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**OUTLOOK IN INDONESIA WITH SPECIAL
REFERENCE TO WEST NEW GUINEA**

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, The Joint Staff and the National Security Agency.

Concurred in by the

UNITED STATES INTELLIGENCE BOARD

on 7 March 1961. Concurring were: The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Assistant Chief of Naval Operations (Intelligence), Department of the Navy; the Assistant Chief of Staff, Intelligence, USAF; the Director for Intelligence, Joint Staff; the Assistant to the Secretary of Defense, Special Operations; and the Director of the National Security Agency. The Atomic Energy Commission Representative to the USIB and the Assistant Director, Federal Bureau of Investigation, abstained; the subject being outside of their jurisdiction.

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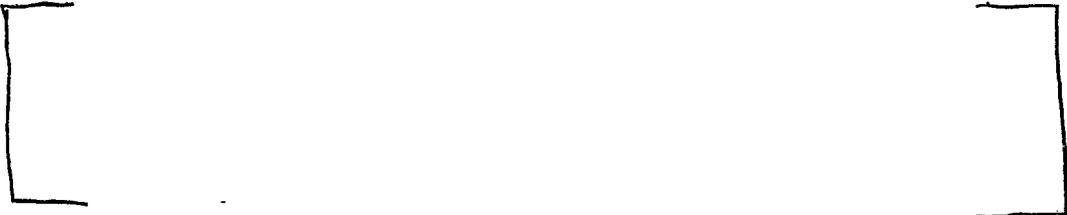
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OUTLOOK IN INDONESIA WITH SPECIAL REFERENCE TO WEST NEW GUINEA

THE PROBLEM

To analyze the most significant political and foreign policy trends in Indonesia and to estimate Indonesian intentions toward West New Guinea over the next year or so.

CONCLUSIONS

1. The present balance of political forces in Indonesia is not likely to change dramatically during the next year or so. We believe that President Sukarno will continue to be successful in balancing the army and the Communist Party off against each other while retaining for himself the controlling power position. At the same time, the anti-Communist stand of the army may be somewhat eroded as Soviet military aid and training programs are implemented. In any event, army efforts will probably not halt the steady increase of Communist strength and influence. (*Paras. 11-12, 16, 18-19, 21-22, 32*)

2. The Indonesian economy will probably continue its trend of slow decline, despite Sukarno's ambitious development plans and the availability of substantial economic assistance from the USSR. The economic pinch is most acute among the Communist dominated urban labor force, but we do not believe that economic con-

siderations alone are likely to cause significant political repercussions. Indonesia's trade with the Communist Bloc will almost certainly increase over its present level of 12 percent. (*Paras. 24-26, 28-29*)

3. Sukarno will probably continue to seek a balance in Indonesian relations with the major Communist and non-Communist nations. However, the Soviet effort to capture Sukarno and Indonesia through personal diplomacy and military and economic assistance has reached substantial proportions and appears to be making significant progress. We believe that Sukarno's recent tendency to move closer to the Bloc is likely to continue. (*Paras. 30-32*)

4. The Indonesians will probably continue to wage a vigorous campaign to assert sovereignty over West New Guinea but will probably seek to do so primarily by political means. They will probably also at times resort to military threats, patrol

activities, and small unit infiltrations designed to dramatize Indonesian claims. At the same time, Indonesian frustration over not reaching their objective, com-

combined with the acquisition of new Soviet military equipment, will increase progressively the danger of larger scale military action by Indonesia. (Paras. 36-43)

DISCUSSION

I. INTRODUCTORY STATEMENT

5. President Sukarno has all but won his long-standing campaign to eliminate Indonesia's non-Communist political parties as a major political factor and to strip Parliament of its powers. He has concentrated governmental power in his own hands and has encouraged a strong trend to the left in Indonesia's policies. The army and the Indonesian Communist Party are becoming the only significant power factors in Indonesian political life, aside from Sukarno himself who holds the balance between them. Sukarno has continued to protect the Indonesian Communists and to use his influence to increase their prestige and role in the country's political life. At the same time he has been seeking, with considerable success, to neutralize the political potential of Army Chief of Staff Nasution and to keep in check the political power of the army, the only non-Communist element capable of restraining Sukarno or of curbing the Communists.

6. On the international scene, Sukarno has tended to draw Indonesia closer to the Bloc. He has accepted extensive Soviet economic and military aid and is seeking to close the rift in relations with the Chinese Communists which developed over Indonesia's treatment of its Overseas Chinese population.

