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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

31 August 1951

Memorandum for the Director of Central Intelligence

Subject: The Present Situation in Indonesia

The Security Situation in General: The security situation in Indonesia has deteriorated steadily since the first of the year. Although the over-all strength of the dissident elements is reported to have declined in recent months, there are indications that some of the larger dissident groups have recently coordinated their activities. A series of incidents and strikes that occurred throughout Indonesia during the past several months reached a climax in early August when a group of 200 men, composed of Communists and Moslem fanatics, attacked the port area in the capital city of Djakarta. Probably in reaction to this attack and in anticipation of intensified dissident demonstrations on the Indonesian Independence Day (17 August), government forces staged a security sweep in the most troubled areas of Java and Sumatra between 11 and 16 August. At the end of this operation several hundred Communist party leaders, officials of Communist-dominated labor unions, left-wing journalists, and sixteen leftist members of Parliament had been arrested. Although 17 August passed without incident, reports during the 10 days since the government arrests indicate no decline in the activities of the armed dissident gangs.

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The Dissident Elements: There are an estimated 15,000 armed dissidents in Indonesia belonging to one of four general categories of dissident groups:

- a. **The Indonesian Communist Party (PKI).** Although the Communists received a severe setback at the hands of government forces when they tried to seize control of the Republic in 1948, the PKI has apparently recovered and is now the third largest political party in Indonesia. In addition, it exerts considerable influence over many of the smaller leftist parties as well as on the left-wing of the National Party, the second largest political group in Indonesia. The PKI also controls the largest of the federations of labor unions and has placed many of its members in key posts within the Labor Ministry and possibly the Defense Ministry. The Communists carry on guerrilla activity principally in Java. Recently there have been indications that the Communists and a group of religious fanatics (Dar-ul-Islam) have joined forces in operational moves against the government.

- b. **Dar-ul Islam.** This group of Moslem fanatics, which aims at achieving a Moslem state, is a guerrilla organization operating principally in West Java. Many guerrillas in this group served with the ex-Dutch officer, Captain Westerling, when he (possibly with official Dutch backing) organized an aggressive armed movement against the Republic immediately after the achievement of independence. This group is reportedly well armed with Dutch equipment.

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- c. Demobilized Members of Dutch Units. After the demobilization of the indigenous contingents serving with the Dutch forces in Indonesia, thousands of troops in these units organized into guerrilla bands and turned against the Republic. Many of these associated with Westerling (who has since escaped Indonesia) in an attempt to maintain or establish control over areas in the South Celebes and West Java; others centered their activities in Macassar and Amboina. Although many of these guerrillas have since been incorporated into regular government forces, others are still creating havoc throughout Java. On 17 August, for example, four battalions of a former guerrilla organization in the South Celebes failed to appear at the ceremonies that were to mark their integration into the government's forces and disappeared with large quantities of supplies and equipment.
- d. Bandits. After a period of guerrilla operations during the Japanese occupation and subsequent "police actions," many younger men organized into bandit gangs. The Dutch were reported to have used these gangs to foment disunity during the early months of the new Republic.

The Chinese Problem: The Chinese in Indonesia number approximately 2,000,000 out of a total Indonesian population of 80,000,000. Although most of these Chinese are descendants of immigrants who began immigrating to Indonesia as early as 1700, they still have strong bands with their ancestral homeland and are vulnerable to pressure from the Chinese Communist Embassy in Djakarta. Many Chinese have firmly established

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themselves as economic middlemen and consequently have a strong position in the Indonesian economy. The relationship between the Indonesian Communist Party and Peiping is close and contact is undoubtedly maintained through the Chinese Communist Embassy in Djakarta.

The Government and its Security Forces: The present government of Indonesia represents a tenuous coalition of the Masjumi (Moslem) Party and the Nationalist Party (PNI) formed in late April after many weeks of failure to form a government. It is comprised of mediocre personalities. The Indonesian Army of 100,000 and Police Force of 160,000 are neither well organized nor well trained. Despite these weaknesses, the recent security sweep may be an indication of a growing government determination and ability to deal with dissident elements. The government's statement on the occasion of the recent arrests that "a certain outside force is trying to wreck our domestic conditions" is the first official recognition that the country's internal security is being endangered by international Communism. It remains to be seen, however, whether this more positive approach toward the security problem will continue or whether it was just an isolated effort to forestall widespread demonstrations on Independence Day.


Current Foreign Policy: The government has agreed to send a delegation to participate in the San Francisco Conference but, in view of India's position (which strongly influences Indonesia's foreign policy) its own reservations with respect to the treaty, and the probable tactics of the Soviet delegation, Indonesia might not sign the US-UK draft. The government is also engaged in a conference at The Hague at which the present Union relationship between the Netherlands and Indonesia will probably be replaced with a regular treaty.

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Probable Future Developments: The government faces many interrelated and serious problems of restoring law and order, rehabilitating the economy, and preserving the country's newly-won independence. These problems could probably be resolved eventually in a manner favorable to US security interests in the Far East if world prices for Indonesia's raw materials (principally rubber and tin) remain high and if an able, determined, and pro-Western government could attain power and remain long enough to provide sustained leadership. The present government, however, is too weak and inexperienced and too concerned with political machinations to cope with Indonesia's problems on a sustained basis. If this government falls, as it may before the first of the year, it is possible that a strong but Communist-influenced government may succeed it.

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