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Indonesia's Presidential Succession:	
Two Generations in the Running	25 X 1

A Research Paper

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EA 86-10045 November 1986

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Two Generations in the Running	25X1

A Research Paper

This paper was prepared by 25X1

Office of East Asian Analysis, with contributions

from Office of 25X1

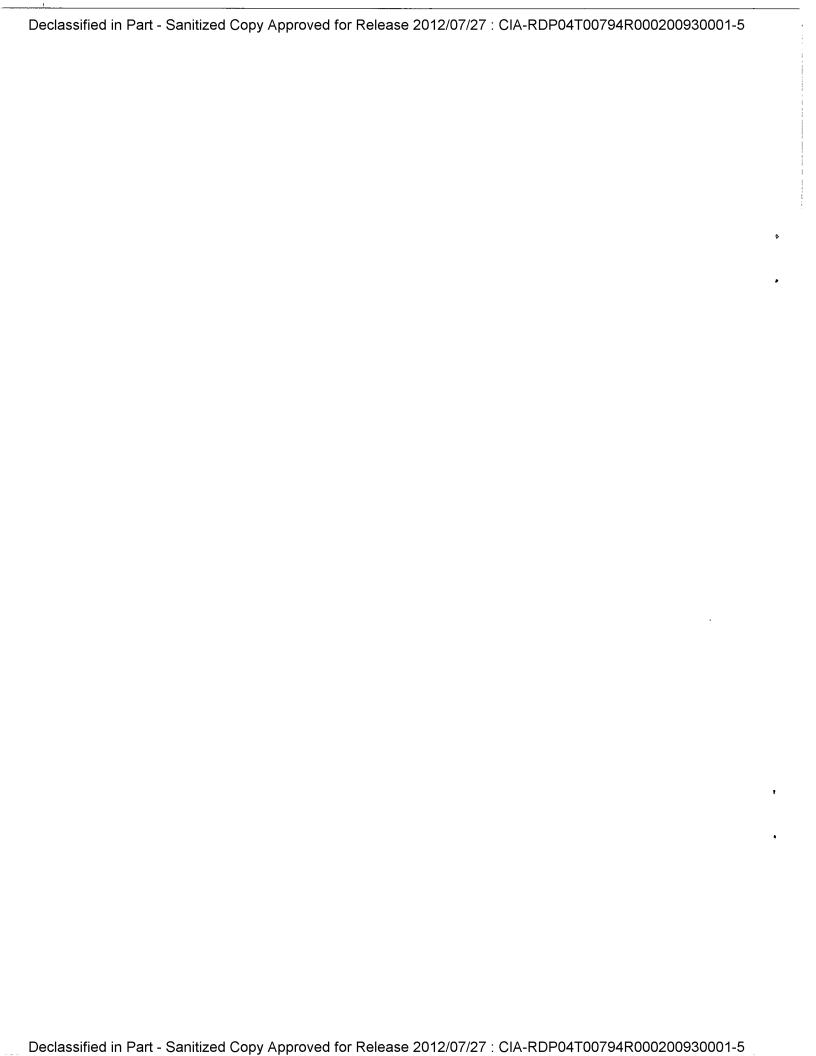
Leadership Analysis. Comments and queries are
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	Indonesia's Presidential Succession: Two Generations in the Running	25X1
Summary Information available as of 1 November 1986 was used in this report.	The timing of the Indonesian presidential succession will determine which generation of military leadership inherits power. If 65-year-old President Soeharto were to die or become incapacitated in the next few years, someone from his own military generation—the "Generation of '45"—would probably replace him. But if, as we expect, Soeharto renews his office in 1988 and serves another five-year term, younger officers would become the front-runners.	25X1
	The younger officers—the initial graduates of Indonesia's premier military academy—share many of the values of the Generation of '45, such as an overriding emphasis on internal stability, a strong aversion to Communism, a pro-Western outlook, and a wariness of Muslim extremism. Nonetheless, some key differences between the generations exist. The younger generation is better trained and more professional than its predecessors. Younger officers lack the close ties of their elders to the civilian population and show less interest in political matters, and they have had less exposure to foreign influences and are more insular and nationalistic. These differences are likely to affect domestic policies and foreign relations.	25 X 1
	This Research Paper profiles two leading presidential contenders, one from the older and one from the younger generation of Indonesia's military leadership, and discusses how each typifies his peers. Our purpose is not to determine the probable winner in the presidential succession competition. Rather, it is to examine to what extent the younger leaders differ from their seniors in political outlook and how such differences might affect Indonesia's future policies. Although it is difficult to predict how a successor would deal with issues once in office, we believe his background, his military career, and the characteristics of his generation can shed light on his leadership prospects and his perspective on key issues. In Indonesia's case, such projections are important because domestic and international conditions in the next decade may be considerably different and, perhaps, more difficult than they are today.	25 X ′
	Two possible presidential contenders, Coordinating Minister for Political and Security Affairs Surono and Major General Sugiarto are, in our view, typical of the older and younger generations, respectively. Surono probably would continue most of the Soeharto regime's political and economic policies, in our judgment. However, Sugiarto's concern about military professionalism could accelerate the trend toward greater civilian participation in government. Even so, we believe younger officers such as	
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	Sugiarto would be more authoritarian than their predecessors and less tolerant of civilian politicians—a mind-set likely to thwart the long-term	•
	prospect for democratization of Indonesia. Under either leader, the	
	military would continue to dominate politics and to rely on force to maintain political stability.	25 X 1
	In the foreign policy arena, we believe it is unlikely that the younger generation officers would depart radically from the policies of the Soeharto	
	regime, but they are likely to be more assertive in promoting Indonesia's nonaligned image and more activist on Middle East issues because of their	
	pro-Arab bias. They are also likely to be more insular in dealing with the West, and with the United States in particular, even though we believe they would continue to value the US strategic presence in Southeast Asia	
	as a counterweight to China and the Soviet Union, and to look to Washington as a preferred source of military equipment.	25 X ′

