



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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7 OCTOBER 1965

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1. Indonesia

Sukarno may be making progress in playing down the 30 September movement and preventing anti-Communist action. The US Embassy says that the army may settle for action against those directly involved in the murder of the generals and permit Sukarno to come back strongly.

However, the embassy also reports that the funerals for the murdered generals and Nasution's daughter have succeeded in infuriating many Moslem elements and this may lead to new violence between them and the Communists.

At this point, both Sukarno and Deputy Prime Minister Subandrio are attempting to blame CIA for the 30 September affair. Subandrio, in addition, has alluded in public to the recent Communist Party statement that it was not involved in the plot. The army wanted to suppress the statement; Subandrio may well have been the party's channel for surfacing it.

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2. India-Pakistan

There was no substantial movement on either the military or diplomatic fronts today. Skirmishing continues along the cease-fire line.

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3. Vietnam

Communications facilities serving [redacted] units of the North Vietnamese 325th Division have appeared within South Vietnam after a ten-week radio silence. When last heard from, [redacted] units were located near the border with Laos and Cambodia. 50X1

The present location of the division has not yet been established, but elements of it may be in Binh Dinh Province where a build-up of Communist forces has been reported.

US and South Vietnamese military authorities believe that a regiment of the division took part in last week's major engagement in Binh Dinh Province.

4. Communist China

The 5 October US air strike over northeast North Vietnam apparently directly affected some of the Chinese military units there.

[redacted]

An intercepted North Vietnamese message on the same day reported that the enemy had dropped five bombs on a group of "Chinese vessels" off the coast.

[redacted]

[redacted]

6. USSR

Premier Kosygin's plan for reorganizing Soviet industrial management is unlikely to produce any major gain in economic performance.

The primary shortcoming of the plan is that it fails to tackle the biggest problem--price reform. This in large part will nullify benefits gained by giving factory managers a larger voice in decision making. Our economic analysts conclude: it is difficult to see how rational decisions can be made with irrational prices.

Kosygin's program will also necessitate a great deal of personnel reshuffling and cause considerable administrative confusion. This may only increase pressures for further reform.

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7. Panama

Former president Arnulfo Arias is said to be planning to call a general strike next week. He has been meeting recently with a disparate group of opposition leaders to establish a "united front" to work against the treaty negotiations.

The US Embassy in Panama believes that Arias has a fair chance of bringing off a successful strike.

8. Brazil

The tension in Rio has subsided considerably. President Castello Branco and War Minister Costa e Silva met with the military leaders yesterday and succeeded in calming them down at least temporarily.

The President is sticking by his pledge to uphold the election results. He is now under pressure to counter this with a new demonstration of firmness against Communism and corruption. Some measures along this line were announced today.

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