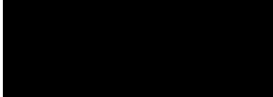


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warnings of a year and a half ago were certainly sound. Probably the best we can do is to locate another Castillo Armas, for "democratic" processes look as though they're going to work to the advantage of the Dummies.

(Hus)

Dec 57

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TRANSMITTAL SLIP		DATE	9 Dec 57
TO: General Dunford			
ROOM NO.	BUILDING		
REMARKS:			
<p>The attached memorandum drafted by [redacted] is, I believe, a good example of a prophetic insight, of which SRS has had many. In this case, the impact was partially satisfactory, in that it was taken seriously by WH Division. It was, however, treated somewhat cavalierly by ONE.</p> <p>Please return.</p> <p style="text-align: right;">MJD DBD</p>			
FROM: Chief, SRS/DDI			
ROOM NO.	BUILDING	EXTENSION	
304	2210 E St	2455	

19 June 1956

~~CONFIDENTIAL~~

MEMORANDUM FOR: Director Central Intelligence

THROUGH: Deputy Director/Intelligence

SUBJECT: The Political Situation in Guatemala

1. The Communist Party of Guatemala, which was decisively defeated two years ago, seems to be well on its way toward recovery, while the present government under Castillo Armas is displaying increasingly serious weaknesses. Although there is no reason to believe that the government is likely to be overthrown by external or internal forces within the next few months, there is good ground for concern over its longer range prospects.

2. The CP of Guatemala, outlawed since the overthrow of the Arbenz regime and harassed by the security forces of the present government, has managed to reconstitute its underground organization, to set up new cells and to recruit new members "according to plan".

It s exiled groups appear to be well entrenched in neighboring countries, especially in Mexico. They have been able to smuggle clandestine literature into the country. Some exiled officials of the Guatemalan CP hold positions in international Communist organizations. For example, the Communist labor union leaders Victor Manuel Gutierrez and Carlos Manuel Pellecar are employed in the CPAL in Mexico and by the WFTU in Prague, respectively.

3. Both in the underground inside the country and among the exiles abroad, the Communists, though a minority, appear to play a key role. As a result of better organization, stricter discipline and foreign support, they are able to continue the function of "leading minority" which they exercised so effectively during the Arbenz regime. There have been reports that "The Communists are now in control. . . They occupy more and more public posts." Or "The Communist exiles are in day-to-day contact with covert associates. . . within the present government". These reports are probably biased and exaggerated, but they indicate that at least the "negative prestige" of the Communist Party is again rising among its enemies.

4. Whatever the actual strength of the Guatemalan CP may be, it would not cause us serious concern if we could rely on the basic stability of the Castillo Armas regime. Its security forces seem to be alert against the Communist underground, as the latter is forced

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25 July 57

**SPECULATIONS ON COMMUNIST PROSPECTS
IN INDONESIA**

One of the most striking doctrinal "innovations" of the 20th CPSU Congress was the thesis that Communism could assume power in certain countries by non-violent, parliamentary means. There has been considerable speculation whether specific countries were envisaged, France and Italy being considered as possibilities.

It is the opinion of this staff that Indonesia must now be included among the possibilities for such a takeover. Whether it was so regarded by the Kremlin at the time of the 20th Congress is not clear. The recent sensational electoral gains of the PKI in Java suggest that Sukarno may already have become a captive of the Communists - willing or unwilling. The National Advisory Council, in which Communists or their sympathizers are estimated to control between one-third and two-thirds of the membership, is an instrument, almost ideal in conception, for the rapid extension of full Communist control, within the framework of "guided" parliamentary democracy. A recent report from a Communist source in Indonesia [redacted] states that the ideal of the Council was formulated by the Politburo of the PKI and passed to Sukarno to be presented as his own conception.

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The recent electoral triumphs merely emphasize what has long been visible: that the PKI is a powerfully organized Party, supplied with unlimited funds, and led by young, energetic, expertly trained activists. It has an

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AUTH: HR 70-2
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to Communist in 10 days*

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abundance of economic and social issues on which to wage effective electoral campaigns. ^{The} Seriousness with which the USSR has exploited the opportunity presented by this dynamic Party should be apparent, if only in retrospect, from the staffing of its Embassy in 1955 with many Indonesian speaking personnel.

Whether, under these circumstances, Sukarno, who is a self-proclaimed Marxist, is drifting or purposefully moving into the Communist camp, is academic. The above mentioned report says that he will in the near future announce his ^{adherence} ~~adherence~~ to the PKI. Such a gesture might hardly be necessary or even desirable from Moscow's viewpoint. That he was already sufficiently "in camp" should be apparent to anyone who has seen the motion picture coverage of his Peiping and Moscow visits.

In the opinion of SRS the following developments could rapidly occur:

1. A non-violent Communist political coup, leading to complete control of the Indonesian government *in Java.*
2. Armed uprising headed by the Communists and successfully suppressed by the Army. This would presuppose that Army could overcome its factionalism in the face of the Communist danger.
3. A violent coup leading to anarchy and prolonged civil war, with an indefinite separation of the Republic of Indonesia into autonomous "governments" of the outer islands.
4. A "Spanish Civil War situation" with internecine conflict, prolonged and exacerbated by intervention of the Communist and free world powers.

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EYES ONLY

5. A military move on the part of the Australian and Dutch governments (Hatta's view) to prevent the extension of Communist influence from Java to the outer islands.

It is clear that none of the above contingencies can be viewed by the US government with other than foreboding. It need hardly be pointed out that their repercussions would extend far beyond the Republic of Indonesia, and indeed, would be felt not only throughout Southeast Asia, but in Africa, the Middle East and Latin America. Even though the triumph were confined to Java, it would constitute the first and only example since World War II of a Communist victory accomplished by "legal" means and without the direct or indirect support of Soviet or Chinese military might.

From the viewpoint of US security interests, the situation in Indonesia is grave. The principal danger lies in Java, where the takeover by Communists is very nearly a fait accompli. On the other hand, the position in the outer islands is by no means hopeless. It would appear, therefore, that utilizing all existing vantage points, US policy should be directed toward the elimination of Sukarno and the overthrow of the National Advisory Council. Even though the immediate alternatives may not be too promising, they should be considered preferable to the present line of development. It is apparent that,

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EYES ONLY

if this judgment is correct, the US will be faced with the requirement of taking drastic political action which in all probability will have to be supported by paramilitary measures.

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Deputy Chief, SRS/DDI

EYES ONLY

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