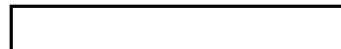
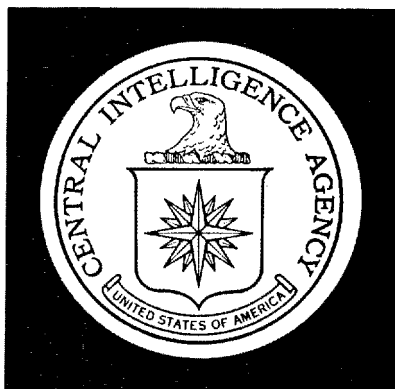


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WEEKLY SUMMARY

Special Report

Soviet Policy in Indonesia Since 1965

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SOVIET POLICY IN INDONESIA SINCE 1965

The USSR has faced a dilemma as regards its policy toward Indonesia over the past three years, and the prospects that it will be able to resolve the situation satisfactorily are not good. On the one hand, Moscow cannot afford to be too closely identified with a government that has relentlessly persecuted the once powerful Indonesian Communist Party (PKI), while simultaneously trying to wean the party away from the influence of Peking. On the other, Moscow finds it equally undesirable to give the government of Indonesia cause, e.g., by open support of the PKI, to move any further into the Western orbit or to renounce its large debt to the USSR. As a result, the Soviets have done just enough to keep their relations with the government alive, while quietly cultivating those groups they hope will ultimately assume power. The Indonesians, for their part, are nervous about Soviet subversive capabilities but would still like to have economic and technical aid from the USSR.

Background

During the night of 30 September - 1 October 1965, the Chinese-oriented Indonesian Communist Party attempted to seize control of the government by means of a coup ostensibly aimed at protecting Sukarno from a military plot against the government. The PKI hoped to paralyze army counterreactions by murdering several top-ranking army generals, including the army commander.

The army, under the leadership of General Suharto, quickly crushed the attempt. Taking advantage of the PKI's leadership of the affair, the army moved against the party. The legal Communist organization was

violently dismantled, and surviving cadre were forced underground. It was not until the summer of 1968 that party members in East Java felt confident enough to undertake a terrorist campaign against the government. This was quickly smashed by army troops, however

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Although Soviet-Indonesian relations had deteriorated as Sukarno had strengthened ties with Peking, Indonesia at the time of the coup was still the USSR's second largest military aid client in the free world.

Relations with the Government

Soviet-Indonesian relations have been cool ever since the

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coup attempt. In the immediate aftermath, the USSR suspended its economic and military aid, and cut cultural and informational activity drastically.

Publicly, the USSR was circumspect in its criticism of the new order.

Since late 1966, relations between the USSR and Indonesia have had their ups and downs. As time went on, about the only source of comfort to Moscow was the dramatic decline in Chinese influence. In November 1966, Moscow agreed to reschedule Indonesian economic and military debts of \$785 million. The Indonesians made no immediate move, however, to ratify the accord.

Then in August 1967, Indonesia touched another sensitive Soviet nerve by joining with Malaysia, Singapore, the Philippines, and Thailand to form the Association of Southeast Asian Nations (ASEAN). The organization was established only to foster regional cultural, economic, and social cooperation, but Moscow nevertheless was apprehensive that Indonesian economic cooperation with such staunch allies of the US as Thailand and the Philippines might ultimately lead to military cooperation and the abandonment of a nonaligned stance.

Other sources of grievance to the USSR were Indonesia's policy of encouraging Western investment, its continued harsh treatment of the PKI, and its failure to condemn US policy in

Vietnam. A Soviet official's comment at the time that "they are even confiscating Dostoevski" illustrated the USSR's gloomy view of its prospects in Indonesia.

By late summer, 1967, however, there were also signs that the USSR had decided to pursue a more activist policy in an effort to stem the drift to the right. On 2 September of that year, the Soviets finally agreed to provide some \$10 million in military spare parts to the Indonesian Navy and Air Force.

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Over the past year, the Soviets have continued to use the carrot-and-stick approach. Last March the Indonesians finally ratified the debt rescheduling agreement. Further developments were forestalled when Indonesia condemned the Soviet invasion of Czechoslovakia. In October, moreover, Djakarta again provoked Moscow by announcing its intention to execute several top-ranking PKI members. President Podgorny led the long list of Communist individuals and groups protesting. After the executions, the USSR's propaganda organs launched a volley of protests.

that the Soviets will defer another \$25 million repayment due next April.

The Indonesians would also like to secure a resumption of Soviet aid for their new Five Year Plan and for jungle clearing and road building. The only project on which the Soviets are currently involved is a minor inland waterways project involving the construction of three dredges.

There has been no work on such prestige Soviet-aid projects as the steel mill at Tjilegon or the phosphate plant at Tjilatjap. The Soviets are particularly unhappy that the Indonesians have done nothing to protect the equipment already sent in 1965 for the construction of the steel mill. Although 80 percent of the equipment for this \$35.5 million project had been delivered prior to the coup, only five percent had been installed. Much of the machinery has since rusted or been pilfered.

In mid-December, the pendulum began to swing back

the Soviets initiated discussions with the Indonesians about implementing phase two of the spare parts accord.

