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Rebellion in the ‘Near North’

**The response of the Australian Government
to the Indonesian Outer-Island Rebellion,
1956-1959.**

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Abstract

This thesis focuses on the response of the Australian government to the outbreak of the Indonesian Outer-Island rebellion and the American intervention-through the CIA- to support the rebels against the Central Government in Jakarta. The Australia-Indonesia bilateral relationship is considered one of Australia's most crucial diplomatic relationships. This thesis will situate the Australian response to the rebellion within the historical context of Australia's post-1945 engagement with Asia, the Cold War, and the process of decolonisation in Southeast Asia. Drawing on a variety of Australia and American primary sources, including diplomatic cables, government memoranda, private letters, press releases, reports, oral histories, and newspapers, the thesis will analysis how Australian politicians, diplomats and military officials dealt with a major foreign policy crisis in what Prime Minister Menzies called the "near north".

Introduction and Historiography of the Outer Islands Rebellion 1956-58

In 1958, the Australian Government confronted the possibility that its largest neighbour- Indonesia- would fragment politically. This thesis aims to understand the response of the Australian government to a crisis that had serious ramifications for Australian national security. When referring to the Australian government, this thesis will look at the response of senior Australian politicians; mainly within the governing Liberal-Country party coalition of Prime Minister Robert Menzies, military figures and civil servants; particularly from the Department of External Affairs and Defence. Using a range of understudied primary sources from the United States and Australia, as well as secondary material, I hope to place the “Outer- Islands Rebellion” within the broader context of Australian regional engagement post World War II (WW2).

One cannot explore how Australia dealt with this emergency without looking at how the United States- the preeminent power in the Pacific and Australia’s most vital ally- responded to the crisis in Indonesia. The thesis will synthesise the attitudes and policies of Australian and American politicians, diplomats, and military figures to the events in Indonesia leading to the rebellion. The bulk of the thesis will focus on how a regional uprising evolved into a civil war. As the regional rebels in Sumatra and Suluwesi and the Central Government in Java fought for supremacy; the following four chapters will explore how Australian and American leaders dealt with these alarming developments in the context of the Cold War in Asia. Finally, it will deal with the aftermath of the short-lived civil war, in relation to both Australian and American policies towards Indonesia

For many new nation-states that had been former European colonies, and gained their independence following WWII, the 1950s was a period of uncertainty. Questions arose over how these new nations should be organised as political entities, how to cope with the new economic conditions created by the end of colonial rule, how ethnic minorities were to be treated within the new state, and how these new nations would go about crafting a foreign policy which protected their newly gained sovereignty.¹ In 1949, Indonesia gained

¹ George McTurnan Kahin, *Nationalism and Revolution in Indonesia* (Ithaca, NY: Cornell University Press, 1952).

independence through a negotiated settlement with the Dutch after four years of warfare. The decade following the euphoria of liberation was marked by questions over the nature of the newly created state. Was Indonesia to be a federal entity or a centralised republic, how were economic resources to be distributed throughout the new nation and what role were non-Javanese political actors to have in government? Additionally, foreign policy was essential in defining Indonesia as an international actor. In the increasingly tense climate of the Cold War, was Indonesia going to maintain strict neutrality, or lean towards either the Soviet Union or United States?²

These questions would eventually lead to the outbreak of a bloody civil war in 1958. The military conflict between the central government in Jakarta and the military rebels and their supports on the outer-islands of Sumatra and Suluwesi would kill and/or injure thousands. The violence unleashed would alter the political, social, and economic landscape of this sprawling archipelago. This conflict little known outside of Indonesia has become known as either ‘the Outer-Islands Rebellion’, ‘Colonel’s Revolt or the Revolutionary Government of Indonesia Revolts (*Pemerintah Revolusioner Republik Indonesia*, or PRRI).

For Australian politicians, diplomats and military figures the events of the Outer-Island Rebellion were understood within the context of the Cold War and the end of formal European imperialism in the region. The political and military unrest that engulfed Indonesia during the mid to late 1950s was a product of both of the above elements. As the Cold War intensified in Asia; particularly following the emergence of Communist China, the Korean War, the French defeat in Indochina and the advent of various Communist inspired insurgencies, Australian political leaders feared that the “red tide” would engulf its nearest and most important neighbour: Indonesia. The growing political strength of the Indonesian Communist Party (PKI) and the growing role of the Soviet Union and Communist China in Indonesian affairs fuelled these fears. The problem of decolonisation in terms of the Australian response to the Outer-Island Rebellion is exemplified by the fraught issue of Dutch control of the Western half of New Guinea. For Australia, the issue of West New

² Richard Mason, “Containment and the Challenge of Non-Alignment: The Cold War and U.S. Policy towards Indonesia, 1950-52,” in *Connecting Histories: Decolonization and the Cold War in Southeast Asia, 1945-1962*, edited by Christopher E. Goscha and Christian F. Ostermann (Washington DC: Woodrow Wilson Center Press, 2009) See also Ide Anak Agung Gde Agung, *Twenty Years of Indonesian Foreign Policy, 1945-65* (The Hague: Mouton and Co., 1973) See Also Richard Mason, “The United States, the Cold War and the Nationalist Revolution, 1945-1950,” *Journal of Oriental Studies* 30(1992).

Guinea (West Irian to the Indonesians) was not just a matter of its strategic value in terms of Australian national defence. The salience of the issue of West New Guinea related to how Australia wished to manage the potential instability of decolonisation in the region. As the domestic political situation deteriorated in Indonesia in the lead up to the rebellion, Australian officials feared that an unstable and potentially pro-Communist Indonesian government would not only threaten Australia if it gained control of West New Guinea, but undermine the process of decolonisation in Australia's own colonies of Papua and New Guinea.

Western historical scholarship on this period in Indonesian history has remained limited. The works that have focused on the era are general concerned with the American (CIA) intervention to support the rebels against Jakarta in 1958. Audrey and George McT. Kahin published the most comprehensive work on the subject in 1995. In *Subversion as Foreign Policy*, George McT. Kahin, an Indonesia specialist, spent several years in Indonesia in the late 1940s as a private citizen and academic.³ He came to know leaders on both the government and rebel sides during the 1958 crisis who he interviewed extensively. Mr and Mrs Kahin made extensive use of primary sources from the United States (although CIA records still remained elusive), and the United Kingdom, combined with Mr and Mrs Kahin's extensive Indonesian sources, to produce what is still arguably the most definitive work on the U.S intervention in Indonesia. As a scholar of American involvement in South-East Asia, McT. Kahin's *Subversion* is firmly within the broader narrative of the United States long road to Vietnam. As an outspoken academic critic of the US involvement in Vietnam, Kahin sees the U.S intervention in Indonesia that he qualifies as "the most important American operation since WW II" as a failure to appreciate the nuances of Indonesian nationalism, a charge that he repeated in relation to Vietnam.⁴ In terms of the actual American involvement, Kahin keeps his focus squarely on the top decision-makers in both Jakarta and Washington D.C.

Alternatively in *Feet to the Fire: Covert Operations in Indonesia 1957-58*, Kenneth Conboy and James Morrison delve into the organisational, planning and on the ground covert actions

³ See Audrey R. Kahin and George McT. Kahin, *Subversion as Foreign Policy: The secret Eisenhower and Dulles Debacle in Indonesia* (New York: The New Press, 1995).

⁴ John W. Lewis and George McT. Kahin, *The United States in Vietnam* (New York: Dial Press, 1969).

conducted by the Central Intelligence Agency (CIA).⁵ Conboy and Morrison, made extensive use of their knowledge of Indonesia, and had access to veterans of both government and rebels sides as well as former CIA operatives. Researched throughout much of the 1990s and published in the 2000, they were able to interview many of the actual participants who were young men and women at the time. In comparison to *Subversion*, *Feet to the Fire* provides a grassroots examination of the operation rather than one of policy. *Feet to the Fire* can be firmly placed within the growing scholarship on the Eisenhower Administration's use of covert operations in foreign policy.⁶ Conboy and Morrison pay close attention to the organisation of the CIA operations within Indonesia, in particular the infamous rebel air force created to provide dissenting military officers with air cover over Sumatra and Suluwesi.

Both of these works are beneficiaries of the 1994 release of the Foreign Relations of the United States Volume concerning Indonesia between 1958 and 1960.⁷ This volume is the most comprehensive in terms of State Department documents and private papers from key American policy-makers. However, as its editors have noted, it is still a transitional volume as key information regarding important intelligence operations on Sumatra and Sulawesi remain classified, even post-Church Committee.⁸

Barbara S. Harvey's 1984 work *Permesta: Half a Rebellion*, explores the domestic dynamics that lit the fires of rebellion throughout the archipelago.⁹ Harvey's approach emphasises the economic and political difficulties the Indonesian Republic faced during the mid to late 1950s. In particular, Harvey addresses the growing economic difficulties the Republic faced; the stagnation of the Indonesian parliamentary system, unequal distribution of economic resources throughout the archipelago and the polarisation of political parties along regional

⁵ See Kenneth Conboy and James Morrison, *Feet to the Fire: Covert Operations in Indonesia 1957-58* (Annapolis: Naval Institute Press, 1999).

