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30 July 1966

No. 1885/66

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INTELLIGENCE MEMORANDUM

THE NEW INDONESIAN CABINET

DIRECTORATE OF INTELLIGENCE

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
30 July 1966

INTELLIGENCE MEMORANDUM*

The New Indonesian Cabinet

Summary

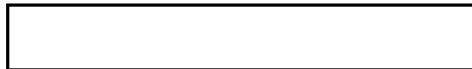
The new Indonesian cabinet installed on 23 July is a further victory for army chief General Suharto over President Sukarno. Though Sukarno had strongly objected, Suharto heads the cabinet, and the other two members of the triumvirate which directed the previous government--Adam Malik and the Sultan of Jogjakarta--have also been retained. The cabinet represents a compromise between the army and the political parties, and to some extent with Sukarno. It is perhaps weak in the economic sphere, but it is nonetheless better than any other Indonesian government of the past several years.

The triumvirate presumably will continue to pursue the policy objectives established by the preceding cabinet. These include the suppression of Communism, economic stabilization, and, through a "free and active" foreign policy, the re-establishment of friendly relations with the West and the search for economic assistance from both Western and bloc countries.

With the domestic political situation now largely responsive to army control, non-Communist civilian elements will expect the cabinet to take

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effective measures to reverse Indonesia's severe economic deterioration. Apparently this is equally the hope of the government. Though economic conditions seem likely to get worse before they can start to improve, the Indonesians will probably be able to scrape by for at least several months on their new limited foreign credits and with some intragovernment manipulation of funds. Their hope is that creditor nations will agree to ease the schedule of payments on Indonesia's large international debt and that arrangements can soon be made for large-scale foreign economic assistance.

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1. The 27-member Indonesian cabinet which was installed on 28 July is, as had been anticipated, a victory for army chief General Suharto in the prolonged effort to reduce President Sukarno's authority and prestige. Not only does Suharto head the cabinet, but the other two members of the triumvirate which directed the preceding government--Adam Malik and the Sultan of Jogjakarta--have also been retained. Though much opposed by Sukarno, this triumvirate is a team that works well together and is a combination uniquely acceptable to the army and to much of the nation.

Presidium

2. Suharto is both chairman and member of the cabinet "presidium" of five "first ministers." Each of the first ministers presides over a group of portfolios. Suharto supervises the defense and security sector of the cabinet, and, as army commander, holds the army portfolio. Adam Malik, who aside from Suharto is probably the ablest man in the cabinet, presides over the political affairs sector and also holds the post of foreign minister. The Sultan of Jogjakarta holds no portfolio, but as first minister for economics and finance he will supervise six ministries. The other two first ministers, neither of whom holds a portfolio, are representatives of Indonesia's two largest parties--Chalid of the Nahdatul Ulama (NU) and Sanusi of the National Party (PNI). Chalid has under him the ministries associated with people's welfare. Sanusi will supervise the ministries of industry and development.

Triumvirate

3. The triumvirate remains the core of the cabinet. Suharto and the Sultan, both Javanese, bring to the government the strength of the army on the one hand and the prestige of an enlightened aristocrat on the other. Both also contribute a fine understanding of the complexities of Javanese life. Adam Malik, a Sumatran, represents the outer islands and brings to the cabinet a courageous and clear-sighted statesmanship.

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4. Each triumvirate member has his roots in the Indonesian struggle for independence. Malik, who was politically active before World War II, has the longest record of sustained effort. Suharto had an excellent military record in the war against the Dutch, and he participated in the suppression of the 1948 Communist revolt at Madiun in East Java. The Sultan strongly supported the independence revolution and it was he who, as acting prime minister in 1949, accepted the transfer of sovereignty from the Dutch in Djakarta.

