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Intelligence Report

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PROBABLE POLITICAL DEVELOPMENTS IN
INDONESIA THROUGH 1954

(OIR Contributions to
NIE 65-54)

DEPARTMENT OF STATE



Office of Intelligence Research

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NOTE

This paper was prepared as OIR's contribution to NIE-65-54: "Probable Political Developments in Indonesia through 1954."

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PROBLEM

This paper will explore the current political situation in Indonesia and attempt to estimate probable political developments in that country through 1954.

CONCLUSIONS

1. Over the longer run it is probable that no Indonesian government will be sufficiently strong to carry out constructive policies directed to the welfare of the state rather than the advantage of a political party until after democratic elections have indicated popular backing for the government, or until all opposition has been eliminated by force.

2. During 1954, developments in Indonesia will center about the tenure of the government. If the Ali cabinet remains in power, it will continue to try to extend its control over the armed forces and the election machinery while exploring closer relations with the Communist bloc in the economic field. Communist strength and influence would be likely to increase. Abrupt government action on a number of issues could cause the cabinet to fall, either through parliamentary action or through forceful seizure of the government. A successor government would be unlikely to change greatly the program of the present government but would probably orient policies in favor of the present opposition. In foreign affairs policies would

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lean slightly toward the West, although such a government could not be characterized as pro-Western or pro-US.

3. The probable tenure of the Ali cabinet cannot be estimated with any degree of accuracy, nor can the means by which it may eventually fall be predicted. Although weak in its personnel and in parliamentary support, and opposed by both military and political groups, the cabinet can rely on the support of President Sukarno. Furthermore, the cabinet appears determined to retain power through the national elections now scheduled for the spring of 1955.

4. Dividing the government and its military opposition (October 17 group) is the government's policy of attempting to bring the armed forces under political control by replacing October 17 group leaders now in positions of authority. Issues between the government and the political opposition involve the government's control of election machinery, the removal of opposition party members from important government positions and the government's economic measures. The demonstrated willingness of the political opposition to espouse the cause of the military opposition will probably lead to cooperation between the two groups. Their common opposition to Communism is also likely to prove to be a unifying factor.

5. The Ali cabinet is dependent on Communist (PKI) support for its parliamentary majority. The Nationalist Party (PNI), the leading government party, has accepted PKI cooperation in a common

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front against the major opposition parties, the Masjumi and the Socialists. Concessions have been made to the Communists, particularly in the field of labor, and the party has been placed in a position to consolidate its organization, to infiltrate the government, and to make demands upon the PNI and the government in return for parliamentary support. Communist strength and influence are likely to increase if the Ali cabinet continues in office through 1954. However, Communist armed potential is insufficient to be a threat to the state, and the Communists, under any foreseeable circumstances, would be unable to seize political power during this period.

6. Should the present government remain in power throughout 1954, its domestic program would be unlikely to be radically different from that of previous governments. It would continue to replace members of opposition parties in the various ministries with its own personnel, would continue to try to extend its control over the armed forces, and would establish control of election machinery. It is unlikely that elections would be held until complete control of both election machinery and the bulk of the armed forces had been attained. In foreign affairs the Ali cabinet would continue both to practice the "independent" foreign policy and to explore, at least nominally, closer relations with the Communist bloc, particularly in the economic field.

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7. While tension between the government and the disaffected October 17 group is at a low ebb at present because of a temporary compromise engineered by President Sukarno, abrupt government action on any of the outstanding issues would arouse sufficient opposition to bring about a cabinet fall, either through parliamentary action or the use of force. Defections from the government coalition would be most likely on the issues of election policy, internal security, patronage, and policy toward the armed forces. A government move against the leaders of the October 17 group, or any action which could be interpreted as closing the door to peaceful settlement of outstanding issues, could stimulate an attempt to seize the government either by the October 17 group alone or in conjunction with the political opposition.

8. Leadership in a government succeeding the Ali cabinet would probably be exercised by Masjumi and by the other parties now in opposition, even in the case of a seizure of government by the October 17 group alone. It is conceivable, however, that if the government falls by Parliamentary action, the PNI could form a new government with Communist support or participation.

9. The program of a successor government dominated by Masjumi would not differ greatly from that of the present government, although some of its specific policies would be altered. Election preparations would be placed under firm Masjumi control, and would be hastened. Armed forces policy would be changed to favor the October 17 group.

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The Communist Party would not be outlawed, but its activities would be kept under surveillance. In foreign affairs the Masjumi would confirm the "independent" policy and avoidance of involvement in the East-West struggle. Policies pursued, however, would lean toward the West, although the government could not be characterized as either pro-Western or pro-US.

10. Failure of an attempted coup would entrench the PNI in power, enhance the position of the Communists, and probably cause the present military and political opposition to disintegrate.

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I. BACKGROUND: THE FALL OF THE WILOPO CABINET

The Wilopo Cabinet, a coalition in which the PNI (Indonesian Nationalist Party) and the Masjumi (Moslem Party) were the major parties, resigned on June 2, 1953 rather than face a vote of no confidence on a leftist sponsored motion directed against the cabinet's land policy in East Sumatra and particularly against the officer responsible, the Masjumi Minister of Home Affairs. Known to support the motion were the PNI members of Parliament, some centrist parties, and the PKI (Indonesian Communist Party) and its satellite parties.