7. Sukarno has initiated a new and forceful phase in his continuing campaign to gain recognition of Indonesia's claim to sovereignty over West New Guinea and to force out the Dutch. The USSR is lending both encouragement and active support to his campaign, thereby bolstering his determination to press the issue.

II. DOMESTIC POLITICAL TRENDS

A. The Non-Communist Political Parties

8. Sukarno has long been convinced that a parliamentary system based upon political parties—with their rivalries, internal factionalism, and lack of organizational strength—is unsuitable to Indonesia's needs. Since his first visit to Communist China in 1956, where he was much impressed by the political unity and concentration of effort achieved by the Communists, he has pursued a campaign to concentrate authority at the top level of government, to eliminate Parliament's ability to obstruct policy, and to replace political parties by functional groupings, such as military, labor, youth, veterans, and peasants. In general, the Indonesian military has shared Sukarno's disillusionment with the manner in which the Parliament and political parties have performed in Indonesia and has backed his efforts to establish a system which Sukarno calls "guided democracy."

9. In 1959, Sukarno and the army forced Parliament to accept a restoration of the 1945 Constitution, which greatly strengthened executive power and confirmed Sukarno's supremacy over the political parties. During 1960, Sukarno moved farther toward his goal. By decree he promulgated a regulation to "simplify" the political party system which eliminated a number of splinter parties and required, in effect, that the major ones support his policies. The two leading anti-Communist parties—the Socialist and the Masjumi—which had strongly criticized the President and had resisted his policies were banned. Deprived of patronage, power, and legal status, both are disintegrating rapidly as political organizations. The two remaining major non-Communist parties—the National-

ist Party and the Islamic Scholars (NU)—have submerged their own policy views, if any, under Sukarno's "guided democracy" and his latest political slogan "USDEK."¹

10. To consolidate further his position, Sukarno, by decree, dismissed Parliament in March 1960, after it had withheld approval of the 1960 budget for three months. Parliament was reconstituted in June as an appointed body including representation of functional groupings approximately equal to that of the remaining political parties. Clearly the body's only purpose is to provide prompt approval to legislation submitted to it by the government.

11. At present the fortunes of the non-Communist parties are at an all-time low. They suffer from serious internal dissensions and organizational weaknesses. Considering the strength of the forces arrayed against them—the Communists, the army, and Sukarno himself—it is highly unlikely that any of the non-Communist parties will be able to play a major political role or exert any real influence on the political scene for the foreseeable future.

B. The Indonesian Communist Party

12. The Indonesian Communist Party (PKI) is the best-organized, the best-led, and probably the largest political party in the country. Its membership is about 1.5 million and if national elections were held in the near future it would probably poll more votes than any other party. Although most of its strength is still in Java, the party is making some progress in recruiting and expanding its organization in the outer islands, particularly in Sumatra. The party has organized or infiltrated at all levels a number of nationwide front and mass organizations, including the country's largest and most effective labor organization, SOBSI, and the peasants' organization, BTI. The party also possesses an important paramilitary potential through its influence among various veterans groups and village defense units.

¹ USDEK is a word coined from the initial letters of five slogans: "Return to the 1945 Constitution," "Indonesian Socialism," "Guided Democracy," "Guided Economy," and "Indonesian Nationalism."

13. The dominant figure in the Indonesian Communist Party is its 38-year-old chairman, Aidit, an able organizer and the party's leading theorist. The first and second deputy chairmen, Lukman and Njoto, rank close behind him in influence and power. In the past there have been policy disagreements within the top party leadership, but party unity and effectiveness have not been seriously impaired. Although the Indonesian delegation, under Lukman, apparently sided with the Chinese Communist position at the Moscow Conference of 81 Communist Parties in November, 1960, the party appears to receive most of its support and external guidance from Moscow.

14. The Indonesian Communist Party has prospered for several years by posing as a patriotic, nationalistic party rendering strong support to Sukarno and his policies. Sukarno sees in the party a large, disciplined group willing and able to give him its political support and to work to implement his programs. Sukarno's order banning the Masjumi and Socialist parties has significantly undermined political opposition to the Communists. The Communists are now strongly represented in every important body of the central government except the cabinet, and bringing them into his cabinet appears to be an objective of many of Sukarno's political maneuvers.