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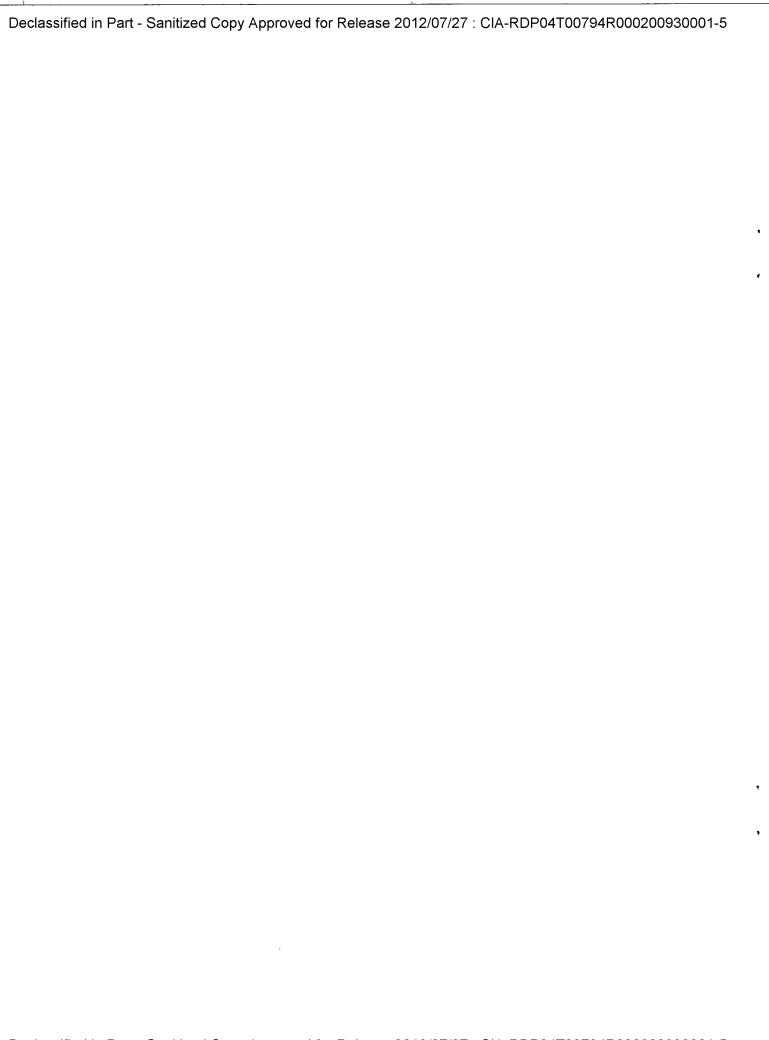
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	Indonesia's Presidential Succession:	
	Two Generations in the Running	25X1
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,	A Question of Timing	
	The generations of Indonesia's military leadership are	
	separated by only a few years in age, but each has	
`	been shaped by distinctly different aspects of the	
	nation's history. Soeharto's "Generation of '45" is the group of officers who commanded and fought in	
	Indonesia's war of independence against the Dutch	
	(1945-49). This corps of officers has deeply affected	
	all aspects of Indonesian society from the late 1950s	
	to the present and has led the government since 1965. As the members of the elder Generation of '45 have	
	retired from active duty, many have been appointed to	
	senior positions in the bureaucracy. Most of the top	
	military positions are now occupied by the small	
	group of about 40 officers known as the Bridge Generation. These officers—who fought in the revolu-	
	tion as very young men and were commissioned	
	during the early-to-middle 1950s—will retire from	
	active duty within the next several years. As the	
	group's name implies, the Bridge Generation spans the gap in the officer ranks between the Generation of	
	'45 and the New Generation officers who are moving	
	into the upper- and middle-level officer ranks. These	
	younger officers—the initial graduates of Indonesia's	
	own military academies in the early 1960s—are the country's first postrevolutionary generation and clos-	
25 X 1	est to being military technocrats.	
	Because of the dominant political role of the military,	
	the timing of the Indonesian succession will determine	
	which generation of military leadership inherits pow-	
	er—a matter of potentially great importance to the United States. If President Soeharto were to leave	
	office soon, someone of the Generation of '45 or the	
	Bridge Generation would probably succeed him and	
b	continue his policies. Soeharto, however, shows no	
	intention of retiring and has not designated or groomed a successor, nor is there anyone, in our	
a	judgment, who appears to have a clear advantage, a	
	plan, or the ultimate ability to carry it off. Moreover,	
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Soeharto has stated his intention to turn power over to the younger generation and has initiated generational change within the military leadership. If, as we expect, Soeharto renews his office in 1988 for another five-year term, the current top contenders probably would be out of the running, and the younger generation of military leaders would become front-runners.

