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BASIC DUTCH-INDONESIAN ISSUES AND THE LINGGADJATI AGREEMENT

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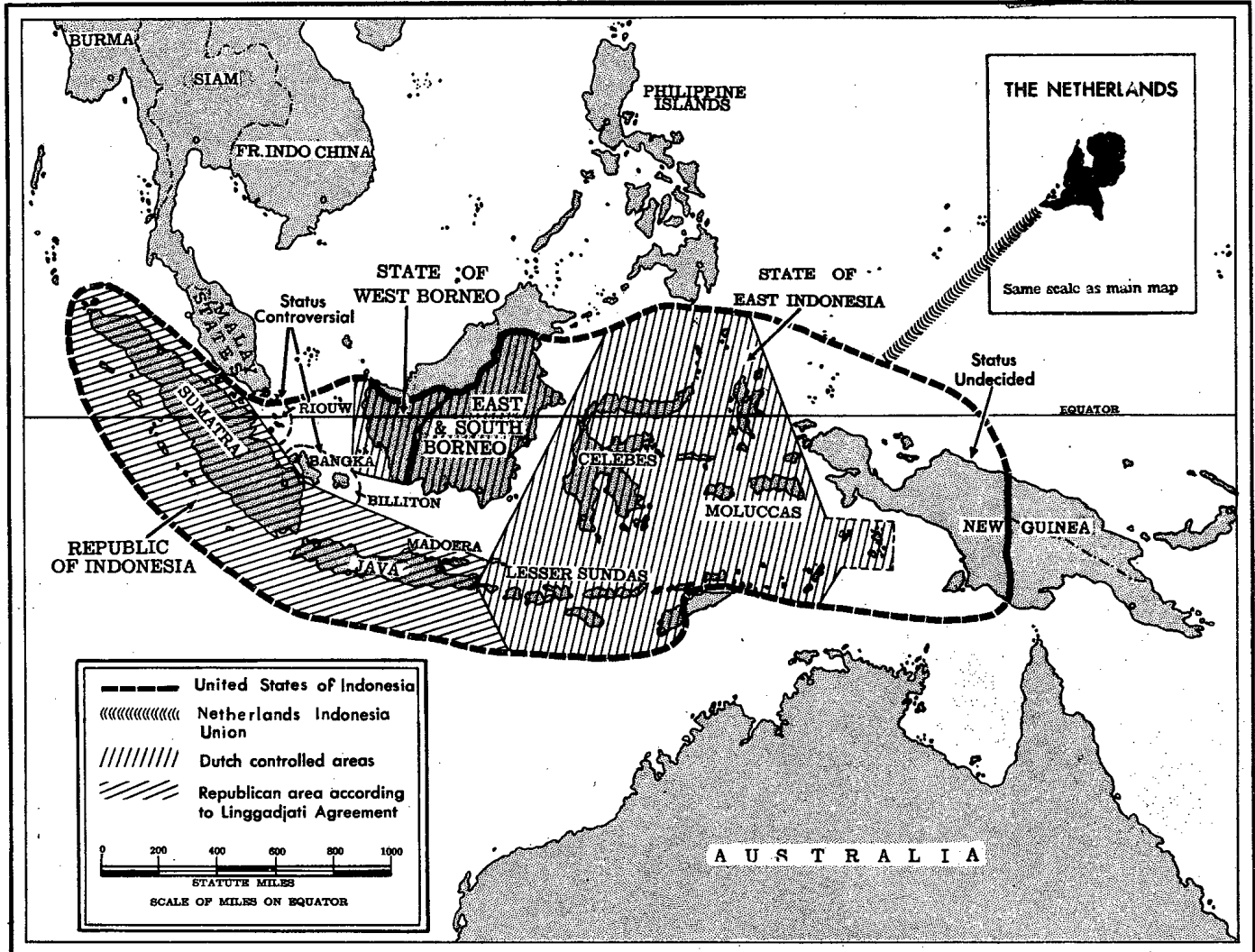
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INDONESIA

UNDER THE

LINGGADJATI AGREEMENT

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CENTRAL INTELLIGENCE GROUP
2430 E Street, N. W.
Washington 25, D. C.

