



From Steve Weissman, ed., with members of the Pacific Studies Center and the North American Congress on Latin America, *The Trojan Horse: A Radical Look at Foreign Aid* (Palo Alto CA: Ramparts Press, 1975 revised edition), pp. 93-116.

Ford Country: Building an Elite for Indonesia

by David Ransom

Author's note: Much of the material appearing in this article was gathered in numerous personal interviews conducted between May 1968 and June 1970. The interviews were with a broad range of past and present members of the State Department and the Ford Foundation, faculty members at Harvard, Berkeley, Cornell, Syracuse, and the University of Kentucky, and Indonesians both supporting and opposing the Suharto government. Where possible, their names appear in the text. Other information in the article is derived from a wide reading of the available literature on the history and politics of Indonesia. Consequently, only those items are footnoted which directly quote or paraphrase a printed source.

In the early sixties, Indonesia was a dirty word in the world of capitalist development. Expropriations, confiscations and rampant nationalism led economists and businessmen alike to fear that the fabled riches in the Indies -- oil, rubber and tin -- were all but lost to the fiery Sukarno and the twenty million followers of the Peking-oriented Indonesian Communist Party (PKI).

Then, in October 1965, Indonesia's generals stepped in, turned their counterattack against an unsuccessful colonels' coup into an anti-communist pogrom, and opened the country's vast natural resources to exploitation by American corporations. By 1967, Richard Nixon was describing Indonesia as "the greatest prize in the Southeast Asian area."¹ If Vietnam has been the major postwar defeat for an expanding American empire, this turnabout in nearby Indonesia is its greatest single victory.

Needless to say, the Indonesian generals deserve a large share of credit for the American success. But standing at their side and overseeing the great give-away was an extraordinary team of Indonesian economists, all of them educated in the United States as part of a twenty year strategy by the world's most powerful private aid agency, the billion-dollar Ford Foundation.

But the strategy for Indonesia began long before the Ford Foundation turned its attention to the international scene.

Following Japan's defeat in World War II, revolutionary movements swept Asia, from India to Korea, from China to the Philippines. Many posed a threat to America's well-planned Pax Pacifica. But Indonesian nationalists, despite tough resistance to the postwar invasion by Holland in its attempt to resume rule over the Indies, never carried their fight into a full-blown people's war. Instead, leaders close to the West won their independence in Washington offices and New York living rooms. By 1949 the Americans had persuaded the Dutch to take action before the Indonesian revolution

went too far, and then to learn to live with nationalism and like it. American diplomats helped draft an agreement that gave Indonesians their political independence, preserved the Dutch economic presence, and swung wide the Open Door to the new cultural and economic influence of the United States.

Among those who handled the diplomatic maneuvers in the U.S. were two young Indonesian aristocrats -- Soedjatmoko (many Indonesians have only one name) and Sumitro Djojohadikusumo, an economist with a Ph.D. from Holland. Both were members of the upper-class, nominally socialist PSI, one of the smaller and more Western-oriented of Indonesia's myriad political parties.

Distressed by the specter of Sukarno and the strong left wing of the Indonesian independence forces, the American Establishment found the bland nationalism offered by Soedjatmoko and Sumitro a most comfortable alternative. The Marshall Plan strategy for Europe depended on "the availability of the resources of Asia," Soedjatmoko told a New York audience, and he offered them an Indonesia open to "fruitful cooperation with the West."² At the Ford Foundation-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.³

When independence came later that year, Sumitro returned to Djakarta to become minister of trade and industry (and later minister of finance and dean of the faculty of economics at the University of Djakarta). He defended an economic "stability" that favored Dutch investments and, carefully eschewing radicalism, went so far as to make an advisor of Hjalmar Schacht, economic architect of the Third Reich.

Sumitro found his support in 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 Nationalist PNI, the Army, the orthodox Moslem NU -- everybody, in fact, but the PSI and Masjumi -- were riding the wave of postwar nationalism. In the 1955 national elections -- Indonesia's first and last -- the PSI polled a minuscule fifth place. It did worse in the local balloting of 1957, in which the Communist PKI emerged the strongest party.

