

5 August 1953

INDONESIA

- I. Nature of crisis.
 - A. New Communist-influenced cabinet is widening cleavage between right and left.
 - B. This causing political confusion which Communists exploit.
 - C. Other results may be increasing lawlessness, a military coup, rebellion in East Indonesia, and serious economic deterioration.
- II. How this situation developed.
 - A. Split between two largest parties paved way for this cabinet.
 1. These parties, Masjumi and National, broke over latter's cooperation with Communists.
 - B. Cabinet created only through Communist support.
 1. Communists have no posts but key ministries filled by Communist sympathizers.
 2. Communist vote in parliament necessary to cabinet's parliamentary support.
- III. Vulnerability of government to Communist strategy.
 - A. Report of Communist program.
 1. Create a political impasse and then propose a "national front."
 2. "National front" eventually will be replaced by a "peoples' democracy."
 3. Communist program well under way.

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- B. Extent of Communist influence in cabinet.
 - 1. Defense, Justice, Finance and Economics headed by pro-Communists. Perhaps also foreign affairs and communications.
 - 2. Moderate premier Ali a front -- he probably cannot control his colleagues.
- C. Probable Communist-influenced cabinet policies.
 - 1. Anti-western acts like cancellation of TCA.
 - 2. Cessation of war on Communist guerrillas.
 - 3. More trade with Soviet Orbit.
 - 4. Closer diplomatic relations with Moscow and Peiping.

IV. Coming tensions

- A. President Sukarno's role and rift with Vice President Hatta.
 - 1. Sukarno's acceptance of cabinet unexpected; looks like he more leftist than hitherto thought.
 - 2. Pro-US Vice President Hatta may break with Sukarno and rally moderates to halt leftist trend.
- B. Masjumi will probably try to overthrow cabinet in parliament. Its success uncertain.
- C. Prospects for 1954 elections.
 - 1. This cabinet would try to rig or postpone them.
 - 2. Nationalists and Communists know Masjumi more popular and fear defeat in elections.

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- D. Military coup attempt is possible.
 - 1. Rightist army and police officers might try a coup or league with Moslem insurgents, the Darul Islam.
 - 2. In event of a coup attempt, however, certain military commands, particularly in East Indonesia, would remain loyal to Sukarno.
- E. Greatest danger is that no political or military action will unseat the cabinet.
 - 1. Communists could then consolidate control over the cabinet and eliminate the opposition piecemeal.
- V. Economic situation is also gloomy.
 - A. Economic deterioration is result of falling world rubber prices.
 - B. New cabinet expected to pass nationalization and labor laws crippling to industry.

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