



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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11 OCTOBER 1965

~~TOP SECRET~~

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1. Indonesia

Sukarno's return to Djakarta has yet to slow the army drive against the Communists.

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numerous anti-Communist demonstrators [Redacted] continue to attack and burn Communist offices, bookstores, and homes.

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The situation could change radically should Sukarno decide forcefully to reassert his authority and thereby force a confrontation. [Redacted]

[Redacted]

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The confrontation may come over the naming of a successor to the murdered army commander. Army generals are reported unanimously agreed to submit only one name--that of General Suharto--as their choice. It remains to be seen whether they will stick with this position or whether Sukarno will maneuver them into accepting someone more amenable to his own will.

[Redacted]

2. India-Pakistan

There have been no reports today of any incidents along the line of military confrontation.

The Indians are continuing to have trouble with pro-Pakistan elements in Kashmir. They claim to have killed or captured some 30 Pakistani infiltrators there during the past few days and several pro-Pakistan political leaders in Kashmir have been arrested. Portions of the principal city in Indian held Kashmir were placed under curfew last night after a weekend of rioting.

3. Congo

The fragile political structure is threatened again.

President Kasavubu is under strong pressure to drop Tshombé as premier shortly after parliament reopens on Wednesday. He suspects Tshombé of maneuvering to replace him as president. Interior Minister Nendaka, for his own reasons, is urging Tshombé's ouster.

The ambitious Nendaka, who recently formed an anti-Tshombé political alliance, is seeking support from the radical African states which have been aiding the Congolese rebels. His goal seems to be to get them to stop supporting the rebels so that Tshombé's mainstay, the white soldiers, can be removed.

Congo Army Chief Mobutu is worried and fears that the excitable Nendaka is "on the brink of committing grave errors."

4. Tanzania

President Nyerere is cutting off support for the Congolese rebels.

He told Ambassador Leonhart last weekend that he still regards Tshombé as a traitor to the African cause. However, he said, he now realizes that the rebels are a "worthless and corrupt lot."

Nyerere added that he had informed the Soviet and Chinese ambassadors that arms shipments to the rebels through Tanzania must cease at once.

5. Dominican
Republic

The long-delayed process of re-integrating the rebel zone into the rest of the city got off to a cautious start today.

Elements of the National Police moved into a corner of the zone this morning and occupied a building that is to serve as their temporary headquarters. They were greeted with handshakes by the rebels.

If all goes reasonably well, the police will expand their area of control to include the whole zone and then, in a few days, the Inter-American Peace Force is to remove its checkpoints and perimeter controls.

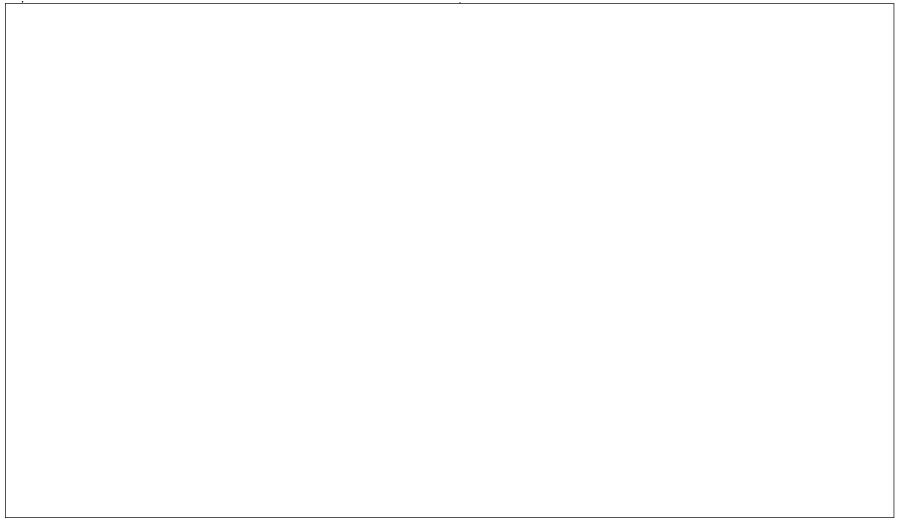
Only a token quantity of weapons has been collected from the rebels, however, and military and police officers are jumpy.

Ambassador Bunker, who toured the zone yesterday, found rebel military officers and men anxious for a speedy reintegration. Armed extremists, however, could easily upset the procedures, and in the present climate a resumption of violence is always a possibility.

6. Uruguay

The government has imposed strict security measures on the eve of a potentially serious Communist-led strike set for Wednesday. Today's Annex reviews the prospects for Uruguay in the face of a badly deteriorating economic and political situation.

7. North Vietnam



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8. South Vietnam

The Liberation Front has called for a month of "hatred of the US," beginning on 15 October. The Viet Cong radio is currently putting out an extraordinarily high volume of material on this subject--including an appeal for a general strike and stepped-up sabotage activity.

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ANNEX

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The Situation in Uruguay

Uruguay for many years was outstanding in Latin America for its political stability. General economic well-being, a high literacy rate, a two-party system, and an advanced social welfare program have facilitated the maintenance of representative government and democratic institutions.

For the past decade, however, there has been a slow decline in the country's fortunes. This stems in large part from the awkward administrative system at the top. Instead of having a single president, Uruguay is governed by a nine-man National Council with six representatives from the majority party and three from the minority. This device has been successful in preventing one-man rule, but it has led gradually to a paralysis in decision making.

At the same time, there has been a steady decline in the Uruguayan economy. Agriculture has stagnated and an industrial recession has set in. Unemployment has risen to about 12 percent of the labor force and the cost of living is likely to increase more than 60 percent this year. The government can no longer support its extensive welfare system. Uruguay also faces a balance of payments crisis.

This pattern of economic deterioration has intensified dissatisfaction among almost all elements of the population. This dissatisfaction is being directed increasingly against the government system itself. There have been numerous proposals for change, but no agreement on what form the changes should take. The possibility of a rightist coup has increased materially as chances of reform have receded.

At this point, however, the immediate problem lies with the large and legal Communist Party. With some 15,000 members, it either controls or influences most labor unions as well as student groups and intellectuals. Until recently the Communists have

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been careful to keep strikes and demonstrations within acceptable bounds. Their aim has been to prevent any right-wing group from getting an excuse to seize power.

In recent weeks, however, the Communists have gone on the offensive. Late last month they began a new wave of harassments to protest their economic grievances. Now they have called for a 72-hour strike of government workers beginning on Wednesday. Their aim is to force a 50-percent wage increase before a year-long wage freeze takes effect in November. The Communists have no illusions that they could overthrow the government. Their armed strength is essentially defensive--a contingent of 300-400 men organized specifically to oppose a military takeover.

The government at this point is refusing to meet the workers' demands. The regime in fact now seems determined for once to stop further inflation and move ahead with long overdue economic austerity measures.

In the past, however, the government has backed down in the face of this kind of pressure. If it does this time, it will quash any hope for economic reform and increase the chance of a rightist coup.

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