



## **The Berkeley Mafia and the Indonesian Massacre\***

**By David Ransom**

"Indonesia is the best thing  
that's happened to Uncle Sam  
since World War ."  
--a World Bank official

Indonesia, which in the past fired the imagination of fortune-hunters and adventurers as the fabled East Indies, was long regarded as "the richest colonial prize in the world." Harking back to such times, Richard Nixon described Indonesia in 1967 as "the greatest prize in the Southeast Asian area." Not too many years earlier, however, the prize had been thought all but lost to the fiery nationalist, Peking-oriented Sukarno and the three million-strong Indonesia Communist Party waiting in the wings. Then in October 1965 an unsuccessful coup and a swift move by Indonesia's generals immobilized the leader and precipitated the largest massacre in modern history, in which from 500,000 to a million unarmed communists and their peasant sympathizers were killed. When the bloodletting was over, the immense nationalist spirit of a decade had vanished, and the Indies' vast natural treasures were opened by the new regime to U.S. oil companies and corporations.

To cut the ribbon on the Indonesian side was an extraordinary team of economic ministers known to insiders as "the Berkeley Mafia." Sporting PhDs from the University of California and acting as a closely-knit clique in the councils of power, these men shaped the post-nationalist policies of the new regime. Behind their rise to eminence and power lay a saga of international intellectual intrigue, of philanthropoids and university projects, of student Generals and political Deans, and a sophisticated imperial design beyond Cecil Rhodes's wildest dreams.

### **Part I**

#### **[A Dean is Born]**

Following Japan's defeat in World War II, wars of national liberation raged in China and Vietnam. Meanwhile, far away in Washington offices and New York living rooms, Indonesian independence was being sensibly arranged. By 1949 the Americans had persuaded the Dutch that if they took action before the Indonesian revolution went the way of China, they could learn to live with nationalism and like it. And sure enough, in that year the Indonesians accepted an independence agreement, drafted with the help of friendly American diplomats. It maintained the severely war-weakened Dutch economic presence, while swinging wide the Open Door to U.S. cultural and economic influences as well.

Among those who handled the diplomatic maneuvers in those years were two young Indonesian aristocrats: Soedjatmoko, called "Koko" by his American friends, and an economist and diplomat named Sumitro Djojohadikusumo. Both were members of the upper-class, nominally socialist PSI (*Partai Sosialis Indonesia*), one of the smaller and more Western-oriented of Indonesia's

myriad political parties.

In New York the two were lionized by a group closely linked to the notorious Vietnam lobby which shortly there-after launched Ngo Dinh Diem on his meteoric career in U.S.-Vietnamese politics. The group, which included Norman Thomas, was composed of members of the Committee for Independence of Vietnam and the India League. It occupied something of a vanguard position among socialist anti-communists. "We were concerned that the United States not be caught flatfooted in the post-war necessity to create non-communist governments in Asia," explains League member, Park Avenue attorney and legal counsel for Indonesia in the U.S.. Robert Delson.

Delson squired Sumitro and "Koko" around town, introducing them to his friends in the Americans for Democratic Action (ADA) and to top anti-communist labor leaders. They also circulated in Establishment circles, particularly among members of the foundation-funded Council on Foreign Relations, the most influential elite policy-formulating group in the United States.

Distressed Indonesia's peppery nationalist leader Sukarno and the strong left wing of the Independence forces, the Americans found that, as with Diem in Vietnam, the rather bland nationalism of "Koko" and Sumitro offered a most palatable alternative. In Council on Foreign Relations parlance, they were interested in "modernizing" Indonesia, not revolutionizing it. At the Ford-funded School of Advanced International Studies in Washington in early 1949, Sumitro explained that his kind of socialism included "free access" to Indonesian resources and "sufficient" incentives for foreign corporate investment.

When independence came later that year, Sumitro returned to Djakarta to become Minister of Trade and Industry in the coalition government and then, in two later cabinets, Minister of Finance, As Minister through the early '50s, Sumitro defended an economic "stability" that favored Dutch investments. Carefully eschewing radicalism, he appointed as advisor the German Hjalmar Schacht, economic architect of the Third Reich.

Sumitro was supported by the PSI and their numerically stronger "modernist" ally, the Masjumi Party, a vehicle of Indonesia's commercial and landowning *santri* Moslems. But he was clearly swimming against the tide. The Communist PKI, Sukarno's PNI, the Army, the orthodox Moslem NU — everybody, in fact, but the PSI and Masjumi were riding the wave of post-war nationalism. In the 1955 national elections - Indonesia's first and last - the PSI polled a miniscule fifth place. It did worse in the local balloting of 1957, in which the Communist PKI emerged the strongest party.

Nevertheless, when Sukarno started nationalizing Dutch holdings in 1957, Sumitro joined Masjumi leaders and dissident Army commanders in the Outer Islands Rebellion, supported briefly by the CIA. It was spectacularly unsuccessful. From this failure in Sumatra and the Celebes, Sumitro fled to an exile career as government and business consultant in Singapore. The PSI and the Masjumi were banned.

America's Indonesian allies had colluded with an imperialist power to overthrow a popularly elected nationalist government, headed by a man regarded as the George Washington of his country - and they had lost. So ruinously were they discredited that nothing short of a miracle could ever

restore them to power.

That miracle took a decade to perform, but now Sumitro has risen once again. He serves as Minister of Trade in a new Indonesian government. And he is no longer odd man out: today he is regarded as the number two man in Indonesia, and he and his comrades are firmly in control.

The "modernist" restoration was not imposed by American troops. The secular arm of American imperium reached into Indonesian politics, often under the cloak of the CIA. But it was the hallowed private institutions of academia and philanthropy that worked the greatest wonders. For Sumitro had not simply been a minority politician and cabinet minister, but since 1951 Dean of the Faculty of Economics at the University in Djakarta. There he marshalled the young men with whom he planned to implement his program for Indonesia; there the Ford Foundation made common cause with him to do so.