⁶ John Prados, *Presidents' Secret Wars: CIA and Pentagon Covert Operations From WWII to the Persian Gulf* (I.R. Dee, 1996). See Also James Srodes, *Allen Dulles: Master of Spies* (Washington DC: Regnery Publishing Inc, 2001). To understand the use of covert operations in terms of American economic and political factors see David M. Barrett, *The CIA and Congress: The Untold Story from Truman to Kennedy* (Lawrence:University Press of Kansas, 2005). See Also Sarah-Jane Corke, *U.S. Covert Operations and Cold War Strategy: Truman, Secret Warfare and the CIA, 1945-53* (London:Routledge, 2008). See Also Dennis E. Showalter, edit., *Forging the Shield: Eisenhower and National Security for the 21st century* (Chicago: Imprints Publications, 2005).

⁷ Robert J. McMahon, edit., *Foreign Relations of the United States, 1958-1960 Volume XVII:Indonesia* (Washington DC: United States Government Printing Office, 1994).

⁸ The Church Committee 1975-76 was a bi-partisan Senate committee tasked with conducting a wide-ranging investigation of the U.S. government intelligence agencies post-Watergate. It received public and private testimony from hundreds of people (including members of the federal government and intelligence services).

⁹ See Barbara S. Harvey, *Permesta: Half a Rebellion* (Sheffield: Equinox Publishing, 1984).

lines. According to Harvey, foreign policy, became a source of discord, as former political allies during the revolution split along Cold War lines. In this respect, she has followed on from the esteemed Australian political scientist Herb Feith whose 1962 book *The Decline of Constitutional Democracy in Indonesia* remains the definitive account of Indonesia's first decade in terms of party politics and economics.¹⁰

Both Feith and Harvey argue that the source of growing unrest particularly on the Outer-Islands is related to the rehabilitation of the Indonesian Communist Party (PKI). In 1948, the PKI attempted to seize the mantle of leadership of the Indonesian Revolution. This attempt involved pro-PKI forces seizing the city of Madiun in Java,¹¹ the result of which was the revolt being crushed by Republican troops. After its attempt at armed revolt was crushed the PKI evolved into a mass-based political organisation committed to the Sukarno's principles of Pancasila (five principles). In the 1955 general elections-the first since the proclamation of independence- the PKI had substantial electoral success, particularly on Java. This provoked opposition, particularly from Masjumi and other Islamist and liberal parties with political support bases outside Java. The growing political deadlock following the success of the PKI led President Sukarno to become increasingly disillusioned by parliamentary democracy.¹² Sukarno hoped to harness the spirit of national unity through "guided democracy" (*demokrasi terpimpin*) to overcome the "disease of parties." Instead, a national council made up of all elements within society (including the PKI) was to end the deadlock. This process of centralisation of power in Jakarta-particularly in the guise of Sukarno- met with increasing resistance on the Outer-Islands that would sow the seeds of revolt.

The Outer-Islands Revolt of 1957-58 is a key event in the Cold War. The policies pursued by the Eisenhower Administration had serious ramifications for the future of Southeast Asia as noted by George McT Kahin. In the course four chapters, I will explain how Australia responded to these events. If the American intervention is as significant event as stated,

¹⁰ Herb Feith, *The Decline of Constitutional Democracy in Indonesia* (Singapore: Equinox Publishing (Asia), 2007).

¹¹ Ann Swift, *The Road to Madiun: The Indonesian Communist Uprising of 1948*, Cornell Modern Indonesia Project, Monograph Series (New York: Cornell University Press, 1989).

¹² Remy Madinier, "Lawam dam kawan (Friends and Foes): Indonesian Islam and Communism during the Cold War (1945-1960)," in *Connecting Histories: Decolonization and the Cold War in Southeast Asia*, ed., Christopher E. Goscha and Christian F. Ostermann (Washington DC: Woodrow Wilson Center Press, 2009), 366-370.

understanding Australia's position is essential, if we are to fully understand the larger story of post-1945 Australian engagement with Asia.

Drawing on an array of primary sources and tapping into the existing historiography of Australian foreign policy, the Cold War in Asia, and the foreign policy of the United States; this thesis seeks to comprehensively analysis the Australian response to growing political unrest in Indonesia. It will also explore how Australian politicians, diplomats, and military figures reacted to the Eisenhower Administration's attempt to use the CIA to prevent Indonesia going Communist. The thesis is structured chronologically-as history happens- to capture the *evolution* of the Outer-Island rebellion from isolated pockets of regional dissent to a full-scale civil war with regional ramifications.

Chapter One focuses on how both the Australia and the United States dealt with the outbreak of the Indonesian Revolution against the Dutch and the emergence of the Indonesian Republic in the late 1940s. In particular, it will pay close attention to how relations with the new Indonesian Republic were shaped by the advent of decolonisation as well as the arrival of the Cold War in Asia.

Chapter Two discusses the growing political instability in Indonesia from the mid-1950s. In this period, Indonesian domestic politics became increasingly unstable, particularly with the revival of the Indonesian Communist Party (PKI) and the advent of 'Guided Democracy.' This series of developments alarmed policy-makers in Australia and the United States. The chapter will then look at the deliberations in Washington D.C that led to the adoption of a covert CIA-led strategy to counter this leftward shift.

Chapter Three will deal with Australian perceptions of the growing instability in Indonesia. In particular, it will deal with fears of the growing power of the PKI, the increasingly visible involvement of the Soviet Union and People's Republic of China in Indonesian affairs and the growing tensions between Australian and Indonesia over West New Guinea. The chapter will also deal with Australian involvement in the decision-making around the covert American support for the rebels of Sumatra and Suluwesi.

Chapter Four will focus on the decline in rebel fortunes beginning in April 1958. As the covert strategy adopted by the Eisenhower Administration and supported by the Menzies government collapsed; both Australia and the United States scrambled for alternative options.

In this context, Australia and the United States viewed the Indonesian Army as the only viable anti-Communist force on the archipelago. For Australia, it also meant a serious re-evaluation on the issue of West New Guinea, a source of major contention with Indonesia. This political and diplomatic history seeks to highlight the Australian involvement in a crucial episode of the Cold War in the Third World. It also enquires into the little understood evolution of Australian-Indonesian bilateral relations an important addition to the story of how Australia approached this dynamic and turbulent region post-1945.

Chapter One

The United States and Indonesia in context

In the course of the Second World War, the United States became the predominant power in Southeast Asia. With this power came responsibility. American officials from President Franklin Delano Roosevelt down were increasingly concerned with the future of a region that had been the domain of European colonial powers for centuries. The Japanese southward thrust in 1941-42 had exposed the weaknesses of the colonial system, and provoked within the political elite in Washington D.C serious discussions on whether European imperialism would survive.¹³

Roosevelt, like President Woodrow Wilson before him saw that the United States had a unique mission to reshape the world, which included a distaste of European colonialism. For Roosevelt, his advancement of the proposition of gradual decolonisation was rooted in America's anti-colonial heritage, post-war planning, and national self-interest.¹⁴ This was reflected in the Atlantic Charter signed in August 1941. American officials in the White House and State Department saw economic nationalism-autarky- with its trade barriers, exchange controls, and discriminatory practices as the reason why the world had gone to war. European colonialism, with its exclusive economic connections between the metropolitan centre and resource-producing periphery clashed with the American principles of expanded free trade and investment.¹⁵

However, by 1944-45, a more gradualist approach towards the self-determination of European colonial empires was adopted. The Roosevelt Administration became less

¹³ Gary R. Hess, *The United States' Emergence as a Southeast Asian Power, 1940-1950* (New York: Columbia University Press, 1987), 47-49.

¹⁴ H.W Brands, *Traitor to his Class: The privileged life and radical presidency of Franklin Delano Roosevelt* (New York: Anchor Books, 2009), 661-663. See also Bradley Simpson, "Bernath Lecture The United States and the Curious History of Self-Determination," *Diplomatic History* 36 (2012): 675-677.

¹⁵ Robert J. McMahon, *The Limits of Empire: The United States in Southeast Asia since World War II* (New York: Columbia University Press, 1999), 14-19.

aggressive in pushing for trusteeships under the nascent United Nations Organisation, to establish self-determination in the colonised world.¹⁶ The need for cooperation with Western European powers on post-war security and economic recovery in the United Nations meant it was vital that countries such as the United Kingdom, France, the Netherlands, and Portugal were not alienated by American policy. Also by late 1944, serious doubts were being raised in Washington about the viability of post-war cooperation with the Soviet Union over actions by the Red Army in Eastern Europe.¹⁷ Instead of damning denunciations of imperialism, the United States encouraged its European allies to adopt a more moderate approach to the dismantling of colonial rule. The American example of the development of self-governing institutions in the Philippines was considered the optimal approach.¹⁸

The Truman Administration and Indonesian Revolution

From the very outset, Harry S. Truman confronted several major foreign policy challenges. Indonesia, at first did not occupy much serious attention in the Administration, even as Dutch troops and officials tried to wrestle back control by any means from newly created Indonesian nationalist regime. As tensions with the Soviet Union increased, the energies of President Truman and his key foreign policy advisors were primarily absorbed in Europe and the Middle East. Even when they did look at Asia, it was through the prism of China and Japan. For Europeanists in the State Department such as Under-Secretary then Secretary of State Dean Acheson, the *tiers monde* (third world) as French sociologist Alfred Sauvy defined it was an untested arena prone to chaos.¹⁹

Acheson and other government officials believed it was foolish to become too attached to the idealism of anti-colonialism when Western Europe was in dire need of support against Soviet expansionism as articulated by George F. Kennan in his famous “long telegram” on future Soviet behaviour.²⁰ This European first mindset was not just a product of those at the

¹⁶ Gabriel Kolko, *Confronting the Third World: United States Foreign Policy, 1945-1980* (New York: Pantheon Books, 1988), 11-19.

