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GENERAL

1. Balkan Pact countries to expand military co-operation:



The General Staffs of Greece, Turkey, and Yugoslavia will meet in Athens in early November to make detailed plans for military co-operation in case of attack from any point on the Balkan defense periphery, according to the Greek military attaché in Belgrade.

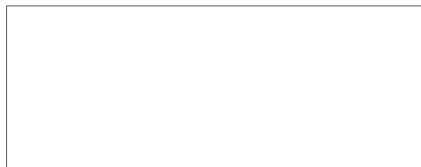
The American attaché regards this development as a considerable advance over previous limited planning and as contributing significantly to stability in the Balkans--especially if strategic flexibility can be assured.

Comment: This is the best indication thus far that Balkan Pact military planning is making real progress and has not yet been damaged by Greek-Turkish tensions over the Cyprus issue.

The decision to undertake detailed planning comes less than two months after the Athens military conference, which dealt briefly with joint defense plans, combined units, and joint use of facilities.

SOUTHEAST ASIA

2. Rapprochement reported between Vietnam government and Binh Xuyen:



The American embassy in Saigon believes the political impasse in Vietnam may have been broken by a reported agreement of General Le Van Vien, chief of the Binh Xuyen organization, to support the Diem government on condition that he be appointed "minister of state" and member of the defense council. Vien also demanded that

police and security forces--now controlled by the Binh Xuyen--be given ministerial status, and that the Ministry of Youth portfolio be awarded the Binh Xuyen. He further insisted that the Vietnamese army be informed by French and American officials that it is not to have any post in the government.

Comment: French officials had already urged a compromise with the Binh Xuyen along these lines, and Diem had expressed an inclination to accept.

Such an arrangement would appear to offer Diem an opportunity to split the earlier alliance between the Binh Xuyen and General Hinh, and thus facilitate the re-establishment of civil control over the army. The embassy in Saigon meanwhile reports that Hinh is becoming "less the leader than the led" of a group of officers who are pushing toward rebellion against the Diem government.

SOUTH ASIA

3.

NEAR EAST - AFRICA

4. Syrian army factionalism accentuates threat of coup:

[REDACTED] The American embassy in Damascus has received reports of friction between two leading factions in the Syrian army--leftists led by Chief of Staff Shuqayr and Assistant Chief of Staff Malki and rightists led by General Shawkat, a commander in northern Syria who, according to unconfirmed reports, has been arrested.

Shawkat indirectly informed the embassy on 2 October that his group would overthrow the government if it went too far to the left.

Comment: A new government is being formed to replace Prime Minister Ghazzi's cabinet, which is scheduled to resign on 14 October. Meanwhile politicians, and their military backers, are maneuvering for positions and the next few days are critical.

There are such sharp cleavages within the army and among the politicians that any serious delay or difficulty in forming a government may precipitate a coup.

5.

6. Comment on announced retirement plans of Premier Malan of South Africa:



The retirement of octogenarian Prime Minister Malan on 30 November will result in a struggle for power in the Nationalist Party between Interior Minister

Donges, a moderate, and Minister of Lands Strydom, an extreme rightist, who will probably be victorious. Finance Minister Havenga, who will probably be named Malan's immediate successor, does not have a significant personal following in the Nationalist Party. He is therefore likely to head only a caretaker government and introduce no immediate change in either the foreign or domestic policies of the Union of South Africa.

Although Strydom might become less extreme with the responsibility of office, an increase in racial tension and the adoption of an even more independent attitude toward world opinion could be expected under his leadership.

The United Party of the late Field Marshal Smuts has little or no chance of returning to power.

[REDACTED]