### **[Institution Building]**

*"One of Sukarno's few lasting achievements was the creation of a university system (a rare instance in which foreign aid was put to good use)."*  
—*Fortune*, June 1, 1968

Ford's interest in Indonesian education began in the early '50s, but it was the Rockefeller Foundation that had pioneered the area. Just before he left the Far East section of the State Department in 1952 to become the Rockefeller Foundation's president, Dean Rusk explained the purpose behind the program. "Communist aggression" required not only that Americans be trained for work in the Far East, but that "we must open our training facilities for increasing numbers of our friends from across the Pacific."

The head of the Ford Foundation, Paul Hoffman, who launched Ford's program in educational internationalism, was no stranger to the Indonesia situation. As head of the Marshall Plan in Europe, he had cut off Marshall Plan funds, which were vital to the Dutch counter-insurgency effort, and thus assisted the birth of the first pro-U.S. Indonesian government. The Dutch themselves had practiced "indirect rule" in the Indies by simply adding their own administrators to the top of the existing aristocratic-administrative hierarchy (from which Sumitro's PSI was derived). As America supplanted the Dutch, Hoffman's Ford team laid the basis of a post-independence national bureaucracy trained to function under the new indirect rule of America - in Ford's words, to train a "modernizing elite."

"You can't have a modernizing country without a modernizing elite," explains the deputy vice president of Ford's international division, Frank Sutton. "That's one of the reasons we've given a lot of attention to university education." Sutton adds that there's no better place to find such an elite than among "those who stand somewhere in social structures where prestige, leadership, and vested interests matter, as they always do."

With the services it purchased from America's top universities, Ford managed to create a tough, sophisticated infrastructure that reached into every major power institution of Indonesian society. Students selected and molded by the Americans, trained in essential disciplines and skills, became in effect a para-

government, representing the old PSI-Masjumi parties, but in reality far stronger than they.

Ford launched its efforts to make Indonesia a "modernizing country" in 1954 with field projects out of MIT and Cornell. The scholars produced by these two projects - one in economics, the other in political development - have since effectively dominated the field of Indonesian studies in the United States. Compared to what they eventually produced in Indonesia, however, this was a fairly modest achievement. Working through the Center for International Studies (the CIA-sponsored brainchild of Max Millikan and Walt W. Rostow), Ford put together an MIT team to discover "the causes of economic stagnation in Indonesia." An interesting example of the effort was Guy Pauker's study of "political obstacles" to economic development, such as armed insurgency. Domination of natural and cultural resources by foreign institutions like Ford would be somewhat outside the theoretical frame-work of Pauker's Harvard training.

In the course of his field work, Pauker - an urbane and egocentric man - got to know the high-ranking officers of the Indonesian Army rather well. He found them "much more impressive" than the politicians. "I was the first who got interested in the role of the military in economic development," Pauker says. He also got to know most of the key civilians: "With the exception of a very small group," Pauker says, they were "almost totally oblivious" to what he called modern development. Not surprisingly, the "very small, group" was composed of PSI aristocrat-intellectuals, particularly Sumitro and his students.

Sumitro, in fact, had participated in the MIT team's briefings in Cambridge. Some of Sumitro's students were also known by the MIT team, having attended a CIA-funded annual seminar run each summer at Harvard by Henry Kissinger, now President Nixon's top foreign policy strategist. One of them was Mohamed Sadli, son of a well-to-do *santri* trader, with whom Pauker became good friends. In Djakarta, Pauker had struck up friendships with members of the PSI clan and had formed a political study group among them, whose members included the head of Indonesia's National Planning Bureau, Ali Budiardjo, and his wife Miriam, "Koko's" sister.

Rumanian by birth, Pauker had helped found a group called "Friends of the United States" in Bucharest just after the Second World War. He then came to Harvard, where he got his degree. While many Indonesians have charged the professor with having CIA connections, Pauker denies that he was intimate with the CIA until 1958, after he joined the RAND Corporation. Since then, it is no secret that he briefs and is briefed by the CIA, the Pentagon and the State Department. Highly-placed Washington sources say he is "directly involved in decision-making."

In 1954 Ford grubstaked a Cornell Modern Indonesia Project with \$224,000. With that money and subsequent Ford funds, program chairman George Kahin has built the social science wing of the Indonesian studies establishment in the United States. In Indonesia, Cornell's elite-oriented studies are what the universities use to teach post-Independence politics and history.

Among the several Indonesians brought to Cornell on Ford and Rockefeller grants, perhaps the most influential is sociologist-politician Selo Soemardjan. Selo Soemardjan is right-hand man to the Sultan of Jogjakarta, one of the strong-men of the present Indonesian regime.

Kahin's political science group worked closely with Sumitro's Faculty of Economics in Djakarta. "Most of the people at the university came from essentially bourgeois or bureaucratic families," recalls Kahin. "They knew precious little of their society." In a "victory" which speaks poignantly of the illusions of well-meaning liberals out of their depth, Kahin succeeded in prodding them to "get their feet dirty" for three months in a village. Many were to spend four years in the United States.

Together with Widjojo Nitisastro, Sumitro's leading protege, Kahin set up an Institute to publish the village studies. It has never amounted to much, except that its American advisors helped Ford maintain its contact in the most difficult of the Sukarno days.

Kahin still thinks Cornell's affair with Ford in Indonesia "was a fairly happy marriage" - less for the funding than for the political cover it afforded. "AID funds are relatively easy to get," he explains. "But certainly in Indonesia, anybody working on political problems with [U.S.] government money during this period would have found their problem much more difficult."