5. Neither Suharto nor the Sultan has ever been affiliated with a political party, but both lean toward secular nationalism. Malik has almost no organized political following--a fact which endears him to Suharto and at the same time relieves him of the need to accommodate factions loyal to him. Malik is strongly oriented toward pragmatic socialism and, in his capacity as supervisor of political affairs, is currently encouraging a movement called "Pantjasila Socialism." The Moslem parties dislike Malik, fearing that his presence in the cabinet presidium may prejudice their own political future. All of the triumvirs are Moslems, with Malik probably the most devout of the three.

Cabinet Composition

6. The composition of the cabinet is a compromise among the army, the political parties, and Sukarno. The only major army accommodation of Sukarno, however, is the inclusion of Chalid, the corrupt and opportunistic chairman of the NU. The cabinet is a disappointment to some Indonesians, including Adam Malik, who had hoped for a government of well-qualified technicians. These critics complain that the lack of expertise in certain cabinet posts is the result of concessions to Sukarno.

7. Political parties play a secondary role to that of the army in the cabinet, but they still have a stronger position in the government than they have had for several years. Five parties hold eight portfolios. The NU, the PNI, and the small Catholic Party have two each; the Christian (Protestant) Party and the pro-Army Association of Supporters for Indonesian Independence (IPKI) have one each.

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8. Suharto claims that political participation in the government is based on the main currents of Indonesian society. He has characterized these currents as consisting of nationalists, religious groupings, and "Pantjasila Socialists," thus preserving the NASASOS variation of Sukarno's rallying cry NASAKOM. (NASAKOM is an acronym formed from the Indonesian words for nationalism, religion, and Communism; NASASOS is a similar acronym for which socialism is substituted for Communism.)

9. Military officers--including representatives of the army, the navy, the air force, and the police--hold 12 portfolios. Six of these--army, veterans' affairs, home affairs, trade, agriculture, and basic and light industries--are held by army officers.

10. The economic and finance sector under the Sultan of Jogjakarta appears to be the weakest area of the cabinet and has been the chief target of Malik's complaints. Malik fears that the people given economic portfolios--some military officers and some so-called technicians--are not equal to their tasks. Other sources have questioned the technical competence of several of these ministers and have characterized some as opportunistic or corrupt. The Sultan himself brings integrity and prestige to the cabinet but no economic training. The possibility remains, however, that trained economists will fill high-ranking civil service positions immediately below the ministerial level.

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11. Indonesia's economy inevitably will become a political problem, since the pace of economic recovery is bound to be slow and will be regarded as unsatisfactory by many Indonesian elements. The Sultan's prestige may prove of considerable political value as economic difficulties continue. Although the inclusion of economic ministers who lack the normal requirements for such posts may be in part the result of concessions to Sukarno, the appointments may also indicate a decision by Suharto to seek unorthodox means to continue the government's hand-to-mouth existence. Several of the ministers are reported to have proved themselves adept at

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coming up with operating funds for the government in the period of near chaos following the coup attempt of last October, and Suharto may hope they can repeat this performance in the immediate future.

Cabinet Policy

12. The nation's highest policy-making body, the Provisional Consultative People's Assembly (MPRS), in June laid down a broad four-point program for the next government. This program, which followed policy lines already established by the preceding cabinet, called for solving the economic situation, for following an independent and active foreign policy, and for holding general elections. It also gave lip service to the continued struggle against "colonialism, imperialism, and neocolonialism."

13. The triumvirate presumably will continue its established policies. Domestically, Suharto has worked for a partial return to constitutional government, the maintenance of some restrictive political controls, an accommodation--within the framework of army policies--of the wishes of the various non-Communist groups, the gradual reduction of Sukarno's power and prestige, and the continued suppression of the Communists. Elections are to be held sometime before July 1968; indications are that the earliest possible date is late 1967.

14. In foreign policy, Indonesia is resuming friendly relations with the West and has sharply disengaged from Sukarno's pro-Peking policy. Foreign Minister Malik hopes Indonesia can resume active membership in the United Nations this September. Indonesia is reducing its diplomatic presence in Africa, and for the present at least shows little interest in maintaining Sukarno's ambition for leadership in the Afro-Asian world.