ORE 20

9 June 1947

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BASIC DUTCH-INDONESIAN ISSUES
AND
THE LINGGADJATI AGREEMENT

SUMMARY

The signing of the Linggadjati or Draft Agreement between the representatives of the Netherlands and the Indonesian Republic on 25 March 1947 climaxed nearly fourteen months of difficult negotiations. Remaining differences in interpretation of the agreement, however, are so deep and fundamental that orderly progress toward final adjustment of Dutch and Indonesian aspirations in the islands cannot be expected.

The fundamental conflict is between the Dutch view that the Netherlands will continue to be the sovereign power in the Indies until the United States of Indonesia (USI) is formed, and the Republic's view that Netherlands sovereignty does not extend over Republican territory in the interim period. This difference impedes the process of mutual adjustment and jeopardizes any effort of either party directed toward the formation of the USI and the establishment of a durable relationship between the Netherlands and the Indonesian Republic. Stemming from this basic issue and the mutual distrust which it has engendered are the following issues which must be adjusted in the next two years before the USI can be established: (1) the reduction of military forces on both sides; (2) the restoration of Dutch properties in Republican territory to their former owners; (3) the reconciliation of the foreign trade policies of the Netherlands Indies Government and the Indonesian Republic; (4) the political organization of the portions of the Indies which lie outside the Republic; and (5) the control of the foreign relations of the Republic.

In the resolution of these issues, the bargaining positions of the Netherlands and the Indonesian Republic are nearly balanced in political, economic, and military terms. The resultant delays in negotiations are leading the Dutch to consider an attempt to reach a decision by military force. This, in turn, will aggravate anti-Western sentiment throughout the Far East and might lead to a consideration of the dispute by the UN Security Council.

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Further discussion of basic Dutch-Indonesian issues and the Lingga-djati Agreement will be found in the Enclosure hereto. Current negotiations, including the Dutch proposal of 27 May 1947 for the establishment of a joint interim federal government pending the formation of the USI, are reported in the CIG Daily Summary and analyzed in the CIG Weekly Summary.

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~~SECRET~~ENCLOSURE1. Background

At the conclusion of World War II a deadlock developed between Dutch and Indonesian plans for the future. The Dutch hoped to establish a Commonwealth subject to the Crown, embracing as equals the Netherlands, Surinam and Curaçao in the Western Hemisphere, and the Netherlands Indies. The newly-formed Republic of Indonesia, however, demanded complete independence from the Netherlands. The collapse of Dutch power and prestige in the early days of World War II and the subsequent Japanese occupation policies of humiliating the white race and stimulating the already strong nationalistic spirit of the Indonesian peoples, made impossible any return to the pre-war status quo. As Allied power began to threaten Japan's position in the Indies, a Japanese-sponsored Independence Preparatory Committee was formed in Java in the spring of 1945 to lay down the framework of an independent Indonesian Republic.

The Republic was proclaimed on 17 August 1945 and immediately began to extend its power throughout the Indies following the surrender of Japan. Allied reoccupation a month later found Republican governors in several of the outlying islands and Republican control well established in Java. Thus, a fait accompli faced Dutch authorities as they returned to the Indies and prevented the restoration of Dutch control in Java, Madura, and Sumatra. Negotiations to resolve the impasse between the Dutch and the Republic were delayed until February 1946 by widening hostilities between Republic forces on one hand and British and Dutch troops on the other. Furthermore, the Dutch refused to have anything to do with the President of the Republic, Achmed Soekarno, whom they regarded as a traitor.

Negotiations finally began 10 February 1946 through the good offices of Sir Archibald Clark-Kerr, British special representative in the Netherlands Indies, and were based upon the Dutch Statement of Policy of that date. This statement provided for a democratic partnership for the component parts of the pre-war Kingdom of the Netherlands, with a clear recognition of the right of Indonesia, after a given period, to elect to leave the partnership. The Dutch, however, expressed the view that the best interests of Indonesia would be served through the continuance of one realm. The Indonesians answered the Dutch Statement on 14 March 1946 with a counter-proposal including a letter from Premier Sjahrir, which demanded (a) Dutch recognition of Republican sovereignty in the Netherlands Indies, and (b) the immediate realization of the Indonesians' right to self-determination. The Republic regarded the Commonwealth suggested by the Dutch as merely an attempt to restore Dutch control under a new name.

