction is not yet known. Following the 19 March incident at Chantrea in the same general area, he warned that Cambodia would take drastic diplomatic action if another serious border incident occurred. At that time he threatened to seek recognition of Cambodia's borders from Hanoi.

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4. South Vietnam: Complaints about Khanh's method of government continue.

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The strength of the armed forces has been declining rapidly since last November's coup. Failure to fulfill conscription quotas is partially responsible, but more alarming is the steady rise in the number of desertions.

The desertion rate was about 3,000 per month before the coup. In March 1964, it was 8,500. Most deserters are from paramilitary units, but this year's monthly rate in the regular force is about 1,600, more than double the rate in 1963.

Combat units are expected to remain understrength at least until August, even if Khanh's plans for boosting morale and recruitment bear fruit.

For The President Only - Top Secret

5. Cyprus: Military activity has declined to a relatively low level during the past few days, but there has been no visible progress toward a political settlement.

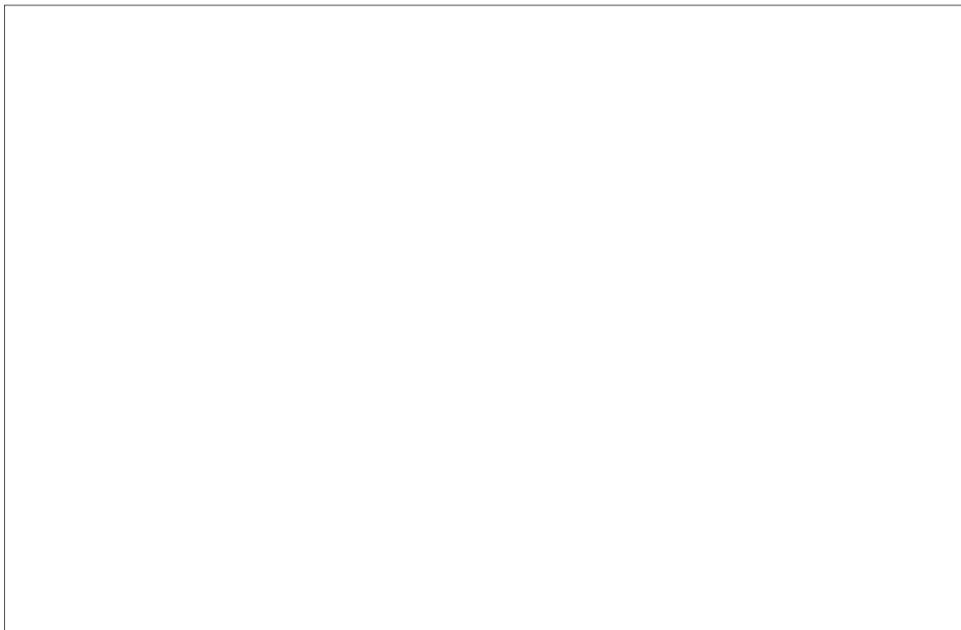
Turkish military units [redacted]

[redacted] will probably remain ready, however, and could react quickly to any change in the situation on Cyprus.

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In Nicosia, General Gyani has told Ambassador Belcher his task is impossible and hinted he would not extend his three-month commitment. Gyani has expressed sympathy for the position of the Turkish Cypriots, but he is highly critical of their recent actions and those of the Turkish Government. He blamed Turkey for much of the difficulty because Ankara continued to hold out hope of intervention to the Turkish Cypriots.

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6. France: De Gaulle has resumed an active work schedule his first week out of the hospital, [REDACTED]
[REDACTED] It is still too early to tell whether he will now seek a second term.

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7. Lebanon: President Shihab has decided not to run for re-election this August. The removal of his steady hand from the reins of government could mean a renewal of traditional clashes among Lebanon's numerous religious and political factions.

Shihab, however, has changed his mind before, and may be persuaded to do so again in the interests of national stability.

8. USSR-Egypt: Nasir, whose foreign exchange reserves are dangerously low, may ask Khrushchev for a cash loan during the Soviet premier's visit. [REDACTED]
[REDACTED] Khrushchev, with hard currency problems of his own, probably will counter with the promise of a large credit for Egypt's second five-year plan which starts next year.

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9. Cuba: The Cubans are pushing hard for more Western credits, following the recent favorable decision by France. Ambassador Finletter, reporting on his conversations with North Atlantic Council representatives, has the impression that the French decision may have set off a chain reaction. The Dutch and Belgian representatives have indicated that their governments may now find it difficult to hold the line.
10. Cuba-Brazil:
11. Communist China - USSR: The Chinese appear confident that Khrushchev cannot muster the support he needs to call an international Communist meeting. Peiping's published letter of 7 May to the Soviet Communist Party takes note of the point made by the Italian, Rumanian, and other parties that if the Soviets rush into a meeting, Moscow will have to shoulder the blame for splitting the movement. The letter states that adequate preparation would take several years and adds that even a bilateral meeting could not be held in less than one year.

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12. Panama: There is still widespread foreboding as the Panamanian presidential campaign rolls into its last few days.

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13. Congo (Brazzaville):

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14. Rumania-US:

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[Redacted] the Rumanian industrial and commercial delegation expected [Redacted] in Washington [Redacted]

[Redacted] on 15 May and discussions are to begin on the 18th.

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