

CENTRAL INTELLIGENCE AGENCY

1 March 1957

DRAFT MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: The Current Situation in Indonesia

1. President Sukarno, in an effort to overcome a rapidly deteriorating political and economic situation in Indonesia, and possibly to enhance his own prestige and power, is attempting to make some major revisions in the nature and composition of the Indonesian government. Under Sukarno's plan, the role and influence of political parties and the parliament would be sharply curtailed. National authority would be centered in an advisory council composed of representatives from functional groups such as youth, veterans, labor, women, and the military. With Sukarno as chairman, the advisory council would guide the cabinet in reaching decisions. This would reduce the decision-making authority of the cabinet while retaining it as the responsible executive body. A new cabinet would be formed to include representatives of all political parties holding seats in the parliament.

*cf the Ital
fascist scheme:
the Corporative
State.
Lsh was a lot
of crap & facade
for fascist
party dictatorship*

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This is an old one too.

2. The background to Sukarno's concept includes his long-standing belief that the Indonesian political parties, by their continual dissension, bickering, and partisan politicking, are primarily responsible for the country's failure to solve its many basic problems by parliamentary methods. He was impressed by the achievements and discipline of the cadres in Communist China and he is now insisting that Communist participation in the advisory council and new cabinet is essential to national progress and unity.

3. The Communist Party of Indonesia, Indonesia's fourth largest party, is ^{giving} enthusiastic support to Sukarno and his plan and has thrown the full force of its organizational and mass propaganda talents into the campaign. If Sukarno's plan is implemented along the lines he now advocates, the Communists would be represented in the cabinet and stand an excellent chance of gaining multiple representation in the advisory council through their leadership or infiltration of labor, youth, student, veterans, and women's groups. The Communists probably also see ~~in~~ the present situation opportunities to drive a wedge between the anti-Communist parties and the Nationalist Party (PNI), and to identify themselves with Sukarno, who continues to be the leading symbol of Indonesian independence in the eyes of most Indonesians.

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They are not.

4. The non-Communist political parties have shown little enthusiasm for Sukarno's plan. The PNI, Indonesia's largest party, is supporting Sukarno, but important segments of it are doing so with considerable reluctance. The Masjumi is strongly opposed to Sukarno's plan and to any Communist participation in the government. The third largest party, the new and inexperienced Nahdatul Ulama (NU), is seriously divided on the issue. Among the smaller parties, the Socialists, Catholic, and Christian parties are opposed, and most of the others are either undecided or guided by the personal opportunism of their leaders.

5. Although most army leaders ~~share Sukarno's dissatisfaction~~ with the drift, inefficiency, and corruption of the ~~past and present~~ many are hostile towards the Communists and do not share Sukarno's willingness to bring them into the government. However, recent army reorganization programs and the transfer of a number of military commanders have probably increased the number of higher level officers, especially in Java, willing to support Sukarno, in implementing his plan. Also, recent reports indicate that the Communists have had some success in infiltrating a number of military units and some important positions in the army in Java.

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Nevertheless, the army remains divided and it is impossible at this point to predict how the various commanders would react if Sukarno should call upon them to use force to implement his concept. Even if the Java commands were to give Sukarno full support, it is probable that some of the commands in the outlying islands would not go along.

6. To date, Sukarno's maneuvers have only complicated the serious problems confronting Indonesia. There has been no progress toward a settlement of the rebellion in Sumatra, and the inclination to revolt against economic and political domination by the central government has spread to most non-Javanese areas of the country. Most of the non-Javanese areas will probably oppose Sukarno's plan because, as it now stands, it includes no promises of greater regional autonomy or of a greater share of the economic benefits which accrue as a result of their exports. [In addition, many Sumatrans will probably oppose the plan because it envisages no important role for former vice president Hatta.]

7. The immediate course of events is unclear. It is possible that the opposition leaders may be silenced by the threats of arrest and acts of intimidation by squads of youths and veterans

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which are reported to have already begun and the plan may be implemented with a minimum of difficulty. In this event ^{of the} the position/communists would be greatly improved and their influence in the government and their hold on Sukarno, would be greatly increased.

8. If the opposition remains firm, widespread violence may develop with the Communists and the anti-Communists taking advantage of the opportunity to settle old scores. If Sukarno should declare martial law to enforce his plan, most of the army units on Java would probably cooperate. However, Sukarno might find it difficult to control the army, once martial law is declared. If the situation reaches the stage of serious violence and the army has to be called in to restore order, it is possible that the military and civil leaders in the outlying islands may take advantage of the situation to follow the example of Sumatra.

9. It is also possible that Sukarno's plan which is still formulated in vague terms and remains to be worked out in detail, may be adjusted through compromise and negotiation to meet the objections of most Indonesian leaders. The advisory council may become purely advisory, the role of the Communists may be

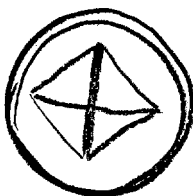
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reduced and limited to the council, and some means of accommodating regional interests may be found. However, unless some early progress is made in coping with Indonesia's basic economic and political problems a compromise solution in the traditional Indonesian manner is not likely to satisfy for long the growing pressures in Indonesia for a federal structure, the complaints of the army, nor Sukarno's impatience with parliamentary processes and party politics.

10. *In short,* Although the current crisis in Indonesia may be resolved peacefully by compromise and accommodation, the situation offers excellent opportunities for the Communists to improve their position and has the potential of leading to civil war, an attempted coup d'etat, or political fragmentation of the Indonesian Republic.



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