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Conversations continued during March and April with the question of Sumatra's position within or outside the Republic left in abeyance. The Dutch Protocol of 19 May 1946 recognized Republican de facto authority in Java, but not in Sumatra. Sumatra, like other areas in the Indies, was to be given an opportunity freely to determine its own status in the proposed free state of Indonesia. In June, this Protocol was rejected by the Indonesians, and negotiations were broken off and were not resumed until early in October, by which time a Dutch Commission-General had arrived in the Indies to carry on the talks.

The declaration, on 14 October 1946, of a truce in the Dutch-Indonesian hostilities helped to create favorable conditions for an adjustment between the opposing views. The Dutch then, on 1 November 1946, proposed recognition of the Republic's de facto authority in Java and Sumatra and the inclusion of the Republic in the Federated States of Indonesia. In answer, the Indonesians proposed confirmation of Dutch economic rights in Indonesia and a reduction of Dutch forces. Agreement on these points was reached at the town of Linggadjati (inland from Cheribon) on 12 November 1946, and the draft agreement (see Appendix A) was initialled three days later. Both delegations then returned to their respective governments to obtain authorization for signing.

During the succeeding months, moderate members of both governments encountered strong opposition from extremist elements. In the Netherlands, conservative military leaders and businessmen felt that Dutch political and economic power in the islands was jeopardized by the vague position of the Crown in the new arrangement (see Appendix A, Article VIII) and by the ambiguous provisions of Article XIV of the Draft Agreement concerning the restitution of Dutch property to former owners. In Indonesia, extremists regarded the Agreement as a diplomatic defeat for the Republic because the Republic had not been given immediate independence.

The Netherlands Government, despite the opposition, finally approved the Draft Agreement as "basic policy" on 20 December 1946, but its delay in taking this action had added to Indonesian suspicions of Dutch intentions and had thus made the position of Indonesian proponents of the Draft Agreement more difficult.

At the end of January 1947, though both the Dutch and the Indonesians declared their readiness to sign the Linggadjati Agreement, they disagreed as to the conditions of signing. The Dutch insisted that the Indonesians issue a general cease-fire order to implement the truce of 14 October 1946, and agree to the Dutch interpretations of the Agreement. These interpretations were embodied in a statement by Dutch Overseas Minister Jonkman and in the Elucidating Memorandum of the Commission-General presented to the States General on 10 December 1946 in defense of the

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Linggadjati Agreement. The Dutch interpretations stressed that the Netherlands would remain the sovereign power in the Indies until the establishment of the USI, and that the Netherlands would maintain adequate military power there until satisfactory guarantees for the continuation of Dutch interests were secured.

While the cease-fire order was finally issued effective 16 February 1947, the Republic steadfastly refused to be bound by Dutch interpretations, maintaining that the Republic would recognize only the articles of the Agreement itself and the official correspondence between the two delegations. Indonesian opposition to the Linggadjati Agreement increased steadily after the initialling of the Draft Agreement, as a result of bitter fighting between Dutch and Indonesian forces and of Dutch insistence on Republic adherence to their interpretations. In order to forestall rejection of the Agreement by the Republic's provisional parliament, the KNIP, President Soekarno issued a presidential decree increasing the membership of that body with representatives selected from political parties more favorably disposed to the Agreement. This move aroused considerable debate and was finally passed only under the threat of resignation by President Soekarno and Vice-President Hatta. Final approval of the Linggadjati Agreement was given by the KNIP on 5 March 1947 in a vote of confidence in the government's policies from which the influential Nationalist and Masjoeми (Moslem) Parties abstained.

The deadlock over the inclusion of the Dutch interpretations had been broken by a letter on 2 March 1947 from the Chairman of the Commission-General to Premier Sjahrir indicating that the Netherlands Government did not intend to commit the Republic to those interpretations and that the right of the Republic to make its own interpretations was clearly understood. This was accepted by Sjahrir on 16 March 1947 and signatures were finally affixed to the Linggadjati Agreement on 25 March 1947, and a joint economic committee was immediately established to implement the economic provisions in the Agreement.

