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CONFIDENTIALMemorandum of Conversation

**Participants:** The Sultan of Djogjakarta, His Highness Sri Sultan Hamengku Buwono, Coordinating Minister in charge of the Supreme Financial Inspection Board.

Ambassador Howard P. Jones  
 Ambassador Ellsworth Bunker  
 Mr. Robert Lindquist  
 Mr. Robert G. Rich, Jr. (rapporteur)

**Date:** April 6, 1963

**Place:** Office of the Supreme Financial Inspection Board,  
 Djakarta, Indonesia

The Sultan recalled that he and Ambassador Bunker had first met in New York City at the formal signing of the Indonesian-Dutch Agreement ending the West Irian dispute.

Ambassador Bunker noted that he had had two frank discussions already with President Sukarno since his arrival in Djakarta. He was aware of the importance of the Malaysian dispute and the difference in the American/Indonesian views on Vietnam, but felt that these differences of opinion should not affect our bilateral relationships. He invited the Sultan to comment on how American/Indonesian relations might be improved.

The Sultan asked if the Ambassador would be attending the opening session of the Consultative Assembly (MPRS) in Bandung on April 11. He stressed that President Sukarno's speech at this opening session would be an important one, especially in the field of economic guidelines and the role of foreign investment. Ambassador Jones noted that although the invitation had been received there was some sensitivity about American attendance as it was understood that North Korean Premier Kim Il-sung would be an especially honored guest on that occasion. The Sultan stated that he was not sure but he understood that Kim Il-sung's visit to Indonesia was postponed for some days and that Kim would not be in Bandung on April 11.

Tourism

Ambassador Jones noted that the Sultan had an active role in the past in promoting Indonesian tourism. However, under the present strained conditions of American/Indonesian relations, American tourists were shying away from coming to Indonesia. The Sultan acknowledged this was true but noted that the Indonesian tourist industry had been interrupted already several times in the past by political developments such as the 1948 rebellion, the campaign to regain West Irian, and now Indonesia's confrontation against Malaysia. Those tourists who did come now were mostly Europeans.

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### US-Indonesian Relations

The Sultan said he was not pessimistic about American/Indonesian relations but improvement would take some time and much depended on the course that confrontation against Malaysia takes. The recent American action against the Indonesian Pavilion at the World's Fair had exacerbated the situation. However, the most helpful step at present would be to bring about a reduction of anti-Indonesian propaganda in the United States. When Ambassador Jones suggested that this would have to be accomplished through actions taken in Indonesia, the Sultan replied that anti-Indonesian propaganda in the U.S. was older than anti-American propaganda in Indonesia. He claimed that Indonesian propaganda attacks on the United States did not begin until after Tunku Abdul Rahman's official visit to the U.S. in July, 1964, which resulted in the Tunku-Johnson communique promising U.S. aid to Malaysia.

The Sultan recalled that the first U.S. bombing of North Vietnam had elicited no official hostile reaction from the GOI although everyone had been expecting it. This was a sample he felt of Indonesia's considerably restrained in attacking the U.S. prior to the Tunku-Johnson communique. J

### Political Parties

Ambassador Bunker asked if the current portrayal of the United States as Indonesia's Jimmy Ho. 1 did not stem primarily from the PKI. The Sultan said: "Yes, but there are others too. As you know, the PKI now is also rather wisthy-wisthy." Ambassador Jones asked why the other political parties had moved so close to the PKI in their policies. The Sultan said the other parties did not want to be called anti-revolutionary and neither the PKI nor the MU was as stable as the PKI. They did not want to be outdone by the Communists.

### PKI-Indonesian Glashes

Despite its strength, the Sultan said, the PKI is on the defensive now in East Java and is beginning to be in Central Java. The newer Island generation is more militant than its elders, and the PKI went too far when it began desecrating mosques in rural areas. The Rebelsatul Ulama Party's youth organization ANSOR, together with the Catholic and Protestant youth organizations, walked out of a recent Youth Front meeting in Central Java. Not too long ago ANSOR would never have acted so directly in opposing the PKI. Now for the first time ANSOR is also cooperating more readily with other non-Communist groups.

The Sultan thought that much of the future of American/Indonesian relations also depends on the development of this new Island force in Indonesia. He noted that after the Afro-Asian Island conference in Bandung

Unfortunately, the Sultan's memory is inaccurate. The Tunku-Johnson communique was issued July 23, 1964, and the first Tunku Gulf Incident was not until August 4, 1964.

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In March, most of the Islamic political parties and organizations in Indonesia had issued a joint statement saying that the banning of any Islamic organization would have repercussions for them all.

Ambassador Jones asked what Suharno's view was of these developments. The Sultan replied that the President as usual was looking on to see what develops. However, the Sultan felt that the PKI's attempt to have the Moslem Student Organization IMK banned had been stupid for the present. That was important was that the President at least had not taken any action against these new militant Moslem initiatives.

### The Indonesian Military

In response to a question the Sultan said that the PKI has infiltrated some military units but these are usually broken up promptly and dispersed into other units when this occurs. The PKI claims that 50 percent of the army is now Communist but he felt that 15 percent would be the maximum.

The Sultan affirmed that the top command structure in the army was sound and said that both Yani and Nasution were non-Communist. Moreover, the leadership was still young and would be around for some time yet. In the army, factionalism had largely ended, but there still existed major problems in the navy and national police.

### Summary

The Sultan said that one of the principal economic problems was the lack of a clear single leadership over economic policy. Suharno himself did not take a very active role in this field and policy decisions are divided between Suharnoto (as head of the Supreme Economic Operations Command - BUKOP), General Soehb, Adam Malik and others. Frequently conflicting instructions and directives were issued in the economic field.

Working closely with the Coordinating Minister for Finance, Dr. Soemarno, the Sultan said he was attempting to strengthen out the financial organization of the government which at present suffered considerably from lack of coordination. He said that he was planning to propose that the control function of the Financial Inspection Board be integrated into the economic apparatus of the government so that the results of economic regulations and policies could be better gauged. At present it was necessary for the Inspection Board to go to the individual ministries to seek relevant information.

### Reasons of the Party for the Promotion of Suharnoto (1972)

Ambassador Jones asked why the MPRS had been banned. The Sultan said that the reason had been that Marxist party leader Suharnoto had gone too far. In a statement in Surabaya's Saburai had implied that Suharno would not always

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be President of Indonesia. That went too far! 2/

2/ According to press accounts, what Sukarni actually said was that Sukarno would not always be around to lead the revolution personally and that therefore the guiding spirit of the revolution must not be considered to be the President as an individual but his teachings as embodied in his speeches and writings.

FOR: RMRichJr:ds  
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