A. The October 17 Affair

This anomalous act of the PNI's legislators against a government in which their party held four portfolios, including that of the Prime Ministership, had been repeated several times during the preceding months without causing the fall of the government. The most important of these occasions was the Sophiaan motion, a motion of censure against the Minister of Defense which led to the October 17 affair. On October 17, 1952, a faction of the armed forces, disgruntled at legislative interference in military affairs, had challenged the authority of Parliament by demanding that President Sukarno dissolve Parliament and call immediate elections. Although the October 17 group was unsuccessful in its efforts, there have since that time been two factions within the Indonesian armed forces. The October 17 group has favored a small army trained in modern warfare, while the opposing faction has preferred to retain the present larger

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army made up in part of guerrilla or irregular elements who were blanketed into the army following the revolution. These opposing factions have become involved in political affairs because of the efforts of the PNI and of the leftist parties to remove or to curtail the power of officers responsible for the October 17 affair. While there is no firm identification of aims, the Socialist and Masjumi parties have generally been considered sympathetic to the position of the October 17 group.

B. Policy of the Nationalist Party

The purpose of PNI parliamentarians in finally bringing about the fall of the Wilopo cabinet was apparently to put the PNI in the position of being called upon to form the successor government, from which it could exclude the Masjumi and the Socialists. PNI control of the government both preceding and during elections, tentatively scheduled for the spring of 1955, would enable the party to influence results in its favor. Without such an advantage, it is likely that the PNI would emerge from elections a poor second to Masjumi.

C. Communist Policy

Communist support had been accepted by the PNI in the latter's efforts to embarrass Socialist and Masjumi members of the cabinet and eventually to bring about the fall of the government. The Indonesian Communist Party (PKI), though not represented in the cabinet, had followed a "united front" policy of avowed support for the government, but had at the same time cooperated with the PNI parliamentary delegation in its maneuvers against the government. The PKI took no open part in the

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October 17 affair, and never took the lead in introducing motions or resolutions critical of the government. Initiative in these matters was left to representatives of other parties, often fellow travelers or members of the PNI's delegation. Outside Parliament the PKI took the lead in organizing the celebration of national holidays in order to support its claim to a moderate nationalist character.

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II. THE ALI CABINET

The Wilopo cabinet fell on June second, 1953. Four attempts to form a cabinet failed before President Sukarno on July 30 accepted a list headed by the PNI but proposed by Wongsonegoro of the PIR (Greater Indonesia Association).

A. The Composition of the Ali Cabinet

The PNI is the dominant party in the cabinet. In addition to the Prime Ministership, held by Ali Sastroamidjojo, the PNI fills the posts of Foreign Affairs, Economic Affairs, and Finance. Nahladatul Ulama (NU) and the Indonesian Islamic League (PSII), minor Moslem parties, hold five cabinet posts - Agrarian Affairs, Religious Affairs, Public Works, Health, and the second deputy prime ministership. Together the NU and PSII control only about 11 votes in Parliament, but their support, obtained at the price of a disproportionate number of cabinet seats, was apparently considered necessary to counterbalance the lack of participation by the major Moslem party, Masjumi. The only other party with more than one seat is PIR. Besides Wongsonegoro, the first deputy prime minister, the PIR holds the portfolios of Interior and Communications. Minor nationalist parties hold 4 seats, while Marxist parties and independent also hold four seats including the important Defence Ministry. Omitted from but supporting the cabinet are the PKI and its labor front, SOBSI (All-Indonesia Central Labor Organization). Also omitted from the cabinet is the "national Communist" party, Murba. Opposed to the cabinet are the Masjumi, Socialist and Catholic parties. In addition, the Christian party

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and the Democratic Faction, while originally voting to allow the cabinet an "opportunity to work", have since joined the opposition. The Masjumi and Catholic parties refused to participate in the cabinet because of its leftist proclivities, while the Socialists were pointedly excluded.

The outstanding characteristic of the Ali cabinet is the leftist inclination of some of the ministers holding important portfolios, although none are avowed members of the PKI. Iwa Kusumasumantri, Minister of Defense and representative of the Progressive Party, has a long history of activity in leftist causes, has been associated with Tanmalaka, late leader of the Murba and former leader of the PKI, and has in the past voted with the PKI on most issues in Parliament. In the first six months of the present cabinet's tenure he has followed policies with regard to the armed forces, and particularly the October 17 group, which could be interpreted as being of benefit to the Communists. These same policies, however, are also largely desired by the PNI. Djody Gondokusumo, Minister of Justice and representative of the PRN (National People's Party), attended the Peking Peace Conference in 1952, and has been associated with the World Peace Movement. Since taking office he has made determined, though unsuccessful, attempts to gain control of the National Police. Djody would appear to be largely an opportunistic politician. Professor Abidin, a representative of the Labor Party, was reportedly selected by SOBSI as an acceptable Minister of Labor. SOBSI's influence in the Labor Ministry has increased since Abidin took office, although he has on occasion been inclined to take action counter to the best interests of

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Communist controlled labor. Ong, Minister of Finance and member of the PNI, has been associated with Communist leaders and was detained by the government in the August 1951 anti-Communist security sweeps. He has, however, been amenable to the negotiation of financial problems complicating the relationship between the government and foreign oil companies. Sadjarwo, Minister of Agriculture, founded and presumably is still a member of the now Communist controlled BTI (Indonesian Farmers Front). Both Mohammed Yamin, independent Minister of Education and Sunario, PNI Minister of Foreign Affairs, have at times associated with leftist groups. The former would appear to be a radical nationalist, while the latter could best be described as politically naive.

