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IAC-M-279
5 March 1957

I N T E L L I G E N C E A D V I S O R Y C O M M I T T E E

Minutes of Meeting Held in
IAC Conference Room, Administration Building
Central Intelligence Agency, at 1045, 5 March 1957

Director of Central Intelligence
Allen W. Dulles
Presiding

MEMBERS PRESENT

- Mr. W. Park Armstrong, Jr., Special Assistant for Intelligence,
Department of State
- Major General Robert H. Wienecke, acting for Assistant Chief of
Staff, Intelligence, Department of the Army
- Rear Admiral Laurence H. Frost, Director of Naval Intelligence,
Department of the Navy
- Major General Millard Lewis, Director of Intelligence, Headquarters,
United States Air Force
- Brigadier General Richard Collins, Deputy Director for Intelligence,
The Joint Staff
- Mr. Harry S. Traynor, Atomic Energy Commission representative
to the IAC
- Mr. Ralph R. Roach, acting for Federal Bureau of Investigation
representative to the IAC

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1. Approval of Minutes
19 February Meeting
(IAC-M-278)

Approved as written.

2. Review of Crisis Situations

- a. Watch Committee Reports
No. 342 and No. 343

Noted.

- b. Situation in Indonesia
(Memorandum to IAC, 1 March)

The members exchanged views on this situation, using as a basis for discussion a CIA memorandum on this subject, dated 1 March, which was distributed prior to the meeting and a State Department paper which was circulated at the meeting. They also considered information and intelligence from various other sources pertinent to this situation.

Following the preparation of a new draft paper based on the CIA and State memoranda, the members agreed (in renewed discussion following item 7) that the memorandum, as amended, should have the same distribution, and be forwarded under a covering memorandum similar to that used in transmitting the "crisis" situation paper which had been discussed at the last IAC meeting (IAC-M-278, item 2 b).

- c. Chinese Nationalist Intentions
(Report by Ad Hoc Current
Intelligence Group for the
Taiwan Strait Problem, 21
February, with attachments)

Noted this report. In the course of the discussion of this matter Mr. Armstrong suggested, and the members agreed,

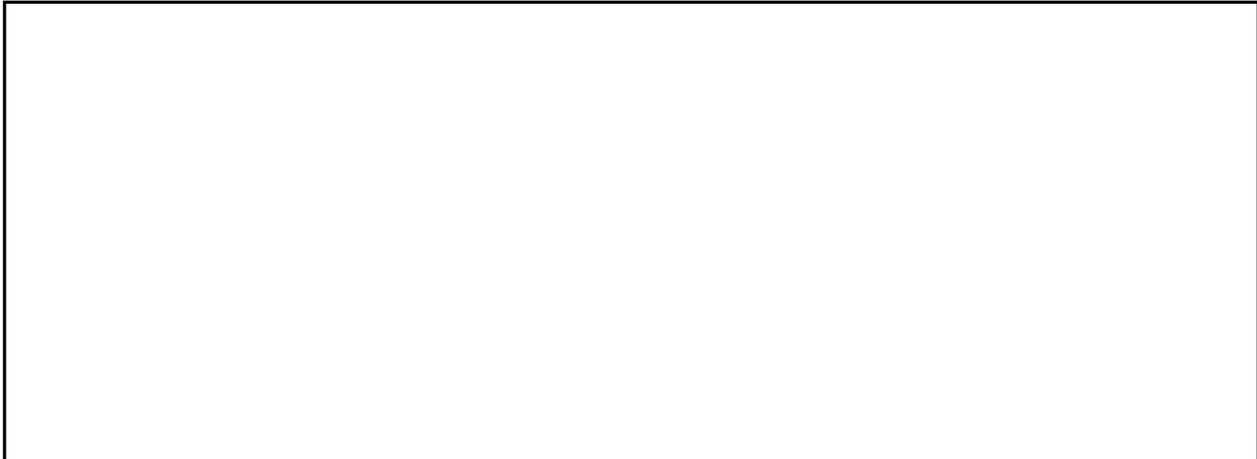
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that a special national intelligence estimate on Chinese Nationalist capabilities and intentions with respect to attacking the mainland this year be prepared for IAC consideration at an early date.

- 3. Information Report to the IAC
on the Defector Program
(IAC-D-8/27, 26 February 1957)

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- 4. Priority National Scientific
and Technical Objectives
(IAC-D-50/8, First Revision,
21 February 1957)

Approved this proposed revision of IAC-D-50/8, subject to the amendment of paragraph I, B, 3 to read as follows:

"Both surface-to-air and air-to-air guided missiles."



