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1.

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24 FEB 1954

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8-24-2-2

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21 February 1958

MEMORANDUM FOR: Chief, Psychological and Paramilitary Staff

VIA : PP/C/OPS

SUBJECT : The Asia Foundation in Indonesia

REFERENCE : IO-157 to [ ] dated 12 Feb 1958, subject:  
"The Asia Foundation's Position in Indonesia."

1. This memorandum suggests action on the part of C/PP in paragraphs 4 and 5.

2. On December 8, 1956 the Asia Foundation was requested to suspend operations by the Indonesian Government. A letter of agreement was then negotiated and signed with the Government on April 30, 1957 in which, however, activities were prohibited in four major areas (i.e. veterans, journalism, youth welfare, and labor education). In early February 1958, Communist Ministers asked for the immediate expulsion of the Foundation at a Cabinet meeting (see Reference). A compromise was apparently reached in a decision to ask the Foundation to wind up its affairs in June 1958. The Foundation has not received an official request to this effect and there is a possibility that such an ultimatum can still be forestalled.

3. The degree to which the Foundation can build an effective program in support of U.S. objectives while under continuous attack by hostile segments of the Government is slight at best, particularly during a period of political strife and societal chaos. Further, it is most doubtful that any normal Foundation would insist on continuing operations in a country where it was not generally welcome or invited, or where its financial grants were not at least graciously received.

4. IO Division has already suggested to the Station that the Foundation voluntarily withdraw if expulsion appears certain. However, even if expulsion could be averted, the objectives of U.S. foreign policy might be well served by an immediate voluntary withdrawal of the Foundation from Indonesia until such time as the Government might invite its return. Such a withdrawal should be accompanied by a request (if not demand) for a public investigation of its total operations. A Foundation brief to the investigating body should include, in particular, for its examination and findings:

a. The statement that the source of the charges against the Foundation, and the exploitation of these charges, was Communist and left-wing press; and

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b. The content of the Communist charges, namely, that the Foundation is engaged in subversive activities, is sponsored by the U.S. Government, assists only persons and organizations associated with the Socialist Party (FBI), and jeopardizes the independent policy of the Government.

In addition to the request for investigation, publicity should be given to the nature of the Foundation's work in other Asian countries and to the loss to the country occasioned by forces inimical to the welfare of the Indonesian people.

5. It should be pointed out that there is no reason to believe that the absence of TAF programs or representatives in Indonesia would impair covert capabilities in that country. It is, therefore, proposed that C/PP recommend withdrawal of the Asia Foundation's program from Indonesia.

(Signed) [ ]  
[ ]  
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