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NSC BRIEFING

24 June 1959

INDONESIA

- I. Latest political crisis in Indonesia continues with all political elements awaiting President Sukarno's return next Monday from current globetrot.
- II. Present predicament caused when Constituent Assembly on 2 June rejected Sukarno's request for readoption of 1945 constitution which would increase his powers. Army then banned all political activity.
 - A. Sukarno had requested 1945 constitution to promote his vague concept of "guided democracy" which he believes will somehow simplify Indonesia's problems.
- III. Only two major barriers holding Communists in check in Indonesia.
 - A. One is army which has generally maintained order in densely populated Java where Communists have their major strength. Army has obstructed Communist influence in government.
 - B. Second is Sukarno's current distrust of Communists and his present willingness to depend on army for his principal support.
- IV. On other hand three great problems face Indonesian government.
 - A. Energetic, well-organized Communist party now believed to be largest in Indonesia; party avoids army repression by strongly supporting Sukarno and is making significant progress at village level.
 - B. Large-scale insurgency, most significant of which is provincial rebellion in Sumatra and Celebes.

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- C. Deteriorating economy which Communists can openly exploit whenever army restrictions are removed and from which even now they undoubtedly are winning sympathy and members.
 - V. In attempting to deal with these problems, Indonesian Government is hamstrung by following:
 - A. Poorly organized and relatively ineffective non-Communist political parties.
 - B. Sukarno's passion for power without responsibility, his disregard of economic facts and his galavanting around the world.
 - 1. Despite Sukarno's irresponsibility, however, his popular position is unassailable as it derives from his identity with the "national revolution."
 - VI. Present impasse in Constituent Assembly is particularly unfortunate because it puts Communist party in favorable position again.
 - A. Communists support his request for '45 constitution.
 - B. If Sukarno gets '45 constitution Communists will take credit and will benefit in public mind from this association with him and his embodiment of nationalism.

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- VIII. Economic situation has continued to deteriorate.
- A. Deterioration ^{REFLECTED IN GROWING} ~~is largely matter of~~ inflation.
 - B. Chief pinch is among city dwellers--laborers, white collar workers, and even armed forces, all groups which are major Communist targets.
- IX. Despite present difficulties, government heavily mortgaging future by program of large-scale economic development and military purchases from the Bloc.
- X. Provincial rebellion goes on with little chance of either negotiated settlement or decisive victory for either side in sight.
- XI. Principal danger in situation is that army will be unable to continue its holding action against Communists.
- A. Sukarno, in effort to get '45 constitution and "guided democracy," may use Communist support and tolerate increased Communist activity, thereby seriously undermining army's position.

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