Commitment to Core Values . . .

The senior Indonesian leadership has labored to instill the younger officers with their basic institutional and political values, and the younger officers appear to have accepted these values,

Like their elders, New Generation officers place overriding emphasis on maintaining political stability, because, as junior officers in the early 1960s, they saw political parties tearing the country apart. In addition, he New Generation appears to have subscribed to Armed Forces Commander Murdani's view that the liberal democratic thought espoused in the West is incompatible with Indonesian culture. They thus distrust civilian political institutions and see no alternative to continued military control, at least for now.

The younger officers share their seniors' strong aversion to Communism and their generally pro-Western orientation, and are strong nationalists, suspicious of all foreigners. For example

that most officers go along with the military's ban on contact with foreigners without prior approval. Although most officers of both generations are nominal Muslims, they believe extremist Muslim states are a serious subversive threat. For this reason security officials maintain close surveillance of diplomats and visitors from the more radical Islamic states, and last year Jakarta forbade Indonesian students from traveling to extremist Muslim countries-Lebanon, Iraq, Iran, Syria, Libya, and Algeria. On the other hand.

Muslim fundamentalism has not made any appreciable inroads into either generation of the officer corps.

Personal loyalties—particularly to superiors—persist as a major factor in appointments to senior positions in the military and the government,

What Makes a Potential Successor?: A Candidate's Checklist

In our judgment, Soeharto is concerned with his place in history and aims to bequeath to the nation a strong system of government to ensure the continuity of his policies. We believe that there are some qualifications for which he might look in choosing a successor from either generation. The successor must

- A nominal Muslim. Indonesian Muslims have numerical superiority—nearly 90 percent of a population of more than 170 million—but most do not rigorously apply the prescriptions of Islamic law to daily life. Islam is melded with traditional Javanese mysticism, Buddhism, and Hinduism, forming a strain of Islam that generally lacks the doctrinaire aspects of some Middle Eastern varieties.
- Javanese. A little more than half of the Indonesian population is ethnically Javanese. The Javanese particularly those from Central Java—dominate

20 percent of the central island of Java is orthodox.