Nevertheless, when Sukarno began 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 exile and a 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, and it came outside the maneuvers of diplomacy, the play of party politics, even the invasion of American troops. Those methods, in Indonesia and elsewhere, had failed. The miracle came instead through the hallowed halls of academe, guided by the noble hand of philanthropy.

Education had long been an arm of statecraft, and it was Dean Rusk who spelled out its function in the Pacific in 1952, just months before resigning as Assistant Secretary of State for Far Eastern Affairs to head up the Rockefeller Foundation. "Communist

aggression" in Asia required not only that Americans be trained to combat it there, but "we must open our training facilities for increasing numbers of our friends from across the Pacific."⁴

The Ford Foundation, under the presidency of Paul Hoffman (and working closely with the Rockefeller Foundation), moved quickly to apply Rusk's words to Indonesia. As head of the Marshall Plan in Europe, Hoffman had helped to arrange Indonesian independence by cutting off aid funds to Dutch counterinsurgency and by threatening a total cutoff in aid to the Dutch. As the United States supplanted the Dutch, Hoffman and Ford would work through the best American universities -- MIT, Cornell, Berkeley, and finally Harvard -- to remold the old Indonesian hierarchs into modern administrators, trained to work under the new indirect rule of the Americans. In Ford's own jargon, they would create 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."

Ford launched its effort to make Indonesia a "modernizing country" in 1954 with field projects from MIT and Cornell. The scholars produced by these two projects -- one in economics, the other in political development -- have effectively dominated the field of Indonesian studies in the United States ever since. 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 sent out a team from MIT 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, obstacles such as armed insurgency.

In the course of his field work, Pauker 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," they were "almost totally oblivious" of what Pauker 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 before they left Cambridge. Some of his students were also known by the MIT team, having attended a CIA-funded summer seminar run at Harvard each year by Henry Kissinger. One of the students was Mohammed Sadli, son of a well-to-do *santri* trader, with whom Pauker became good friends. In Djakarta, Pauker struck up friendships with the PSI clan and formed a political study group among whose members were the head of Indonesia's National Planning Bureau, Ali Budiardjo, and his wife Miriam, Soedjatmoko'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 -- after the MIT team was in the field -- Ford grubstaked a Modern Indonesia Project at Cornell. With an initial \$224,000 and periodic replenishments, program chairman George Kahin built the social science wing of the Indonesian studies establishment in the United States. Even Indonesian universities must use Cornell's elite-oriented studies 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. Right-hand man to the Sultan of Jogjakarta, Selo Soemardjan is 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, Kahin succeeded in prodding them to "get their feet dirty" for three months in a village. Many would spend four years in the United States.

Together with Widjojo Nitisastro, Sumitro's leading protégé, 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."

One of the leading academic Vietnam doves, Kahin has irritated the State Department on occasion, and many of his students are far more radical than he. Yet for most Indonesians, Kahin's work was really not 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. MIT and Cornell made contacts, collected data, built up expertise. It was left to Berkeley to actually train most of the key Indonesians who would seize government power and put their pro-American lessons into practice. Dean Sumitro's Faculty of Economics provided a perfect academic boot camp for these economic shock troops.

To oversee the project, Ford President Paul Hoffman tapped Michael Harris, a one-time CIO organizer who had headed Marshall Plan programs under Hoffman in France, Sweden, and Germany. 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, Robert Delson, a Park Avenue attorney who had been Indonesia's legal counsel in the United States since 1949. Harris reached Djakarta in 1955 and set out to build Dean Sumitro a broad 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, whose colonial influence and capitalist economics Sukarno was trying to phase out. The Berkeley team would also relieve Sumitro's Indonesian junior faculty so that Ford could send them back to Berkeley for advanced credentials. Sadli was already there, sharing a duplex with Pauker, who had come to head the new Center for South and

Southeast Asian Studies. Sumitro's protégé Widjojo led the first crew out to Berkeley.

While the Indonesian junior faculty studied American economics in Berkeley classrooms, the Berkeley professors turned 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 in the effort to keep Sukarno's socialism and Indonesian national policy at bay. "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."

