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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

2 May 1958

MEMORANDUM FOR THE DIRECTOR

SUBJECT: The Communist Position in Indonesia*

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1. This memorandum appraises the Communist position in Indonesia in light of the present conflict between the central government and the rebel group and the apparent impending collapse of the revolutionary movement.

I. POSITIVE FACTORS WORKING TO THE COMMUNIST ADVANTAGE

1. The Indonesian Communist Party (PKI) is Indonesia's best led and only unified and disciplined party. It is probably the second largest party on Java. It controls PERBEPSI, a para-military veteran's group, and units of the Village Guard. It also controls SOBSI, the principal labor organization, and several mass organizations.

2. The PKI has vigorously supported Sukarno and the central government in opposition to the revolutionary movement, thereby

* This memorandum has been discussed informally with OCI and DD/P.

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increasing its aura of respectability as a loyal and nationalistic party. Sukarno's dependence upon the Communists has increased and the crisis arising from the rebellion has provided PKI leaders new opportunities to capitalize on their close relationship with the President and to influence his attitudes and decisions.

3. As the leading advocate of the apparently successful military action against the rebels, the PKI may have increased its stature and influence in the armed forces.

4. The PKI apparently has expanded its influence in rural areas of Java while the attention of the army and the government has been focused on military operations against Sumatra and the Celebes.

5. PKI capability for civil disturbance and armed action against the government on Java has been increased as a result of the dispatch of many of Indonesia's best trained and equipped and most dependable troops to Sumatra and the Celebes. The PKI has probably increased its infiltration of the army, particularly in the non-commissioned ranks. We do not know the extent of this infiltration.

6. The air force, which is Communist infiltrated at the top command, has achieved new prestige and stands to increase greatly its capabilities-as a result of MIG-15's and IL-28's being supplied by the Bloc. Reportedly, some MIG's have already arrived in Indonesia, and a number of Indonesian pilots and crews are receiving jet training in

Egypt and Czechoslovakia.

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7. The revolution accelerated the pace of economic deterioration, providing the PKI with greater opportunities to foment unrest and dissatisfaction with the existing order, especially in urban areas.

8. As a result of the worsening economic situation the Bloc has been able to offer economic aid (in the form of long term low interest loans) and technical assistance at a time psychologically right for the greatest propaganda and political gain.

9. The revolution created an urgent need for military supplies and equipment which the Bloc has provided on credit with low down payments. The Bloc may be able to dispatch a training mission to Indonesia and otherwise advance Communist influence in the armed forces. By offering economic and military aid, the Bloc has strengthened its pose as Indonesia's friend, and has placed Indonesia under a financial obligation of approximately \$230 million.

II. NEGATIVE FACTORS WORKING TO COMMUNIST ADVANTAGE

1. The revolution has failed to make the internal Communist threat a central issue in Indonesian politics or to rally the majority of political and military leaders against Sukarno's conduct of state affairs. Many Indonesians, taking their cue from Sukarno, regard the Communists as a legitimate, loyal political party and give it their votes. Among those who distrust the PKI, only a few are so strongly motivated as to overcome the traditional distaste for decisive action.

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2. The revolutionary movement further fragmented and disorganized the non-Communist elements in Indonesia. It brought to the fore a number of substantive issues which have long divided the non-Communist forces and culminated in an armed struggle among non-Communists.

3. The revolution also split the Masjumi, the staunchest non-Communist political party, into Javanese and non-Javanese factions. The party, which has played a major role in preventing Sukarno from bringing the PKI into the government, may not regain its former strength or unity in the post-revolution period.

4. As a result of having led the revolutionary movement, a number of Indonesia's most capable men and most important anti-Communist figures--Sjafruddin, Sumitro, Natsir, Assaat, Simbolon, Hussein, Harahap, Sumual, and Djambek--will probably be barred from important government roles in the post-revolution period.

5. The failure of the West to support, or even to compromise with Indonesia on the West Irian issue left the field clear for the Bloc to exploit the issue for its benefit. The failure of the West to offer economic or military aid to the central government at its time of need had the same effect.

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III. FACTORS WORKING AGAINST COMMUNIST INTERESTS

1. Non-Communist elements within the political parties and the army have become increasingly aware of growing Communist strength and influence. Reportedly they are showing serious concern and a desire to curtail Communist strength. Consequently, in the post-revolution period Sukarno will probably be under some pressure to alter his past attitude toward the Communists.

2. Although the PKI is probably having some success infiltrating the armed forces, most officers and the armed forces in general are probably still basically anti-Communist, and are probably becoming increasingly willing to initiate anti-Communist measures.

3. Sukarno is probably not a Communist and is probably not willing to have Indonesia fall under Communist domination. Furthermore, Sukarno probably still has the political power and personal influence to cut the ground from under the Communists if he concluded they were becoming a threat to his personal position. However, he almost certainly continues to underrate seriously the Communist threat.

4. The Communists run a constant risk of overplaying their hand or of provoking the government and/or the army into anti-Communist measures.

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IV. OUTLOOK

1. Java remains the decisive arena in the struggle for control of Indonesia. With large-scale Bloc military assistance the central government will have the means to enforce its authority on the outer islands, although scattered pockets of resistance might continue to exist.

2. The PKI is well entrenched at the center of power on Java and its future prospects appear excellent at the moment. Only a decisive shift in policy by Sukarno himself, a military coup, or a great stiffening of non-Communist forces on Java can avert a steady increase in Communist strength and influence. Although the government may take some measures designed to limit Communist influence in the post-revolution period, at present the chances of a major and decisive effort against the PKI appear to be less than even.

3. Unless a serious anti-Communist movement gets under way on Java, we believe that the PKI will not attempt to seize power by armed coup in the near future. Rather it will prefer to enjoy the advantages of legality and respectability, looking toward a major victory in the 1959 elections. PKI leaders almost certainly expect to face counter action at some point. However, they probably hope that it can be delayed until they have developed more positive

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popular support, increased their capabilities for armed action, and, by subversion, have neutralized the major elements of the armed forces.

4. Although the Indonesian government will probably continue to seek aid from the US and may attempt to improve its relations with the West, Sukarno and most other government and military leaders will probably remain convinced that the US aided the rebel movement while withholding aid from the central government. They will probably conclude that the civil war would not have happened if it were not for US encouragement and assistance to the rebels. As a result, in the post-revolution period US actions and motives will probably be under even greater suspicion than in the past, and the PKI and the Bloc will probably have increased opportunities to tip Indonesian neutrality toward the Communist side.

FOR THE BOARD OF NATIONAL ESTIMATES:

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