Balanced against these ministers, who could be used by the Communists either through predisposition or naivete, are the Prime Minister, who is generally conservative in outlook, and the ministers of the minor nationalist and religious parties. However, none of these more conservative men, with the exception of the Prime Minister and perhaps the Minister of Economic Affairs, occupy influential ministries. None of the cabinet ministers is outstanding as a technician or an administrator. Only four of the nineteen have served in a previous post-independence cabinet.

B. Support for the Cabinet

The parties represented in the cabinet have about 92 votes out of approximately 210 active Parliament members. Votes of the opposition parties -- Masjumi, Socialists, Catholic, Christians, and Democrats --

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total 80. Eight out of 15 independent votes are probably controlled by the government, giving the government parties 100 votes, a plurality six votes short of a majority. This gap is expected to be made up by the PKI and SOBSI controlling a minimum of 19 votes. The government might, with PKI, SOBSI, and possibly Murba support, muster 123 votes as against the opposition's 87 votes. It should be emphasized, however, that party discipline is frequently broken, and that total Parliamentary attendance rarely approaches the active membership of 210.¹

C. The Position of President Sukarno

President Sukarno is Indonesia's strongest and most influential political figure. It is doubtful if any cabinet could rule for long in Indonesia without the good will or at least the non-interference of Sukarno.

Prior to the formation of the Ali cabinet Sukarno had been regarded in all quarters as above party politics, although he was known to be sympathetic to the PNI whose leaders he had been associated with during the prewar struggle for independence. However, his acceptance of the Ali Cabinet and his subsequent efforts to aid that cabinet have indicated that he must now be regarded as actively concerned with the fortunes of the PNI. There is no indication that Sukarno's support for the present cabinet has entailed any change in his political orientation.

Sukarno's more active role in current political affairs may be due to several recent developments. He has, over the past two years,

1. Figures used in foregoing paragraph and accompanying table are only approximate because existing vacancies in the Indonesian Parliament caused by deaths, resignations, etc. are in the process of being filled.

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TABLE I

Distribution of Cabinet Posts and Seats in Parliament

	<u>Strength of Government Parties</u>		Parliamentary Strength of Communists not in Government	Parliamentary Strength of Moderate Opposition
	<u>Posts in Cabinet</u>	<u>Seats in Parliament</u>		
<u>Nationalist Parties</u>				
PNI	4	37	--	--
PIR	3	15	--	--
PRN	1	7	--	--
Parindra	1	4	--	--
SKI	1	3	--	--
Democrat	--	--	--	13
<u>Religious Parties</u>				
NU	3	7	--	--
PSII	2	4	--	--
Masjumi	--	--	--	39
Christian	--	--	--	5
Catholic	--	--	--	8
<u>Marxist Parties</u>				
Progressive	1	7	--	--
BTI	1	3	--	--
Labor	1	5	--	--
PKI	--	--	16	--
SOBSI	--	--	3	--
Murba	--	--	4	--
PSI	--	--	--	15
<u>Independents</u>	<u>1</u>	<u>8</u>	<u>--</u>	<u>7</u>
	19*	100	23	87

* One post, Minister of Public Welfare, remains unfilled.

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lost political prestige, and may see in greater partisan activity a means of regaining political ascendancy. The October 17 affair may have convinced him that not only was a faction of the armed forces against him, but that the Masjumi and Socialists also opposed him, and that he must therefore aid his supporters more actively. Finally, it is possible that Sukarno has supported the present cabinet in order to prevent the formation of an "executive" cabinet in which Vice-President Hatta might exercise powers. There have been recurring rumors of a split between Sukarno and Hatta, despite close association in the prewar PNI, and in the wartime and postwar leadership of Indonesia. The Vice President is known to fear Communist infiltration of government, and generally to favor the more conservative viewpoints of the present opposition groups in both domestic and foreign affairs. Leftist groups have openly attacked Hatta in a series of public demonstrations without calling forth any protests on the part of Sukarno. Hatta has opposed Regulation 35, (see below), which Sukarno has apparently supported. In general, however, Hatta has remained in the background, apparently inactive in both political and state affairs.

Sukarno has most actively aided the cabinet by using his prestige to arrange a compromise, admittedly temporary in nature, between the opposing military factions and thus easing the tension which was developing over the Harahap motion. Introduced by the Masjumi and supported by all opposition parties, the Harahap motion demanded withdrawal of Regulation 35 which provided the basis for reorganization of the Defense

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Ministry and has been the chief weapon of the Defense Minister against the October 17 group. Because Sukarno was able to meet some of the minor demands of the October 17 group, while at the same time supporting the Defense Minister, the Harahap motion became meaningless as an issue on which the opposition could upset the government.

