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25X1X

I. [redacted] states that Indonesian dissidents in Sumatra will issue their demand for the establishment of a new anti-Communist government in Djakarta on 7 February.

25X1X6

A. Mission in Tokyo of [redacted]

25X1X6

[redacted] who has been in league with dissidents, was to inform Sukarno of what was in the wind and to press him to "voluntarily" dissolve Djuanda cabinet. Sukarno made no commitments.

II. Dissidents are insisting that if they don't get their way they will proceed with the formal establishment of a rival regime, most of whose members have already been selected.

III. There is possibility that dissidents may, in fact, take this action regardless of how Sukarno and the central government respond to their demands.

A. Dissidents reportedly have already turned down a compromise proposal from Djuanda involving Sukarno's early return, resignation of the Djuanda cabinet, recommendation that Sukarno appoint new anti-Communist government under Hatta, and transformation of Sukarno's national council into a senate-type body.

B. Reason for rejection was belief of dissidents that Sukarno cannot be trusted to implement any such agreement--even if he agreed to it--and would end up by appointing a PHI hack as premier, maintaining the present type cabinet and proceeding

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C. Sjafruddin, prospective leader of rival government, feels only course is to apply "shock treatment" to Sukarno by going ahead with present plans.

25X1A IV. According to [REDACTED] dissidents believe they can definitely count on support of Indonesian diplomatic missions in Singapore, Malaya, South Vietnam and Italy, and probably those in Hong Kong and Philippines.

V. Dissidents apparently are planning measures against Java which could lead to armed clashes.

25X1A A. [REDACTED] state that underground operations are being mounted in Java aimed at overthrowing Djuanda government. Additional guards have been thrown around military installations in Djakarta.

B. Dissidents also say they intend to apply economic sanctions against Java, and anticipate retaliatory action by govt forces.

VI. Sukarno and Djakarta government are likely to continue efforts to engage dissidents in negotiations with view to stalling formation of rival regime.

A. Sukarno is leaving Japan on 15 Feb., one week sooner than expected.

B. Masjumi leader in Djakarta has announced his wing of party (Javanese) would mediate between dissidents and Djakarta govt.

C. Djakarta's trump card, however, is threat of military action, particularly air attacks, which has dissidents worried.

1. Foreign Minister Subandrio has said such action cannot be ruled out.

2. So far chief of staff has remained staunchly loyal to

D. Recent reports also indicate govt is maneuvering to split dissidents, and is particularly interested in at least neutralizing South Sumatran commander Barlian.

VII. Indonesian Communist party is branding dissident movement as traitorous and part of a US plot to fragment and "enslave" Indonesian nation; this line is also being plugged in Moscow.

A. Party is also pressing Djuanda government to resist dissident demands and, if necessary, to suppress them by force.

B. Meanwhile, Communist bloc continues to make tempting offers of economic aid in effort bolster Djuanda government; latest reported proposal is Soviet offer to charter or sell 10 ships totaling 35,00 tons for interisland traffic.

C. Indonesian Parliament ratified \$100,000,000 loan agreement yesterday by 95-18 vote.

1. Communists, Nationalists, NU supported; Masjumi opposed; small religious parties abstained; Socialists walked out before vote.

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