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6 December 1954

## MEMORANDUM FOR THE BOARD

SUBJECT : New estimate on Indonesia

ATTACHMENT: Draft Terms of Reference

1. A new estimate on Indonesia, replacing NIE 65-54 of May 1954, is presently scheduled for preparation in the second quarter of 1955. However, we have noted widespread concern over Indonesian developments among members of the intelligence community, especially during the recent preparation of NIE 10-7-54, as well as sentiment on their part for preparation of a new estimate in the first, rather than the second quarter of 1955.

2. We agree that an Indonesian estimate should be produced in the first quarter and have recommended an appropriate change in the Estimative Program now in the process of Quarterly revision. We feel we should get an early start on the paper, thus allowing time for a thorough job on the contributions while meeting a publication date of around 15 February 1955. Accordingly, we submit the attached draft Terms of Reference for Board action.

James C. Graham

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## CENTRAL INTELLIGENCE AGENCY

6 December 1954

SUBJECT: TERMS OF REFERENCE: NIE 65-55: PROBABLE DEVELOPMENTS IN  
INDONESIA THROUGH 1955

## THE PROBLEM

To assess the current situation and to estimate probable developments in Indonesia through 1955, with particular respect to Communist strength and influence.

## QUESTIONS BEARING ON THE PROBLEM

I. PRESENT SITUATION

With respect to the following questions, indicate in particular the significant developments therein of the past seven months\*:

A. Government and Politics

1. How efficient is the present government? How successful has it been in imposing its will on the country at large? In carrying out its desired programs?
2. What is the present balance of political forces?

\* The period since the publication of NIE 65-54: "The Probable Outlook in Indonesia through 1954," 19 May 1954.

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- a. What is the composition and cohesion of the government parties? Of the opposition parties?
- b. What policy and personality issues divide the government and non-government parties?
3. Who are the present dominant personalities in Indonesian political life? What, briefly, are their influence, characters, abilities, and political orientations?
4. How accurately does present party representation reflect literate public opinion? What attitudes exist toward the government? How responsive is government and politics to these attitudes?

B. The Communist Situation

1. What is the present nature and extent of Communist influence in parliament? To what extent is the government dependent upon PKI parliamentary support? What influence does the PKI have in other political parties?
2. What influence do Communists, or believed Communists, have in the cabinet? In the bureaucracy?
3. To what extent can it be established that Communists, or believed Communists, have been influencing government

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- policy? To what extent have government policies been paralleling, or benefiting Communist policies?
4. What changes have taken place in Communist influence in the armed forces? In the police forces?
  5. Who are the principal Communists, or believed Communists, in Indonesian government and politics?
  6. What changes have taken place in the numerical strength of the PKI? In its estimated voting strength?
  7. What changes have taken place in Communist influence in such groups as labor, veterans, youth, and peasants?
  8. What progress have Communist-oriented officials made in organizing and arming PERBESPI?
  9. What changes have taken place in Communist influence in dissident and guerrilla groups?
  10. What changes have taken place in Communist objectives and programs?
  11. What developments have occurred in PKI relations with Moscow and Peiping?
  12. What are present Communist capabilities to take over the government, either constitutionally or by force?

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13. In sum, what has been the nature and extent of Communist success in increasing Communist influence in Indonesia since the present government took office in July 1953? What trends exist at present? To what extent, if at all, have Communist advances awakened non-Communist elements, in and out of government, to the dangers involved?

C. Foreign Affairs

1. What have been the principal developments of the past seven months in the government's orientation? Its principal foreign policies?
2. In what manner have the actions and attitudes of the government, and of the public, been affected in the past seven months by the Geneva Conference? The Manila Pact? Other Asian developments?

D. Economic Situation

What have been the principal developments of the past seven months with respect to foreign trade and balance of payments? Foreign aid and foreign investment? Fiscal policies? Price and consumption levels?

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E. Military and Police Forces

In addition to Communist influence discussed above, what have been the principal developments of the past seven months with respect to organization of the military and police forces? Effectiveness of these forces?

II. PROBABLE DEVELOPMENTS

1. Assuming the present government or one of similar composition remains in office until elections are held, sometime in 1955, what trends are likely in this interval with respect to:
  - a. Communist influence in government?
  - b. Government efficiency and effectiveness?
  - c. Government policy toward foreign capital and economic assistance? Toward foreign military assistance?
  - d. Suppression of dissident and guerrilla groups?
  - e. Creation of a stronger and more unified opposition to the government?
  - f. Preparations and prospects for national elections in 1955?
  
2. What is the likelihood that the present government will fall, prior to elections, as a result of adverse parliamentary action? Should it fall:

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- a. What would be the probable political complexion of a subsequent government?
  - b. What would be the principal domestic and foreign policies of such a government?
3. Should the present government or one of similar composition continue in power until the eve of elections sometime in 1955, what is the likelihood that non-Communist opposition elements will attempt extra-legal action during this period to gain power?
- a. What would be the most likely event or series of events which would touch off an attempted coup?
  - b. Who might be the leaders, and what military and political groups might join in the attempted coup? What would be their strength?
  - c. Would such a coup be successful?
  - d. What would be the composition of a resultant government if such a coup were successful? What domestic and foreign policies might be expected?
  - e. What affect would a successful non-Communist coup have on Communist capabilities and subsequent courses of action in Indonesia?
  - f. What developments might be expected in Indonesia should a coup fail?

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F. Elections

1. What is the likelihood that elections will be held in 1955? What will be their probable outcome?
2. How would each of these election contingencies:  
(a) opposition election victory; (b) election results which continued approximately the present political balance; or (c) great Communist election gains, affect:
  - a. Subsequent political stability?
  - b. Governmental efficiency and composition?
  - c. Subsequent government domestic and foreign policies?
  - d. Communist capabilities and courses of action in Indonesia?
  - e. Non-Communist capabilities and courses of action in Indonesia?
3. What would be the consequences of postponement of the elections beyond 1955?

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