2. Remaining Issues

a. The Basic Issue of Sovereignty

The signing of the Linggadjati Agreement left unsettled many issues in Dutch-Indonesian relations. The most important disagreement, which complicates the resolution of all other issues, is on the question of sovereignty. Prominent Indonesian leaders now regard the Republic as an independent state, claiming that Dutch de facto recognition of Republican authority in Java, Madura, and Sumatra (see Appendix A, Article I) amounts to recognition of sovereignty. The Dutch, on the other hand, have emphasized that the basic sovereign entity envisioned for the Indies in the

Linggadjati Agreement is not the Republic but the United States of Indonesia, in which the Republic is but one of three component parts. The Dutch also hold that during the interim period preceding the formation of the USI, the Netherlands will continue to be the sovereign power in the whole of the Netherlands Indies.

This basic dissension, together with the strong mutual suspicions built up through the past year of hostilities and of slow, delicate negotiations, is the most serious impediment to the establishment of new political and economic relationships between the Dutch and the Indonesians.

b. Purpose of the Agreement

This fundamental difference in views is reflected in the Dutch and Indonesian opinions as to the general nature and purpose of the Linggadjati Agreement. While the Dutch regard it as a "charter of principles" upon which a new Dutch-Indonesian partnership can be built, to the Indonesians it is merely a convenient step toward the unalterable goal of complete independence. Indonesian military and political leaders have repeatedly warned the people that the Agreement is only a temporary measure, that its signing has not ended the "national struggle", and that, if no longer necessary to the nation, it will be abandoned.

c. Withdrawal of Troops

No progress has been made toward implementing Article XVI of the Agreement (see Appendix A), which provides for a reduction of the armed forces of both parties directly after the conclusion of the Agreement.

In keeping with their misgivings about Indonesian intentions, the Dutch desire to maintain their military power in the Indies until there are effective guarantees that the new rule of law will be observed by the Indonesians. As a result, the Dutch have been reluctant to implement Article XVI. The Dutch claim they are observing this Article by initiating necessary measures preparatory to reductions in their troop strength. The Indonesians want immediate troop reductions without any dilatory preliminaries and have sought to hasten reduction by suggesting that the rate of restoration of Dutch properties in Republican territory will be determined by the rate of Dutch troop withdrawals. Furthermore, the facts have not been lost on the Indonesians that (a) the Dutch undertook military actions in Eastern Java after the Agreement had been signed; (b) Dutch troops, said to be replacements, continue to arrive; and (c) the Dutch plan to send 60% of the 1947 draft class of 50,000 men to the Indies, now that overseas duty for conscripts has been authorized by the State General. For their part, Indonesian irregular groups have announced that they will not disband until the end of the "revolutionary period".

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d. Restoration of Properties

In Article XIV of the Agreement, the Republic recognizes the claims of non-Indonesians to the restoration of their rights and the restitution of their goods. The return to Indonesia of non-Indonesian businessmen and plantation owners, however, will be complicated by economic policies laid down by the Republic, designed to prevent any return to colonial monopolistic exploitation of native resources and labor. The Republic will continue to hold ownership of State properties such as railways, public works, and utilities, and of such property as was owned by Japan in Republican territory. Certain enterprises, to be determined as "vital" by a special Republic committee, will be expropriated and their former owners will be indemnified. Republic Minister of Economic Affairs Gani has declared that the Republic cannot grant permission to foreign owners to resume operations before an agreement is reached between the Owner and the Republic concerning such basic matters as wages, worker security, induction of Indonesian personnel into the management of the enterprise, land rent, taxation, import and export quotas, and production and distribution policies.

There has been some recent evidence that the single labor organization of the Republic, SOBSI, is acting as local custodian for foreign plants. A long period of delicate negotiations with a powerful but inexperienced labor union is in prospect before Dutch economic interests may resume their activities, and even then they will be resumed under greatly restricted circumstances as compared with their pre-war freedom.

