

SEP 8 1953

~~SECRET~~
SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY

8 September 1953

SUBJECT: SE-51: THE SIGNIFICANCE OF THE NEW INDONESIAN GOVERNMENT
(Draft for Board Consideration)

THE PROBLEM

To estimate the significance of the newly established government in Indonesia with particular reference to indications of probable future trends.

(NOTE: This estimate addresses itself solely to the significance of the Indonesian cabinet which took office on 1 August 1953. It does not supersede NIE-77, "Probable Developments in Indonesia," which was published on 11 June 1953. We believe that NIE-77 still contains our best estimate concerning the general course of Indonesia developments.)

CONCLUSIONS

1. The Indonesian cabinet which took office on 1 August 1953 is more leftist than any preceding Indonesian government. Eight important ministries are held by individuals who will probably respond on many issues to Communist influence. However, none of these ministers is believed to be subject to direct Communist discipline and control, and there are no known Communist Party members in the present cabinet.

~~CONFIDENTIAL~~

SECRET

2. Because the present Indonesian government has only a slim parliamentary majority and because any radically leftist action would probably bring a sharp rightist reaction, possibly including a rightist coup, we believe that this cabinet will proceed cautiously with a moderate program similar to that of preceding governments. We believe that under these circumstances the government will stay in office for at least six months and possibly longer.

3. After this initial period of six months or so, the tenure of the cabinet will become considerably more uncertain. During this period, the moderate political groups will probably become unified in their opposition to the cabinet. Moreover, the government will find it necessary to deal with controversial issues which caused the fall of the previous government.

4. The present cabinet came into power largely as a consequence of political maneuvering between the two major Indonesian political parties. We do not believe that this action signifies that Indonesia has swung sharply to the left or that Communist domination is imminent. However, the Communists have been given an opportunity to extend their influence gradually throughout the Indonesian bureaucracy, the armed forces, and the police, and so long as this government remains in power they will continue to do so.

5. It is impossible to estimate with confidence the probable future trends in Indonesian political developments. However, we

SECRET

believe, on the basis of present indications, that the Communists will not achieve a dominating position in Indonesia, either through armed force or political action. On balance, we believe that the moderate nationalist elements which have been predominant in previous Indonesian governments will return to ascendancy and will be able to maintain their position for the indefinite future.

DISCUSSION

Formation and Position of the New Cabinet

6. On 2 June 1953, the Indonesian cabinet unexpectedly resigned. This action was largely the result of an intensification of the political conflict between the two major Indonesian political parties, the Nationalist Party and the Masjumi, both of whom were represented in the cabinet. This struggle for power prolonged the formation of a new Indonesian cabinet by nearly eight weeks, during which time the Nationalist Party sought to achieve a dominant role in the new government in order to enhance its political position before national elections were held. To help counter the popular strength of the Masjumi, the Nationalist Party was willing to accept the support and cooperation of the Communist Party. On the other hand, the Masjumi, alarmed by the growing cooperation between the Nationalist Party and the Communist Party, sought to relegate the Nationalist Party to a less dominant position in the new cabinet.

7. With the aid of Communist parliamentary support, the Nationalist Party won the struggle on 1 August. The cabinet which the Nationalists formed is more leftist than any preceding Indonesian government. Eight

SECRET

important ministries are held by individuals who will probably respond on many issues to Communist influence. However, none of these ministers is believed to be subject to direct Communist discipline and control, and there are no known Communist Party members in the present cabinet. For the first time, an Indonesian cabinet does not include the Masjumi, the party with the most Parliamentary strength and the greatest public support.

8. The Prime Minister and the ministers of Foreign Affairs, Economic Affairs, and Finance are members of the Nationalist Party. Except for Prime Minister Ali, all these ministers belong to the Party's left wing. The ministers of Defense, Finance, Labor, and Agriculture have pro-Communist convictions and will probably be willing, as circumstances permit, to work with the Communists on many issues. The ministers of Foreign Affairs, Justice, Communications, and Education will probably, either through a desire for political advancement or through naivete, work with the Communists from time to time. However, the pro-Communist tendencies of these eight cabinet members will be held somewhat in check by the Prime Minister and the other eleven members of the cabinet, who can exercise considerable influence in opposing radical policies by threatening to resign. Such resignations would probably cause the fall of the cabinet. Under these circumstances, there appears to be no immediate possibility that the Communists can use these ministers to obtain dominance in Indonesia.