The project, which cost Ford \$2.5 million, had a clear, and some times stated, purpose. "Ford felt it was training the guys who would be leading the country when Sukarno got out," explains John Howard.

There was little chance, of course, that Sumitro's minuscule 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 professor named Len Doyle.

When Sumitro went into exile, his Faculty carried on. His students visited him surreptitiously on their way to and from the United States. Powerful Americans like Harry Goldberg, a lieutenant of labor boss Jay Lovestone (head of the CIO's international program), 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 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 an old friend of Sumitro's from the MIT team, William Hollinger. Doyle refused. "It was clear that Sumitro was going to continue to run the Faculty from Singapore," he says. But it was a game he wouldn't play. "I felt that the University should not be involved in what essentially was becoming a rebellion against the government," Doyle explains, "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. Though he had been 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."

One of the younger men who stayed on after Doyle was Ralph Anspach, a Berkeley team member now teaching college in San Francisco. Anspach 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 Bruce Glassburner, project chairman from 1958 to 1961. "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 constant battle between the Ford representative and the Berkeley chairman as to who would run the project had some part in hastening its end. But more important, the professors were no longer necessary, and were probably an increasing political liability. Sumitro's first string had returned 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 forty 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. 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 Southeast 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."⁵

From his exile in Singapore, Sumitro concurred, arguing that his PSI and the Masjumi party, 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 protégés in Djakarta began the necessary steps toward a rapprochement. Fortunately for Ford and its academic image there was yet another school at hand: SESKOAD, the Army Staff and Command School. Situated seventy miles southeast of Djakarta in cosmopolitan Bandung, SESKOAD was the Army's nerve center. There, generals decided organizational and political matters; there, senior officers on regular rotation were "upgraded" with manuals and methods picked up during training 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. They taught "economic aspects of defense," says Ford's Frank Miller, who replaced Harris in Djakarta. Pauker tells a different story. Since the mid-'50s, he had come to know the Army General staff

rather well, he explains, 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 Suwanto to RAND.

Besides learning "all sorts of things about international affairs" while at RAND, Pauker says, Suwanto also saw how RAND "organizes the academic resources of the country as consultants." 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 Bundung Institute of Technology, where the University of Kentucky had been "institution-building" for AID since 1957.

The economists were quickly caught up in the anti-communist conspiracy directed at toppling the Sukarno regime and encouraged by Sumitro from his Singapore exile. 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 and a close confidant of Commander-in-Chief Yani and others of the Army high command, was that the professors "would run a course in this contingency planning."

Of course, the Army planners were worried about "preventing chaos." They were worried about the PKI. "They weren't about to let the Communists take over the country," Ethel says. They also knew that there was immense popular support for Sukarno and the PKI and that a great deal of blood would flow when the showdown 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 four thousand officers had learned big-scale army command at Fort Leavenworth and counterinsurgency at Fort Bragg. Beginning in 1962, hundreds of visiting officers at Harvard and Syracuse gained 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.⁶ 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 elections 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."⁷

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 cemented 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."⁸ Consequently, "economic aspects of defense" became a wide-ranging subject at SESKOAD. But Ford's Indonesian economists made it broader yet by undertaking to prepare economic policy for the post-Sukarno period there, too.

During this period, the Communists were betwixt and between. Deprived of their victory at the polls and unwilling to break with Sukarno, they tried to make the best of his "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."⁹

At least in numbers, the PKI policy was a success. The major labor federation was Communist, as was the largest farmers' organization and the leading women's and youth groups. By 1963, three million Indonesians, most of them in heavily populated Java, were members of the PKI, and an estimated seventeen million were members of its associated organizations -- making it the world's largest Communist Party outside Russia and China. At Independence the party had numbered only eight thousand.

In December 1963, PKI Chairman D.N. Aidit gave official sanction to "unilateral action" which had been undertaken 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 the Indonesian farmers owned the land they worked, and of these most 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, *santri* 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."¹⁰ 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.¹¹

The proof 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 Lieutenant Colonel Untung, the rebels seized the Djakarta radio station and next morning broadcast a statement that their September 30th Movement was directed against the "Council of Generals," which they announced was CIA-sponsored and had itself planned a coup d'état for Armed Forces Day, four days later.