Certain foreign companies have already reacted to this policy by demanding assurances that all installations and facilities, as well as their operations and employees, will be under the company's direct and exclusive control in order to facilitate improvements in the conditions of the workers as operations are resumed.

e. Foreign Trade

The problems of reconciling the foreign trade objectives of the Republic with the trade and shipping controls of the Dutch also derive from the conflicts in Dutch and Indonesian views on the Republic's sovereignty in the interim period. The Dutch trade regulations of 28 January 1947 and their enforcement, notably in the case of the US vessel "Martin Behrman", were designed to prevent the Republic's engaging in foreign trade except through Dutch official channels. The decrees were justified by the Dutch on the grounds that the products sold in trade by the Republic were obtained illicitly from European estates and were sold indiscriminately at prices below their value in the world market, thereby progressively impoverishing the Indies. The Republic's view was that such trade was not illegal under its rights as a de facto authority to sell the products of estates under its control, particularly when the cost of maintenance of

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the estates and labor since the end of the Japanese occupation had been borne by the Republic. The Republic, by its contention that the formulation of regulations governing exports, imports, and financial matters in Java, Madura, and Sumatra are matters for the Republic to decide, has impeded the operations of the Joint Economic Committee charged with implementing the economic provisions of the Linggadjati Agreement. This, in turn, has shaken the faith of Dutch business interests in the efficacy of negotiations with the Republic and has strengthened the position of those who advocate the use of force to bring about implementation of the Linggadjati Agreement.

f. Formation of the USI

In the political sphere, Dutch and Indonesian views differ on the organization of the areas of the Indies which lie outside the Republic. The Dutch desire that the USI embrace at least three distinct states, more or less balanced against each other, to prevent the Republic's achieving a dominant position vis-a-vis the others.

The second component part of the United States of Indonesia, the state of East Indonesia, was established at Den Pasar, Bali, on 24 December 1946, following a series of conferences, at Malino in July 1946 and at Pangkal Pinang in October 1946, between the Dutch and representatives of the outlying areas. The future status of Borneo is still indefinite. Pro-Republican sentiment, especially in South Borneo, has prevented the formation of a unitary state in Borneo. The Dutch meanwhile have sponsored the formation of a separate state of West Borneo, and are now organizing other regimes in East and Central Borneo.

The absence of Republic participation in these conferences has led the Republic to charge the Dutch with violating Article II of the Linggadjati Agreement, which provides for Dutch-Republic cooperation in the formation of the USI. The Republic further has charged that the conferences were not truly representative since various pro-Republic groups in the outer islands were not included. The latter groups have announced their support of the Republic in numerous assemblies and broadcast resolutions.

Furthermore, several statements by Republic officials oppose Dutch plans to the extent of announcing the Republic's intention of bringing the entire archipelago under the Republic's control. Vice-President Hatta has also declared that the creation of the USI is "the first step toward the unity of the entire Indonesian archipelago under the Republic regime."

g. Area of the Republic

Parallel with Republic efforts to draw portions of the outlying islands into its sphere of influence, there have been attempts to divide the Republic and to reduce its area. On 25 March 1947, Dutch Overseas Minister Jonkman stated that Articles III and IV of the Linggadjati

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Agreement "give an opportunity possibly to split the present Republic in such parts as would desire independence -- the opportunity has been held open for Madura, for Sumatra (integrally or in subdivisions), for the Sunda lands, and whichever other population-groups one might consider, to obtain a position of their own in the federation (USI) -- likewise the possibility exists that an area not now part of the Republic's territory may choose for the Republic."

The leaders of the Pasoendan Party, claiming to represent about 12,-000,000 Sundanese in West Java, proclaimed the independence of a Pasoendan State from the Republic on 4 May 1947, a development which must be viewed in the light of Jonkman's remarks as a part of the Dutch policy aimed at limiting the Republic's territory. The Dutch may also attempt to draw Madura and portions of Sumatra away from Republican control, capitalizing on Sumatran antipathy to any rule of Sumatra by Javanese. Continual efforts by the Republic to penetrate and strengthen Nationalist and pro-Republican movements in the outlying islands of the "Malino Area", together with Dutch counter-efforts to limit the Republic's area of authority and prevent its acquiring a dominant influence in the Indies, will also constitute a serious obstacle to the formation of the USI by the planned date of 1 January 1949.

h. Foreign Relations

Dutch-Indonesian differences extend also to the field of foreign relations. The Dutch view is that, since the Netherlands will continue as the sovereign power in the Indies until the formation of the USI, the Indonesians will not be entitled to conduct independent diplomatic relations until after the USI has come into being. In the interim period, the Dutch plan to admit Indonesians to the foreign service of the Realm and to conduct foreign relations, as they relate to the Indies, through a newly-established Far Eastern Office of the Foreign Ministry in Batavia.