• An Army general with major command experience. Influence within the military-bureaucratic hierarchy, and the loyalty of both the retired and active military are essential. For their part, Indonesia's senior field commanders consider major command experience the primary prerequisite for the presidency.

the government and administration.

• Able to protect and administer the spoils. Soeharto would stress personal loyalty and expect his successor to protect the considerable financial interests of his family and associates. Senior officers would expect to protect the system of financial benefits they have gained by virtue of their positions.

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In our judgment, this emphasis on loyal connections is an outgrowth of the late 1950s and early 1960s and the chaos following the 1965 coup attempt, when the military was factionalized and infiltrated by Communist sympathizers. Likewise, younger officers whom Murdani knows well or with whom he has been impressed have had a significant advantage in rising to the top. The key patron for the most sensitive positions, however, is President	been detailed to specialized or prestigious assignments, such as military aide to the president or commandant of cadets at Magelang. To gain valuable foreign experience, some highly regarded officers have also served as attaches, in the UN detachment to the Middle East, and in the armistice force in Vietnam from 1973 to 1975. Finally, combat experience—such as fighting the East Timor insurgency—is another factor figuring heavily in the advancement of
Soeharto, who considers the top military posts too	New Generation officers. 25X1
important for officers not meriting his total confi-	
dence and trust, But Differences Based on Experience	This preparation, in our judgment, has produced a group of officers who are better trained and more professional than their predecessors and have generally shown less interest in civil matters. Despite their
New Generation officers nevertheless have had differ-	indoctrination in Indonesia's revolutionary history,
ent career experiences than those of the Generation of	many New Generation officers question the applica-
'45 and, in our judgment, do not share all attitudes or	bility of the military's dual-function role to current
attributes of their elders. For these younger officers,	conditions, . For 25X1
training at certain service schools was crucial for	example, many resent the military's having to provide
promotion and continued military development,	officers to manage bureaucratic and economic posi-
Most New Generation officers are graduates of Indonesia's own service	tions, and a number of field-grade officers have said 25X1
academies, which were established in the late 1950s;	they would like to curtail these assignments. ³
the General Military Academy at Magelang, Central	Nor do the rising officers share the close ties to the 25X1
Java, is the most important. Selection to Indonesia's	civilian population that the older officers developed
staff and command school has also been an important	during their revolutionary experiences, when they
requirement for advancement	relied on the assistance of villagers. The younger 2525X1
the emphasis at these schools is on political	generation has had to fight in Sumatra, Timor, 25X1
indoctrination in the military's dual-function role (dwi	Western Java, and Sulawesi, commanding conven-
fungsi), the state ideology (Pancasila), ² the Constitu-	tional forces against guerrilla bands that were to some
tion, the values of the Generation of '45, and econom-	extent supported by a hostile populace. Thus, the
ic development.	younger generation's attitude toward the general pop-
In addition to attending these schools, leading officers	ulation is not as favorable as that of its predecessor, 25X1
have been rotated through key midlevel military	25/1
assignments.	Also, the younger generation has had more limited 25X1
these steppingstone posts have included battalion and	contact with foreigners than the Generation of '45,
brigade commands, military province commands	Unlike their 25X1
(KOREM), and top staff positions, such as the opera-	20/(1
tions chief and chief of staff of the Army area	³ On the other hand, the military owns a large number of enter- prises, ranging from timbering to manufacturing plants. The profits
commands (KODAMs). Promising officers also have	from these operations provide a substantial share of the operational funding requirements of the Armed Forces of Indonesia (ABRI),
² Pancasila is the government's essentially secular, nebulous ideology encompassing five principles: belief in one God, humanitarian-	use these funds to provide for their troops.
ism, national unity, democracy, and social justice. The first princi- ple, belief in one God, is intended to accommodate Muslims, Christians, Javanese mystics, and any other adherents of a Su-	25X [.]
preme Being, while maintaining the reality of a secular state.	25X1
	20/(1

ABRI's Dual Function

Billboard proclaims "ABRI from the people, for the people. The country's firm defense and security will guarantee national development."



