

S E C R E T

DCI BRIEFING

16 May 1961

INDONESIA

- I. President Sukarno has imposed a system of "guided democracy" which exalts executive power and reduces legislative organs to a rubber stamp role.
  - A. Sukarno's major support comes from two elements which he maintains in uneasy balance --from the 240,000-man army, which is under anti-<sup>from</sup> Communist leadership, and/a well-organized Communist party with claimed membership of 1 1/2 million.
- II. Indonesia has contracted for \$1.25 billion in bloc aid since 1956 and ranks second among recipients of bloc assistance.
  - A. Over two-thirds of this amount has been provided since February 1960, most of it by Moscow.
  - B. Military aid accounts for over 60 percent of bloc assistance.
- III. Sukarno's major objectives are the accession of Netherlands New Guinea, economic development and national unity.
  - A. He is pursuing his claim to New Guinea through diplomacy, a Soviet-supplied military build-up, and small-scale infiltrations into the area.
  - B. Sukarno hopes to diversify and expand Indonesia's economy through long-term economic development and by nationalizing foreign investment as rapidly as feasible.
    1. He has inaugurated Eight-Year Economic Development Plan (1961-69), extent of which is still indefinite, which he hopes to finance largely through foreign assistance and through taxation of foreign investment.

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C. The Indonesian army has set 1962 as a target date for the eradication of guerrilla warfare throughout the country by militant Moslem organization Darul Islam<sup>and</sup> insurgent provincial group--Federal Republic of Indonesia (RPI).

1. Government will probably effect surrender of most RPI units this year, but Darul Islam, with some 4,000 guerrillas concentrated in West Java, is likely continue active.

IV. Sukarno is midway on a two and a half month global tour, which includes Washington, Moscow, and Peiping.

A. Although Sukarno primarily seeks diversion, he is incidentally discussing his New Guinea claim and his Eight Year Plan.

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