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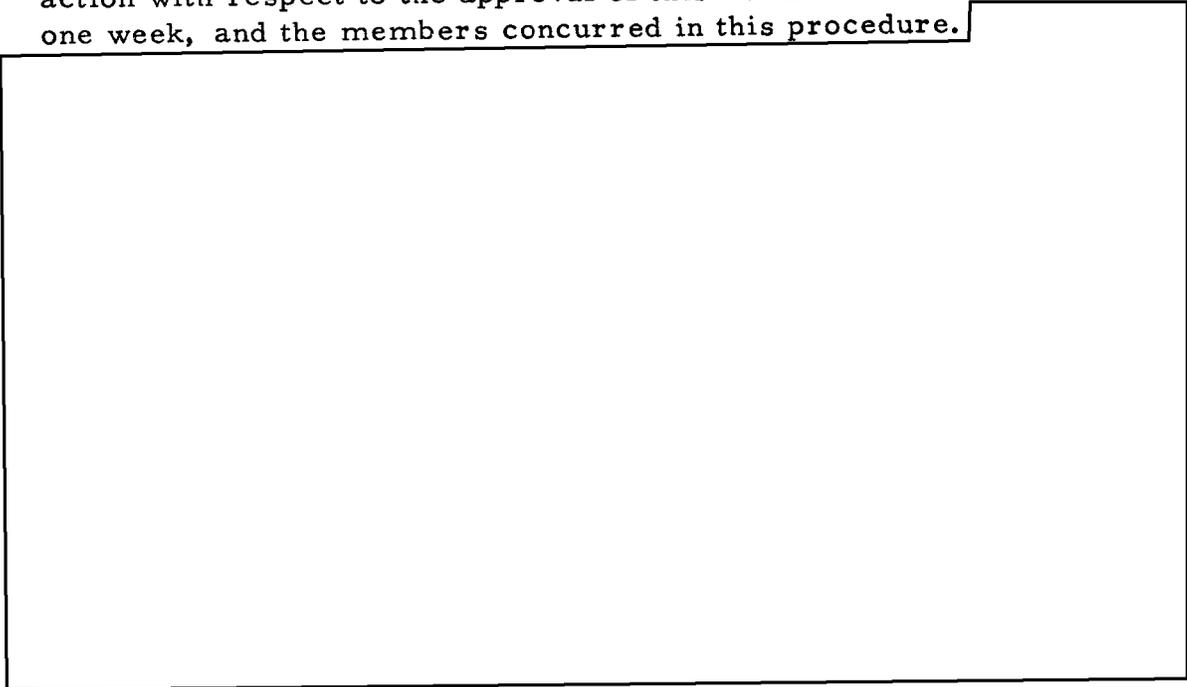
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7. NIE 11-5-57
Soviet Capabilities and
Probable Programs in the
Guided Missile Field

The Chairman noted the request of General Lewis that final action with respect to the approval of this estimate be deferred for one week, and the members concurred in this procedure.



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The members then discussed the paper generally, with particular reference to proposed changes by AEC and CIA, which were circulated at the meeting. General Lewis also outlined and exchanged views with the members and [redacted] on certain

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questions he had with respect to the draft estimate, particularly Section IV. It was agreed that these matters, as well as questions arising as a result of further review by General Lewis, Admiral Frost or other members, would be considered by the IAC representatives prior to the next IAC meeting.

In the course of the general discussion, the Chairman also emphasized the overriding importance of the subject matter of this paper, inviting the members' attention particularly to the recommendations of the draft post-mortem on this estimate which were designed to improve intelligence in the field of guided missiles.

Adjournment: 1245



Secretary

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SECRETARY'S NOTES



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4. No objection having been raised by a member, the Secretary has authorized release to USIA of

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[redacted]
NIE 12-57, "Stability of the Soviet Satellite Structure," both dated 19 February 1957 (IAC-M-278, 19 February 1957, Secretary's Note 3).

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IAC Meeting, 5 March 1957

ALSO PRESENT

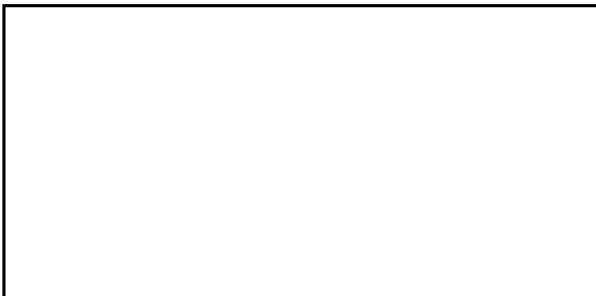
Central Intelligence Agency

Lieutenant General Charles P. Cabell
Mr. Huntington Sheldon
Mr. Sherman Kent



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Mr. Otto Guthe
Mr. Herbert Scoville, Jr.