Kahin, one of the leading academic Vietnam doves, has irritated the State Department on occasion, and many of his students are far more radical than he. Yet for most Indonesians, Kahn's work was really not that much different from Pauker's. One man went on to teach-ins, the other to RAND and the CIA. But the consequences of their nation-building efforts in Indonesia were much the same.

### **[Berkeley East]**

MIT and Cornell made contacts, collected data, built up expertise. It was left to Berkeley actually to train most of the key Indonesians who would seize government power to put their pro-American lessons into practice. Dean Sumitro's Faculty of Economics provided a perfect academic boot camp for these political shock troops.

To oversee the project, Ford President Paul Hoffman tapped his old friend Michael Harris, a one-time CIO organizer who had headed Marshall Plan programs under him in France, Sweden and Germany. In the words of one Berkeley professor and close acquaintance, Harris was "a typical Lovestone kind of guy - the labor leader who makes a career out of anti-communist activities working with the government." Harris had been on a Marshall Plan survey in Indonesia in 1951, knew Sumitro, and before going out was extensively briefed by Sumitro's New York promoter, the Indonesian counsel, Delson. Harris reached Djakarta in 1955 and set out to build Dean Sumitro a brand new Ford-funded graduate program in economics.

This time the professional touch and academic respectability were to be provided by Berkeley. The Berkeley team's first task was to replace the Dutch professors whom Sukarno was phasing out and to relieve Sumitro's Indonesian junior faculty so that Ford could send them back to Berkeley for advanced credentials. Already at Berkeley was Sadli, who shared a duplex with MIT's Pauker. Pauker had come to head the new Center for South and Southeast Asian Studies on his way to RAND and the CIA. Sumitro's protege Widjojo led the first crew out to Berkeley.

While the Indonesian junior faculty learned American economics in Berkeley

classrooms, the professors from Berkeley set to turning the Faculty in Djakarta into an American-style school of economics, statistics and business administration.

Sukarno objected. At an annual lecture to the Faculty, team member Bruce Glassburner recalls, Sukarno complained that "all those men can say to me is 'Schumpeter and Keynes.' When I was young I read Marx." Sukarno might grumble and complain, but if he wanted any education at all he would have to take what he got. "When Sukarno threatened to put an end to Western economics," says John Howard, long-time director of Ford's International Training and Research Program, "Ford threatened to cut off all programs, and that changed Sukarno's direction."

The Berkeley staff also joined Sumitro's proteges in the effort to prevent the Faculty's being brought more in line with Sukarno's "socialism" and Indonesian national policy. "We got a lot of pressure through 1958-1959 for 'retooling' the curriculum," Glassburner recalls. "We did some dummifying up, you know - we put 'socialism' into as many course titles as we could - but really tried to preserve the academic integrity of the place." A very academic integrity, indeed.

The project, which continued for six years at a cost of \$2.5 million, had a clear, if not always stated, purpose. John Howard explains the purpose quite simply: "Ford felt it was training the guys who would be leading the country when Sukarno got out."

There was little chance, of course, that Sumitro's miniscule PSI would outdistance Sukarno at the polls. But "Sumitro felt the PSI group could have influence far out of proportion to their voting strength by putting men in key positions in government," recalls the first project chairman, a feisty Irish business prof named Len Doyle.

When Sumitro went into exile, his university carried on. His students visited him surreptitiously on their way to and from the U.S. Powerful Americans like Harry Goldberg, a lieutenant of labor boss and CIA-coordinator Jay Lovestone, kept in close contact and saw that Sumitro's messages got through to his Indonesian friends. No dean was appointed to replace him; he was the "chairman in absentia."

All of the unacademic intrigue caused hardly a ripple of disquiet among the scrupulous professors. A notable exception was the essentially conservative business professor, Doyle. "I feel that much of the trouble that I had probably stemmed from the fact that I was not as convinced of Sumitro's position as the Ford Foundation representative was, and, in retrospect, probably the CIA," recalls Doyle.

Harris tried to get Doyle to hire "two or three Americans who were close to Sumitro." One was Sumitro's friend from the MIT team, William Hollinger. Doyle refused. "It was clear that Sumitro was going to continue to run the Faculty from Singapore." But it was a game Doyle didn't want to play. "I felt," Doyle explains, "that the University should not be involved in what essentially was becoming a rebellion against the government - whatever sympathy you might have with the rebel cause and the rebel objectives."

Back home, Doyle's lonely defense of academic integrity against the political pressures exerted through Ford was not appreciated. Sent there for two years, Berkeley recalled him after one. "He tried to run things," University officials

say politely. "We had no choice but to ship him home." In fact, Harris had him bounced. "In my judgment," Harris recalls, "there was a real problem between Doyle and the Faculty."

Ralph Anspach, a Berkeley team member now teaching at San Francisco State, got so fed up with what he saw in Djakarta that he will no longer work in applied economics. "I had the feeling that in the last analysis I was supposed to be a part of this American policy of empire," he says, "bringing in American science, and attitudes, and culture . . . winning over countries - doing this with an awful lot of cocktails and high pay. I just got out of the whole thing."

Doyle and Anspach were the exceptions. Most of the academic professionals found the project - as Ford meant it to be - the beginning of a career. "This was a tremendous break for me," explains Glassburner. "Those three years over there gave me an opportunity to become a certain kind of economist. I had a category - I became a development economist - and I got to know Indonesia. This made a tremendous difference in my career."

Berkeley phased its people out of Djakarta in 1961-62, The running battle between the Ford representative and the Berkeley chairman as to who would run the project had some part in hastening its end. More important, the professors were no longer necessary; in fact, they were probably an increasing political liability. Sumitro's first string had re-turned with their degrees and resumed control of the school.

The Berkeley team had done its job, "kept the thing alive," Glassburner recalls proudly. "We plugged a hole . . . and with the Ford Foundation's money we trained them 40 or so economists." What did the University get out of it? "Well, some overhead money, you know." And the satisfaction of a job well done.