SECRET

SECRET

9. The parties represented in the cabinet have a total of 92 votes out of 210 active Parliament members. Votes of the opposition parties -- Masjumi, Socialist, Christian, and Democratic -- total 80. Eight out of 15 independent votes will probably go to the government, giving the government parties 100 votes, six votes short of a majority. The Communist Party of Indonesia and the Communist-dominated labor union have already indicated that they will support the government with their 19 votes. Thus, the cabinet must rely on Communist support to win Parliamentary approval of any controversial measure. The ability of the Communists to make use of this situation will be conditioned by the necessity of avoiding any radical policy which might split the cabinet and cause it to fall. The Parliamentary position of the cabinet is made further uncertain by the fact there is poor party discipline among its supporters. It is quite possible that the opposition, containing as it does three of the most disciplined parties in Parliament, might gain sufficient votes unexpectedly on almost any issue, causing the government to fall.

The Significance of the New Cabinet in Indonesian Political Development

10. One aspect of the parliamentary maneuvering which led to the formation of this cabinet may have favorable effects. The final break between the Masjumi and the Nationalist parties occurred at least in part over the question of cooperating with the Communists. This may lead to a sharp division between anti-Communist and pro-Communist groups in Indonesia. It already appears that the Masjumi is taking

CONFIDENTIAL

SECRET

SECRET

the lead in unifying an anti-Communist opposition of all parties not represented in the cabinet. It is possible that Vice-President Hatta, long known as a pro-American and anti-Communist, will be the leader of the anti-Communist forces.

11. The formation of the new cabinet has had an impact on the political position of President Sukarno, and this in turn may significantly affect the political development of Indonesia. For motives that are not yet clear, Sukarno accepted this cabinet after refusing one of similar composition and after refusing to seek expedient solutions which he called unconstitutional. This action has brought Sukarno's reputation for being above party considerations into question for the first time. He will probably be regarded henceforth as more sympathetic to the Nationalist Party than any other. This will inevitably reduce his prestige and his effectiveness as the strongest unifying force in Indonesian political life.

The New Cabinet's Program

12. The program announced by the new cabinet is similar to the programs of its predecessors. The program stresses domestic security, the importance of holding general elections, an economic policy based on the welfare of the common people, an independent foreign policy, and a revision of the relationship between Indonesia and the Netherlands.

13. The problem of domestic security was given first place in the government program, including a pledge to destroy the Darul Islam,

the armed Moslem dissident group which constitutes the most serious threat to Indonesian internal security. President Sukarno has indicated that the campaign will also include certain Communist-controlled groups. However, because an all-out campaign would require a basic reorganization and strengthening of the armed forces, a step which has become the most controversial political issue in Indonesia, it is likely that only limited action will be undertaken against Darul Islam. Concurrent with such action, the Nationalist Party and the Communists will seek to weaken popular support for the Masjumi, charging that collaboration exists between Darul Islam and the Masjumi.

14. The new program calls for the immediate holding of general elections for Parliament and a constituent assembly as required by the election law passed by the last session of Parliament. However, considering the other problems confronting the new government and the many obstacles to be removed before elections can be held,* the elections will probably be delayed now until mid-1955.

* NIE-77, "Probable Developments in Indonesia", published 11 June 1953, page 9, para. 51.

51. We believe that the national elections, although complicated and delayed by numerous technical problems, probably will be held sometime during 1954. The government's ability to maintain at least the present degree of internal security is a critical factor in carrying out the election plans. Also, even though the election law has been passed, regulations to implement the basic law must be formulated and acted on, and the generally illiterate population must be educated and otherwise prepared to carry out its franchise. Various groups which sought to delay adoption of the basic elections law probably will raise other difficulties to present, or at least delay, the promised elections. In this situation, much will depend on the actions of a few political leaders, whose personal goals and motives are not readily discernible.

SECRET

15. The cabinet's announced economic program provides little definite indication of the government's intentions. Little change is expected in agricultural policies. No definite statement was made regarding foreign investment or nationalization of estate or other foreign holdings, but the new government will probably follow a policy less favorable to foreign investors, particularly with respect to labor legislation. The government has announced that it will seek to regulate the use of foreign exchange in a manner "more advantageous to the masses," a policy which might lead to an increase in the balance of payments deficit and in inflationary pressures.

