

APPROVED FOR RELEASE  
DATE: DEC 2001

~~SECRET~~

JIMMY CARTER LIBRARY  
MANDATORY REVIEW  
CASE # NLC 00-10  
DOCUMENT # 20B

20B

CENTRAL INTELLIGENCE AGENCY  
9 March 1978

Indonesia: Indonesia under President Suharto has been stable domestically and moderate in international affairs. Its policies and style contrast markedly with those of the late President Sukarno whose flamboyant leadership and flirtation with radical communist states led to foreign adventures and economic stagnation. The present regime which assumed power in 1966 is dominated by senior army officers and this is unlikely to change for the foreseeable future, despite periodic opposition from urban intellectuals and activist Muslims. Suharto's continued tenure would only be threatened if significant elements within the senior military turned against him but despite the occasional unhappiness of particular officers over specific policies or situations there is no evidence of general dissatisfaction with the Suharto leadership among those military men who count.

Indonesia has a small but expanding modern economic sector; the country remains predominantly agricultural with two-thirds of the labor force absorbed in this relatively stagnant sector of the economy. Despite large investments of foreign capital and a reputation as a country with vast natural resources, Indonesia's per capita income remains among the lowest in Asia. Moreover Indonesia can no longer rely on the oil bonanza that has financed much of its development thus far.

Indonesia's foreign policy is dominated by the desire to produce cooperation and stability among the five-member Association for Southeast Asian Nations and to prevent great power competition in the area. Indonesia has been a moderating force in the nonaligned movement and in third world forums in general. It is deeply suspicious of China because of its presumed complicity in an abortive coup attempt in 1965. Lately the radical anti-communist stance has moderated somewhat but Indonesia has yet to lift the suspension of diplomatic relations with Peking; it also keeps Moscow at arms length.

Indonesia has depended heavily on the US for military and economic aid but this has lessened in recent years. The Indonesians are likely to seek reassurance that the US intends to continue to play a role in Asia. They will question the pressure placed on them over human rights and seek increased economic and military aid. They are also likely to bring up North/South issues in their self-professed role as a leader of the moderate camp among the underdeveloped countries.

~~SECRET~~

Copy Carter Library