D. Program and Policies of the Ali Cabinet

1. The Armed Forces. In respect to the controversial question of armed forces reorganization raised by the October 17 affair, the cabinet program declared that the cabinet would "harmonize relations between the organs of state power." In effect, no effort has been made, nor is it likely to be made, to modernize army organization. On the contrary, Defense Minister Iwa, with the support of President Sukarno, has sought to curtail the influence of the October 17 group by issuing Regulation 35. This regulation strips General Simatupang, Armed Forces Chief of Staff and ranking member of the October 17 group, of his functions, which are transferred to the Minister of Defense. Personnel changes accompanying this reorganization of the Ministry of Defense have removed other officers of the October 17 group from the Chiefs of Staff organization.

Despite these maneuvers by Iwa, the October 17 group remains powerful. At a territorial commander's meeting on December 8, and in subsequent meetings, four out of the seven territorial commanders have reaffirmed their opposition to the government's defense policy and to the Minister of Defense, and demanded the latter's resignation and the

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revocation of Regulation 35. This group has the political support of the opposition in Parliament, which on December 10 submitted the Harahap motion calling on the government to withdraw Regulation 35. Only the personal intervention of President Sukarno checked mounting tension and produced a temporary compromise of the issue. Meeting with the Minister of Defense and the territorial commanders, President Sukarno confirmed the appointments already made by the Minister of Defense, but stated that further appointments would not be made without the approval of the Army Chief of Staff.

A crisis somewhat similar to that in the army has lately come to the fore in the Air Force. A group of younger and generally pro-Western officers, on whose technical abilities the air force depends, have indicated their disapproval of the policies of the Air Chief of Staff, Air Commodore Suryadarma. Again the controversy has entered the realm of politics, with the Minister of Defense and President Sukarno defending the position of Suryadarma and the opposition espousing the cause of the younger officers.

These controversies in the armed forces increasingly point to an attempt by Sukarno and the PNI to extend their control over the military. This attempt has had the effect of bringing the political and military opposition to the present cabinet into a closer working relationship, although the extent of such collaboration is not yet apparent.

2. Administration and Personnel Policies. The cabinet has been engaged in a rather extensive attempt to replace Masjumi and Socialist Party members in the provincial administrations and in the various

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ministries with individuals "loyal" to the present government. For the most part these personnel changes have followed the usual "spoils" pattern. PNI members have been maneuvered into positions in the Economics Affairs ministry where their control over state finances and trade policy could help the party cause. The Ministry of Information has become a virtual arm of PNI politics. Although there is no evidence of major Communist infiltration, individuals sympathetic to the Communist dominated labor federation SOBSI have replaced anti-SOBSI officials in the Labor Ministry.

3. Solution of Economic Problems. Indonesia's economic position has continued to deteriorate under the present cabinet. The ability of the government to deal vigorously with this deterioration is severely limited not only by the nature of the problems, but by the cabinet's weak political position and its lack of competent personnel. No comprehensive program for meeting current economic problems has been announced by the cabinet.

Indonesia's financial position is precarious. Unfavorable terms of trade caused by the drastic drop in the prices of tin and rubber have resulted in an adverse balance of payments position. The government deficit for 1953 is larger than had been anticipated. Gold and foreign exchange reserves have dropped sharply to within four percent of the minimum reserve requirement of 20 percent. Inflation, although somewhat slowed in its progress, continues to mount.

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The government has continued its policy of bilateral trade negotiations intended to expand the market for Indonesian commodities, and to provide for direct trade rather than trade through the entrepots of Singapore, Hong Kong and Western Europe. Indonesia has been more attentive to trade overtures from the Soviet Bloc and Communist China largely because of the drop in prices of rubber and tin. A permissive trade agreement has been signed between Indonesia and Communist China.

Some nationalization of public utilities, a program begun under Dutch rule, has taken place. The government seeks to encourage indigenous importers and businessmen by favorable treatment. Nevertheless the need for foreign investment is recognized, at least in principle, and the government has issued a statement outlining government policy toward foreign investment.

4. Suppression of Dissident Groups. The problem of domestic security was given first place in the government program and has received added emphasis in speeches of the president and in cabinet statements. The government has officially outlawed armed dissidents as "enemies of the state" and First Deputy Prime Minister Wongsonegoro has assumed special responsibility for security. However, to date there has been little vigorous action and no measurable progress toward achieving greater security. On the contrary, further outbreaks have occurred in the Atjeh area of North Sumatra and in southern Borneo. No conclusive anti-dissident action has been taken in South Celebes. Serious rifts in the armed forces may have reduced striking power, while increasing hostility

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between Masjumi and PNI has prevented any united political approach to dissidents. The PNI seems largely concerned with using the problem of internal security, and particularly the fanatic Moslem Darul Islam movement as a means of discrediting the Masjumi. Masjumi leaders have publicly condemned the methods of Darul Islam but have favored negotiations as a means of eliminating it. By connecting both alleged Dutch involvement with the Darul Islam and alleged Masjumi relations with the movement, the PNI is able to represent Masjumi as the agent of a foreign power.

5. Regional autonomy. As in the case of previous cabinets, the government supports the principle of greater regional autonomy but has accomplished nothing in the way of further decentralization of government. As a result of the revolt in Atjeh, plans to give that area autonomy are reportedly being accelerated.