## Part 2

### [School for Soldiers]

*"The marvel is that the modernists have had  
so much of a chance to steer events.  
They got in because this military regime,  
unlike some others in the world, chose  
to make an alliance with the intellectual  
and academic community."*

— *Fortune*, June 1, 1968

In 1959 Pauker set out the lessons of the PSI's electoral isolation and Sumitro's abortive Outer Islands Rebellion in a widely-read paper entitled "Southeast Asia as a Trouble Area in the Next Decade." Parties like the PSI were "unfit for vigorous competition" with communism, he wrote. "Communism is bound to win in South-east Asia . . . unless effective countervailing power is found." The "best equipped" countervailing forces, he wrote, were "members of the national officer corps as individuals and the national armies as organizational structures."

From his exile in Singapore, Sumitro concurred, arguing that his PSI and Masjumi parties, which the Army had attacked, were really the Army's "natural allies." Without them, the Army would find itself politically isolated, he said. But to consummate their alliance "the Sukarno regime must be toppled first."

Until then, Sumitro warned, the generals should keep "a close and continuous watch" on the growing and powerful Communist peasant organizations. Meanwhile, Sumitro's Ford-scholar proteges in Djakarta began the necessary steps towards a rapprochement.

Fortunately for Ford and its image, the Army had a school: SESKOAD (Army Staff and Command School). Situated 70 miles southeast of Djakarta in cosmopolitan Bandung, SESKOAD was the Indonesian Army nerve center. There, generals decided organizational and political matters; there, senior officers on regular rotation were "upgraded" with manuals and methods picked up at the U.S. command school back in Fort Leavenworth. Kansas.

When the Berkeley team phased itself out in 1962, Sadli, Widjojo and others from the Faculty began regular trips to Bandung to teach at SESKOAD. Ford's Frank Miller - who replaced Harris in Djakarta and who, like Harris, had worked under Ford President Hoffman in Germany - says that they taught "economic aspects of defense."

Pauker tells a different story. Since the mid-'50s, he had come to know the Army General Staff rather well, first on the MIT team, then on trips for RAND. One good friend was Colonel Suwanto (not to be confused with General Suharto) . the deputy commander of SESKOAD and a 1959 Fort Leavenworth graduate. In 1962, Pauker brought him to RAND.

Besides learning "all sorts of things about international affairs" while at RAND, Suwanto also saw how RAND "organizes the academic resources of the country as consultants," Pauker says. According to Pauker, Suwanto had "a new idea" when he returned to Bandung. "The four or five top economists became 'cleared' social scientists lecturing and studying the future political problems of Indonesia in SESKOAD."

In effect, this group became the Army's high-level civilian advisors. They were joined at SESKOAD by other PSI and Masjumi alumni of the university programs - Miriam Budiardjo from Pauker's MIT study group, and Selosoemardjan from Kahin's program at Cornell, as well as senior faculty from the nearby Bandung Institute of Technology, where the University of Kentucky had been "institution-building" for AID since 1957.

The economists were quickly caught up in the generals' anti-communist conspiracy. Lieutenant General Achmad Yani, Army commander-in-chief, had drawn around him a "brain trust" of generals. It was an "open secret," says Pauker, that Yani and his brain trust were discussing "contingency plans" which were to "prevent chaos should Sukarno die suddenly." The contribution of Suwanto's mini-RAND, according to Colonel Willis G. Ethel, U.S. defense attaché in Djakarta at the time, was that the professors "would run a course in this contingency planning." Col. Ethel was a close confidant of Commander-in-Chief Yani and others of the Army high command. He even introduced them to golf.

Of course, it wasn't "chaos" the Army planners were worried about, but the PKI. "They weren't about to let the Communists take over the country," Col. Ethel says. Moreover, any but the most dense officer or advisor knew that since there was immense popular support for Sukarno and the PKI, a lot of blood would flow when the show-down came.

Other institutions joined the Ford economists in preparing the military. High-

ranking Indonesian officers had begun U.S. training programs in the mid-'50s. By 1965 some 4000 officers had been taught big-scale army command at Fort Leavenworth and counter-insurgency at Fort Bragg. Beginning in 1962, hundreds of visiting officers at Harvard and Syracuse were provided with the skills for maintaining a huge economic, as well as military, establishment, with training in everything from business administration and personnel management to air photography and shipping. AID's "Public Safety Program" in the Philippines and Malaya trained and equipped the Mobile Brigades of the Indonesian military's fourth arm, the police.

While the army developed expertise and perspective (courtesy of the generous American aid program), it also increased its political and economic influence. Under the martial law declared by Sukarno at the time of the Outer Islands Rebellion, the Army had become the predominant power in Indonesia. Regional commanders took over provincial governments - depriving the Communist PKI of its plurality victories in the 1957 local elections. Fearful of a PKI sweep in the planned 1959 national elections, the generals prevailed on Sukarno to cancel them for six years. Then they moved quickly into the upper reaches of Sukarno's new "guided democracy," increasing the number of ministries under their control right up to the time of the coup. Puzzled by the Army's reluctance to take complete power, journalists called it a "creeping coup d'état." General Nasution termed it the "Middle Way."

The Army also moved into the economy, first taking "supervisory control," then key directorships of the Dutch properties that the PKI unionists had seized "for the people" during the confrontation over West Irian in late 1957. As a result, the generals controlled plantations, small industry, state-owned oil and tin, and the state-run export-import companies, which by 1965 monopolized government purchasing and had branched out into sugar milling, shipping and distribution.

Those high-ranking officers not born into the Indonesian aristocracy quickly married in, and in the countryside they firmed up alliances - often through family ties - with the *santri* Moslem landowners who were the backbone of the Masjumi Party. "The Army and the civil police," wrote Robert Shaplen of the *New York Times*, "virtually controlled the whole state apparatus." American University's Willard Hanna called it "a new form of government-military-private enterprise."