The Indonesians, however, regard these plans as merely Dutch interpretations of the Linggadjati Agreement which, as such, cannot be considered as binding upon the Republic. The Republic regards continued Dutch efforts to retain control of Indonesian representation abroad as an attempt to prove to the world that Indonesia is still a part of the Kingdom of the Netherlands; accordingly, the Republic has proceeded unilaterally to work out the preliminary steps for establishing diplomatic relations with Australia, India, the Arab League, Egypt, Siam, and Malaya. While the Republic lacks the means actually to transport its representatives abroad, its insistence upon its right to handle its own diplomatic affairs prior to the formation of the USI, and the sympathetic attitude of the Arab League, Australia, and India to this contention, will lend an international aspect to Dutch-Indonesian differences on this question.

i. Arbitration

Article XVII of the Linggadjati Agreement states that the Dutch and the Republic delegations "shall settle by arbitration any dispute which might

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arise from this Agreement and which cannot be solved by joint consultation in conference between those delegations"; yet there is disagreement between the Dutch and Indonesians even upon the matter of settling their disagreements. The Netherlands interpretation of Article XVII holds that it applies only to relations between the Republic and the Netherlands but not to matters pertaining to the USI as a whole. The text of the Agreement seems clearly to indicate, however, that disputes concerning the USI should be included in arbitration settlements, since the USI is an integral part of the Linggadjati Agreement.

i. Conclusions

In summary, the Dutch desire to achieve, through the Linggadjati Agreement, (a) the maintenance of Netherlands sovereignty throughout the Indies until the formation of the USI; (b) the integration of the Republic into a federal USI as one of its component parts; and (c) the restoration of economic rights and control of foreign relations.

In opposition to these aims, the Indonesian Republic seeks (a) the free exercise of all the prerogatives of a sovereign state by virtue of the de facto recognition of its authority in Java, Madura, and Sumatra, including the control of economic activities within its territory and the conduct of its own foreign relations; and (b) the control of the entire Indies archipelago through a unitary USI under Republican domination.

The resolution of these divergent aims in the future depends upon the relative bargaining positions in political, economic, and military terms of the two adversaries.

In political terms, the Republic is strong so long as the presence of the Dutch in Java and Sumatra constitutes a menace to the Republic's existence. Moderates and extremists in the government of the Republic vigorously oppose any effort by the Dutch to impose their will by force, but split apart during negotiations, according to their moderate or extreme reactions to Dutch proposals. Indonesian nationalism is externally a source of strength in its unifying force in opposition to Dutch colonialism, but there is, internally, an element of weakness in its antagonisms, traditional or fostered, toward the dominant Javanese on the part of other ethnic groups. Such antagonisms can be used by the Dutch to further a divide-and-rule strategy and to convey an impression of weakness and dissension within the Republic.

The Netherlands, however, is also politically divided over Indies policy between conservatives, business interests, and the military on the one hand, and moderates, liberals, and left-wing elements on the other. The former desire a strong policy aimed at the rapid restoration of Dutch rights in the Indies, while the latter favor negotiated settlement and the creation of a partnership of the Netherlands and the Indies as the best means of preserving Dutch influence overseas.

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In international terms, the Republic is strengthened by the sympathy of Oriental peoples who are also opposed to Western control, such as India, Burma, and Vietnam, or who have common ties of religion, such as the nations of the Arab League. The Republic's struggle for independence also engenders widespread sympathy throughout the world, while other nations desiring access to the resources of the Indies are quite willing to deal with the Republic. The Netherlands, however, retains the monopoly on diplomatic representation for the Indies and continues to be recognized by other nations as the sovereign authority over the area.

In economic terms, the Republic possesses great natural wealth but lacks the technical experience to exploit it to its own best advantage, and is prevented from exporting commodities now on hand by stringent Dutch trade regulations and their enforcement by naval blockade. The Dutch, for their part, need access to the wealth of Java and Sumatra to acquire the foreign exchange necessary to finance the rehabilitation of the Netherlands and the Indies. The prolongation of the present stalemate will therefore result in financial and economic hardships to both sides.