C. The Army

15. The Indonesian Army (about 240,000 men) has never been a cohesive military organization fully responsive to the authority of the central government, and its commanders have always exercised considerable local autonomy. A major objective of General Nasution, Army Chief of Staff and more recently also Minister of National Security, is to transform the Indonesian Army into a modern, professional, unified force. He has made considerable progress toward this goal.

16. The army, which had always been involved in politics to some extent, particularly in the provinces, became a major political factor on the national scene as the result of the armed rebellion in the outer islands which began late in 1957. To cope with the internal se-

curity situation Sukarno promulgated martial law decrees which increased the army's responsibility for local administration and placed supervision of extensive aspects of the national economy in army hands. The army's economic functions were further expanded when it was given responsibility for managing the extensive Dutch holdings seized in 1957. Nasution, as Central War Administrator, was responsible for implementing the martial law decrees, and he rose rapidly in political power. Sukarno has now taken over the Central War Administrator post and has somewhat reduced martial law controls. However, the army under Nasution continues to be the implementing agency exercising broad political, economic, and administrative authority.

17. Although the army is far from united on the Communist issue, it is the only element in Indonesian society capable of opposing the expansion of Communist strength and influence. The army leadership is, in general, favorably disposed toward the West, and among army commanders there is increasing recognition of the Indonesian Communists as a threat to the army and to their own personal positions. Consequently, the army and the Communists have become the major antagonists on the Indonesian political scene. Sukarno, with his mystical appeal to the Indonesian masses and his skill in political manipulation, maintains his position by balancing one against the other.

18. *Sukarno and the army:* Sukarno has been uneasy with the growing political power and potential of the army and General Nasution. His suspicions have been encouraged by the Communists, leftists, and antiarmy elements which now dominate his "palace clique." Sukarno has been nettled by army resistance to some of his policies, particularly his desire to include Communist representation in his cabinet, and by the intensive campaign against the Indonesian Communist Party conducted by the army during the summer and fall of 1960. That campaign has now lost much of its earlier momentum. It failed to turn Sukarno against the Communists and Nasution did not press the campaign

in the face of Sukarno's opposition. While seeking, unsuccessfully thus far, to turn the President against the Communists, Nasution's anti-Communist efforts have been little more than rear guard actions which harass and slow down, but have not halted or reversed, the steadily growing strength and influence of the Indonesian Communist Party.

19. Although there are many areas of agreement between the two men, it is clear that Nasution differs with Sukarno on a number of fundamental issues. Nasution will probably continue to resist Sukarno on those issues which he feels vital to army interests, and he will seek by army pressures to keep Sukarno from enlarging the role of the Communists in Indonesia's national life. However, Nasution appears to feel a basic sense of loyalty to Sukarno, and he is probably convinced that Sukarno is necessary to hold the country together at this stage of Indonesia's history. Moreover, Nasution probably estimates that he would not have the necessary army and public backing for a successful move to oust Sukarno. Consequently, Nasution will probably continue his past cautious tactics in dealing with Sukarno, and he probably will seek to avoid a confrontation with Sukarno on any issue which Sukarno clearly considers important.

20. For his part, Sukarno has moved gradually to dilute Nasution's army role by assigning him additional tasks in the government. He has also restricted Nasution's area of maneuver by obliging him to become involved with, and therefore committed to support, such matters as the reorganization of the legislative branch, an arms purchasing mission to the USSR, and the West New Guinea campaign. Sukarno almost certainly feels that he can continue to play off the army and the Communist Party and to control both. At present he apparently feels that the internal balance is threatened more by the army than by the Communist Party. However, we do not believe that his efforts to undercut Nasution and to perpetuate a certain amount of disunity among army commanders are intended to weaken the army to such an extent that it could no longer serve to counterbalance

the Communists. What he does desire is to control and dominate army leadership and thereby eliminate army restraints on his policies. He feels no compulsion to control and dominate the Communist leadership because the Communists seldom oppose his policies.

21. *Nasution and the army:* Nasution's knuckling under to Sukarno's wishes on a number of matters—such as reducing the pace and scope of the army's anti-Communist campaign and the banishment of Colonel Sukendro, the army's most vociferous political activist—appears to have caused some restlessness and dissatisfaction among some members of Nasution's staff. A number of key officers—including Vice Chief of Staff Subroto, Deputy Chief for Operations Jani, Deputy Chief for Intelligence Magenda, and his assistant Sumantri—apparently urged Nasution to take a more forceful position. Although differences of opinion over methods and timing in dealing with Sukarno and the Communists will continue and may increase at the top levels of army command, the key officers will probably continue to follow Nasution's leadership.