The economists' "economic aspects of defense" thus became a wide-ranging subject. To make it even broader, the professors undertook preparing post-Sukarno economic policy at SESKOAD, too.

Deprived of their victory at the polls and unwilling to break with Sukarno, the Communist PKI tried to make a poor best of this "guided democracy," participating with the Army in coalition cabinets. Pauker has described the PKI strategy as "attempting to keep the parliamentary road open," while seeking to come to power by "acclamation." That meant building up PKI prestige as "the only solid, purposeful, disciplined, well-organized, capable political force in the country," to which Indonesians would turn "when all other possible solutions have failed."

By 1963, three million Indonesians, most of them in heavily populated Java, were members of the PKI, and an estimated 17 million were members of its associated organizations in 1963 - making it the world's largest Communist Party outside Russia and China. At Independence the party had numbered only

8000.

In December 1963, PKI Chairman D. N. Aidit gave official sanction to "unilateral action" which had been under-taken by the peasants to put into effect a land reform and crop-sharing law already on the books. Though landlords' holdings were not large, less than half of the Indonesian farmers owned the land they worked, and of these, the majority had less than an acre. As the peasants' "unilateral action" gathered momentum, Sukarno, seeing his coalition endangered, tried to check its force by establishing land reform courts which included peasant representatives. But in the countryside, police continued to clash with peasants and made mass arrests. In some areas, *saritri* youth groups began murderous attacks on peasants.

Since the Army held state power in most areas, the peasants' "unilateral action" was directed against its authority. Pauker calls it "class struggle in the countryside" and suggests that the PKI had put itself "on a collision course with the Army." But unlike Mao's Communists in pre-revolutionary China, the PKI had no Red Army. Having chosen the parliamentary road, the PKI was stuck with it. In early 1965, PKI leaders demanded that the Sukarno government (in which they were cabinet ministers) create a people's militia - five million armed workers, ten million armed peasants. But Sukarno's power was hollow. The Army had become a state within a state. It was they - and not Sukarno or the PKI - who held the guns.

The test of strength came in September 1965. On the night of the 30th, troops under the command of dissident lower-level Army officers, in alliance with officers of the small Indonesian Air Force, assassinated General Yani and five members of his SESKOAD "brain trust." Led by Lt. Colonel Untung, the rebels seized the Djakarta radio station and next morning broadcast that their September 30th Movement was directed against the "Council of Generals," which they declared was CIA-sponsored and had itself planned a coup d'etat for Armed Forces Day, four days later.

Untung's preventive coup quickly collapsed. Though he did not denounce it, Sukarno, hoping to restore the pre-coup balance of forces, gave it no support; on the other hand, the PKI had prepared no street demonstrations, no strikes, no coordinated uprisings in the countryside. For their part, the dissidents missed assassinating General Nasution and apparently left General Suharto off their list; Suharto rallied the elite para-commandos and units of the West Java division, the *Siliwangi*, against Untung's colonels. Untung's troops, unsure of themselves, their mission and their loyalties, made no stand as Suharto drove them from their strong points. It was all over in a day.

The Army high command quickly blamed the Communists for the coup. a line the Western press has followed ever since. Yet the utter lack of activity in the streets and the countryside makes PKI involvement unlikely, and many Indonesia specialists believe, with Dutch scholar W. F. Wertheim, that "the Untung coup was what its leader . . . claimed it to be - an internal army affair reflecting serious tensions between officers of the Central Java Diponegoro Division. and the Supreme Command of the Army in Djakarta . . ."

Leftists, on the other hand, assumed after the ensuing massacres and Sukarno's overthrow that the CIA had a heavy hand in the affair. Indeed, embassy officials had long wined and dined the student *apparatchiks* who rose to lead the demonstrations that brought Sukarno down. And old Indonesia hands casually mention the CIA's connections with the Army, especially with

Intelligence Chief Achmed Sukendro, who retrained his agents after 1958 with U.S. help and then studied at the University of Pittsburgh in the early '60s. But Sukendro and most other members of the Indonesian high command were equally close to the embassy's military attachés, who seem to have made Washington's chief contacts with the Army both before and after the attempted coup. And considering the make-up and history of the generals and their "modernist" allies and advisors, it is clear that at this point neither the CIA nor the Pentagon needed to play any more than a subordinate role.

The professors may have helped lay out the Army's "contingency" plans, but no one was going to ask them to take to the streets and make the generals' "revolution." Fortunately, they could leave that to their students. Lacking a mass organization, the Army depended on the students to give authenticity and "popular" leadership in the events that followed. It was the students who demanded - and got - Sukarno's head; and it was the students - as propagandists - who carried the cry of *jihād* (religious war) to the villages.

In late October, Brigadier General Sjarif Thajeb - the Harvard-trained Minister of Higher Education - brought student leaders together in his living room to create the Indonesian Student Action Command (KAMI). Many of the KAMI leaders were the older student *apparatchiks* who had been courted by the U.S. embassy. Some had traveled to the U.S. as American Field Service exchange students, or on year-long jaunts in a "Foreign Student Leadership Project" sponsored by the U.S. National Student Association in its CIA-fed salad years.

Only months before the coup, U.S. Ambassador Marshall Green had arrived in Djakarta, bringing with him the reputation of having masterminded the student overthrow of Syngman Rhee in Korea and sparking rumors that his purpose in Djakarta was to do the same there. Manuals on student organizing in both Korean and English were supplied by the embassy to KAMI's top leadership soon after the coup.

But KAMI's most militant leadership came from Bandung, where the University of Kentucky had mounted a ten-year "institution-building" program at the Bandung Institute of Technology, sending nearly 500 of their students to the U.S. for training. Students in all of Indonesia's elite universities had been given paramilitary training by the Army in a program for a time advised by an ROTC colonel on leave from Berkeley. Their training was "in anticipation of a Communist attempt to seize the government," writes Harsja Bachtiar, an Indonesian sociologist (alumnus of Cornell and Harvard).