Untung's preventive coup quickly collapsed. Sukarno, hoping to restore the pre-coup balance of forces, gave it no support. The PKI prepared no street demonstrations, no strikes, no coordinated uprisings in the countryside. The dissidents themselves missed assassinating General Nasution and apparently left General Suharto off their list. Suharto rallied the elite paracommandos and units of West Java's Siliwangi division against Untung's colonels. Untung's troops, unsure of themselves, their mission, and their loyalties, made no stand. 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..."¹²

Leftists, on the other hand, later assumed that the CIA had had a heavy hand in the affair. Embassy officials had long wine and dined the student *apparatchiks* who rose to lead the demonstrations that brought Sukarno down. The CIA was close with the Army, especially with Intelligence Chief Achmed Sukendro, who retained his agents after 1958 with U.S. help and then studied at the University of Pittsburgh in the early sixties. 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. All in all, 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 Indonesian 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 "revolution." That they could leave 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 finally got -- Sukarno's head; and it was the students -- as propagandists -- who carried the cry of *jihad* (religious war) to the villages. In late October, Brigadier General Sjarif Thajeb -- the Harvard-trained minister of higher education (and now ambassador to the United States) -- brought student leaders together in his living room to create the Indonesian Student Action Command (KAMI).¹³ Many of the KAMI leaders were the older student *apparatchiks* who had been courted by the U.S. embassy. Some had traveled to the United States 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. Old 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 five hundred of their students to the United States 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 and an alumnus of Cornell and Harvard.¹⁴

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 American 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.¹⁵ Their first move was to burn PKI headquarters. Then, 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.

The following month, on October 17, 1965, Colonel Sarwo Edhy took his elite paratroops (the "Red Berets") into the PKI's Central Java stronghold in the Bojolali-Klaten-Solo triangle. His assignment, according to Hughes, 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," the Colonel told 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."¹⁶

The Bandung engineering students, who had learned from the Kentucky AID team how to build and operate radio transmitters, were tapped by Colonel 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 *jihād*. The U.S. embassy provided necessary spare parts for these radios.

Time magazine describes what followed:

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.¹⁷

Graduate students from Bandung and Djakarta, dragooned by the Army, researched the number dead. Their report, never made public, but leaked to correspondent Frank Palmos, estimated one 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."¹⁸ Most observers think their estimate high, putting the death toll at three to five hundred thousand.

The KAMI students also played a part -- bringing life in Djakarta to a standstill with anti-communist, anti-Sukarno demonstrations whenever necessary. By January, Colonel Edhy was 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," writes Bachtiar.¹⁹

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, who had recently returned with a Ph.D. from Berkeley, was counted among the KAMI leadership. Salim's father had purged the Communist wing of the major prewar nationalist organization, and then served in the pre-Independence Masjumi cabinets.

In January the economists made headlines in Djakarta with a week-long economic and financial seminar at the Faculty. It was "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 General Nasution, Adam Malik, and others who "presented themselves as a counter-elite challenging the competence and legitimacy of the elite led by President Sukarno."²⁰

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 at SESKOAD -- Yani and his brain trust -- had all been killed. But with the help of Kahin's protégé, Seloemardjan, 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 outlining 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 -- the United States. 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," recalls 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 his Team of Experts for Economic and Financial Affairs, an idea for which Ford man Frank Miller claims credit.

In August the Stanford Research Institute -- a spinoff 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."²¹

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 ... treasurehouse 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."

"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,"²² observed a well-placed insider in 1966. Sumitro slipped quietly into Djakarta, opened a business consultancy, and prepared himself for high office. In June 1968 Suharto organized an impromptu reunion for the class of Ford -- a "development cabinet." As minister of trade and commerce he appointed Dean Sumitro (Ph.D., Rotterdam); as chairman of the National Planning Board he appointed Widjojo (Ph.D., Berkeley, 1961); as vice-chairman, Emil Salim (Ph.D., Berkeley, 1964); as secretary general of Marketing and Trade Research, Subroto (Harvard, 1964); as minister of finance, Ali Wardhana (Ph.D., Berkeley, 1962); as chairman of the Technical Team of Foreign Investment, Mohamed Sadli (M.S., MIT, 1956); as secretary general of Industry, Barli Halim (M.B.A., Berkeley, 1959). 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."²³ Since 1954, Harvard's Development Advisory Service (DAS), the Ford-funded elite corps of international modernizers, has brought Ford influence to the national planning agencies of Pakistan, Greece, Argentina, Liberia, Colombia, Malaysia, and Ghana. In 1963, when the Indonesian economists were apprehensive that Sukarno might try to remove them from their Faculty, Ford asked Harvard to step into the breach. Ford funds would breathe new life into an old research institute, in which Harvard's presence would provide a protective academic aura for Sumitro's scholars.