¹⁷ John Lewis Gaddis, *The Cold War* (London: Penguin Books, 2007), 19-22. See Also Norman Davies, *Rising 44: The Battle of Warsaw* (London: Macmillan, 2003), 628-632. For a discussion of the Polish Question and the growing antagonism and distrust between the United States and Soviet Union.

¹⁸ Odd Arne Westad, *The Global Cold War* (Cambridge: Cambridge University Press, 2007), 23-27.

¹⁹ Robert L. Beisner, *Dean Acheson: A life in the Cold War* (New York: Oxford University Press, 2006), 209-212.

²⁰ Telegram, George Kennan to James Byrnes (Long Telegram), 22 February 1946. Harry S. Truman Administration File, Elsey Papers.

commanding heights of the foreign policy establishment. The newly formed State Department Policy Division for South-East Asia, staffed by numerous academics with an interest in particular countries or peoples in the region rather than the totality of American interests, clashed repeatedly with their counterparts at the European desks. John F. Cady, a former research analyst for the OSS, then officer with South-East Asia Policy division reflect that “[A]nything that had to do with explaining the Indonesian situation had to be cleared by the Dutch desk in the Western European group...there was little possibility of formulating any independent policy as far as the South-East Asian Division was concerned... The Southeast Asia Division recommended certain policies with the European Division people normally opposing them.”²¹

Cady saw the obstructionists that stifled the policies of his division that were rooted in the traditionalist approach of the European desk officers. “The basic issue of disagreement was simple; Europe was important from their point of view and responsibility, while Southeast Asia was comparatively unimportant. They refused, as a rule, to say anything or do anything that might embarrass their relations with the local French, Dutch, or British Embassy.”²²

Philip Trezise, advisor to the U.S. delegation to the UN Commission on Indonesia summed up the dichotomy faced by American officials “[I]n Indonesia, if I could interpret what went on in the minds of policymakers, we were torn between two rather obvious considerations. One, the Dutch, who had been our allies in the war (which had just ended, after all) had suffered quite badly and were an integral part of the Western European structure that we were trying to rebuild and bring back to a full part in world affairs. It wasn't easy. On the other hand, here were the Indonesians, struggling as American colonies had once struggled against the foreign master.”²³ However, the United States was committed to its European allies and their rehabilitation in order to confront the Soviet Union. In these circumstances, the middle ground between decolonisation and the return of European colonialism was seen as the best

http://www.trumanlibrary.org/whistlestop/study_collections/coldwar/documents/index.php?documentdate=1946-02-22&documentid=6-6&studycollectionid=&pagenumber=1 (Accessed 18 August 2012).

²¹ John F. Cady, interview by Richard D. McKinzie, Oral History Interviews, Athens, Ohio, 31 July 1974. Harry S. Truman Library and Museum, <http://www.trumanlibrary.org/oralhist/cadyjf.htm> (Accessed 14 August 2012), 15.

²² Ibid, 16-17.

²³ Phillip Trezise, interview by Richard D. McKinzie, Oral History Interviews, Washington D.C. 27 May 1975. Harry S. Truman Library and Museum, <http://www.trumanlibrary.org/oralhist/trezise.htm> (Accessed 14 August 2012), 12-13.

option. The United States would support the right of European powers to regain sovereign territory lost during the war. However, the United States hoped to encourage these powers to adopt a gradual process of decolonisation that would lead to the emergence of stable nation-states friendly towards the West (and the United States).

With this policy of being a moderation influence in mind, the United States adopted a neutral policy towards the simmering conflict between the Indonesian Republic and the Dutch. The Truman Administration hoped a negotiated diplomatic settlement could be achieved which would allow for self-determination with Dutch acquiescence while avoiding an armed clash. Washington saw the Linggadjatti Agreement in November 1946 as the first step towards eventual self-rule for Indonesia, while preserving Dutch political, military and most importantly its economic stake on the archipelago.²⁴

For the Dutch political class, business community, and public, there was a general fear that economic hardship more serious than the Great Depression would result if the trade and wealth of the Indies was not regained. International prestige also played a significant role in the Dutch desire to retain the Indies. Without Indonesia, the Netherlands would “sink to the rank of Denmark.”²⁵ The United States due to its concern for Western Europe, acquiesced with the Dutch desire for a continued economic role in the Indies. However, this was to be achieved through diplomacy, i.e. Linggadjatti. The high hopes manifested in the agreement did not last long. The Dutch were not willing to grant self-rule on terms that satisfied the Indonesian nationalists. In these circumstances, the Dutch resorted to armed force to achieve a settlement on the 20th of July 1947.²⁶

Between July 1947 and the end of the Dutch-Indonesian war in December 1949, the United States became increasingly concerned about the impact of this conflict on regional security and the security of the United States. American political leaders became increasingly strident in their desire to see an end to the fighting for several reasons.

²⁴ Robert J. McMahon, *Colonialism and the Cold War: The United States and the Struggle for Indonesian Independence, 1945-49* (New York: Cornell University Press, 1981), 137-140.

²⁵ Anne L. Foster, “Avoiding the “Rank of Denmark”: Dutch Fears about Loss of Empire in South East Asia,” in *Connected Histories: Decolonization and the Cold War in Southeast Asia, 1945-1962*, edited by Christopher E. Goscha and Christian F. Ostermann (Washington DC: Woodrow Wilson Center Press, 2009), 69-74.

²⁶ McMahon, *Colonialism and the Cold War*, 163-168.

The growing financial cost of the war worried the United States. By 1948, there were tens of thousands of Dutch troops engaged in a protracted guerrilla war with nationalist forces. The burden of maintaining this vast force in what was proving to be an intractable conflict was fast becoming an immense headache for the Dutch treasury. Dutch troops were meant to be securing the vital plantations and raw materials essential to the Netherlands post-war recovery. Instead, by 1948, exports from the Indies had not reached their pre-war levels and earned virtually nothing. With Marshal Plan aid flowing into the Netherlands, the United States again pushed for a negotiated solution, which would see American taxpayers' money not used to crush a nationalist revolt.²⁷

The Madiun revolt, solidified for the Truman Administration that they were dealing with a nationalist organisation intent on undermining the influence of Communism. The revolt, launched by the Indonesian Communist Party (PKI) in September 1948, was a reaction by the Communists to the failure of mainstream nationalist figures to negotiate with the Dutch for independence. Republican forces quickly crushed the uprising in the city of Madiun, with Mohammed Hatta playing a decisive role.²⁸ For the United States, the Indonesian government's brutal crushing of this Communist attempt to gain political control meant that the Indonesians could be relied upon as allies in the Cold War, particularly as the region seemed increasingly vulnerable. This realisation pushed the United States in an increasingly pro-Indonesian and pro-independence direction.

The conflict between the Dutch and the Indonesian Republicans was also undermining U.S. interests in the international arena. In the United Nations, unilateral Dutch military aggression, particularly its police actions violated the key tenants of the organisation. In a CIA report dated 27 January 1949 the outcome of these on Dutch police actions would be that: "[P]ersistent Dutch disregard of SC (Security Council) directives will drastically reduce the prestige and influence of the United Nations because it will demonstrate again that UN resolutions, however mild, stand little chance of obtaining compliance unless backed by effective sanctions. Defiance displayed by such a state as the Netherlands, which enjoys long-established traditions of Western democracy and enlightenment, will have a peculiarly destructive effect on the basic concept of international law and order."²⁹

²⁷ Forster, "Avoiding the Rank of Denmark", 77-80.

²⁸ Westad, *The Global Cold War*, 113-114.

²⁹ Consequences of Dutch "Police Action" in Indonesia, 27 January 1949, Central Intelligence Agency Freedom of Information Electronic Reading Room. <http://www.foia.cia.gov> (Accessed 20th August 2012), 2.

American acquiescence in Dutch military actions, strained efforts to build cooperative relations with newly independent states such as India, Pakistan and Ceylon (Sri Lanka). These states, already ambivalent about the threat posed by the Soviet Union, sought to promote security solutions in the region without the involvement of the U.S. In the same CIA report, it stated that “[D]utch action in Indonesia has given Asiatic nations a rallying point for effective expressions of Far Eastern solidarity; has presented India with an opportunity to assert leadership in the area, and may have precipitated the emergence of an Asiatic bloc whose ultimate influence can be unfavourable to the US.”³⁰

Indonesian Independence in a dangerous world

The Dutch-Indonesian agreement signed at The Hague on the 2 November 1949 was a vindication for American foreign policy. Indonesian independence for the Truman Administration was a success for American ideals and national security. In the context of the Cold War, the advent of a nationalist regime in Indonesia with strong anti-communist credentials was a victory. Indonesians of all political stripes and backgrounds were grateful for the eventual support the United States had provided to their embattled nation. President Sukarno referred to “America as the mother” of the Indonesian republic. Sentiments well received in the White House and at Foggy Bottom. However, Sukarno clarified this statement by noting “the new young Asiatic countries (including Indonesia) are grown sons who looked to their mother with affection and understanding but who did not wish her to interfere with the running of their own lives.”³¹ This contention would have a major effect on bilateral relations between Indonesia and the United States during both the Truman and Eisenhower Administrations.

