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18 October 1965

CENTRAL INTELLIGENCE BULLETIN

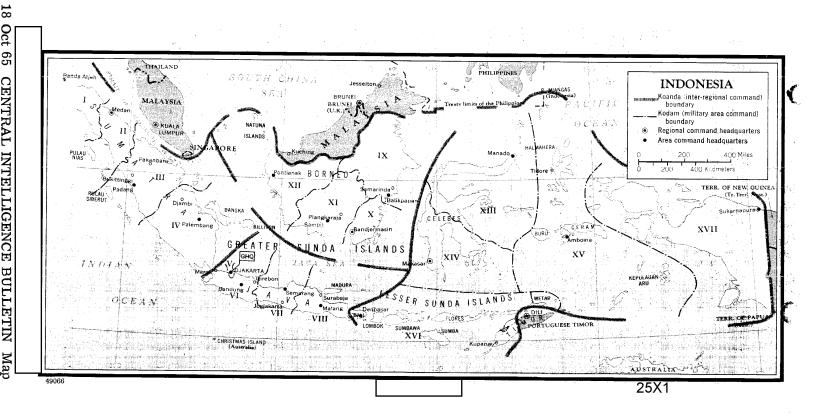
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Indonesia: Anti-Communist military leaders are maintaining their initiative despite President Sukarno's efforts to "normalize" the situation.

At the 16 October installation of General Suharto as army commander, Sukarno stated that in order "to find a political solution" he needed "an atmosphere not set aflame from left and right." Sukarno termed the 30 September incident merely "a ripple in the vast ocean of the Indonesian revolution." Yesterday he addressed the Anti - Foreign Bases Conference being held in Djakarta. Despite speculation that he would make a major statement relating to the internal situation, Sukarno limited himself to his standard attacks on the "imperialistic old established forces."

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the army has submitted a number of demands to Sukarno, which include: (1) punishment of all persons involved in the coup attempt, in accordance with Indonesian law; (2) banning of all mass organizations and political parties that supported the coup attempt (notably the PKI and its fronts); (3) purge of all members of the air force involved in the coup attempt; and (4) abolition of Foreign Minister Subandrio's Central Intelligence Body (BPI),

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will not attempt a direct confrontation with Sukarno, but will continue its program against the PKI by encouraging mass anti-Communist demonstrations in defiance of Sukarno's attempts to quiet the situation. The army believes that through continual agitation against the PKI it can eventually force Sukarno to accede to its wishes.

Sukarno, in an attempt to placate the army, may ban the PKI and replace it with a new "national" Communist party. In recent statements army leaders have left the door open for

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cooperation with Communist elements regrouped in a broader Marxist party.

There is as yet no confirmation that PKI leader Aidit was captured by the army on 14 October, although rumors to that effect are circulating in Djakarta.

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The army's demand in regard to the air force was partially met with yesterday's announcement that air force chief Marshal Dani, who was deeply involved in the 30 September plot, would temporarily give up his duties and depart on an overseas mission. The US Embassy in Djakarta believes Dani is being sent to Communist China.

According to press reports, the army has obtained Sukarno's agreement for continuation of a "state of war" in the Djakarta area. The army will undoubtedly use this to make further sweeps against the Communists.

The US Consulates in Surabaya and Medan have reported rising anti-PKI activity in the two cities. On 16 October Moslem mobs in Surabaya roamed the city tear-

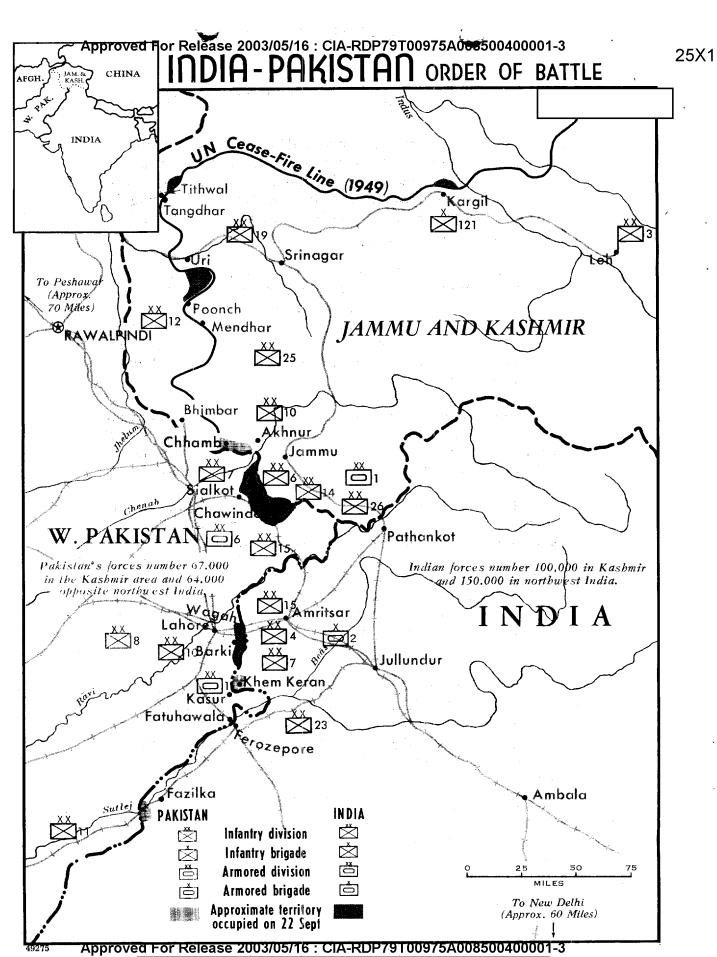
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ing down PKI signs and attacking PKI members.