D. Prospects

22. We do not believe that any dramatic change in the internal political balance of power is likely over the next year or so. The respective roles and tactics of Sukarno, the army, and the Communists will probably remain essentially as they now are. The Communists will probably continue to increase gradually their organizational strength and their influence in various governmental agencies and advisory bodies. Although Sukarno will probably make some changes in his cabinet, the Communists will probably not gain significant representation in it. Sukarno, aware of Indonesia's diverse problems, probably will not deliberately add to their number and complexity unnecessarily by insisting upon the inclusion of major Communist leaders in the cabinet in the face of resistance from the army and from a number of still important non-Communist political leaders. The Communists, aware of the delicacy of the issue, will probably not push Sukarno too hard

and settle, temporarily, for a further postponement of the issue or for minor representation.

23. Sukarno may within the year offer Nasution the Vice-Presidency in an effort to induce him to relinquish the Army Chief of Staff position, such a move being aimed at diluting Nasution's influence in the army. Nasution has already served well beyond the normal four-year rotation period. Nasution's amenability to such a move would depend upon how acceptable his successor would be to Nasution and his circle of key army leaders. If it appeared to them that Sukarno were attempting to weaken the army to Communist advantage or to remove them from their positions of influence and authority, a serious confrontation could develop. However, we do not believe Sukarno is likely to precipitate such a situation.

III. ECONOMIC TRENDS AND OUTLOOK

24. About 85 percent of Indonesia's people are peasants, and most of these are essentially subsistence farmers only slightly affected by the money economy. For the most part these people are not actively discontented with their economic lot. This characteristic of the Indonesian economy provides it a certain buoyancy, at a very low level, and has enabled Indonesia to absorb a remarkable amount of economic mismanagement and neglect without sharp social or political repercussions.

25. In the politically important urban areas and among the country's small industrial labor force, the economic pinch of low wages and high prices is more acutely felt, and there is considerable dissatisfaction. In 1960 prices rose about 25 percent, and about 30 percent of the urban labor force was unemployed or underemployed. The Communist Party, which dominates organized labor, could mobilize this dissatisfaction and turn it against the government. However, the party's hands are tied to a considerable extent by its present tactics of supporting Sukarno and by the government decrees against strikes in essential industries.

26. Although the Indonesian economy showed some improvement in 1960, owing largely to high rubber prices, for several years it has been in slow decline. National production has been virtually static since 1952 while the population has been increasing at about two percent per year. Per capita GNP remains at about \$65-70 per year. Distribution, marketing, and taxation remain serious problems, and there are major intraisland and inter-island transportation bottlenecks. About 25 percent of the export trade moves through illegal channels, cutting into the country's foreign exchange revenue. Most of the economy is now government controlled and governmental administration is inefficient and often corrupt. There is an acute shortage of technical and managerial talent, and a significant number of the more able economists and administrators, for political reasons, are in opposition to the government.

27. Indonesia is preparing an ambitious eight-year development plan which presently includes among its goals an increase of 11.6 percent in the national income by 1969. Many important aspects of the program are still undecided,² and probably will remain so for some time to come. However, Sukarno is encouraging very high hopes for the plan as the vehicle for dramatic economic and political progress. The nation's last major development program—the five-year plan devised in 1956—failed to get off the ground. It was a poorly conceived plan and its implementation was complicated by the disrupting effects of the rebellion in the outer islands and of the nationalization of Dutch holdings. The present program is also poorly planned, inadequately financed, and likely to generate further inflationary pressures. The economy will probably make some gains under the eight-year plan as a result of the major emphasis Sukarno appears determined to place on it and the possibility of further aid and assistance from the Bloc. However, the prospects for significant economic improve-

² For example, there is wide controversy over which agency is to be assigned responsibility for implementing the plan. The amount of planned investment is also undecided, with figures ranging from \$5.3 to \$2.6 billion.

ment, at least for the next two or three years, are poor.

28. Indonesia has serious foreign exchange problems. Repayment and servicing of its foreign debts already absorb about 20 percent of Indonesia's foreign exchange receipts. This burden will remain heavy for the next decade. The continuing shortage of foreign exchange will restrict imports and could curtail Indonesia's ability to borrow, at least from non-Bloc sources, for projects under its eight-year plan.