Since 1966—following the aborted Communist coup-the Armed Forces of Indonesia (ABRI) has emerged as the country's premier political institution, forming the base of power for Soeharto's rule. Under dwi fungsi, or dual function, ABRI is recognized as having a role both as defender of the nation and as a sociopolitical force in national development. In 1982 the government for the first time gave dual function a firm legal basis by passing legislation expressly stating that ABRI is both a military and a social force, and conferring formal legitimacy on the wide-ranging powers exercised by the armed forces. Soeharto continues to stress dwi fungsi in his public addresses, emphasizing that the armed forces should never lose sight of their role as "guardians and pacifiers" of the people, and that the dual function would be maintained indefinitely.

ABRI personnel are assigned as Cabinet ministers, ambassadors, members of the legislature, corporation executives, mayors, and even university rectors. Although management of the economy is left largely to civilian technocrats, military officers head such major public entities as the state oil company (PERTA-MINA), the State Logistics Bureau (BULOG), and the state tin company. The military provides manpower and managerial personnel to government enterprises and institutions, including agricultural estates and even labor unions. Military officers hold some twothirds of the governorships, and for more than a decade ABRI officers on assignment have exercised a major role within Golkar, the government-sponsored political organization. In the Cabinet reshuffling following his reelection in 1983, Soeharto appointed active or retired military officers to 15 of the 37 positions in his Cabinet.

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	elders, who studied or traveled extensively abroad,	aspirations. Like other leaders of his generation,	
	New Generation officers usually travel overseas for	Surono probably perceives the most immediate near-	
	relatively brief periods only. They seem to be less	term threat to Indonesian unity and stability to be	
	influenced by Western values. As a result, they have	that posed by Islamic fundamentalists. He has sup-	
	limited understanding of how the rest of the world	ported the Soeharto regime's efforts to undercut the	
	operates and are much more isolationist,	political influence of Islamic groups, and we believe	
ſ	Furthermore,	he would probably continue this policy as president.	25 X 1 25 X 1
	has sought to reduce foreign	Commenting on the domestic unrest in late 1984,	⁻ 25 X 1
L	military contacts within the officer corps and has	when local activists whipped up popular discontent by	
	restricted some types of overseas training in the belief	denouncing government repression of Islam, Surono	
	are inappro-	identified the regime's greatest problem area as the	25 X 1
	priate for Indonesian conditions and needs. The mili-	Muslim segment of society that strongly opposes the	20/(1
	tary personnel sent abroad now tend to be those in	legislation requiring all public organizations—includ-	
	technical fields, who have limited policy- or decision-	ing religious groups—to adopt <i>Pancasila</i> as their sole	
	making responsibilities.	organizing principle. Surono has stated that the	25X1
	making responsionates.	government would prefer disunity among the various	23/1
	Two Typical Candidates	Islamic groups, but claimed that it is also sensitive to	
	We consider Coordinating Minister for Political and	their dissatisfaction, especially their distrust of	
	Security Affairs Surono Reksodimejo and Major	Murdani, a Catholic.	25 X 1
	General Sugiarto to be typical of the older and		20/(1
	younger generations, respectively (see chart at the end	Surono's quiet, understated, leadership style is genu-	
	of the report). Both are representative of their genera-	inely admired by the Javanese, according to Embassy	
	tions in terms of career experience, and they possess	officials, and has helped him to avoid running afoul of	
	the qualifications that Soeharto might look for in a	the Soeharto family and other powerful figures.	•
	successor.	Surono's relations	25 X 1
		with other senior ministers are good and are helped by	20/(1
	Surono: In the Soeharto Mold. US officials have long	his apparent lack of presidential ambition. US	
	considered General Surono, 63, a darkhorse presiden-	Embassy officials report that Surono is also one of the	
	tial candidate or interim president should Soeharto	few Indonesian generals who has not used his position	-5V4
	leave office suddenly. A trusted and respected friend	for self-aggrandizement. For this reason, we believe	5 X 1
	of the President, Surono's background is similar to	he would not be subject to accusations of corruption	
	Soeharto's. According to US Embassy observers, he	by the public or press, but he could still be counted on	
	has broad support among the active and retired	by Soeharto to protect the First Family's extensive	
	military and in his home province of Central Java-		
	the politically dominant region of the country. Surono	⁵ The legislation, in our judgment, is intended to stifle virtually all legal avenues of Muslim political expression.	25V1
	shares this power base with other potential successors,	legal avenues of iviusinii pontical expression.	25 X 1 25 X 1
	but he has the advantage of coming from the regular		
	Army tradition, unlike others such as State Secretary Sudharmono or Murdani, who lack troop command		25X1
		6 Obvious ambition,	25X1
	experience.	is more likely to hinder than help one's presidential chances, for Soeharto feels uncomfortable having ambitious	25 X 1
	Surono is a nominal Muslim whose faith is apparently	men in influential positions	25 X 1
	sincere enough to be acceptable to mainstream Mus-	Furthermore, because of the strong tendency in Javanese culture for subordinates to defer to their seniors, we believe it would be	/
	lim organizations, without troubling other govern-	unusual to see succession candidates reveal any policy stand that	
	ment and military officials who distrust Muslim	differs significantly from that of the current leadership.	25X1
	mone and minimity officials with distribution		
	Of the top three younger generation officers, none have received		
	training abroad, Try Sutrisno has traveled only briefly overseas (including to the United States),		25X1
	while the foreign experience of Sugiarto and Maj. Gen. Edi		
	Sudradjat has been limited primarily to participation in Indonesian		
	force contingents to the Middle East and Vietnam.		25 X 1

