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CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence
7 November 1965

INTELLIGENCE MEMORANDUM

The Situation in Indonesia
(Report #54--As of 4:00 PM EST)

1. More detailed reporting on Sukarno's 6 November cabinet speech indicates that the address was rambling and theatrical and showed the considerable pressure under which he is operating. The pattern of his remarks, however, remains one of continued resistance to the army's political and military effort against the Communist Party (PKI) and its allies.

2. His verbatim statement on a possible ban of the PKI, as reported by the US Embassy, is: "I am urged to ban the PKI. I am considering this. But I will ban the PNI, Partindo, PSII, NU and any other party which does not help create a calm atmosphere. I will ban all parties, not just the PKI." Should Sukarno proscribe the PKI, he would probably try to insure its survival in some other form.

3. On Subandrio, First Deputy Prime Minister and Foreign Minister, Sukarno's statements were: "I tell you that I will not throw Subandrio and Oei Tjoe Tat (a crypto-Communist minister of state assigned to the cabinet presidium) out of the cabinet. Subandrio and Oei stay at my side..... This is my cabinet! Subandrio stays. Indonesia has never had such a great foreign minister as Subandrio." Later in his speech Sukarno disclosed that he has "sent" Oei Tjoe Tat to Macao on an undisclosed mission.

4.

one of the most difficult aspects of the current situation

State Dept. review completed

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is that of identifying friends and enemies. Disaffected army units are still at large and Communist infiltrators are still within the ranks of nationalist and Moslem youth. Loyal military forces are deploying in an effort to prevent the consolidation of scattered rebel elements, but weak and uncertain areas continue to exist.

5. Surabaya, East Java, although an area of Communist strength, is said to be calm. Local army officials, however, continue to be concerned over future PKI tactics and the army's ability to cope with terrorism and political subversion.

6. An East Javanese battalion, after 16 months' service in Celebes, returned to Surabaya on 3 November. Over half of East Java's assigned strength--some 16 battalions--is said to be still serving outside the province. As in other areas of the country, officials are worried about possible PKI action on 10 November--Heroes' Day which, after independence day, is Indonesia's most significant national holiday.

7. The Surabaya garrison commander, Lt. Col. Sukotjo, was installed as city mayor on 4 November. He replaces the Communist mayor who has been under arrest since early October. As municipal administrator, Sukotjo faces a difficult task in view of the extensive PKI infiltration of city government under two successive Communist mayors. Thirty-five of 37 district heads and many key departmental chiefs are Communists or Communist sympathizers, and without their services, city government could be severely curtailed. The army is faced with the question of whether or not to retain some of this Communist expertise.

8. In Medan, an army staff officer on 5 November gave the American consul a generally optimistic picture of the current security situation throughout the island of Sumatra. His one exception was West Sumatra where he thought serious fighting might occur. A high ranking police officer with whom the consul checked thought North Sumatra was also a possibly dangerous area.

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9. The army staff officer admitted uncertainty about PKI potential. He observed that although army intelligence indicates the Communists cannot mount a serious uprising, "anything could happen." Later he said that the "worst the PKI can do" is to launch sporadic guerrilla style attacks.

10. Commenting on the future political situation, the officer said the army's biggest headache is the political and economic followup with which it must proceed after it has destroyed the PKI. He said it would be difficult to "fill the vacuum in the social forces" which would exist in the absence of the Communist Party.

11. The island of Bali, slow to respond to the army's anti-Communist program, on 3 November announced the suspension of the PKI and its affiliated organizations. As in several other areas, leaders of the Communist organizations are required to report daily to the nearest military post. Both the governor and the local army commander in Bali are reputedly pro-Communist, a fact which probably explains their delayed response.

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