29. Indonesia is looking to the Communist Bloc for important contributions to its economic and military development, and the Bloc appears willing to meet most Indonesian requests. Total Bloc loans offered to Indonesia now amount to about \$1,103 million—\$593 million for military aid and \$510 million for economic assistance. In 1960 the Bloc accounted for nearly 12 percent of the nation's total trade, as against about 8 percent in 1958 and less than 1 percent in 1950. In July 1960 Indonesia and the Soviet Union signed a three-year trade agreement (1961-1963), Indonesia's first such agreement with a Bloc nation. The Bloc will almost certainly continue to expand its portion of Indonesia's foreign trade.

30. The Western owned oil industry is an important source of Indonesia's foreign exchange earnings (26 percent in 1959) and the Indonesian Government is apparently anticipating major and unrealistic increases in its revenues from oil exports to help meet its foreign exchange commitments and to help finance the eight-year plan. The oil companies are the only major foreign owned industries which have not yet been taken over by the Indonesian Government. The government has, however, restricted oil company operations and from time to time put great pressure upon the companies to increase its revenues from oil exports. Such pressures will probably continue and become particularly acute when the government encounters serious foreign exchange problems in meeting its loan commitments and financing its development plan. It is likely that the Western owned oil companies will be brought under

even more stringent controls, and the threat of nationalization will continue to hang over them.

IV. FOREIGN POLICY TRENDS AND OUTLOOK

31. Since Indonesia became independent in 1949, Sukarno has pursued a foreign policy based upon nonalignment and friendly relations—on Indonesian terms—with all nations except the Netherlands. Sukarno, and most Indonesian leaders, are convinced of the validity of their "active independent" foreign policy, which seeks to keep in balance Indonesia's relations with the major Communist and non-Communist nations. They tend to become resentful when they believe pressures are being applied to align them with either side in the East-West conflict. Many Indonesians believe that the West neither understands nor sympathizes with their problems as an underdeveloped and former colonial country. They differ with the West concerning the threat posed to their country's independence by the Communist Bloc. Many of them also differ with the West as to the nature and extent of the internal Communist threat.

32. The Soviet effort to capture Sukarno and Indonesia through military and economic aid, as well as personal diplomacy, has reached very substantial proportions and appears to be making significant progress. The USSR has made available to Indonesia more aid than it has to any other non-Communist nation except the United Arab Republic, and the terms of the aid agreements are more lenient than previously given by Moscow. Of particular significance, the army has for the first time apparently accepted a sizable amount of Soviet aid, thereby giving the Soviet Union a potentially important advantage. The anti-Communist stand of the army may be somewhat eroded as Soviet military aid and training programs are implemented. Military spokesmen have made clear their preference for US-supplied equipment and training, but they have been disappointed with the amounts

of aid they have received from the US and increasingly outspoken in their criticism of the delays and red tape involved in receiving US equipment.

33. Khrushchev assiduously cultivated Sukarno during the latter's visits to the USSR and at the 1960 UN General Assembly session. Particularly important from Sukarno's point of view, Khrushchev supports the Indonesian claim to West New Guinea.

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V. THE WEST NEW GUINEA ISSUE ⁴

34. Although the Indonesian leaders, particularly Sukarno, consciously and cynically use the West New Guinea issue to play upon pub-

⁴ The status of West New Guinea has officially been disputed since December 1949, when the Republic of Indonesia achieved independence. At that time the Netherlands and Indonesia agreed that the status of West New Guinea would remain unchanged, with the provision that Dutch-Indonesian negotiations would be held within one year to determine its final disposition. Negotiations were held in 1950-1951 and further negotiations were held in December 1955; in all cases, however, they ended in failure. In 1951 West New Guinea was listed as "Netherlands New Guinea" in the revised list of territories of the Kingdom of the Netherlands as it appeared in the Netherlands constitution. In 1956 Indonesia formally included the "Province of West Irian" in the territories of the Republic of Indonesia. Indonesia placed the West New Guinea issue on the UN agenda in 1954, 1955, and twice in 1957. The 1954 and 1957 resolutions were passed by the Political Committee but failed to obtain the required two-thirds majority in plenary. Since the failure of the 1957 UN resolution, no further action has been taken and the issue remains deadlocked.