By 1949-50, regional and international developments were changing the scope of American foreign policy towards Southeast Asia and Indonesia. In August 1949, the Soviet Union detonated an atomic device. In a flash, according to Melvyn Leffler, the United States had not only lost its nuclear monopoly but a Soviet Union equipped with nuclear weapons raised fears in Washington that Soviet penchant for risk-taking and blackmail abroad might

³⁰ Consequences of Dutch “Police Action” in Indonesia, 4.

³¹ Memorandum of Jessup of a conversation with Cochran and Sukarno, February 3, 1950, in *Foreign Relations of the United States, Volume VI* (Washington, D.C, 1976), 976.

increase.³² These fears gained further currency when Mao Tse-tung and the Chinese Communist Party achieved total victory by routing the Guomindang forces of Chiang Kai-shek. Mao's declaration of the People's Republic of China in October 1949 was viewed as a major loss for the Truman Administration.³³ Communist authority had expanded to China; the Guomindang in which Washington had invested so much hope and political capital were defeated, and Mao was intent on "leaning to one side" in the Cold War by signing a bilateral alliance with Stalin in February 1950.³⁴ For American officials in the White House, State, and Defence Departments, the expansion of Communism into East Asia threatened the security of Southeast Asia.

Southeast Asia, was crucial to the grand strategy of "containment" adopted the Truman Administration. At the heart of "containment" was binding the industrial centres of Western Europe and Northeast Asia to the United States. However, this could only be accomplished if there was stability in the underdeveloped periphery. The rehabilitation of Japan as a pro-Western bastion depended on access to markets and materials in Southeast Asia. Sayuri Guthrie-Shimizu noted that American policy-makers in occupied Japan were well aware of the importance of foreign trade to the resource-poor island nation.³⁵ As the People's Liberation Army advanced to the borders of French Indochina and the region was disrupted throughout 1948 and 1949 by Communist-led rebellions in Indonesia, Burma, Malaya and the Philippines, American officials wondered whether history was on the side of Communism in Southeast Asia. The young Congressman Richard M. Nixon, and future red-baiter, declared in relation to China "The deck was stacked on the communist side of the table."³⁶ A Policy Planning Staff (PPS) study that became NSC 48/2 noted "with China being overwhelmed by

³² Melvyn P. Leffer, "The emergence of an American grand strategy, 1945-1952," in *The Cambridge History of the Cold War Volume I Origins*, edited by Melvyn P. Leffler and Odd Arne Westad (Cambridge: Cambridge University Press, 2010), 82-83.

³³ Fredrik Logevall, *Embers of War: The Fall of an Empire and the making of America's Vietnam* (New York: Random House, 2012), 221-223.

³⁴ See Niu Jun, "The Birth of the People's Republic of China and the road to the Korean War," in *The Cambridge History of the Cold War Volume I Origins* edited by Melvyn P. Leffler and Odd Arne Westad (Cambridge: Cambridge University Press, 2010)

³⁵ Sayuri Guthrie-Shimizu, "Japan, the United States and the Cold War, 1945-1960," in *The Cambridge History of the Cold War Volume I Origins* edited by Melvyn P. Leffler and Odd Arne Westad (Cambridge: Cambridge University Press, 2010), 257-258.

³⁶ Quoted in George C. Herring, *America's Longest War: The United States in Vietnam, 1950-1975*, 4th ed. (New York: Random House, 1997), 16.

Communism, Southeast Asia represents a vital segment on the line of containment, stretching from Japan southward to the Indian peninsular.”³⁷

When North Korean tanks rolled over the 38th parallel on the 25 June 1950 into South Korea, it furthered the imperative to strengthen the Western position on China’s southern frontier. The intervention of China on the side of the North Koreans and the bitter fighting that occurred between UN forces-that were predominantly American- and Chinese forces made Asia the new central battlefield of the Cold War. Officials from President Truman and Secretary of State Dean Acheson down feared that Chinese intervention in Korea was a precursor to further aggressive moves in Southeast Asia. Moves that would undermine the Japanese economic revival, hinder the recovery of Western Europe and apocalyptically bring 170 million people and the vast resources of the region under Kremlin control.³⁸

Indonesia did not initially register as being in danger of being overcome by Communist subversion or aggression in the early 1950s. According to the Melby-Erskine military survey mission that toured the region following the outbreak of the Korean War, Indonesia ranked fourth behind Indochina, Thailand and the Philippines in terms of American priorities.³⁹ In Indochina, where the French were locked in a vicious war with the Viet Minh led by Ho Chi Minh, the Truman Administration officially recognised the Emperor Bao Dai as leader of the French backed Free Vietnam, as well as providing massive amounts of military and economic aid. In the case of Thailand and the Philippines, the United States signed bilateral alliances with both countries to solidify the line of containment in the region.⁴⁰

Indonesia due to its geographical location meant it was not under imminent threat of Communist aggression. Also, the known anti-communism of many Indonesian nationalist leaders meant it was not the key focus of containment in Southeast Asia. However, with its essential raw materials and location astride major shipping and communication lanes, the

³⁷ Gary Hess, “The American Search for Stability in Southeast Asia: The SEATO Structure of Containment,” in *The Great Powers in East Asia 1953-1960* edited by Warren I. Cohen and Akira Iriye (New York: Columbia University Press, 1990), 272-274.

³⁸ John Lewis Gaddis, *We Now Know: Rethinking Cold War History* (Oxford: Clarendon Press, 1997), 75-77.

³⁹ Richard Mason, “Containment and the Challenge of Non-Alignment: The Cold War and U.S. Policy towards Indonesia, 1950-1952,” in *Connecting Histories: Decolonization and the Cold War in Southeast Asia, 1945-1962* edited by Christopher E. Goscha and Christian F. Ostermann (Washington D.C: Woodrow Wilson Center Press, 2009), 42-43.

⁴⁰ See Gary R. Hess, “The First American Commitment in Indochina: The Acceptance of the “Bao Dai Solution,” 1950,” *Diplomatic History* 2(1978) See Also Nick Cullather, “America’s Boy? Ramon Magsaysay and the Illusion of Influence,” *Pacific Historical Review* 62(1993) See Also Daniel Fineman, *A Special Relationship: The United States and Military Government in Thailand, 1947-1958* (Honolulu: University of Hawaii Press, 1997).

Truman Administration wished to integrate Indonesia firmly within the “containment” strategy in Southeast Asia.⁴¹ At its most ambitious, the United States sought to establish a mutual defence agreement with the Indonesian Republic. Its approach ran up against the neutralism espoused by Indonesian leaders. The Indonesian nationalist leadership that had just won its country's independence were suspicious of both superpowers.⁴² While thankful for the support the United States had offered in the struggle for independence, Indonesian leaders had noted that the Truman Administration had only become involved when it was in their self-interest. Also, the United States had been responsible for allowing the Dutch to retain control of Irian Jaya for the time being, pending further bilateral negotiations.

Although not a major issue until the mid-1950s, Dutch control of Irian Jaya would remain a raw wound for Indonesian nationalists of all political persuasions. The Soviet Union was also viewed with mistrust, since many Indonesian nationalists saw a Soviet hand in the Madiun Uprising.⁴³ Indonesia, like Burma, India, and Sri Lanka wished to proceed with a non-aligned, neutral foreign policy, with an emphasis on the independence of Indonesian actions on the international stage. This principle known as *bebas aktif* (free and active) was first articulated by Dr Mohommed Hatta in September 1948 in reaction to growing rivalry between the Soviet Union and United States and its impact on Indonesian international identity and domestic political rivalries.⁴⁴ Remy Madinier notes that the *ideological* contest between what Odd Arne Westad calls the American “Empire of Liberty” and the Soviet “Empire of Justice” was reverberating through Indonesian domestic politics in the early 1950s.⁴⁵ This was particularly pronounced between the moderate Islamist party Masjumi and the Indonesian Communist Party (PKI) and its affiliates. This contest, made increasingly vitriolic by memories of the Madiun rebellion, in which Masjumi supporters were summarily

⁴¹ Robert J. McMahon, *The Limits of Empire: The United States and Southeast Asia Since World War II* (New York: Columbia University Press, 1999), 49-51.

⁴² For a description of Indonesian Foreign Policy in the 1950s See J.M van der Kroef, “Indonesia: Independent in the Cold War,” *International Affairs* 1(1951) See Also Ide Anak Agung Gde Agung, *Twenty Years of Indonesian Foreign Policy, 1945-1965* (The Hague: Mouton & Co., 1973).

⁴³ For a description of the Madiun Affair and the role of the Soviet Union See Harry A. Poeze, “The Cold War in Indonesia, 1948,” *Journal of Southeast Asian Studies* 40(2009).

⁴⁴ Mason “Containment and the Challenge of Non-Alignment,” 40.

