TELEGRAM

Foreign Service of the United States of America

INCOMING AMEMBASSY DUAKARTA

PAL 23-9

CONFIDENTIAL CONFIDENTIAL

Control: 762A

Recd: December 22, 1965

0700

ACTIO

FROM: SURABAYA

ACTION NO:

203, December 21.

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ACTION DJAKARTA PRIORITY 203 INFO DEPT 53

1. Security Situation. Reliable source from FASURUAN told me indiscriminate killings have ceased there. At same time, source said, Army is quietly releasing nightly 10 to 15 prisoners to Moslems for execution. (Comment: This is similar to situation provided by source from ASEMBAGUS (SITREP 20) and may be widespread. It gives appearance that Army pleas "to stop excesses are being obeyed while still allowing for Moslems, although on reduced scale, to carry out their determination to wipe out PKI here.)

2. Effect of Devaluation. (As of 1700 hours December 20) beginning December 19 rice has not been available in Surabaya markets. However, rice sellers are entering city with 100 or so kilos and selling whole lot to buyers with sufficient funds at 2,000 rupiah per kilo which has been price since December 15. Outside of Surabaya rice reportedly also difficult to get. Reference other commodities, larger stores in Surabaya have been forced to maintain December 13 prices and owners reportedly expect to be cleaned out of merchandise within week if not resupplied. At same time press reports state companies and wholesalers are reluctant to sell to retailers. Further according press, state companies are raising prices 10 percent on purchases involving old currency and have vastly raised prices of certain items.

3. Reports on Bali. Japanese Consul, who returned from Bali December 16, said burning of Chinese stores and shooting at night continues. Also reported that American and Japanese communities well protected by authorities. Unofficial head of Nationalist Chinese community here told me only one shop belonging to "non-Red" Chinese was burned and this by error.

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According FSI source, reason Governor SUTEDJA did not return to Bali from Djakarta is Army Chief Staff SUHARTO and Dali Commander Brig. Gen. SJAIFUDIN told him Army could not protect him if he went back. Also, according source, 40 of SUTEDJA's aides in Bali Government were killed.

- Bali Chinese Request Evacuation. According reliable Chinese source, Bali Chinese communists sent delegation to CPR Embassy in Djakarta which requested evacuation to mainland China. Embassy representative O replied that Indonesians for years had been trying unsuccessfully to deprive local Chinese of livelihood and said this not time to live up and that they should han; on here.
- East Java NU Conference. East Java Nu is evidently i noring SUKARNO's advice not to pressure him. In recent conference at DJOMPANG as reported in press December 17 it passed resolution calling for replacing term "leftist revolution" with Pantjasila revolution. In addition, it called for purge of Gestapu from Cabinet and ban on PKI before end of year. It also took firm anti-Chinese line and called for "revision" of diplomatic relations with Communist China, 'reviewing' of sending students to countries sympathizing with Gestapu and revival of ban on trading activities by aliens in rural areas. (Comment: line adopted by Nu evidently aroused PNI suspicions that FSI had masterminded conference. PSI source said PNI official had accused him of assisting with resolutions. Source also said accusation was baseless.)
- Surabaya GMNI statement. (Consulate A-19). Surabaya GMNI (PNI university students affiliate) in statement carried in press Dec. 16 sniped at and carefully disassociated itself from local chapter of Moslem dominated anti-FKI Indonesian students action committee (KAMI). Stated it could not join KAMI and reminded KAMI of need to prevent rightist counter-revolutionaries from using crushing of Gestapu to divert leftist revolution to right. It added that xx it approves all KAMI's actions provided they do not deviate from BUNG KARNO's policy to restore peace and order.
- Brawidjaja Anniversary Celebration. On December 17 I attended Prawidjaja Division's 17th anniversary celebration at which Acting Commander Brig. Gen SOENARJADI spoke and Army Chief of Staff SUNARTO



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sent written message. Both called for crucking of estagu, but we med against encesses. INDULIM mentioned only once and this by SELANATI. At reception following ceremony SON. ACTA'I walked over and sat next to me, which was certainly not missed by Fart Java officialdom.

Another lattalion in Past Java. Frawicia's 510 1 Peces or la returned from Sulawesi to Sulabaya. At ceremony Iri. . on SOT A JTI said it now has duty of crushin, wests, u.

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