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business interests. Although Surono's unaggressive	ADKI'S political fole, ADKI'S desire to protect its	
style is part of his staying power, it could, in our view,	economic interests, and the lack of any effective	
be a disadvantage to him in the maneuvering of the	political opposition. In our judgment, a successor from	
military elite that will almost certainly accompany the	either generation is likely to continue to depend on the	
succession.	military to control political opposition and maintain	25X1
succession.	internal stability as financial austerity reduces the	23/1
TI M. T. West Major Congrel		A
Sugiarto: The Man To Watch? Major General	government's ability to alleviate social problems. The	
Sugiarto, 50, is a member of the first Magelang class	Soeharto regime is almost certainly confident that the	
(1960) and one of the rising stars of the New Genera-	reliability of the military and security forces and the	*
tion, Currently	regime's control of institutions would allow it to cope	25 X 1
Armed Forces Assistant for Personnel, US officials	with any outbreaks of popular unrest. We judge that	
consider him a leading candidate to be named Chief	under a Generation of '45 successor, such as Surono,	
of the General Staff later this year. He has a strong	the government would continue to ride out low oil	
power base among his contemporaries and subordi-	prices and slower economic growth with financial	
nates, who,	austerity, because it probably would perceive the risk	25 X 1
him as a good leader with the capacity to become	of widespread disturbances as low.	25 X 1
president		25X1
Diesidenti	On the other hand, we have no evidence that younger	
	generation officers will be better able to manage	25X1
	Indonesia's economic needs, or have an economic	25 X 1
to a state of the Constant in small library and		
A staunch Soeharto loyalist, Sugiarto is well liked and	agenda of their own. Some senior Indonesian officials	
respected by the President,	and officers privately question whether the younger	25 X 1
Both are natives of Central Java, and	officers have the dedication and sensitivity to handle	25 X 1
when Soeharto visits his home province he often has	the nation's complex political and socioeconomic	
Sugiarto at his side. Although not known as a "Mur-	problems, Indeed,	25 X 1
dani man," Sugiarto is loyal to Murdani as his	some observers believe that they may be even more	
commander in chief.	shortsighted and inflexible than their elders. Nor do	
personally chose Su-	we have any indication that there will be less govern-	OEV4
giarto to be Assistant for Personnel, although	ment intervention in the economy—which we believe	25X1
Sugiarto's selection reflects Soehar-	would improve Indonesia's chances for economic re-	25 X 1
to's decision, and Sugiarto was named to provide	covery—under a New Generation successor	25 X 1
a counterbalance to Murdani.	the younger officers	25X1
a counter outside to the same	consider the technocrats less disciplined than them-	
owes his meteoric rise to	selves and more inclined toward self-interest, views	25X1 ¹
his association with Soeharto and is not beholden to	that we believe would reinforce the need for close	20/(1
	military oversight of economic policy.	25 X 1
Murdani.	mintary oversight of economic poney.	23/1
A continual Manalina Considerto in our judgment would	⁷ We calculate that because of soft world oil prices, economic	
A nominal Muslim, Sugiarto, in our judgment, would	growth will, at best, average no more than 3 to 4 percent for the	
be inclined to continue the Soeharto regime's inflexi-	remainder of the decade. This will coincide with a period of rapid	
bility regarding Muslim issues. Like his elders and his	labor force growth, resulting in sharp increases in an already severe unemployment-underemployment problem. Unless there is a dra-	
contemporaries, Sugiarto probably has been greatly	matic rebound in oil prices, which we believe is unlikely, the urban	,
influenced by Indonesian history, and he believes that	unemployment rate could exceed 50 percent by the mid-1990s.	25 X 1
the extremism of Iran and Libya is incompatible with		25 X 1
the Indonesian experience.		25 X 1
The Shape of the Future		
Probable Continuity. Whichever generation succeeds		