In Bandung, headquarters of the aristocratic *Siliwangi* division, student paramilitary training was beefed up in the months preceding the coup, and *santri* student leaders were boasting to their Kentucky friends that they were developing organizational contacts with extremist Moslem youth groups in the villages. It was these groups that spearheaded the massacres of PKI followers and peasants.

At the funeral of General Nasution's daughter, mistakenly slain in the Untung coup, Navy chief Eddy Martadinata told *santri* student leaders to "sweep." The message was "that they could go out and clean up the Communists without any hindrance from the military," wrote *Christian Science Monitor* Asian correspondent John Hughes. "With relish they called out their followers, stuck their knives and pistols in their waistbands, swung their clubs over their shoulders, and embarked on the assignment for which they had long been hoping." For starters, they burnt the PKI headquarters. Thousands of PKI and

Sukarno supporters were arrested and imprisoned in Djakarta; cabinet members and parliamentarians were permanently "suspended"; and a purge of the ministries was begun.

On October 17, Col. Sarwo Edhy took his elite paratroops (known as the "red berets") into the PKI's Central Java stronghold in the Bojolali-Klaten-Solo triangle. His assignment, Hughes says, was "the extermination, by whatever means might be necessary, of the core of the Communist Party there." He found he had too few troops. "We decided to encourage the anti-communist civilians to help with the job," he told Monitor correspondent Hughes. "In Solo we gathered together the youth, the nationalist groups, the religious [Moslem] organizations. We gave them two or three days training, then sent them out to kill Communists."

The Bandung engineering students, who had learned from the Kentucky team how to build and operate radio transmitters, were tapped by Col. Edhy's elite corps to set up a multitude of small broadcasting units throughout strongly-PKI East and Central Java, some of which exhorted local fanatics to rise up against the Communists in *jihad*. Providing necessary spare parts for these radios was one of the ways the U.S. embassy found of helping the generals' anti-communist pogrom that followed.

*Time* magazine described the slaughter in Java in mid-December 1965: "Communists, Red sympathizers and their families are being massacred by the thousands. Backlands army units are reported to have executed thousands of Communists after interrogation in remote jails. . . . Armed with wide-blade knives called *parangs*, Moslem bands crept at night into the homes of Communists, killing entire families and burying the bodies in shallow graves. . . . The murder campaign became so brazen in parts of rural East Java, that Moslem bands placed the heads of victims on poles and paraded them through villages. The killings have been on such a scale that the disposal of the corpses has created a serious sanitation problem in East Java and Northern Sumatra, where the humid air bears the reek of decaying flesh. Travelers from these areas tell of small rivers and streams that have been literally clogged with bodies; river transportation has at places been seriously impeded."

Graduate students from Bandung and Djakarta were dragooned by the Army to research the number dead. Their report, never made public, but leaked by correspondent Frank Palmos - something of an insider - estimated a million victims. "In the PKI 'triangle stronghold' of Bojolali, Klaten, and Solo," Palmos said they reported, "nearly one third of the population is dead or missing." Most observers think their estimate high, positing a death toll of 3-500,000.

The KAMI students' most important task was bringing life in Djakarta to a standstill with anti-Communist, anti-Sukarno demonstrations whenever necessary. By January, with Col. Edhy back in Djakarta addressing KAMI rallies, his elite corps providing KAMI with trucks, loudspeakers and protection, KAMI demonstrators could tie up the city at will.

"The ideas that Communism was public enemy number one, that Communist China was no longer a close friend but a menace to the security of the state, and that there was corruption and inefficiency in the upper levels of the national government were introduced on the streets of Djakarta," says Bachtiar, whose scholarly output includes re-cording these activities.

The old PSI and Masjumi leaders nurtured by Ford and its professors were home at last. They gave the students advice and money, while the PSI-oriented professors maintained "close advisory relationships" with the students, later forming their own Indonesian Scholars Action Command (KASI). One of the economists, Emil Salim, recently returned with a Berkeley PhD, was counted among the KAMI leadership. Salim's father had purged the Communist wing of the major pre-war nationalist organization, and then served in the pre-Independence Masjumi cabinets.

In January the economists made Djakarta headlines with a week-long Economic and Financial Seminar at the Faculty. "Principally . . . a demonstration of solidarity among the members of KAMI, the anti-Communist intellectuals, and the leadership of the Army," Bachtiar says, the seminar heard papers from Gen. Nasution, Adam Malik and others who "presented themselves as a counter-elite challenging the competence and legitimacy of the elite led by President Sukarno."

It was Djakarta's post-coup introduction to Ford's economic policies.

In March Suharto stripped Sukarno of formal power and had himself named Acting President, tapping old political warhorse Adam Malik and the Sultan of Jogjakarta to join him in a ruling triumvirate. The generals whom the economists had known best as SESKOAD - Yani and his brain trust - had all been killed. But with the help of Kahin's protégé, Selosoemardjan, they first caught the Sultan's and then Suharto's ear, persuading them that the Americans would demand a strong attack on inflation and a swift return to a "market economy." On April 12, the Sultan issued a major policy statement out-lining the economic program of the new regime - in effect announcing Indonesia's return to the imperialist fold. It was written by Widjojo and Sadli.

In working out the subsequent details of the Sultan's program, the economists got aid from the expected source. When Widjojo got stuck in drawing up a stabilization plan, AID brought in Harvard economist Dave Cole, fresh from writing South Korea's banking regulations, to provide him with a draft. Sadli, too, required some post-doctoral tutoring. According to an American official, Sadli "really didn't know how to write an investment law. He had to have a lot of help from the embassy." It was a team effort. "We were all working together at the time - the 'economists,' the American economists, AID," remembers Calvin Cowles, the first AID man on the scene.