In Medan. Moslem and other anti-Communist groups burned the North Sumatra PKI headquarters on 15 October. An attempt by PKI members to defend the building resulted in heavy fighting and casualties.

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*Peking charged early this morning that Indonesian troops forcibly entered and searched the office of the Chinese commercial counselor in Djakarta on 16 October. The foreign ministry in Peking has handed a strong protest to the Indonesian ambassador and has demanded an apology from Djakarta.



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India-Pakistan: There is little change in either the diplomatic or military situation.

The cease-fire line remained quiet throughout the weekend, with no major incidents reported. This continues what appears to be a trend toward "de-escalation" along the cease-fire line.

Prime Minister Shastri yesterday again reiterated the twin themes that Pakistan cannot compel India to make a Kashmir settlement by force, and that Kashmir is in any event an integral part of India. However, in private conversation with Ambassador Goldberg in New York, Indian Foreign Minister Singh did not insist that India would not discuss Kashmir. Goldberg believes this is a slight improvement in the Indian position, even though Singh did not admit that India would discuss the subject.

Indian officials now claim that most of the Pakistanisponsored infiltrators have left Kashmir, with perhaps no more than 300-600 throughout the state and only 30 in the Vale of Kashmir itself. An estimated 5,000 infiltrators were believed to have been in Indian-held Kashmir at the time hostilities began in early September. India continues to claim, however, that Pakistan is preparing to send many more irregulars across the ceasefire line in the near future. There were no new demonstrations in Srinagar, the major Kashmir city, over the weekend, but a US correspondent who visited there last week reports that moderate Kashmir opposition leaders who have been advocating nonviolence are losing support to younger, more volatile personalities who believe violence is the only way to force India to loosen its grip on Kashmir(

Pakistani officials are apparently deeply worried about the trend of events and about Pakistan's inability to achieve its aims regarding Kashmir. The chief of the Pakistani Air Force, Air Marshal Nur Khan, has told

Ambassador McConaughy that unless spare parts begin to reach Pakistan, its US-equipped air force will cease to be an effective fighting force within four weeks. Nur Khan doubted that Pakistan could acquire aircraft from Western Europe or the USSR, and added that this left Communist China as the only alternative if Pakistan were to keep an air force in being. He also suggested that Pakistan might require Chinese pilots and support personnel if it were to acquire aircraft from Communist China.

Although there is probably a large measure of bluff in Nur Khan's statements, his fears about Pakistan's air capability are legitimate. The MAAG mission in Karachi estimates that within four weeks Pakistan's F-86 fleet will be only 50 percent combat capable, with more drastic reductions in other types of aircraft.

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Tito, who is 73, has been recuperating from a mild case of the flu. He was reported in good health, though tired, on 3-4 October, when India's President Radhakrishnan visited him. He has had no reported visitors since, and has canceled both his own scheduled trip to Bucharest near the end of October and a planned visit to Yugoslavia by Polish leader Gomulka.

Rumors of Tito's illness, even if unfounded, will probably have an unsettling effect on Yugoslavia's internal scene and might slow implementation of certain controversial economic reforms. These liberalizing reforms—which have led to sudden inflation—have aroused public dissatisfaction and have been opposed by certain conservative factions in Yugoslavia.

In any event, Yugoslavia's fundamental international policy outlook will remain basically unchanged. Should Tito be incapacitated for any prolonged period, major decisions would probably be made jointly by Vice President Rankovic and party secretaries Kardelj and Vlahovic. None of these men, however, has Tito's authority and prestige and ability to control Yugoslavia's various minority ethnic factions.

NOTE

Preliminary data released by Moscow on USSR: the third-quarter economic results claim that industrial production increased by 8.9 percent over the comparable period in 1964; last year's nine-month figure was given as 7.3 percent. Available information does not indicate how much of this year's growth is still due to the recovery of the foodstuffs industry, the most important factor in Moscow's alleged 9.3percent increase during the first half of 1965. Even if the current rate is maintained through the final quarter, gains in Soviet industrial output will still be below the increments of 10-11 percent claimed in the late 1950s. Rates of growth cited in Soviet plan fulfillment reports are usually about two percentage points above those computed by CIA. J

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