Soeharto, we expect the military to retain its command of Indonesian politics well into the next decade because of the government's strong support for

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	We believe that the conflict of interest, and favoritism that pervade economic decision making in Indonesia are also likely to continue under either generation. One Embassy observer believes that, over the long term, the younger generation would probably become as corrupt as the older. So far the younger officers have not had the same kinds of pressures or opportunities as the older officers, but as they move into more senior—and potentially more lucrative—positions, we believe they are more likely to be tempted, especially if official pay scales remain low. many military officers depend on some form of under-the-table income to survive financially.	The element most likely to be affected by a more repressive regime is political Islam, which we expect to become a more turbulent force. We believe Muslim dissidents may well try to incite broader opposition by coupling their complaints with widespread social and economic grievances, which we expect to intensify through the rest of the decade because of Indonesia's poor economic prospects. Thus far, the Soeharto government's crackdown on the radical Islamic opposition has bought it time to deal with these frustrations. When Soeharto departs the scene, however, we believe tensions could erupt into spontaneous Islamic unrest, and the New Generation may be forced to deal with hostilities the Soeharto regime has merely driven underground.	25X1 25X1 25X1
	D III CI III CI	underground.	25X1
	Possible Change. If, as we expect, the New Generation's emphasis on military professionalism continues, the gradual trend toward greater civilian participation in the government—perhaps with a growing nominal role for the government political party (Golkar)—	Implications for the United States Under a Generation of '45 successor, relations between Indonesia and the United States would remain about the same as they have been under Soeharto.	
	could accelerate under a New Generation successor.8	There is little evidence that New Generation officers	
	The reservations of younger officers about dwi fungsi	would radically depart from the foreign policy of the	05)//
	could also affect the extent of the military's political	Soeharto regime, or of a Generation of '45 successor.	25 X 1
	role, but practical considerations will probably play	Their strong anti-Communist view suggests that they	
	the largest part in any move toward greater civilian	are unlikely to develop significantly closer ties to	
[A RPI recognizes that as military recreanize	either China or the Soviet Union. Officers of both	0=1/4
Į	ABRI recognizes that, as military reorganization decreases the number of its officers and a	generations have complained to US officials about	25X1
	declining economy limits its resources, it must concen-	what they see as preferential treatment by the United States toward China on a number of issues. They are	
	trate the armed forces' political resources on the more	especially concerned about US assistance for China's	
	traditional security-related ministries and a few key	military modernization, particularly in the field of	
	posts in other ministries.	high technology. Surono has commented that Wash-	25X1
	posts in other immovities.	ington is the "worst offender"	23/(1
	also speculate that greater	mg on 15 the worst one had	25X1
	civilian participation in government notwithstanding,		25 X
	a New Generation successor may be more authoritar-	as the major long-term	
	ian than his predecessors, even draconian.	external threat to regional security. The Indonesians	25X1
		are concerned that as China's modernization program	25X1
	they argue for maintaining a tight	progresses and it becomes stronger economically, Chi-	25X1
	rein on dissident groups and other elements, such as	na will become a serious export competitor with	
	students. If this attitude is pervasive, in our judgment,	Southeast Asia and may attempt to exert greater	
	it would result in much stricter political controls than	political influence in the region.	25X1
	exist at present.		25X1
	⁸ The two other officially sanctioned parties, the United Develop-		
	ment Party (PPP) and the Indonesian Democratic Party (PDI), are		
	not likely to emerge as viable parties, in our view. The PPP and PDI owe their current disorganization and leadership disarray in part to		
	ABRI manipulation, and ABRI undoubtedly will continue to		
	interfere in these organizations to render them powerless while		
	giving them the appearance of credibility.		25X1