6. National Elections. The government has set February and March 1955 as dates for the elections of a Parliament and a Constituent Assembly, respectively. All major parties are committed to early elections, and President Sukarno has lent his support to such a program. However, many of the factions in the cabinet stand to lose seats in Parliament in the event of an election, so that certain of the ministers responsible for administration of election preparations may procrastinate in the performance of their duties. PNI fear of a defeat at the polls was exhibited in the establishment of a central election committee chaired by the PNI and excluding both Masjumi and Socialist representa-

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tion. Masjumi, however, is more adequately represented in the regional committees as the result of strong protests by the party. Recent elimination of Masjumi members from some Djakarta committees has been answered by demonstrations.

7. Foreign Relations. As have previous governments, the Ali cabinet stresses the "independent" nature of Indonesia's foreign policy, which seeks to avoid involvement in the East-West struggle. In an effort to counterbalance existing ties with the West, ties which made Indonesia's "independent" policy lean toward the West, the Ali government has taken steps toward at least nominally closer diplomatic relations with the Soviet Bloc. These steps have been paralleled by attempts to expand trade relations with the Soviet bloc, particularly since the fall in rubber and tin prices. Anti-colonialism remains a basic tenet of Indonesian foreign policy, and the government has continued the policy of close cooperation with the Arab-Asian nations in the United Nations.

Relations with the US have suffered from Indonesian sensitivity toward widespread criticism of the Ali cabinet in the American press. The US has also been criticized for its alleged "manipulation" of rubber and tin prices. The UN embargo against the shipment of strategic goods to Communist China is widely represented in the Indonesian press as another American effort to deny Indonesia access to a market for tin and particularly for rubber, with a resultant drop in the price of these commodities to the US advantage. Intemperate statements from PNI leaders have occasionally sought to link the US with the Masjumi party, which

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is attacked by the PNI as a "tool" of "American interests". On the other hand, government spokesmen have been less reluctant to give credit to the effectiveness of US aid programs.

The recent arrest of Dutch citizens charged with collaboration with Darul Islam, as well as the involvement of Dutch in several other incidents have served to keep Dutch-Indonesian relations strained. Irredentist statements concerning Western New Guinea have been less violent recently, although this issue, as well as the question of the Netherlands-Indonesian Union and the economic relationships of the two countries, are potentially active issues. The departure of the Netherlands Military Mission, negotiated by the previous cabinet, was accompanied by expressions of good will from both sides.

Relations with Australia remain cordial despite Indonesian recognition that Australia sides with the Dutch on the question of Western New Guinea. A trade agreement has recently been concluded with Australia and the latter has furnished scholarships for Indonesians and sent agricultural machinery to Indonesia under the Colombo Plan.

The effort to counterbalance the preponderance of Western ties by somewhat closer relations with the Soviet bloc has taken several forms. An Ambassador has been named to Communist China to take the place of the chargé who has represented Indonesia since the opening of the Indonesian mission. A trade agreement has also been entered into with Communist China, and a Chinese Communist mission is expected in Djakarta in March for further trade negotiations. An exchange of missions with

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the USSR has been agreed upon, and Indonesia has named an ambassador to Moscow. Negotiations are reportedly underway for the sale of 100,000 tons of rubber to the USSR.

Indochina has assumed somewhat more prominence in Indonesian thinking. Despite continued sympathy for the nationalist pretensions of the Viet Minh, there is apparently increased recognition in Foreign Office circles of the Communist nature of the Democratic Republic of Vietnam (DRV), and considerable uneasiness concerning Communist China's role in the DRV's struggle with the Associated States and France. The Cabinet is reportedly toying with the idea of sending representatives to both the Viet Minh and to Vietnam.

E. Communism and the Ali Cabinet

The Ali cabinet depends upon Communist political support in Parliament for its majority, and the executive committee of the PNI has issued a directive to its branches to cooperate with the Communist as well as with other government parties in a common front against the Masjumi and the Socialists. The PNI considers the possibility of Communist control far more remote than the possibility of an Islamic dictatorship imposed on Indonesia by the Masjumi, and feels that the Communists can be "used" in an effort to forestall Masjumi domination.

The government, and particularly Prime Minister Ali, have been extremely sensitive to charges that the cabinet is Communist controlled, or, at the least, Communist influenced. A number of official denials of such allegations have been issued. Nevertheless, concessions have

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been made to the Communists, particularly in the field of labor, and the party has been placed in a position to consolidate its organization, to infiltrate the government, and to make demands upon the PNI and the government in return for support. There is no evidence, however, of direct Communist influence or control in the policies and actions of the cabinet. Thus far the vital concern of opposition parties as well as the presence of anti-Communists in the armed forces, the police, and some responsible government positions, has operated to counter indirect Communist influence.

The immediate objectives of the PKI are to gain organizational mobility, to infiltrate political organizations, and to weaken domestic anti-Communists and other sources of western strength in Indonesia. To gain its objectives the PKI has followed a united front policy, a policy so successfully applied that the PKI's greatest potentials for the assumption of power and disruption, rest not in a large membership or in a paramilitary force, but in PNI acceptance of Communist support and in Communist control of the largest labor federation, SOBSI.