⁴⁵ See Odd Arne Westad, *The Global Cold War: Third World interventions and the Making of our times* (Cambridge: Cambridge University Press, 2007), Chapters 1 & 2.

executed by troops allied with the PKI, ensured that any commitment to either side in the bipolar Cold War struggle would provoke major unrest.⁴⁶

In this domestic environment and with neutralism favoured by the Indonesian political elite, American attempts to gain any type of binding alliance with the Indonesian Republic were doomed to failure. In late 1951-early 1952, in the midst of fighting in Korea, United States Ambassador to Indonesia Cochran, hoped to end Indonesia's non-alignment by getting the pro-western Sukiman government to sign up to the Mutual Security Act Agreement. In signing onto the Mutual Security Act, the Indonesian Republic would receive much needed military aid, to not only modernise the Indonesian armed forces but to counter the threat of military revolts and the Darul Islam insurgency on Java.⁴⁷ However, in signing the Act the Indonesian Republic had to subscribe to article 511(a) of the Act, that stipulated that it had to contribute "to the defensive strength of the free world." Article 511(b) noted that to receive reimbursable military aid or technical and economic aid the recipient country only need to pledge to contribute to "maintain... world peace and to take such actions as may be mutually agreed upon to eliminate causes of international tensions." Cochran, going against the advice of the State Department, cajoled the Indonesians to secretly accept the more binding 511(a) article rather than 511(b).⁴⁸

The agreement, signed between Cochran and Foreign Minister Subardjo, provoked a domestic firestorm when its contents were revealed to the Indonesian press as well as members of the Sukiman cabinet. The episode resulted in the collapse of the Sukiman government and widespread distrust of American motives. This episode highlights the divergence between American Cold War priorities in the region and the desire of the Indonesian government to avoid choosing sides in the superpower confrontation. As regional unrest gripped Indonesia throughout 1957-1958, the Eisenhower Administration's antagonism towards neutralism and the growing leftward shift in Indonesian politics, caused the United States to intervene to halt what it perceived to be a danger to the containment doctrine in Southeast Asia.

⁴⁶ Remy Madinier, "Lawandan kawan (Friends and Foes): Indonesian Islam and Communism during the Cold War (1945-1960)," in *Connected Histories: Decolonization and the Cold War in Southeast Asia, 1945-1962*, edited by Christopher E. Goscha et al (Washington D.C: Woodrow Wilson Center Press, 2009), 357-359.

⁴⁷ Mason, "Containment and the Challenge of Non-Alignment," 45-47; 51.

⁴⁸ *Ibid*, 60-62.

Australia, Indonesia, and the Region: From World War to Cold War

To understand how the Australian government confronted the outbreak of rebellion in Indonesia in 1958, it is vital to understand its context, that being the end of European empire and the Cold War in Asia. Between 1941 and 1945, Australia had endured a long and bitter conflict with Imperial Japan, a nation that had sought hegemony in East and Southeast Asia. During this conflict-particularly in 1942- Australia faced a direct threat, with Japanese forces attacking the mainland and defeating Australian and allied forces. In the post-1945 world, the Australian foreign policy establishment would use the lessons of 1942 to confront the dangers of decolonisation and the Cold War in Asia. The Imperial Japanese southward thrust in 1941-42, terminally damaged the European colonial system that had existed since the 16th century. In 1939, European colonial officials would have noted that the global colonial order was strained due to the impact of the Great Depression and nascent nationalist movements, but not on the verge of collapse. Within a generation, it was gone. The Japanese military victories, ended European dominance-both physically and psychologically- in Southeast Asia and unleashed a nationalist upsurge throughout the region. Following Japan's surrender in September 1945, the returning European colonial powers confronted a region completely transformed. David Reynolds notes that the collapse of the European colonial order in the region caused Australian politicians and diplomats to rethink how Australia approached the region.⁴⁹

In the case of the Netherlands East Indies (Indonesia), the returning Dutch found themselves engaged in an armed conflict with an infant Indonesian Republic, led by nationalists Achmed Sukarno and Mohammed Hatta. For Labor Prime Minister Joseph Chifley and his External Affairs Minister Herbery Vere Evatt, this conflict marked a new epoch in Australian engagement with the region. Both Chifley and Evatt took a serious interest in the ongoing nationalist revolt against Dutch rule. In terms of post-war Australian foreign relations, this concern related to Australian national security interests and the commitment of Labor to the principles of the United Nations. The rapid collapse of Dutch resistance in the face of the Japanese onslaught of 1941-1942 had dangerously exposed Australia to military attack and isolation from its major allies. According to Margaret George, throughout the period from 1946 to 1949, in the aftermath of the Pacific War, Evatt had asserted a "special" Australian

⁴⁹ David Reynolds, "Empire, Region, World: the international context of Australian foreign policy since 1939," *Australian Journal of Politics and History* 51(2005), 347-348.

interest in the future of the Netherlands East Indies.⁵⁰ In an address to parliament, Evatt enunciated his government's belief that "Australia stands to Asia, geographically and politically in something of the same relationship as the United Kingdom to Europe...like the United Kingdom in relation to Europe, Australia cannot afford to be insular in the Pacific."⁵¹ Throughout this period, Australian politicians and diplomats had tried to moderate the conflict while preserving Australia's unique strategic interests in ensuring a stable settlement, and contributing the peace in the region. As firm believers in the newly established United Nations and liberal-internationalism, Chifley and Evatt, sought to uphold its mandate in relation to the conflict in the Netherlands East Indies not only as a matter of principle but as a way of securing Australian interests in a volatile region.

The Menzies Liberal government that was elected in December 1949 viewed the region with caution. Unlike their Labor predecessors, the Liberals viewed developments in the region as moving in a direction harmful to the Australian national interest. The foreign policy of the Labor government of Prime Minister Chifley and External Affairs Minister Evatt according to David Lee, stressed the advent of an independent Australian foreign policy, which subscribed to the ideals of "liberal-internationalism" and the importance of the United Nations in resolving disputes.⁵² Neville Meaney notes that this growing reliance on the United Nations was a product of Chifley and Evatt's suspicion of the great powers acting unilaterally without consulting small/middling powers such as Australia; as was the case when the United States, Britain and Nationalist China agreed on Pacific peace terms at the Cairo Conference in 1943, without consulting Australia.⁵³ This application of liberal-internationalism to the post-war world reflected a deeper Australian desire to achieve security in the Pacific, following the unhappy Australian co-operation with Britain and the United States during the war and concerns that European affairs (i.e the nascent Cold War) would draw British and American attention away from the Pacific.

⁵⁰ Margaret George, *Australia and the Indonesian Revolution* (Melbourne: Melbourne University Press, 1980), 156-160.

⁵¹ Neville Meaney, *Australia and the World: A Documentary History from the 1870s to the 1970s* (Melbourne: Longman Cheshire, 1985), 517.

⁵² David Lee, "The Liberals and Vietnam," *Australian Journal of Politics and History* 51(2005), 429-430.

⁵³ Neville Meaney, "Australia, the Great Powers and the Coming of the Cold War," *Australian Journal of Politics and History* 38(1992), 319-320.

The Liberal-Country party coalition that was elected in December 1949, brought about a significant change in Australian foreign policy. Frank Bongiorno has noted that “1949” represented a significant watershed in Australian foreign relations⁵⁴, comparable with the advent of liberal-internationalism under Labor advocated by Christopher Waters and David Lee.⁵⁵ Prime Minister Robert Menzies and his ministers associated with foreign affairs advocated a “realist” approach to Australian engagement. In the context of the victorious Chinese Communist Party driving Chang Kai Shek forces off the mainland, an unstable region with active Communist parties and irreconcilable political, strategic, and ideological differences between the United States and the Soviet Union, the Liberals viewed the notion of the United Nations offering Australia security in an unstable region as naïve. Australian security, according to Menzies and his colleagues, was best guaranteed in cultivating support from her traditional ally, Great Britain, and the United States, the pre-eminence great power in the region. As the region endured the turmoil of nationalist agitation and violence directed at colonial regimes, some of it linked to Communist parties as in the case of Indochina, Australian national security was perceived to be under threat from the Communist monolith, which now had a regional presence in China.⁵⁶

The emergence of a unified China under the rule of the Communist Party of Mao Tse-tung in 1949 and aligned (for the time being) with the Soviet Union provoked deep concern within the Australian political elite and within the broader population.⁵⁷ This new China, perceived as unitary, seeking rapid industrialization, anti-western, bellicose and already with a contemporary history of foreign interventions and subversion (Korea in 1950 and support for the Viet Minh war effort from 1951-54) provoked deep concern in Australia. John Murphy makes the point that conservative politicians that held power in the 1950s were decidedly modernist in their perceptions of contemporary Asia. Instead of seeing the events that were occurring in the near north as products of history, resistance to the colonial order, cultural

⁵⁴ Frank Bongiorno, “The Price of Nostalgia: Menzies and the “Liberal” tradition and Australian Foreign Policy,” *Australian Journal of Politics and History* 51(2005): 402-403.

⁵⁵ See David Lee and Christopher Waters, eds. *Evatt to Evans: The Labor Tradition of Australian Foreign Policy* (Melbourne: Allen and Unwin, 1997).

⁵⁶ David Mclean, “From British Colony to American Satellite? Australia and the USA during the Cold War,” *Australian Journal of Politics and History* 52(2006), 72-73.