In military terms, the Republican forces are less well-equipped and trained, but these disadvantages are balanced by greater ease of mobilization and movement on interior lines of communication. Dutch forces, on the other hand, must be supplied across a distance of many thousands of miles, require a long period of acclimatization to tropical conditions, and possess complex equipment subject to rapid deterioration in tropical warfare. Furthermore, the cost of maintaining over one hundred thousand troops in the Indies places a considerable strain on the economy of the Netherlands which cannot be offset by the proceeds of a normal flow of trade until relative economic stability is restored.

The Dutch and Indonesian bargaining positions are thus nearly balanced, although the Republic probably can afford some delay better than the Netherlands, which is under increasing economic pressure. This pressure is leading the Dutch to consider seriously an attempt to reach a decision by military means, which would result in a prolonged and costly campaign. This, in turn, would engender increased anti-Western feeling in Asia and might lead to consideration of the dispute by the United Nations Security Council.

Continued attempts at negotiated settlement will also be protracted because of the relative balance of power and the crucial importance of the issues involved. Delays in negotiation, apparently hopeless stalemates, and the growth of mutual suspicion and impatience increase the possibility of armed clashes in the period of adjustment preceding the creation of the USI. The USI, itself, when and if established, will possess grave weaknesses resulting from its evolution from compromise to compromise, whose non-observance might easily lead to a final break and the collapse of the whole structure. Meanwhile, the lack of a settlement continues to make it impossible for the rich resources of the Netherlands Indies to contribute to the establishment of economic stability throughout the world.

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APPENDIX ATEXT OF THE DUTCH-INDONESIAN AGREEMENT

PREAMBLE

The Netherlands Government, represented by the Commission General for the Netherlands Indies, and the Government of the Republic of Indonesia, represented by the Indonesian delegation, moved by a sincere desire to insure good relations between the peoples of the Netherlands and Indonesia in new forms of voluntary cooperation which offer the best guarantee for sound and strong development of both countries in the future and which make it possible to give a new foundation to the relationship between the two peoples, agree as follows and will submit this agreement at the shortest possible notice for the approval of the respective Parliaments:

ARTICLE I

The Netherlands Government recognizes the Government of the Republic of Indonesia as exercising de facto authority over Java, Madura and Sumatra. The areas occupied by Allied or Netherlands forces shall be included gradually, through mutual cooperation, in republican territory. To this end, the necessary measures shall at once be taken in order that this inclusion shall be completed at the latest on the date mentioned in Article XII.

ARTICLE II

The Netherlands Government and the Government of the Republic shall cooperate in the rapid formation of a sovereign democratic state on a federal basis to be called the United States of Indonesia.

ARTICLE III

The United States of Indonesia shall comprise the entire territory of the Netherlands Indies, with the provision, however, that in case the population of any territory after due consultation with the other territories, should decide by democratic process that they are not, or not yet, willing to join the United States of Indonesia, they can establish a special relationship for such a territory to the United States of Indonesia and to the Kingdom of the Netherlands.

ARTICLE IV

The component parts of the United States of Indonesia shall be the Republic of Indonesia, Borneo and the Great East without prejudice to the right of the population of any territory to decide by democratic process that its position in the United States of Indonesia shall be arranged otherwise. Without

derogation of the provisions of Article III and of the first paragraph of this article, the United States of Indonesia may make special arrangements concerning the territory of its capital.

ARTICLE V

The Constitution of the United States of Indonesia shall be determined by a Constituent Assembly composed of the democratically nominated representatives of the Republic and of the other future partners of the United States of Indonesia to which the following paragraph of this article shall apply. Both parties shall consult each other in the method of participation in this Constituent Assembly by the Republic of Indonesia, by the territories not under the authority of the Republic and by the groups of the population not, or insufficiently, represented with due observance of the responsibility of the Netherlands Government and the Government of the Republic, respectively.