By early September the economists had their plans drafted and the generals convinced of their usefulness. After a series of crash seminars at SESKOAD, Suharto named the Faculty's five top men (the "Berkeley Mafia") his Team of Experts for Economic and Financial Affairs, an idea Ford man Frank Miller claims as his own.

Armed with Sadli's January 10, 1967, investment law, the economists could put on their old school ties and play host to the lords of the great American corporations. In August the Stanford Research Institute - a spin-off of the university-military-industrial complex - brought 170 "senior executives" to Djakarta for a three-day parley and look-see. "The Indonesians have cut out the cancer that was destroying their economy," an SRI executive later reported approvingly. Then, urging that big business invest heavily in Suharto's future, he warned that "military solutions are infinitely more costly."

In November, Malik, Sadli, Salim, Selosoemardjan and the Sultan met in

Geneva with a select list of American and European businessmen flown in by Time-Life. Surrounded by his economic advisors, the Sultan ticked off the selling-points of the New Indonesia - "political stability ... abundance of cheap labor . . . vast potential market . . . treasure house of resources." The universities, he added, have produced a "large number of trained individuals who will be happy to serve in new economic enterprises."

David Rockefeller, chairman of the Chase Manhattan Bank, thanked Time-Life for the chance to get acquainted with "Indonesia's top economic team." He was impressed, he said, by their "high quality of education."

### Part III

#### [Harvard: Bringing it all back home]

*"We couldn't have drawn up a more ideal scenario than what happened. All of those people simply moved into the government and took over the management of economic affairs, and then they asked us to continue working with them."*

– Gus Papanek, Chief of the Harvard Development Advisory Service

To some extent, we are witnessing the return of the pragmatic outlook which was characteristic of the PSI-Masjumi coalition of the early Fifties when Sumitro ... dominated the scene," observed a well-placed insider in 1966. That same year, Sumitro slipped quietly into Djakarta, opened a business consultancy and prepared himself for high office. The prospect was not long in coming. Having received its bona fides from the lords of international finance, the Indonesian generals' regime was ready to name its "Development Cabinet." In June 1968 Suharto organized an impromptu reunion for the class of Ford, known in Djakarta as the "Berkeley Mafia." As Minister of Trade and Commerce he appointed Dean Sumitro (PhD, Rotterdam); as Chairman of the National Planning Board he appointed Widjojo (PhD, Berkeley, 1961) ; as Vice Chairman, Emil Salim (PhD, Berkeley, 1964); as Secretary General of Marketing and Trade Research, Subroto (Harvard, 1964); as Minister of Finance, Ali Wardhana (PhD, Berkeley, 1962) ; as Chairman of the Technical Team of Foreign Investment, Mohamed Sadli (MS, MIT, 1956); as Secretary General of Industry, Barli Halim (MBA, Berkeley, 1959). "Koko" Soedjatmoko, who had been functioning as Malik's advisor, became ambassador in Washington.

"We consider that we were training ourselves for this," Sadli told a reporter from *Fortune* - "a historic opportunity to fix the course of events." To make the most of the opportunity, Ford provided the Indonesians with a post-graduation present - a development team from Harvard.

Since 1954, Harvard's Development Advisory Service (DAS), the Ford-funded elite corps of international modernizers, had brought Ford influence to the national planning agencies of Pakistan, Greece, Argentina, Liberia, Colombia, Malaysia and Ghana. Officially the Harvard-DAS Indonesia project began July 1, 1968. but DAS head Gus Papanek had people in the field well before that, joining with AID's Cal Cowles in bringing back the old Indonesia hands of the '50s and '60s. Dave Cole returned to work with Widjojo on the Ford/Harvard payroll. Leon Mears, the agricultural economist who had learned Indonesian rice-marketing in the Berkeley project, came for AID and stayed on for Harvard. Sumitro's old buddy from MIT, Bill Hollinger, transferred from the

DAS-Liberia project and now shares Sumitro's office in the Ministry of Trade.

The Harvard people are "advisors," explains DAS Deputy Director Lester Gordon - "foreign advisors who don't have to deal with all the paperwork and have time to come up with new ideas." They work "as employees of the government would," he says, "but in such a way that it doesn't get out that the foreigners are doing it." Indiscretions got them bounced from Pakistan. "We stay in the background."

They stayed in the background for the five-year plan. In the winter of 1967-68, a good harvest and a critical infusion of U.S. "Food for Peace" rice had kept prices down, cooling the political situation for a time. Hollinger, the DAS's first full-time man on the scene, arrived in March and helped the economists lay out the plan's strategy. As the other DAS technocrats arrived, they went to work on its planks. "Did we cause it, did the Ford Foundation cause it, did the Indonesians cause it?" asks AID's Cal Cowles rhetorically. "I don't know."

The plan went into force without fanfare in January 1969. With its key elements being foreign investments and agricultural self-sufficiency, it is a late-20th Century American "development" plan that sounds suspiciously like the mid-19th century Dutch colonial strategy. Then, Indonesian labor - often *corvee* - substituted for Dutch capital in building the roads and digging the irrigation ditches necessary to create a plantation economy for Dutch capitalists, while a "modern" agricultural technology increased the output of Javanese paddies to keep pace with the expanding population. The plan brought an industrial renaissance to the Netherlands, but only an expanding misery to Indonesia.

As in the Dutch strategy, the Ford scholars' five-year plan introduces a "modern" agricultural technology - the so-called "green revolution" of high-yield hybrid rice - to keep pace with Indonesian rural population growth and to avoid "explosive" change in Indonesian social - i.e., class - relationships.