The membership of the PKI is small, probably considerably less than 100,000, but the party controls youth, women's, peasant, and labor fronts. Communist armed strength is limited to a few bands in Java, although the PKI is assumed to have infiltrated, to some extent, other dissident groups and some units of the armed forces. Communist armed potential is still small and poses no threat to the state. Nor does Indonesia's geographic position permit the exercise of Communist military pressure on her borders.

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SOBSI with a claimed membership of 2,000,000 and an estimated membership of 800,000 represents the bulk of organized labor. Further inroads in non-Communist labor have recently been made through the resignation of the president of the non-Communist labor federation, an officer of the PNI, who withdrew eight unions controlled by him from the federation. His resignation was apparently forced by the Communists, acting through the PNI, in return for continued PKI support of the cabinet. In addition, the labor arm of Murba, SOBRI, is now cooperating with SOBSI and has joined the WFTU. Through sabotage and strikes, SOBSI could go far toward paralyzing Indonesia's economic life. But SOBSI could not, in the face of determined resistance, seize national political power.

F. Strengths and Weaknesses of the Ali Cabinet

The primary source of strength of the Ali cabinet is to be found in President Sukarno's support. Much of the cabinet's public support is probably due to its appeal, chiefly through the PNI, to the xenophobia present in Indonesian society. In addition the fear is carefully cultivated among other nationalist parties that, should Masjumi gain control of the government, an Islamic state would be created. The fact that the Communists support the Ali government is not only a source of strength in Parliament, but spares the government the vitriolic attacks which would otherwise be directed toward the cabinet.

The cabinet's determination to remain in power, through compromise if necessary, in order to control the elections is also a point of strength -- as well as an indication of weakness. In addition, the lack

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of a completely cohesive opposition contributes to the strength of the cabinet.

The cabinet is weak in competent, experienced personnel, and it may be questioned whether some ministers are the most capable that could have been put forward by their parties. The cabinet is also weak in parliamentary backing, even with the support of the PKI and SOBSI.

Although the opposition to the government does not function as a cohesive unit, the Harahap motion, framed by the Masjumi and supported by the other parties of the opposition, but based on the position of the October 17 group, was a move toward unifying the opposition groups. The willingness of the opposition political parties to espouse the cause of the military opposition is probably indicative of the eventual union of opposition groups. Within the political opposition, however, there is not complete unity, since the Socialists themselves are inclined to fear the imposition of an Islamic state by Masjumi. This Socialist viewpoint is likely to be overcome by the large number of issues on which these major opposition parties can agree. Government policy on these issues is also likely to force a coalescence of opposition.

PNI efforts to control elections through appointments to election committees, to replace Masjumi and Socialist officeholders with PNI members, and to combat a worsening economic situation are all issues on which opposition parties can unite. A further issue, that of PNI collaboration with the Communists, is an additional point of unity not only for the opposition parties but for the October 17 group as well.

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The overriding issue between the government and the opposition concerns the government's policy of attempting to extend political control over the armed forces through arbitrary removal of October 17 group leaders from positions of power. Opposition to the Defense Minister's policy has been expressed by PIR, one of the government parties. Thus a stubborn pursuit of present policies could lead to defection from the cabinet, and would further coalesce political and military opposition. Despite the fact that tension over the government's defense policy has receded during the past two months, any abrupt government move that could be interpreted as intended to destroy the October 17 group could set off violence and, with the active assistance of the political opposition, an attempt to seize the government by the October 17 group. Similarly, any act of the government directed against the opposition parties, and which could be interpreted as closing the door to peaceful solution of any of the major issues might well result in an attempted coup d'etat. But, should the government move slowly against the opposition groups, compromising when necessary, yet constantly eroding the strength of the opposition, open rebellion would be much less likely.

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III. PROBABLE DEVELOPMENTS DURING 1954
IF PRESENT CABINET REMAINS IN OFFICE

Much of the Ali Government's announced program has not differed greatly from the programs of previous governments, and is of such nature that it can be supported by the opposition. Nevertheless, the government is unlikely to make any significant progress in carrying out such a program. Perhaps more than previous governments, its attempts at constructive action in the economic field and in administrative reform will be hampered by a lack of competent technical and administrative personnel. This shortage is particularly noticeable in the economic field, where the most competent technicians are Masjumi or Socialist Party members who have either left or been forced out of responsible government positions.

Indonesia's balance of payments and fiscal positions are unlikely to improve during 1954 and may deteriorate because of inept government measures. While the long promised statement outlining Indonesian policy toward foreign investment has been issued by the Ali government, it is unlikely that required implementing legislation or executive decision will be forthcoming during 1954, or that any further foreign investment will be stimulated until the government has proved its good intentions by coming to terms with foreign capital already invested in Indonesia. Because many smallholders have turned from the production of rubber to rice, Indonesia's food situation is likely to continue to improve during 1954, with a corresponding decrease in rice imports.

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The direction of Indonesia's foreign policy, and to some extent its domestic policy, is likely to be determined in part by whether or not international commodity agreements affecting rubber and tin are achieved. In turn, the Indonesian attitude toward the United States is likely to be colored by US reaction to proposed agreements favored by Indonesia, and by whether or not the UN embargo on the shipment of strategic goods to China is relaxed.