⁵⁷ Frank Bongiorno, “The Price of Nostalgia,” 412-414.

tradition, and emerging nationalism, it was a void in their mental map. A void filled with instability and communist penetration.⁵⁸

In March of 1950, External Affairs minister Percy Spender addressed parliament with this mental map firmly established. Communist China posed the greatest threat to the region with Moscow at the hub of this expansionist drive.⁵⁹ In this context, Australian politicians and diplomats developed a strategic doctrine known as “forward defence.” This doctrine stated that Australian national security was best upheld by keeping the Communist threat as far away from the Australian mainland as possible. To do so, Australia would have to confront militarily the threat posed by Communist China and allied Communist parties to the region alongside its allies the United Kingdom and United States. Although Menzies was initially ambivalent about the region, and saw Australian security best protected by assisting Britain in defending the Middle East from Soviet encroachment⁶⁰, the defeat of the French at Dien Bien Phu by the Viet Minh and Britain’s diminishing resources in the region, particularly following the Suez Crisis, changed that perspective. In particular, it was deemed that Australian security was best upheld by maintaining a substantial American commitment to the region, as British influence waned. This American commitment was to be upheld by the ANZUS treaty of 1951 and the SEATO treaty of 1954, two alliance commitments intended to bind the United States to the region’s future and to Australia’s security.⁶¹ However, neither of these treaty agreements sprang out of nowhere in the post-1945 world, they were (and still are) the culmination of over half a century of Australian diplomatic activity to get the United States committed to the region from Alfred Deakin in 1909 to Joseph Lyon’s attempt at creating a “Pacific Pact” involving the United States in 1937.⁶² According to David Reynolds, the emergence of an assertive Communist China intervening in the same areas as Imperial Japan conquered in 1940-42, was a threat that could not be ignored, particularly with the lessons of 1942 still fresh in Australian policy-makers minds.⁶³

⁵⁸ John Murphy, “Vietnam and the conservative imagination in the 1950s,” in *Australia and the End of Empire: The Impact of Decolonisation in Australia’s Near North, 1945-1965*, ed. David Lowe (Melbourne: Deakin University Press, 1996), 87-105.

⁵⁹ Meaney, *Australia and the World*, 559-561.

⁶⁰ Gregory Pemberton, “An Imperial Imagination: Explaining the Post-1945 Foreign Policy of Robert Gordon Menzies,” in *Menzies in War and Peace*, ed. Frank Cain (Sydney: Allen & Unwin, 1997), 160-163.

⁶¹ David Lowe, “Brave New Liberal: Percy Spender,” *Australian Journal of Politics and History* 51(2005), 396-399.

⁶² McClean, “From British Colony to American Satellite?,” 69-69.

⁶³ Reynolds, “Empire, Region, World,” 352-353.

The emergence of the threat of Communist expansionism combined with old fears that were part of the Anglo-Australia psyche. These fears revolved around Australia being an outpost of European civilization in an alien region. External Affairs Minister Richard Casey articulated this feeling of geopolitical loneliness to Harold Macmillan commenting that if “you were to put your left hand on the Eastern Mediterranean and your right hand on the West Coast of North America. Between your two hands will be over half the surface of the earth, with Australia as the only “white” country (to use an awful word) of consequence in this very large area, other than New Zealand. This reflects the remoteness, the loneliness and the vulnerability of Australia.”⁶⁴ The war against Imperial Japan had aroused what a modern, industrialised and militarized Asian nation could do to threaten Australia’s sovereignty and survival.

For both the United States and Australia in the 1950s, Indonesia would become central to their concepts of security in the region. As Cold War tensions expanded into East and Southeast Asia, the United States increasingly viewed Indonesia as a central pillar in the containment strategy in the region, but also as a model of a Western-orientated decolonisation process. Australia, that had played a crucial role in assisting Indonesia gain its independence look upon its nearest neighbour with both hope and trepidation. Australian politicians and diplomats hoped to establish friendly and productive relations with the new Indonesian Republic, as a way of furthering Australian regional engagement as well promoting its security interests. However, these hopes combined with fears of potential Indonesian expansionism and the instability of Indonesian domestic politics proving the scope for Communism to advance. By 1955, fears for the stability of Indonesia and the growing domestic appeal of Communism were clouding the thoughts of Canberra and Washington D.C.

⁶⁴ Letter Richard G. Casey to Harold Macmillan, UK Foreign Secretary, 12 April 1955, Personal Papers of Prime Minister Robert Menzies, Correspondence mainly with Hon R.G Casey on cabinet and international matters, M2576 CS 39, NAA.

Chapter Two

Indonesia at a crossroads

By the mid-1950s, Australian and American government officials were increasingly alarmed at the political trajectory of the Indonesian Republic. This was a challenging time for Western interests in Southeast Asia. The defeat of the French in Indochina had led to the emergence of a Communist state in North Vietnam. The Southeast Asia Treaty Organisation (SEATO), a collective security organisation established in the wake of the Indochina fiasco, remained relatively impotent. Meanwhile, the Soviet Union, following the death of Iosif Stalin, was looking to the former colonial world as an arena of competition with the United States.⁶⁵ Indonesia therefore assumed greater significance and its domestic politics, foreign policy and leadership struggles were the subject of both great interest and concern. For Canberra and Washington, President Sukarno's embrace of Guided Democracy, the growth of Soviet and Chinese aid and political support, and the increasing popularity and electoral success of the PKI presented a daunting challenge.⁶⁶

During the 1950s, the Indonesian Communist Party, the PKI, was on the road to recovery after its disastrous uprising at Madiun in 1948. Following Madiun, the PKI was accused of stabbing the Republican cause in the back, while it was locked in a life-or-death struggle against the Dutch. In the aftermath of this catastrophe, the PKI went about reinventing itself as a nationalist organisation committed to the goals of the Indonesian Revolution. Under the leadership of D.N Aidit, the PKI rebuilt itself as an party committed to the national ideology of *Pancasila* (Five Principles) and proved willing to work within the existing parliamentary system.⁶⁷ This commitment to national ideology and the political process was matched by its massed popular support in Central and Eastern Java. In particular, the PKI was able to draw upon the disaffection many Javanese peasants and villagers felt with the fruits of

⁶⁵ Odd Arne Westad, *The Global Cold War: Third World Interventions and the making of our times* (Cambridge: Cambridge University Press, 2007), 66-69.

⁶⁶ See Ragna Boden, "Cold War Economics: Soviet Aid to Indonesia 1955-65," *Journal of Cold War Studies* 10(2008).

⁶⁷ Rex Mortimer, *Indonesian Communism under Sukarno: Ideology and Politics, 1959-1965* (London: Cornell University Press, 1974), 24-25.

independence. The PKI also sort to endear itself with the greatest hero of the Indonesian Revolution, President Sukarno. Sukarno's semi-mythical reputation as a champion of Indonesian nationalism made him the most revered leader on the Indonesian political scene. In these circumstances, the PKI sought to align itself with the President's domestic and foreign policy attitudes, particularly on the issue of West Irian.

Officials in Canberra and Washington were well aware of the ascendancy of the PKI in Indonesian politics. Walter R. Crocker, who served as Australian ambassador in both India and Indonesia delivered a frank explanation of the appeal of the PKI to External Affairs Minister Richard Casey on the 10th of September 1956. In particular, Crocker highlighted the grinding poverty of post-independence Indonesia and the hopelessness that drew Indonesians to the PKI. He outlined that "No Indonesian has much wealth to lose so that arguments about the interests of private property or the rights of capital fall on deaf ears. On the other hand arguments for lessening poverty do not fall on deaf ears." Crocker went on to elaborate on the dire conditions of the Javanese peasantry telling Casey that "In Java itself, unlike in most of Indonesia, the stage has been reached in places, thanks to the population problem, where there is a landless proletariat and where poverty is real and of a familiar Asian kind. It is not without significance that all 39 of the PKI members of parliament represent Java constituencies."⁶⁸

The general elections of 1955-the first since independence- were a watershed moment for the PKI. These elections, held in September of 1955, marked its re-emergence as a significant national political player. As Crocker, a diplomat with extensive experience in the developing world, noted to Casey, the PKI were able to achieve major successes particularly on Java. In the general elections, the PKI polled 6,176,914 votes and gained 16.4% of the vote placing them in fourth position overall. The gains achieved by the PKI reflected poorly on the traditionally pre-dominant parties in Indonesia, the Indonesian Nationalist Party (PNI) and

⁶⁸ Sir Walter Crocker to The Right Honourable Richard Casey Minister of State for External Affairs, 10 September 1956, Communism in Indonesia', A1838 3034/2/2/2 PART 3, National Archives of Australia (NAA), 129-130.

the moderate Islamist Masjumi. Respectively, the PNI and Masjumi polled 22.3% and 20.9% of the vote.⁶⁹

The significant increase in the political appeal of the PKI can be traced to several factors. Firstly, the party re-entered the Indonesian political mainstream as a party clothed in the rhetoric and ideals of the Indonesian revolution. In an interview for the *New York Times* on the 11 December 1954 - that was documented by the Australia embassy in Jakarta- PKI leader D.N Aidit reasserted the commitment of the PKI to the Indonesian revolutionary principles of *Pancasila* and surprisingly “freedom of religion”, a realistic assessment of the role of religion in Indonesian society.⁷⁰ Duly noted by the Australian Embassy was the ability of the PKI to integrate itself into many aspects of Indonesian civil society including students, ex-soldiers, squatters, women and extreme nationalist organisations for the return of West Irian-a vital aspect in terms of the Australian national interest and Indonesian nationalism.⁷¹

Secondly, the PKI ran an effective and efficient campaign that played to their strengths. According to Dutch figures from 1938-39 only 204 Indonesian graduated from high school out of a population of 67 million.⁷² In these circumstances, the PKI developed a sophisticated campaign empathising communal/village loyalty and issues; particularly in a country where over 90% of the population were peasants or communal proprietors. The strategy ensured that 88.6% of the votes in Java and 75% in Central and Eastern Java alone went to the PKI, regions as noted above that were drawn to its ideals. However, the outer-islands, particularly Sumatra, remained strongholds of the Masjumi, due to the nature of Islam on the island and Sumatra being a primarily export orientated economy compared to Java’s rice and agricultural basis.⁷³

The general elections of 1955 reflected the vibrancy, competitiveness, and diversity of opinions in the Indonesian political system. However, the results of this hard-fought campaign did not solve the inherent problems that had blighted Indonesia since

⁶⁹ “1955 election results,” Digital Atlas of Indonesian History, accessed 13 June 2013, <http://www.indonesianhistory.info/topics/masyumi.html>.