15. The cabinet will probably continue its moves toward ending the three-year confrontation with Malaysia and Singapore. Talks with Malaysia in late May produced an agreement to end hostilities, though Djakarta has so far failed to sign the agreement, claiming that the Indonesian domestic political situation does not permit this. Djakarta

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recognized the government of Singapore in early June and has sent a mission there to discuss the resumption of trade. Indications are that Indonesia desires the economic and diplomatic benefits that would come from an end of confrontation.

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16. In the economic realm, Suharto and his colleagues have curtailed injudicious domestic spending and have negotiated limited credits from several Western nations. Indonesia has applied for readmission to the International Monetary Fund and the World Bank. It has agreed to the demand of Western creditor nations that any rescheduling of Indonesia's international debt payments be decided on a multilateral basis. A meeting to discuss this debt problem is scheduled for mid-September in Tokyo, and nine or more nations probably will participate--the United States, Japan, the United Kingdom, the Netherlands, Germany, Italy, France, Australia, and New Zealand, and perhaps Canada and Pakistan.

17. Suharto and those around him, both military and civilian, base their hopes for economic progress largely on an infusion of foreign aid as a boost toward long-range stabilization and improvement of the country's economic base. The Sultan of Jogjakarta plans to visit several Western European countries in late August to discuss aid prospects and in mid-September he may attend the Tokyo meeting of Indonesia's creditors. Later in September he expects to visit the United States. Foreign Minister Malik has for some time been planning a trip to the Soviet Union to discuss the rescheduling of debt payments (the USSR is Indonesia's largest single creditor) and to explore the possibility of further Soviet economic assistance. No definite date has yet been set.

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INDONESIAN CABINET

SUHARTO, General

CHAIRMAN OF THE PRESIDIU
FIRST MINISTER FOR DEFENSE
AND SECURITY

Suharto, General

Minister for the Army/
Commander of the Army

Muljadi, Admiral

Minister for the Navy/
Commander of the NavyRusmin Nurjadin, Air
MarshalMinister for the Air Force/
Commander of the Air ForceSutjipto Judodihardjo,
Commissioner GeneralMinister for Police/Chief
of Police

Sarhini, Major General

Minister for Demobilization
and Veterans Affairs

MALIK, ADAM

FIRST MINISTER FOR POLITICAL
AFFAIRS

Malik, Adam

Minister for Foreign Affairs

Basuki Rachmat,
Major General

Minister for Home Affairs

Senoadji, Umar

Minister for Justice

Diah, Burhanuddin Mohammed

Minister for Information

SULTAN OF JOGJAKARTA,
BUWONO IXFIRST MINISTER FOR ECONOMICS
AND FINANCEAshari Danudirdjo,
Major General

Minister for Trade

Seda, Frans

Minister for Finance

Sutopo, Air Commodore

Minister for Communications

Jatidjan, Rear Admiral

Minister for Maritime Affairs

Sutjipto, Brigadier General

Minister for Agriculture

Harjosudirjo

Minister for Estates

CHALID, IDHAM

FIRST MINISTER FOR PEOPLE'S
WELFARE

Sarino Mangunpranoto

Minister for Education
and Culture

Saifuddin Zuhri

Minister for Religion

Tambunan

Minister for Social Affairs

Siwabessy, Gerrit

Minister for Public Health

Augustinus

Awaluddin Djamin,

Minister for Manpower

Brigadier General

Mobilization

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SANUSI HARDJADINATA

FIRST MINISTER FOR INDUSTRY
AND DEVELOPMENT

Jusuf, Mohammad
Major General
Sanusi, Mohammad

Minister for Basic and
Light Industries and Energy
Minister for Textiles and
Handicraft Industries
Minister for Oil and Mining
Minister for Public Works

Bratanata
Sutami

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