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SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY

14 August 1953

SUBJECT: TERMS OF REFERENCE: NIE-77/1: THE SIGNIFICANCE OF
THE NEW INDONESIAN GOVERNMENT

THE PROBLEM

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

A. How did the present government come to power?

1. Why was the present government accepted? Does it represent a significant change in the political trend in Indonesia?

2. What role did President Sukarno play? Does his acceptance of this leftist government indicate a change in his political orientation? Have his actions affected his position in Indonesia?

3. What has been the role of Vice-President Hatta?

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B. What is the political composition and strength of the new government?

1. What is composition of the new government? What are the relationships of the Cabinet with one another and what are their individual relationships with Sukarno and Hatta?
2. What is the extent of the support for the new government in the:
 - a. Parliament
 - b. Civil service
 - c. Armed forces and national police
 - d. General public.
3. To what extent does the new government enhance the ability of the Communists to influence policy? What is the Communist strength or ability to influence policy and action in the following:
 - a. Parliament
 - b. the Cabinet
 - c. the leadership of the armed forces and the national police force
 - d. the permanent staffs in the ministries and governmental departments

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- e. the Nationalist Party; other parties
- f. the labor movement?

What is the potential for Communists to increase their influence in these various governmental organs and political groups?

C. What policies will probably be adopted by the new government?

1. With respect to domestic issues and problems:

- a. Suppression of dissident groups, principally the Darul Islam and the insurgents in the South Celebes.
- b. The holding of national elections.
- c. Estate policy, particularly with respect to resettlement of squatters in North Sumatra and to possibility of nationalization of estates.
- d. Other economic policies.

2. With respect to issues and problems involving Indonesian external relations:

- a. continued acceptance of US assistance;

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- b. ratification of the Japanese peace treaty;
- c. position with respect to Communist Chinese UN membership;
- d. continuation of the Netherlands-Indonesian Union and the Round Table Agreements;
- e. political and economic relations with Soviet Bloc countries;
- f. position with respect to existing and possible new foreign investment;
- g. others.

D. What would be the probable course of developments in Indonesia over the next six months if the new government were to:

- a. adopt a radical, leftist program and seek its rapid implementation;
- b. adopt a radical, leftist program but seek its implementation gradually over a six months period or longer, meanwhile seeking to replace leaders in the armed forces and key personnel in the ministries with persons loyal to the new government;

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- c. continue along the general lines followed by the preceding government without attempting any radical changes?

E. What is the likely duration of the new government? What would be the probable composition of a successor government?

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