The DAS was skeptical at first, says director Gus Papanek. But the prospect of future rewards was great. Harvard would get acquainted with the economists, and in the event of Sukarno's fall, the DAS would have established "an excellent base" from which to

plan Indonesia's future.

"We could not have drawn up a more ideal scenario than what happened," Papanek says. "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."

Officially the Harvard DAS-Indonesia project resumed on July 1, 1968, but Papanek had people in the field well before that joining with AID's Cal Cowles in bringing back the old Indonesia hands of the fifties and sixties. After helping draft the stabilization program for AID, Dave Cole returned to work with Widjojo on the Ford/Harvard payroll. Leon Mears, an agricultural economist who had learned Indonesian rice-marketing in the Berkeley project, came for AID and stayed on for Harvard. Sumitro's old friend 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 had got them bounced from Pakistan. In Indonesia; "we stay in the background."

Harvard stayed in the background while developing 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, its key elements foreign investment and agricultural self-sufficiency. It is a late-twentieth-century American "development" plan that sounds suspiciously like the mid-nineteenth-century Dutch colonial strategy. Then, Indonesian labor -- often *corvée* -- 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" changes in Indonesian 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 an AID-funded 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 with 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. If they raise a ruckus they are "sabotaging a national program," must be PKI agents, and the soldiers are called in.

The Indonesian ruling class, observes Wertheim, is now "openly waging [its] own brand of class struggle."²⁴ 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," DAS Director Papanek reported in October 1968. "A really widespread public works program, financed by increased imports of PL 480 commodities sold at lower prices, could provide quick economic and political benefits in the countryside."²⁵

Harvard's Indonesian New Deal is 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 or provide bribes by which they will secure their civilian retainees. 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 three-hundred-thousand-man Army itself. The other is composed of the one hundred twenty thousand political prisoners still being held after the Army's 1965-66 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, whom the government's daily food expenditure is slightly more than a penny. At least two journalists have reported Sumatran prisoners quartered in the middle of the Goodyear rubber plantation where they had worked before the massacres as members of a PKI union. Now, the correspondents say, they are let out daily to work its trees for substandard wages, which are paid to their guards.²⁶

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.²⁷

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 it is the foreign-investment plan that is the payoff of Ford's twenty-year strategy in Indonesia and the pot of gold that the Ford modernizers -- both American and Indonesian -- are paid to protect. The nineteenth-century Colonial Dutch strategy built an agricultural export economy. The Americans are interested primarily in resources, mainly mineral.

Freeport Sulphur will mine copper on West Irian. International Nickel has got the Celebes' nickel. Alcoa is negotiating for most of Indonesia's bauxite. Weyerhaeuser, International 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 coaling. The Japanese will take home the archipelago's shrimp and tuna and dive for her pearls.

Another unmined resource is Indonesia's one hundred twenty million inhabitants -- half 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 an hour.

But the real prize is oil. During one week in 1969, twenty three companies, nineteen 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. As a result, Ford is sponsoring a new Berkeley project at the University of California law school in "developing human resources for the handling of negotiations with foreign investors in Indonesia."

Looking back, the thirty-year-old vision for the Pacific seems secure in Indonesia -- thanks to the flexibility and perseverance of Ford. A ten-nation "Inter-Governmental Group for Indonesia," including Japan, manages Indonesia's debts and coordinates Indonesia's aid. A corps of "qualified" native technocrats formally make economic decisions, kept in hand by the best American advisors the Ford Foundation's millions can buy. And, as we have seen, American corporations dominate the expanding exploitation of Indonesia's oil, ore, and timber.