Trade with Communist China, following the recently negotiated permissive trade agreement, is unlikely to be significant either in broadening the market for Indonesia's raw materials or in improving Indonesia's terms of trade. According to a recent statement of the Prime Minister, Indonesia is unlikely to ship rubber to Communist China as long as the UN ban on the shipment of strategic materials to that country remains in effect. But the agreement, and continued negotiations to establish commodity quotas, will quiet domestic demands for attempts to broaden the rubber market. Further effort is likely to be made to expand trade with the USSR and its Eastern European Satellites.

Indonesian foreign policy, while more aggressive than the opposition would desire, particularly in exchanging diplomatic representatives with the USSR and in despatching an Ambassador to Peiping, probably will not be openly opposed. Indonesia's economic nationalism will be evident not only in continued emphasis on bilateral trade agreements and in direct trade arrangements bypassing

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traditional entrepot centers, but in possible attempts to revise the economic provisions of the Round Table Agreements with the Netherlands. The closely connected problems of the future status of Western New Guinea (Irian) and of the dissolution of the Netherlands Indonesian Union are likely to be used as bargaining points should there be economic negotiations with the Dutch. Negotiations with Japan concerning the amount of reparations to be granted Indonesia are likely to continue, and to prove inconclusive. Separate agreements, such as the recent agreement regarding ship salvage, may be reached.

The decentralization of government in favor of regional autonomy, a program begun under the Wilopo cabinet, is unlikely to progress despite the need for decentralization demonstrated by the Atjenese rebellion and implicit in dissatisfaction with the central government in other areas.

No progress is likely to be made in the suppression of dissident groups, in part because of factionalism in the army and in part because the centers of dissidence are widespread. The recent arrests of Dutch citizens apparently on charges of aiding Darul Islam, while providing the PNI with ammunition for charges against the Netherlands and against the Masjumi, may pave the way for government negotiation with the Darul Islam, which could be represented as a movement led and aided by foreigners but which, once its foreign orientation was removed, could be treated with.

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While there will be little or no opposition to the foregoing points in the government's program, certain policies followed by the Ali cabinet and aimed at enhancing the government, and particularly the PNI position, while at the same time undermining the opposition, are unlikely to go unchallenged. These could all be issues around which sufficient opposition could crystallize to bring about the fall of the cabinet.

The government is likely to continue to try to bring the armed forces, and particularly the army, more closely under its control, not only through the appointment to high command of officers sympathetic to the present government, but through passage of a basic defense law concentrating control more closely with the Minister of Defense. Although military and political opposition is likely to result in some modification of government measures, the government may succeed in whittling down further that faction of the armed forces opposed to it.

In a further attempt to establish itself securely while simultaneously weakening the opposition, the government is likely to continue to remove or transfer Masjumi or Socialist officials from responsible positions in order to make these positions available to PNI appointees. Accompanying these actions against the military and political opposition groups are likely to be increased Communist and ultra-nationalist allegations of close relations between leaders of the opposition groups and Western powers,

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particularly the United States and the Netherlands.

Preparations for general elections are likely to go forward, at least initially, according to schedule. However, the Masjumi is likely to object to the composition of election committees which give insufficient or no representation to opposition parties. It is unlikely that the government, should it remain in power, will go forward with elections until it has established control of both the election machinery and the army.

The Ali government is unlikely to change its attitude toward Communism and Communist support of the government. The PNI will continue to welcome the collaboration of the PKI while the latter will probably continue to support government policies, especially those directed against eliminating the opposition. Increasingly the PKI will probably attempt to guide the government toward the adoption of domestic and foreign policies in support of Communist aims, and toward the appointment of government officials sympathetic toward the PKI.

The PKI will probably utilize its control of SOBSI - in addition to its control of the balance of power in Parliament - as a means of exerting pressure on the government. Already successful in having the government set aside an unfavorable decision by the central arbitration committee, SOBSI will probably make further demands, particularly of foreign employers, which will be supported by strikes, and which the government will probably be forced to support. With the help of the PNI - and the tacit aid of the government - SOBSI is likely to make further inroads among the non-Communist unions.

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IV. POSSIBLE CHANGE IN GOVERNMENT

The probable tenure of the present government cannot be estimated with any degree of accuracy, nor can the method of its fall be predicted. Certainly, the Ali Government is, both in personnel and in parliamentary backing, as weak a government as has held office in Indonesia. In addition, its opposition appears to be more determined than that faced by any previous government. Thus the cabinet might logically be expected to have a short life. But its weakness may make it willing to compromise rather than face issues, while the good will and support of President Sukarno is an obvious factor for longevity.

Should the Ali Government fall, it is equally possible that the fall might be the result of parliamentary action, or of outright armed action. Any reshuffle of personnel, such as has already occurred in the case of PSII cabinet members, would be unlikely to change the character of the government greatly. It should be noted, however, that a reshuffle could be used to strengthen the cabinet, particularly since one cabinet post has remained unfilled and could conceivably be offered to one of the smaller parties now in the opposition but anxious to take part in government.

A. Change by Parliamentary Action

Defections from the government coalition could, because of the highly diverse character of the parties making up the government, be caused by a single issue or by a combination of several issues. Defections might most logically be looked for from among the minor centrist-nationalist parties or among the religious parties. The latter (NU, PSII) would, of

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course, be most moved by religious issues, perhaps by an all out attack on the Darul Islam without first attempting to reach a political settlement. The PRN, PIR, and Parindra would be most likely to defect as the result of issues involving military or election policy or because of their failure to receive sufficient patronage. Less likely to stir these parties to defect would be worsening economic conditions.