ARTICLE VI

To promote the joint interests of the Netherlands and Indonesia, the Netherlands Government and the Government of the Republic of Indonesia shall cooperate in the establishment of a Netherlands-Indonesian Union by which the Kingdom of the Netherlands, comprising the Netherlands, the Netherlands Indies, Surinam and Curacao, shall be converted into said union consisting on the one hand of the Kingdom of the Netherlands, comprising the Netherlands, Surinam and Curacao, and on the other hand the United States of Indonesia.

The foregoing paragraph does not exclude the possibility of a further arrangement of the relations between the Netherlands, Surinam and Curacao.

ARTICLE VII

(A) The Netherlands-Indonesian Union shall have its own organs to promote the joint interests of the Kingdom of the Netherlands and the United States of Indonesia.

(B) These organs shall be formed by the Governments of the Kingdom of the Netherlands and the United States of Indonesia and, if necessary, by the Parliaments of those countries.

(C) The joint interests shall be considered to be cooperation on foreign relations, defense and, as far as necessary, finance, as well as subjects of an economic or cultural nature.

ARTICLE VIII

The King (Queen) of the Netherlands shall be at the head of the Netherlands-Indonesian Union. Decrees and resolutions concerning the joint interests shall be issued by the organs of the union in the King's (Queen's) name.

ARTICLE IX

In order to promote the interests of the United States of Indonesia in the Netherlands and of the Kingdom of the Netherlands in Indonesia, a High Commissioner shall be appointed by the respective Governments.

ARTICLE X

Statutes of the Netherlands-Indonesian Union shall, furthermore, contain provisions regarding:

(A) Safeguarding of the rights of both parties toward one another and guarantees for the fulfillment of their mutual obligations;

(B) Mutual exercise of civic rights by Netherlands and Indonesian citizens;

(C) Regulations containing provisions in case no agreement can be reached by the organs of the union;

(D) Regulation of the manner and conditions of the assistance to be given by the services of the Kingdom of the Netherlands to the United States of Indonesia as long as the services of the latter are not, or are insufficiently, organized, and

(E) Safeguarding in both parts of the union of the fundamental human rights and liberties referred to in the Charter of the United Nations' organization.

ARTICLE XI

(A) The statutes of the Netherlands-Indonesian Union shall be drafted by a conference of representatives of the Kingdom of the Netherlands and the future United States of Indonesia.

(B) The statutes shall come into effect after approval by the respective parliaments.

ARTICLE XII

The Netherlands Government and the Government of the Republic of Indonesia shall endeavor to establish the United States of Indonesia and the Netherlands-Indonesian Union before Jan. 1, 1949.

ARTICLE XIII

The Netherlands Government shall forthwith take the necessary steps in order to obtain the admission of the United States of Indonesia as a member of the United Nations' organization immediately after the formation of the Netherlands-Indonesian Union.

ARTICLE XIV

The Government of the Republic of Indonesia recognizes the claims of all non-Indonesians to the restoration of their rights and the restitution of their goods as far as they are exercised or to be found in the territory over which it exercises de facto authority. A Joint commission will be set up to effect this restoration and restitution.

ARTICLE XV

In order to reform the Government of the Indies in such a way that its composition and procedure shall conform as closely as possible to the recognition of the Republic of Indonesia and to its projected constitutional structure, the Netherlands Government, pending the realization of the United States of Indonesia and of the Netherlands-Indonesian Union, shall forthwith initiate the necessary local measures to adjust the constitutional and international position of the Kingdom of the Netherlands to the new situation.

ARTICLE XVI

Directly after the conclusion of this agreement, both parties shall proceed to reduce their armed forces. They will consult together concerning the extent and rate of this reduction and their cooperation in military matters.

ARTICLE XVII

(A) For the cooperation between the Netherlands Government and the Government of the Republic contemplated in this agreement, an organization shall be called into existence consisting of delegations to be appointed by each of the two Governments with a joint secretariat.

(B) The Netherlands Government and the Government of the Republic of Indonesia shall settle by arbitration any dispute which might arise from this agreement and which cannot be solved by joint consultation in conference between those delegations. In that case a chairman of another nationality with a deciding vote shall be appointed by agreement between the delegations or, if such agreement cannot be reached, by the President of the International Court of Justice.

ARTICLE XVIII

This agreement shall be drawn up in the Netherlands and Indonesian languages. Both texts shall have equal authority.