Probably it will do neither, though AID is currently supporting a project at Berkeley's Center for South and Southeast Asian Studies to give it the old college try. Negotiated with Harsja Bachtiar, the Harvard-trained sociologist now heading the Faculty's Ford-funded research institute, the project is to train Indonesian sociologists to "modernize" relations between the peasantry and the Army's state power.

The agricultural plan is being implemented by the central government's agricultural extension service, whose top men were trained by a University of Kentucky program at the Bogor Agricultural Institute. In effect, the agricultural agents have been given a monopoly in the sale of seed and the buying of rice, which puts them in a natural alliance with the local military commanders - who often control the rice transport business - and the local *santri* landlords whose higher returns are being used to quickly expand their holdings. The peasants find themselves on the short end of the stick, but if they raise a ruckus they are sabotaging a national program and must be PKI agents, and the soldiers are called in.

The Indonesian ruling class, observes Dutch scholar Wertheim, is now "openly waging [its] own brand of class struggle." It is a struggle the Harvard technocrats must "modernize." Economically the issue is Indonesia's widespread unemployment; politically it is Suharto's need to legitimize his power through elections. "The government ... will have to do better than just

avoiding chaos if Suharto is going to be popularly elected," Papanek reported in October 1968: "A really widespread public works program, financed by increased imports of PL480 ["Food for Peace"] commodities sold at lower prices, could provide quick economic and political benefits in the countryside."

Harvard is pushing its Indonesian New Deal with a "rural development" program that will further strengthen the hand of the local Army commanders. Supplying funds meant for labor-intensive public works, the program is supposed to increase local autonomy by working through local authorities. The money will merely line military pockets. DAS Director Papanek admits that the program is "civilian only in a very broad sense, because many of the local administrators are military people." And the military has two very large, and rather cheap, labor forces which are already at work in "rural development."

One is the 300,000-man Army itself. The other is composed of the 120,000 political prisoners still being held after the Army's 1965-1966 anti-Communist sweeps. Some observers estimate there are twice as many prisoners, most of whom the Army admits were not PKI members, though they fear they may have *become* Communists in the concentration camps.

Despite the abundance of "Food for Peace" rice for other purposes, there is none for the prisoners, for whom the government's daily food expenditure is slightly more than a penny. At least two journalists have reported on Sumatran prisoners quartered in the middle of a Goodyear rubber plantation where they had worked before the massacres as members of a PKI union. Now, the correspondents report, they daily work its trees for the substandard wages paid to their guards.

In Java the Army uses the prisoners in public works. Australian professor Herbert Feith was shown around one Javanese town in 1968 where prisoners had built the prosecutor's house, the high school, the mosque, and (in process) the Catholic church. "It is not really hard to get work out of them if you push them," he was told.

Just as they are afraid and unwilling to free the prisoners, so the generals are afraid to demobilize the troops. "You can't add to the unemployment," explained an Indonesia desk man at the State Department. "especially with people who know how to shoot a gun." Consequently, the troops are being worked more and more into the infrastructure labor force - to which the Pentagon is providing roadbuilding equipment and advisors.

But is it the foreign investment plank of the five-year plan that is the pay-off of Ford's 20-year-long strategy in Indonesia and the pot of gold that the Ford modernizers - both American and Indonesian - are paid to protect. The 19th century Colonial Dutch strategy built an agricultural export economy. But the Americans are interested primarily in resources, mainly mineral.

Freeport Sulphur will mine copper on West Irian. Inter-national Nickel has got the Celebes' nickel. Alcoa is negotiating for most of Indonesia's bauxite. Weyerhaeuser. Inter-national Paper. Boise-Cascade and Japanese. Korean and Filipino lumber companies will cut down the huge tropical forests of Sumatra, West Irian and Kalimantan (Borneo). A U.S.-European consortium of mining giants, headed by U.S. Steel, will mine West Irian's nickel. Two others, U.S.-British and U.S.-Australian, will mine tin. A fourth, U.S.-New Zealander, is contemplating Indonesian coal. The Japanese will take home the archipelago's shrimp and tuna and dive for her pearls.

Another unmined resource is Indonesia's 120 million inhabitants - half of the people in Southeast Asia. "Indonesia today," boasts a California electronics manufacturer now operating his assembly lines in Djakarta, "has the world's largest untapped pool of capable assembly labor at a modest cost." The cost is ten cents a day.

But the real prize is oil. During one week in 1969, 23 companies, 19 of them American, bid for the right to explore and bring to market the oil beneath the Java Sea and Indonesia's other coastal waters. In one 21,000-square-mile concession off Java's northeast coast, Natomas and Atlantic-Richfield are already bringing in oil. Other companies with contracts signed have watched their stocks soar in speculative orgies rivaling those following the Alaskan North Slope discoveries.

Ford, like an over-attentive mother, is sponsoring a new Berkeley project at the U.C. law school in "developing human resources for the handling of negotiations with foreign investors in Indonesia."

Meanwhile in Indonesia, the "chaos" that Ford and its modernizers are forever preventing is once more gathering force. Late last year, troops from West Java's crack *Siliwangi* division rounded up 5000 surprised and sullen villagers in an odd military exercise that speaks more of Suharto's fears than of Indonesia's political "stability." Billed as a test in "area management," officers told reporters that it was an exercise in preventing a "potential fifth column" in the once heavily-PKI area from linking up with an imaginary invader. But the Army got no cheers as it passed through the villages, an Australian reporter wrote. "To an innocent eye from another planet it would have seemed that the *Siliwangi* division was an army of occupation."

There is no more talk about land reform or arming the people in Indonesia now. But the silence is eloquent. In the Javanese villages where the PKI was strong before the pogrom, now landlords and officers fear going out after dark. Those who do so are sometimes found in the morning with their throats cut. The generals mutter about "night PKI."

\* *Ramparts*, Vol. 9, No. 4, October 1970, pp. 26-28, 40-49

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