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lic emotions, most of them genuinely believe that continuing Dutch control over the territory is a potential threat to Indonesian security and that Indonesian independence will not be complete until West New Guinea is under Indonesian control. There can be no doubt that the "liberation of West Irian" is a major objective of Indonesian foreign policy and that failure, thus far, to make any real progress toward that objective is a source of frustration to most Indonesian leaders. []

[] In particular, Sukarno and the Communist Party are exploiting for their own purposes the emotional and nationalistic response which the issue arouses among Indonesians.

35. Military leaders, including Nasution, have little choice but to swing into line behind Sukarno on the West New Guinea issue. Although a number of these leaders may be more moderate and realistic than Sukarno on the West New Guinea issue, most of them echo Sukarno's views that the Dutch presence in West New Guinea is a threat to Indonesian security and an affront to Indonesia's sovereignty. Some military commanders have an intensely jingoistic and activist attitude toward the West New Guinea issue.

36. Indonesia's growing intransigence on the West New Guinea issue has been helped along by encouragement and assurances of support from the Soviet Union. Bloc interests would be served by a "colonial" struggle, whether of a political nature in the UN or of a military nature in West New Guinea, which arrayed the Bloc on the side of anticolonialism and placed the US in the position of having to choose between remaining neutral or siding with one of the contestants. Such a situation would not only tend to increase Indonesian dependence upon the Bloc, but could also exacerbate US-Indonesian relations.

37. The Indonesians have organized special forces for small unit infiltration of West New Guinea. The purpose of these forces is to attempt to propagandize and subvert the peoples of the area and to organize an anti-Dutch resistance movement among them. Although it is easy to put small groups ashore on West New Guinea, the Indonesians have had little success in keeping such groups in being and making them effective. The settlements are widely scattered, and there are not many promising target groups for subversion and organization by the Indonesians. The Indonesians will probably step up the tempo of such infiltration operations, but their prospects for building a significant resistance movement within the near future are slight.

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38. The indigenous Papuan population, numbering approximately 700,000, are a very primitive people. Most of them are probably reasonably satisfied with the present order of things. The Papuans in general, and the handful of semieducated ones in particular, distrust and consider as rivals the people of Indonesian descent living in West New Guinea. The more than 10,000 resident Indonesians are probably the chief target of covert operations and subversive activities from without.

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quish their position in West New Guinea. However, the Indonesian leaders almost certainly believe that the trend of opinion in the UN, especially among the Afro-Asian nations, is running strongly in favor of the Indonesian claim. Indonesian political efforts will probably be designed to increase international sympathy for the Indonesian claim.

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41. Indonesia has the capability to launch a battalion-sized (1,000 men) amphibious assault operation against West New Guinea in conjunction with a 500-man airborne assault. Its capabilities for air and seaborne attack against West New Guinea are increasing gradually as a result of Soviet aid to the Indonesian Air Force and Navy. However, the recent Soviet military aid agreements will not make a significant impact for a year or more due to the lag in training Indonesians to operate and maintain their new equipment, which is scheduled to begin arriving in quantity in late 1961 and 1962. The Indonesians now have the military capability to capture one or two of the small settlements in western and southern West New Guinea and meet logistical requirements for maintaining at least minimum supplies. They almost certainly lack the capability to coordinate and sustain combined operations of the scale necessary to seize and hold the main Dutch administrative and defense center at Biak.

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42. For the next year or so the Indonesians will probably continue to wage their campaign to assert sovereignty over West New Guinea primarily by political means. The Indonesian leaders probably do not believe that at present they could obtain a UN decision which would force the Dutch to relin-

43. These efforts will probably be supplemented by continued efforts to infiltrate and subvert West New Guinea, seeking to create an anti-Dutch movement and to provoke the Dutch. A military incident, either by accident or design, could thrust the issue into international prominence. Such an incident could grow out of conflicting claims to a number of small islands off the coast of West New Guinea which neither side has permanently administered or garrisoned, or result from a clash of air or naval patrols.

44. During the past year, the prospects for serious hostilities over West New Guinea have increased significantly. Indonesian leaders have become increasingly impatient, and some apparently now doubt that Indonesia will be able to gain control over the disputed area by peaceful means within what they consider to be a reasonable time. The reduction in moderating influences on the government and continued strong moral and material support from the Communist Bloc favor an increasingly militant stand by Indonesia. Although we believe that military weakness and the chance of a settlement through international intercession will probably restrain Indonesia from initiating large-scale hostilities over the next year, Indonesian frustrations in seeking their objective plus the prospect of new Soviet military equipment will increase progressively the danger of larger scale military action by Indonesia.

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