⁷⁰ ‘D.N Aidit interview with the New York Times (translated into Communist newspaper *Haran Rakjat*), From Third Secretary Australian Embassy Djakarta R.R Fernandez to Secretary of Department of External Affairs, 11th December 1954,’ *Communism in Indonesia*, A1838 3034/2/2/2 PART 2, NAA, 234-236.

⁷¹ *ibid* 130-132.

⁷² Kahin & Kahin, *Subversion as Foreign Policy*, 20-21.

⁷³ J.D Legge, *Sukarno: A Political Biography* (Sydney: Allen & Unwin, 1972), 272-273.

independence. These included an unstable and cumbersome cabinet system, an economy that was struggling to recover from both the Japanese occupation and the war against the Dutch, and a population weary with the continual political bickering and horse-trading between the main parties. President Sukarno, the hero of independence and symbol of the Indonesian Revolution, was well aware of the growing disenchantment of his fellow Indonesians, because he felt the same way.⁷⁴

Many Indonesians had hoped that the elections of 1955 would be a panacea to the problems afflicting the country, cleansing the country of its post-independence ills. While immensely proud of their revolutionary struggle against the Dutch, Indonesians were not seeing the benefits of independence. Corruption, poverty and the inability of the government to deal with inflation added to a general economy malaise that undermined the post-1949 idealism. While Indonesians of all political, ethnic and religious stripes were proud of the stand the country had taken on the international stage, particularly in support of the non-aligned movement (the Bandung conference) and its commitment to support anti-colonialism, their political elite left much to be desired. The pettiness of the squabbling between parties and the lack of a consensus on the direction the country should be taking was seen by many as a betrayal of the ideals of the revolution.⁷⁵

Even more disturbing for the future of the nation was the growing regional unrest on the islands of Sumatra and Sulawesi. Due to the geographical and anthropological spread of the Indonesian archipelago, ethnic identity and regional diversity are self-evident factors in the politics of the Indonesian Republic. While relatively united in their struggle against Dutch colonialism, dissatisfaction with central control from Java and a desire for local autonomy became a worrying aspect of post-independence politics. Regional animosity towards the central government had its roots in several economic, political, and military issues. The Outer-Islands demanded a greater share of public spending on roads, hospitals and other government services and infrastructure. Outer-Islanders also chafed under the artificial exchange rates which penalised the export-producing areas (such as Sumatra) in order to support the island of Java, which was a net consumer.⁷⁶ The passing of Vice-President Hatta-

⁷⁴ Daniel S. Lev, *The Transition to Guided Democracy, 1957-1959* (Singapore: Equinox Publishing, 1965), 63-67.

⁷⁵ Legge, *Sukarno*, 266-269.

⁷⁶ Paul F. Gardner, *Shared Hopes, Separate Fears: Fifty Years of U.S.-Indonesian Relations* (Boulder: Westview Press, 1997), 134-136.

a Sumatran- from the political scene in December 1956, added further to disquiet in the Outer-Islands. The Sukarno-Hatta partnership or *Dw-Tunggal* had symbolised more than anything else the unity of the Indonesian Republic-and of Java and Sumatra. Hatta's decision to relinquish the vice-presidency and return to private life left Sukarno as the premier revolutionary actor on the Indonesian political stage. Many Outer-Islanders feared for their future prospects with Sukarno playing a more prominent role-due to the nature of his Javanese background and disposition.⁷⁷

Military affairs and personal rivalry added to this brew of discontent. Attempts by the central government in Jakarta to centralise command structures, streamline regional army commands, demobilise large amounts of superfluous troops and crackdown on corruption fuelled a growing rift. For regional commanders, attempts by Jakarta to undermine their commands were greeted with dismay. Many of these officers, particularly on Sumatra and Suluwesi, had been able to reap large profits by protecting smuggling operations that moved goods such as rubber and tin from Sumatra or Suluwesi to Singapore or the Philippines, bypassing central government exchange controls. Attempts by Jakarta to interfere with this lucrative trade provoked a strong backlash from regional military leaders that would eventually result in the armed rebellion of 1958.⁷⁸

The central political actor in the growing disquiet over the nature of Indonesian politics was President Sukarno. With the inability of various party coalitions to solve the major political and economic problems affecting the Republic, Sukarno increasingly stepped into the void. By the mid-1950s, Sukarno became increasingly independent in his political thoughts and actions. Throughout 1956, Sukarno began to articulate a new concept to address the political and economic ills faced by the Republic. For Sukarno, the bitter party conflicts were sapping the idealism and dynamism that defined Indonesian politics during the period 1945-49.

Sukarno blamed this political malaise on the western liberal democratic system that had been adopted by the Indonesians. In his speech at the opening of parliament in March of 1956, he

⁷⁷ Legge, *Sukarno*, 285-287.

⁷⁸ Audrey R. Kahin & George McT. Kahin, *Subversion as Foreign Policy: The Secret Eisenhower and Dulles Debacle in Indonesia* (New York: The New Press, 1995), 55-58.

argued that the Western convention of majority rule (fifty percent plus one) was unsuited for the realities of Indonesian society. He implored the newly elected members of parliament to seek consensus in the spirit of the Indonesian principle of *gotong royong* (mutual help).⁷⁹ In his search for a new consensus approach to governance, Sukarno would seek assistance from abroad.

Throughout the second half of 1956, the president travelled throughout Western Europe, the United States, and Soviet Union on a highly publicised world tour. In front of the world's media, Sukarno, ever the showman, dazzled. In the United States, his homage to the American political system and its leaders at a joint session of Congress on the 17 May was greeted with standing ovation after standing ovation by an American political establishment that had expressed its scepticism with the neutralist policies adopted by Indonesia. At Heidelberg University in West Germany where Sukarno was received with a honorary degree, the president articulated for a European audience the Indonesian principles of *Pancasila*.⁸⁰ In the Soviet Union, he toasted with Soviet Premier Nikitita Khrushchev the achievements of Lenin and the Soviet Union. However, the flowing rhetoric, did not equate with Sukarno's own beliefs on the future of Indonesia being linked to either society. While in awe of the achievements of Washington, Jefferson, and Lincoln, Sukarno saw the American model of development and democracy as incompatible with Indonesian political realities. The United States was too rich, too well developed and too immersed in the tradition of liberal democracy to be an example. Indonesia, which was struggling with the relics of feudalism, colonialism, and economic injustice, was too far behind the United States to be a model of Indonesia's future. In the Soviet Union, Sukarno expressed his amazement at the level of industrialisation and reconstruction "by countries behind the Iron Curtain." However, even with expressions of anti-colonial solidarity the trip did not seriously move Indonesia towards the Soviet Union.⁸¹

The country in the end that appealed to Sukarno's desire for unity of purpose, modernisation and industrialisation was Communist China. According to the historian Hong Liu, what

⁷⁹ Legge, *Sukarno*, pp 270.

⁸⁰ C.L.M. Penders, *The Life and Times of Sukarno* (London: Sidgwick & Jackson, 1974), 154-155.

⁸¹ Telegram from the Embassy in Indonesia to the Department of State, *FRUS, 1955-57, Volume XXII*, 316-319.

captivated Sukarno about China's immense progress- although at the cost of millions of lives- was not its Communist ideology, but the shared purpose and unity of the Chinese people under the rule of Chairman Mao. In the example of China, Sukarno saw a fellow Asian nation that like Indonesia had endured the humiliation of the colonial experience.⁸² Sukarno, as a revolutionary leader, had paid close attention to Chinese political and social developments through the early part of his career. He had read the works of the key Chinese nationalists of the era, Sun Yat-sen, Mao Tse-tung, and even Chiang Kai-shek. He was also well acquainted with developments in China through his interaction with the sizable ethnic Chinese community in Indonesia. As Odd Arne Westad has stated, overseas Chinese community were fundamental in the shaping of mainland Chinese political thought and actions as well as indigenous non-Chinese nationalists.⁸³ During his visiting in 1956, Sukarno was able to compare the growth and development of China with the sclerotic Indonesian political system. In a report to Secretary of State Dulles, Ambassador Allison sent on the 22 July 1957 summarised a series of speeches Sukarno made to audiences throughout Kalimantan Province. During these speeches Sukarno highlighted "the Chinese Peoples Republics [philosophy of] unity, criticism, unity facilitating development of[sic] that nation of 600 million people" He also expressed how "very impressed by big progress in reconstruction" the PRC had made.⁸⁴ During the 1 October military parade in Peking (Beijing) that Sukarno attended, Chairman Mao pointed out that much of the military equipment was Chinese-made.⁸⁵ While the veracity of this claim from the Chairman is dubious-due to the high level of Soviet aid the PRC was still receiving- it no doubt showed an Asian nation which not only exhibited unity, economic progress and military modernisation.

