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5 February 1965

DCI BRIEFING

FOR THE HOUSE APPROPRIATIONS COMMITTEE

DOMINICAN REPUBLIC

I. President Donald Reid Cabral has taken energetic steps during the past six months to deal with the economic, military, and political problems which have plagued the provisional government since Bosch was forced out in September 1963.

A. An economic stabilization program has been progressing well, but sagging world sugar prices and a lower than expected first-quarter sugar quota from the higher priced U.S. market has seriously endangered the solvency of the Dominican Government.

B. Reid has successfully removed some of the more incompetent, dishonest, and politically dangerous senior military and police officers from command positions. Needed reforms within the armed forces, however, have often taken second place. His primary efforts have been to keep the military divided, but supporting his government.

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C. Reid is expected to be a presidential candidate in the scheduled September 1965 elections and is attempting to build popular support. Although his opposition is weak and disorganized, the clandestine return to the country of leading pro-Castro leaders is disquieting.

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