Any government formed after the fall of the Ali Government as a result of parliamentary action would logically, but not necessarily be headed by Masjumi and made up of present opposition elements plus defectors from the present coalition. It is conceivable, but far less likely, that the PNI could form a new coalition government including the PKI and SOBSI. It is unlikely, in view of the bitterness generated between the Masjumi and PNI by the policies of the present government that the two parties could cooperate in any coalition at the present time unless there were an open break between the PNI and the PKI. A PNI-Masjumi coalition would, of course, offer the best possibility for a strong and fairly stable government in Indonesia, but is unlikely to be achieved before elections.

A government formed by the present opposition parties might be expected to offer a formal program differing only in degree from the program of the present cabinet, but to pursue somewhat different policies. In foreign affairs, the "independent" policy would be adhered to, although the government would be likely to revert to the balance maintained by those governments in office before the present government, i.e., a balance weighted slightly in favor of the West. Such a government could not be called pro-western or pro-US, however. Organization of the

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Ministry of Defense would presumably revert to its status under the Wilopo government, while actual attempts to reorganize and modernize the army might be undertaken. Some changes in economic policy might be expected, with more realistic attempts to arrest the present trend toward declining gold and foreign exchange reserves. Attempts would also be made, through new measures, to stimulate exports and to discourage imports. Personnel changes in several ministries would be likely, while the government probably would, at the first opportunity, attempt in some manner to disrupt the PKI organization.

If the new government were formed by the present, or virtually the same, government parties, there would be little change in policy. Should the Communists take part, their participation, under present Communist policy, would not mean adoption of a Communist program. Rather, the PKI would be likely first to sponsor policies acceptable to ultra nationalist sentiments, such as an attack on foreign economic interests in Indonesia.

There is little prospect, under present circumstances, that the next government in Indonesia would be controlled by the Communists. Elimination of the October 17 group and of the present political opposition would be prerequisite to a Communist government. Even were such conditions present, however, it is doubtful if the Communists would be able to gain control of the government peacefully without the application of external Communist pressure. There is little likelihood that a situation favorable to a peaceful Communist takeover will be created in 1954.

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B. Change by Armed Action

Overthrow of the Ali Government by armed action would appear to be most likely to come about as the result of abrupt moves to eliminate the October 17 group. The political opposition -- in the Harahap motion -- has already indicated its willingness to espouse the cause of the military opposition. Whether the October 17 group would be willing to join forces with the Masjumi and other opposition parties against government actions in the political field is less certain. While immediate leadership of any attempted coup d'etat might be drawn from among the October 17 group, and while a coup by the military alone would be possible, leadership would probably soon pass to a political leader, presumably of Masjumi. Vice President Hatta might also be expected to play a larger part in the determination of policy, while the Sultan of Djogjakarta might return to government. None of the leaders of the October 17 group has indicated any desire to establish authoritarian government, or a desire to play a large part in the government.

Should the government continue to attack the position of the members of the October 17 group, it is possible that the territorial commanders opposed to the present government, unwilling or unable to resort to a direct coup, might refuse to recognize the authority of the central government, becoming, in effect, independent "warlords." While such a move might encourage regional leaders to throw their lot in with the territorial commanders, leaders of the opposition political parties, whose fortunes are largely connected with the continuation of a strong central government, would be less likely to give their support.

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The application of pressure, short of an armed coup, on President Sukarno by both the October 17 group and the political opposition to dissolve parliament and hold elections immediately, while a possibility, would be likely to arouse bitter resentment, not only on Sukarno's part but among military leaders now supporting the government and among the people at large. Elections presumably could not be held immediately, and the possibility of civil war, particularly in Java, would be considerable, particularly if tacitly encouraged by President Sukarno.

The weight of military strength appears on the side of the October 17 group, which also appears to control troops most strategically located for a takeover of power. Nevertheless, it is doubtful if such a takeover could be accomplished without eventually precipitating civil war in Java, even though the central government could be taken over initially with little effort. Success or failure of the venture, however, would probably depend ultimately on the attitude and pronouncements of President Sukarno, who could in the event of civil war exert his great influence to support or to oppose those attempting to take over the government. To be successful, it is probable that any coup would have to preserve the person and prestige of President Sukarno. In turn, Sukarno's good will would be required to make any new government successful.

Should a coup by the present military and political opposition prove successful, the government might be expected to retain its present form. Elections probably would be held, and the resultant government

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would undoubtedly be dominated by the Masjumi and other parties of the present opposition. The parties now represented in government would not be eliminated, except insofar as they proved incapable of obtaining support at the polls. Foreign and domestic policies would not be affected greatly. Indonesia would continue to adhere to its "independent" foreign policy but would probably be inclined to shift emphasis toward the West, as under governments before the present government, and away from the present tendency for the counterbalancing of every move toward the West with a move toward the East. Emphasis would be placed on more rational economic policies, while personnel changes could be expected in many ministries. It is unlikely that the Communist party would be outlawed, although government policy would be to keep that party closely under control.

Should the coup fail, it is probable that the organizations now opposing the government would be systematically destroyed or checkmated.

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