16. The new government has indicated that it will in general follow the existing foreign policy but will give even greater emphasis to Indonesia's "independent" position. Stress has already been laid on the importance of establishing closer relations with the Soviet Bloc in order to counterbalance those now existing with the West. Arrangements will probably be made soon to open an embassy in Moscow, an action approved by the Parliament under the previous cabinet. Attempts will probably be made to increase trade with the Soviet Bloc, but significant results are not likely. Concerning US aid, the foreign minister has announced that the agreement to receive technical assistance will be continued but will be reviewed in order to determine how advantageous it is to Indonesia. Other foreign policy objectives are likely to be: (a) the negotiation of a bilateral treaty with Japan to supplant the San Francisco treaty which the Indonesians signed but

CONFIDENTIAL

did not ratify; (b) a revision of the relationship between the Netherlands and Indonesia, replacing the existing Round Table Agreements of 1949 with normal international treaties; and (c) a renewal of demands that Western New Guinea become part of Indonesia.

Probable Developments

17. We believe that the cabinet will move slowly in carrying out its program. Its Parliamentary support is too meager to risk quick or decisive action on long-standing controversial issues. The government will find it particularly difficult to initiate an all-out campaign to eliminate the Darul Islam or to effect a radical reorganization of the armed forces command.

a. An all-out attack on the Darul Islam, would probably have some support from the public, the armed forces, and those political groups represented by the Nationalists and the Communists. However, such action would probably cause the Moslem representatives in the cabinet and their parties in Parliament to withdraw their support of the government, thus precipitating its overthrow.

b. The present government will almost certainly not take decisive steps to resolve the controversial issue of reorganization and modernization of the armed forces. Moreover, it is probable that the cabinet will not attempt a sweeping change in the armed forces command. Any sweeping moves in this direction,

CONFIDENTIAL
SECRET

SECRET

particularly if they involved appointing Communists or Communist sympathizers, would probably be strongly opposed by a majority of the army, fifty percent of the National Police Brigade; the bulk of the air force; and possibly the navy.

18. If the cabinet proceeds toward its goals slowly and cautiously, it is not likely to fall during the next six months or more. The opposition in Parliament does not have sufficient strength to defeat the cabinet, particularly so long as the Communists continue to support the cabinet. The opposition is in a particularly difficult position because it has supported a similar program and where it does disagree with the cabinet, it is advocating policies which have little popular support, i.e., measures to attract foreign investment and increase economic austerity.

19. However, beyond this period, the tenure of the cabinet will become considerably more uncertain because:

a. The government will be under steady pressure from the Communists to place pro-Communist individuals in key positions in the bureaucracy, the armed forces, and the police. As this occurs, the anti-Communist opposition may be able to convince the conservative members of the groups now represented in the government of the Communist danger. Internal dissension in the cabinet or an adverse vote in the Parliament might then cause the government to fall.

SECRET

b. The present cabinet must cope with the same controversial issues which caused the overthrow of the previous government. In view of its slim majority in Parliament, the government will run the risk of incurring an adverse vote which would cause its fall any time it seeks to deal with these issues. Moreover, prolonged inaction in handling these issues would probably also lead to the fall of the cabinet.

c. Indonesia's economy is in precarious condition at present. Either through inexperience or leftist pressure, the present government might not deal effectively with a developing economic crisis. Such failures would lead to its overthrow.

20. As long as the present cabinet remains in power, the Communists will be in a position gradually to increase their influence. They will attempt to strengthen their position by (1) infiltrating the Nationalist and other parties in the government; (2) placing Communists and Communist sympathizers in important positions in the various ministries and in the armed forces; and (3) improving their chances for popular support in the forthcoming elections. The Communists will be able to exert considerable influence over the cabinet because of the latter's dependence on Communist support in Parliament. However, we do not believe that through such measures the Communists will be able to gain control over the government during the life of this cabinet.

- 11 -
SECRET

SECRET

21. Over the longer run, it is impossible to estimate with confidence the probable future trends in Indonesian political developments. However, we believe, on the basis of present indications, that the Communists will not achieve a dominating position in Indonesia, either through armed force or political action. On balance, we believe that the moderate nationalist elements which have been predominant in previous Indonesian governments will return to ascendancy and will be able to maintain their position for the indefinite future.