But history has a way of knocking down even the best-built plans. Even in Indonesia, the "chaos" which Ford and its modernizers are forever preventing seems just below the surface. Late in 1969, troops from West Java's crack Siliwangi division rounded up five thousand 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."²⁸

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, landlords and officers fear going out after dark. Those who do so are sometimes found with their throats cut, and the generals mutter about "night PKI."

1. Richard M. Nixon, "Asia After Vietnam," *Foreign Affairs*, October 1967, p. 111.
2. Soedjatmoko, "Indonesia on the Threshold of Freedom," address to Cooper Union, New York, 13 March 1949, p. 9.
3. Sumitro Djojohadikusumo, untitled address to School of Advanced International Studies, Washington,

D.C., 1949, p. 7.

4. Dean Rusk, "Foreign Policy Problems in the Pacific," *Department of State Bulletin*, 19 November 1951, p. 824 ff.
5. Guy J. Pauker, "The Rise and Fall of the Communist Party of Indonesia," Rand Corporation Memorandum RM-5753-PR, February 1969, p. 46.
6. Michael Max Ehrmann, *The Indonesian Military in the Politics of Guided Democracy, 1957-1965*, unpublished Masters thesis (Cornell University, Ithaca, New York, September 1967), p. 296, citing Col. George Benson (U.S. Army), U.S. military attaché in Indonesia 1956-1960.
7. Daniel S. Lev, *The Transition to Guided Democracy: Indonesian Politics, 1957-1959* Ithaca NY: Modern Indonesia Project, Cornell University, 1966), p. 70.
8. Robert Shaplen, "Indonesia II: The Rise and Fall of Guided Democracy," *New Yorker*, 24 May 1969, p. 48; Willard Hanna, *Bung Karno's Indonesia* (New York: American Universities Field Staff, 25 September 1959), quoted in J.A.C. Mackie, "Indonesia's Government Estates and Their Masters," *Pacific Affairs*, Fall 1961, p. 352.
9. Guy J. Pauker, "The Rise and Fall of the Communist Party of Indonesia," pp. 6, 10.
10. *Ibid.*, p. 43.
11. W.F. Wertheim, "Indonesia Before and After the Untung Coup," *Pacific Affairs*, Spring/Summer 1966, p. 117.
12. *Ibid.*, p. 115.
13. Harsja W. Bachtiar, "Indonesia," in Donald K. Emmerson, ed., *Students and Politics in Developing Nations* (New York: Praeger, 1968), p. 192.
14. *Ibid.*, p. 55.
15. John Hughes, *Indonesian Upheaval* (New York: McKay, 1967), p. 132.
16. *Ibid.*, p. 151.
17. "Silent Settlement," *Time*, 17 December 1965, p. 29 ff.
18. Frank Palmos, untitled news report dated "early August 1966" (unpublished). Marginal note states that portions of the report were published in the *Melbourne Herald* at an unspecified date.
19. Harsja W. Bachtiar, *op. cit.*, p. 193.
20. *Ibid.*, p. 195.
21. H.E. Robison, "An International Report," speech delivered at Stanford Research Institute, 14 December 1967.
22. J. Panglaykim and K.D. Thomas, "The New Order and the Economy," *Indonesia*, April 1967, p. 73.
23. "Indonesia's Potholed Road Back," *Fortune*, 1 June 1968, p. 130.
24. W.F. Wertheim, "From Aliran Towards Class Struggle in the Countryside of Java," paper prepared for the International Conference on Asian History, Kuala Lumpur, August 1968, p. 18. Published under the same title in *Pacific Research* 10, no. 2.
25. Gustav F. Papanek, "Indonesia," Harvard Development Advisory Service memorandum (unpublished), 22 October 1968.
26. Jean Contenay, "Political Prisoners," *Far Eastern Economic Review*, 2 November 1967, p. 225; NBC documentary, 19 February 1967.

27. Herbert Feith, "Blot on the New Order," *New Republic*, 13 April 1968, p. 19.

28. "Indonesia -- Army of Occupation," *The Bulletin*, 22 November 1969.