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Department of State

Mr. David Wilson
Mr. Howard Wiedemann
Mr. Richard K. Stuart

Department of the Army

Lieutenant Colonel Charles H. Pratt
Lieutenant Colonel William R. Parr
Major Kenneth E. Buell
Mr. Carl J. Paurowski

Department of the Navy

Captain W. S. Howell
Commander W. R. McClendon
Lieutenant Commander G. H. Barker

Department of the Air Force

Colonel Harold E. Cotter
Lieutenant Colonel George Wilson
Lieutenant Colonel Van A. Woods, Jr.
Major Marvin M. Glass
Mr. Frank H. Perez
Mr. William M. Laxson

The Joint Staff

Colonel E. G. Van Orman, USMC
Colonel C. H. Dayhuff, Jr., USA
Lieutenant Colonel A. E. Stoll, Jr., USAF

Atomic Energy Commission

Dr. Charles Reichardt

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INTELLIGENCE ADVISORY COMMITTEE

5 March 1957

THE SITUATION IN INDONESIA

The situation in Indonesia, as outlined in the attached memorandum, was discussed by the Intelligence Advisory Committee on 5 March 1957. The Committee considered that the matter was of sufficient importance to be brought to the attention of the following addressees.


ALLEN W. DULLES
Chairman

Distribution:

White House (Gen. Goodpaster)
Secretary of State
Secretary of Defense
Chairman, JCS
Special Asst. to the President for
National Security Affairs

IAC Members

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5 March 1957

THE SITUATION IN INDONESIA

1. On March 2 the Commander of Territory VII in Eastern Indonesia proclaimed martial law, designated military governors for the four provinces within his command (Celebes, Moluccas, Lesser Sundas and West New Guinea), and presented an ultimatum to the Djakarta government. In addition to greater regional autonomy and the retention of seventy percent of the revenues of the provinces, which would be used for economic development within his territory, he made additional demands with respect to governmental changes proposed earlier by President Sukarno. On March 5 he demanded that Prime Minister Ali resign and stated that Communists would not be tolerated in the government.

2. These events in Eastern Indonesia are the latest in a series of bloodless insurgencies which have seen army commanders, apparently supported by civilian elements, take over the North, Central and South Sumatra provinces in defiance of the Djakarta government.

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They have all demanded a greater degree of autonomy, but have given no indication of an intent to quit the Republic. Some have declared a loyalty to President Sukarno but have made it clear that they oppose the present cabinet. Earlier, in the period from August to November 1956, coups planned by Army elements in West Java apparently were thwarted by the government.

3. Developments in Eastern Indonesia and Sumatra are all symptomatic of increasing unrest in the Indonesian Army and of growing regionalism in areas outside Java. Poor living conditions for the troops, outmoded equipment, and a cumbersome organization have drawn the criticism of some army leaders. Repeated appeals to the government for funds to carry out improvements in the Army have met with little effective response, while the incidence of corruption in high places has destroyed the faith of many Army leaders that conditions would improve.

4. At the same time Army commanders in the areas outside Java are influenced by growing pressure from the population for increased local control of government and finances. This pressure has resulted from the failure of the central government to bring about

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improvements in communications, school facilities and living standards-- all of which had been among the objectives of the revolution against the Dutch. The feeling that the government administration is dominated by the Javanese, and that the outlying provinces are not receiving economic benefits commensurate with their contributions to the government's revenues have added to regional sentiment. In acting as they did, Army leaders have not only served their own interests but appear to have expressed the views of a substantial part of the Indonesian people.

5. Partly in answer to growing disaffection and perhaps influenced by impressions gathered during a visit to the Soviet Union and Communist China during the fall of 1956, President Sukarno made public on February 21 his "concept" of a new organizational form for Indonesian democracy. He would establish a national council representative of all parties in the parliament but augmented by delegates of functional sectors of society, including veterans, laborers, and the armed forces. The council would give "advice," apparently mandatory, to Parliament and to the cabinet, which again would be representative of all elements in Parliament. In outlining his plan,

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Sukarno, obviously harking back to the nationalist unity which prevailed during the independence struggle, held that opposition was the key to the failure of parliamentary democracy in Indonesia and that elimination of an opposition by inclusion of all elements in the government would ensure its success.

6. Because the Indonesian Communist Party would have official status in the government for the first time since Indonesia became independent in 1949, Sukarno's plan has had a mixed reception. It has also been pointed out that the proposals offer little hope of dealing with the problems of growing regional feeling. Only two of the major parties support Sukarno's proposal, the Nationalist Party, albeit reluctantly, and the Communists. Impressed by the reluctance of the other parties to support him, Sukarno has announced that he would study counterproposals, thus holding out the hope of eventual adjustment or compromise.

Possible Developments

7. The immediate course of events is unclear. In view of the Indonesian faculty for compromise and the fact that only one of

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the political parties, the Masjumi, has flatly opposed Sukarno's plan, perhaps the most likely short-term outcome is some accommodation of conflicting positions. Sukarno's proposed council might be given a purely advisory function, the role of the Communists might be limited to this council, and some means of temporarily accommodating regional interests may be found.

8. However, a compromise solution is not likely to satisfy for long the pressures for a greater degree of regional autonomy, the complaints of the army, or Sukarno's impatience with parliamentary processes and party politics. These circumstances, taken in conjunction with Sukarno's willingness to accept Communist support, will continue to offer excellent opportunities for the Communists to improve their position and have the potential of leading to major civil disturbances, an attempted coup d'etat, or political fragmentation of the Indonesian Republic.