7

US-Indonesian Relations

Under Soeharto's rule, Jakarta's approach to foreign relations has been pragmatic, moderate, low profile, and quietly pro-Western. Jakarta champions a practical approach to Third World causes, avoids controversial issues and groups or governments that it considers radical, opposes politicization of international conferences, and often strives to tone down anti-Western rhetoric at such conferences. Consequently, Indonesia has a reputation as a moderating influence in ASEAN, OPEC, Islamic, and Third World forums. Jakarta is cautious about participating in international meetings that have a superpower orientation, but US Embassy officials report that some opposition elements criticize the regime for working too closely with Washington.

Indonesia's regional interests have broadly paralleled those of the United States, and Soeharto appears intent on maintaining solidarity with ASEAN in dealing with Vietnam about Cambodia,

In addition, Indonesia's economic ties are overwhelmingly to the West and Japan. Washington's interests are served by Indonesian petroleum exports to Japan, and the United States absorbs one-fifth of Indonesian exports and is Indonesia's largest market for textiles. About one-fifth of Indonesia's total imports come from the United States. However, Indonesia's uncertain economic prospects threaten both American economic and political equities. At the end of 1985, Indonesia's medium- and long-term debt to the United States totaled about \$5 billion—\$3.3 billion owed to the private sector and \$1.7 billion to official US Government agencies. Although US banks continue to give Jakarta high marks for its pragmatic financial management, we believe a restricted flow of new credit could precipitate a debt crisis as early as mid-1987.

Despite Indonesia's political and economic leaning toward the West, Jakarta often shows ambivalence toward the United States. Jakarta's perceptions of Washington's role in the Philippines crisis reflect this attitude. According to US Embassy officials, many Indonesians consider the US role as interference in Philippine internal affairs, but at the same time credit Washington with ending the crisis peacefully.

Because we expect that the current fundamental policies would endure under a New Generation regime, the major differences between it and one headed by a Generation of '45 successor would most likely be in style and tone. In our judgment, rising New Generation leaders believe that Indonesia—by right of its size and strategic location—is entitled to exert a greater leadership role in regional and international forums. Thus, we believe they would be more assertive than their predecessors in promoting Indonesia's non-aligned image and Indonesian interests in both bilateral and international economic affairs, such as in

negotiations over commodity exports, access to developed-country markets, foreign investment, and economic aid. At the same time, New Generation leaders might be more insular and formal in dealing with the West—the United States in particular—and apt to react strongly to perceived slights over matters such as Indonesia's not being accorded due deference in bilateral dealings.

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The security interests of New Generation leaders would continue to focus on Southeast Asian rather than on broader concerns, however. In our judgment, they would seek to promote closer, but quiet, cooperation with their Association of Southeast Asian Nations (ASEAN) counterparts in military and security affairs, building on the base that has been established in recent years. Like their predecessors, we believe the New Generation leaders would base their relations with the United States largely on their perception of the US commitment to the region and Indonesia. Jakarta probably will continue to value Washington's strategic presence in Southeast Asia as a counterbalance to the USSR and China.

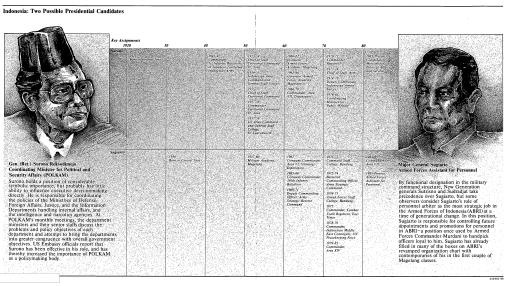
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Indonesia shares US concern about Soviet activity in the South Pacific, but can do little to stop it, so it will continue to rely on the United States to ensure regional security. Nonetheless, New Generation officers are almost certain to remain opposed to any formal security ties to the United States that would compromise Indonesia's nonaligned image.

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