Soviet Economic and Military Aid

Soviet-Indonesian economic relations have been clouded by the failure of the two sides to come to terms on debt rescheduling. Although, the Indonesians ratified the debt rescheduling accord, they are still hoping

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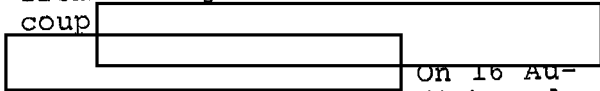


the PKI who attempted to launch an insurgency in East and Central Java this summer, but were quick to point out after it was crushed that the PKI had erred again in following the Maoist line.

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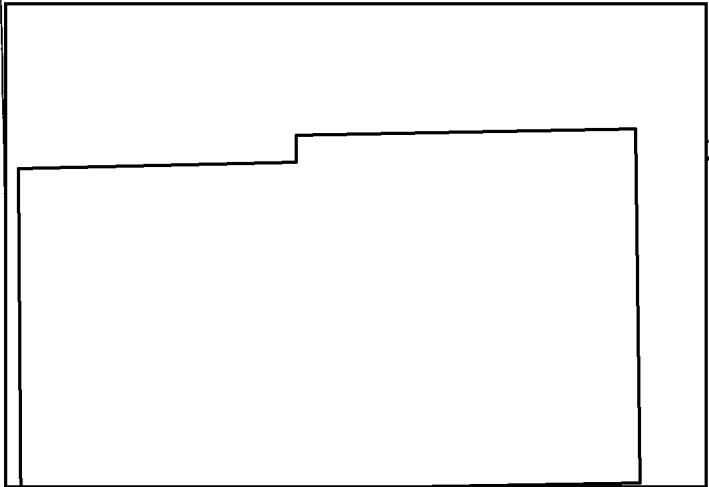
The Soviets and the PKI

At the height of its influence in the early 1960s, the PKI was the largest nonruling Communist party in the world. The Soviets began their campaign to woo the badly decimated PKI away from Peking about a year after the coup



On 16 August 1967, a Soviet radiobroadcast implied for the first time that not all Indonesian Communists were oriented toward Peking. The Soviet commentator referred to documents of the Indonesian Communist "underground" that indicated the party was examining the disastrous implications of its past alignment with the "Mao Tse-tung group." In November of that year, when the PKI finally succeeded in holding its first plenary session after the coup, a pro-Soviet "revisionist" faction reportedly tried and failed to wrest control of the party from the more powerful Peking-oriented faction.

Last June, Moscow resumed its public wooing of the party by launching an international campaign protesting the ill-treatment of political prisoners in Indonesia. The Soviets were relatively quiet while the Indonesians rounded up those members of



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Moscow no doubt hopes that its recent efforts on behalf of the PKI will strengthen the hand of the more moderate faction.

Relations with Leftist Groups

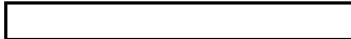
In the latter half of 1967, there was a noticeable upswing in the activities of the Soviet diplomatic establishment in Indonesia. This was a further indication that the Soviets had not given up their efforts to cultivate the Indonesians. A new Soviet cultural center was opened in Surabaya in April 1967, and Soviet cultural and information activity began to climb toward precoup levels. Soviet cultural officials, athletes, and trade unionists began traveling to Indonesia once again, and Indonesian groups once again received invitations to visit Moscow.

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Soviet officials in Indonesia began renewing old friendships and cultivating new ties with members of potentially powerful political groups. The principal targets of this overt and covert effort were students, various labor groups, Moslem organizations, pro-Sukarno members of the Indonesian Nationalist Party (PNI), and other Sukarnoists. The approach was relatively circumspect, however, and was apparently aimed at testing the attitudes of these people toward the government and quietly encouraging pro-Soviet attitudes.



Conclusion

In recent years, the Soviet Union has clearly placed a higher priority on its involvement in Vietnam and its efforts to establish relations with Malaysia, Singapore, and even the Philippines than on its relations with Indonesia. Moscow evidently believes that the potential benefits from cultivating the current regime are not worth the political or economic cost. Judging from its writings on Indonesia and the statements of its diplomats, the USSR does not expect the present government to remain in power indefinitely.

Soviet officials predict that Djakarta will fail to solve the serious socioeconomic problems it faces--large foreign debts, unemployment, widespread poverty--and will be replaced by a government more to Moscow's liking. There is no evidence that the Soviets are as yet offering more than token support to the leftist forces it would like to see dominate that government.

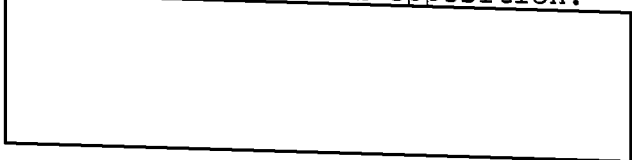
For the time being, at least, Moscow appears content to let things drag along. A Western observer has described Soviet policy toward the government as "thou shalt not kill but need not strive officiously to keep alive." If the Soviets did

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The recent propaganda on behalf of the PKI also made Indonesian leaders conscious of the USSR's troublemaking potential. One of the government's greatest fears is that Moscow will encourage the Marxists, former PKI members, old-line Sukarnoists, and various opportunists to unite in opposition.

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The Indonesians have not given up hope that the Soviets will ultimately unbend and offer economic and technical aid. Such aid, Djakarta believes,

would not only contribute to economic development, but also would tend to balance their image as a truly nonaligned nation. Djakarta is not really counting on this aid, however, and is particularly reluctant to give the Soviets an opportunity to expand their physical presence in Indonesia to a significant degree.

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