The revelations Sukarno would take away from this trip would be an impetus to develop the idea of *gotong royong*. On the 21 October, on returning from his trip to China, Sukarno outlined his *konsepsi* to deal with Indonesia's ills in a speech entitled "Bury the parties". Throughout 1956 and into 1957, Sukarno went about articulating what became known as Guided Democracy, a term he had first used in 1950.⁸⁶ The key aspects of Guided Democracy that Sukarno wished to promote were the failures of western liberal democracy or

⁸² Hong Liu, "Constructing a China metaphor: Sukarno's Perceptions of the PRC and Indonesia's Political Transformation," *Journal of Southeast Asian Studies* 28(1997), 28-32.

⁸³ Odd Arne Westad, *Restless Empire: China and the World since 1750* (London: The Bodley Head, 2012), 217-220.

⁸⁴ From Ambassador Allison to Secretary of State Dulles, 22 July 1957, Box 2611, Record Group 59, 1956-1959 Central Decimal File, National Archives and Records Administration (hereafter will be cited as NARA).

⁸⁵ *ibid*

⁸⁶ Legge, *Sukarno*, 279-281.

“free fight liberalism” to deal with the political and economic needs of the Indonesian people. He proposed a solution more applicable to Indonesia’s unique circumstances. Firstly, a new national council would be created to advise the cabinet. This council, appointed by the President would include both regional groups as well as other functional groups in society such as workers, women, veterans, youths, religious leaders and intellectuals. Secondly, Sukarno’s *konsepsi* called for the creation of a cabinet made up of the four major political parties from the 1955 general election. This meant that the Indonesian Communist party- that had been excluded from all previous cabinets- would be able to enter the political mainstream.⁸⁷ Finally, a plea that all Indonesian “ place interest of the state before group or individual interest.” A clear denunciation of what Sukarno perceived to be the venal party system, a by-product of colonialism that stifled indigenous political ideas. Sukarno, in his “Year of Decision” speech on the 17 August 1957 spoke of the failure of western liberal democracy in an Indonesian context “ we are suffering from talkativeness and miscept of democracy...It has become apparent that democracy without discipline, democracy without guidance, is not in keeping with identity Indonesian people and mental outlook Indonesian nation [sic].”⁸⁸ What alarmed diplomats and politicians in both the United States and Australia was the inclusion political system that Sukarno wished to replace the existing one would potentially give the ever-growing PKI a role in governance. Western diplomats reporting from Jakarta found Sukarno’s courting of the PKI naïve and that he had softened in his attitude towards Communism since the Madiun uprising. With memories of how popular-front governments in Europe had been subverted by Communist Parties- the example of Czechoslovakia in 1948 being the most well regarded- Guided Democracy was greeted with caution.

American concerns over Indonesia’s Future

From the general elections of 1955 onwards, the United States viewed the leftward shift of the Indonesian electorate, and the seemingly naïve response of President Sukarno with deep concern. In a telegram sent from the embassy in Jakarta to the State Department on the 7 October 1955, Ambassador Cummings expressed his disappointment with the success of the PKI. In particular, the failure of Masjumi, a moderate Islamist party with a pro-Western orientation, to gain “enough seats in new Parliament to give them a commanding voice in

⁸⁷ Lev, *Indonesian Communism under Sukarno*, 65-67.

⁸⁸ Telegram from Djakarta to Secretary of State, 22 August 1957, Box 3454, Record Group 59, 1955-1959 Central Decimal File, NARA.

[the] formation [of] new government and policies.”⁸⁹ The growing presence of the PKI in Indonesian national politics, and its inclusion in Sukarno’s concept of Guided Democracy was an alarming sign in Washington, particularly as the United States government sought to sure up anti-Communist allies and build confidence in the SEATO alliance.

The strategic value of Indonesia combined with an assertive Eisenhower Administration “New Look” strategy; that emphasised the importance of ensuring the alignment of Indonesia in the capitalist/free world. A National Security Council (NSC) policy statement from the 19 November 1953, reiterated the importance of denying Indonesia’s strategic position, natural resources and population to the Soviet bloc. At the core of the Eisenhower Administration’s commitment to containing Communism in South East and East Asia was the reintegration of Japan into the capitalist system and its continual pro-western political alignment. David Painter noted the vital importance of Southeast Asian raw materials in this process. If the workshop of Asia was to remain an American ally, access to the raw materials necessary for reconstruction and economic rejuvenation were essential. Indonesia, with its abundance of raw and strategic materials such as rubber, tin, palm oil and the crucial oil deposits in Sumatra, was at the core of this strategy.⁹⁰

The advent of the New Look policy did not mark a radical shift in official American thinking on South East Asia. It simply reemphasised the importance of the region (which included Indonesia), a view expressed by the Truman Administration. The “Basic National Security Policy” approved by President Eisenhower in October 1953-known as NSC162/2-stated that the loss of the “uncommitted areas” of the world to the USSR “would greatly, perhaps decisively, alter the world balance of power to our (the United States) detriment.” In order to counter this decisive change to the global balance of power, the same document recommended that the United States should use “all feasible measures” to reduce a Soviet threat wherever they existed.⁹¹ The Soviets and their Chinese allies were seen to pose a major threat through their use of subversion, political warfare and local communist armed action. In particular, NSC 162/2 highlighted the actions of communist parties and communist-party controlled trade unions outside the Bloc as vehicles used by the Soviets to undermine the free

⁸⁹ Telegram From the Embassy in Djakarta to the Department of State, 7 October 1955, *FRUS, 1955-57, XXII*, 201-202.

⁹⁰ David Painter, “Explaining U.S. Relations with the Third World,” *Diplomatic History* 19(1995), 532-535.

⁹¹ Andrew Roadnight, *United States Policy towards Indonesia in the Truman and Eisenhower Years* (New York: Palgrave Macmillan, 2002), 103-104.

world through sabotage, exploitation of subversive and revolutionary movements and of civil wars, and psychological warfare.⁹²

While asserting an interventionist approach to dealing with potential challenges in the Third World, NSC 162/2 outlined the dilemma of Third World nationalism, an issue that would decisively shape the coming crisis for the Eisenhower Administration in Indonesia. The report acknowledged that resentment towards the West in the Third World was one of many obstacles to dealing with regimes such as the one in Jakarta. These nations were “so preoccupied with other pressing problems” such as economic growth, ethnic tensions, governance and poverty that they were “presently unwilling to align themselves actively with the United States and its allies.” Understanding Third World nationalism therefore required political finesse to overcome the raw wounds of European colonialism and general distrust of Western motives, which provided political ammunition for the Communist bloc. In its dealings with Indonesia, the Eisenhower Administration would face the internal contradictions of NSC 162/2. In acting assertively to eliminate a perceived threat posed by the Soviet bloc and her proxies, President Eisenhower, Secretary of State Dulles and the CIA were only adding to the distrust many Third World nationalists expressed towards the United States.⁹³

In a private hour-long interview with Sukarno on the 26 August 1957, Allison questioned the President on his concept of Guided Democracy and the role of the growing PKI. Sukarno, probably aware of the concerns of his guest in relation to the PKI sort to ameliorate the Ambassador’s concerns by casting the PKI as merely “rabid left-wing nationalists” who had “deserted PNI (Nationalist Party) and Masjumi because those parties are no (repeat no) longer ardent in their fight against colonialism and imperialism.⁹⁴” While the PKI due to its continued and well-publicised support for the ending of Dutch rule on West Irian did. Sukarno went on to elaborate on why he wished to include the PKI in the concept of Guided Democracy. It was not because they were Communists, but “because he (Sukarno) so strongly believed in the Indonesian principle of “Gotong-Rojong”. All elements of the

⁹² Andrew Roadnight, *United States Policy towards Indonesia in the Truman and Eisenhower Years* (New York: Palgrave MacMillian, 2002), 103-107.

⁹³ Robert R. Bowie & Richard H. Immerman, *Waging Peace: How Eisenhower Shaped an Enduring Cold War Strategy* (New York: Oxford University Press, 1998), 214-217.

⁹⁴ Telegram from Embassy in Indonesia to Department of State, 26 August 1957, Box 3454, Record Group 59, 1955-1959 Central Decimal File, NARA.

community must be represented; there must be mutual cooperation; no (repeat no) group should be left out if it consists of a substantial part of the populace.” Allison wondered after the conversation whether the President was “either frighteningly naïve or completely insincere”. However, Allison made clear to Dulles that Sukarno still maintained a hold on the masses greater than any other Indonesian leader.⁹⁵

The brashness of Sukarno in courting the leadership of the PKI and its popular base combined with the neutralism of Indonesian foreign policy planted seeds of doubt in American official minds. Since independence, Indonesia had sought to maintain its freedom of movement in the bipolar world of the Cold War. In the mid-1950s, Indonesia was an activist member of the Afro-Asian neutralist bloc, opposed to the actions of both superpowers. Sukarno’s hosting of the first meeting of the Afro-Asian bloc in Bandung in 1955 raised suspicions in Washington, particularly the inclusion of Communist China as one of the countries in attendance.⁹⁶ For Indonesia, and the host of the conference President Sukarno, non-aligned seemed a natural choice for a country that had only just escaped colonial rule.⁹⁷ Like Egypt’s President Abdul Nasser and Prime Minister Jawaharlal Nehru of India, neo-colonialism, remained the greatest danger facing these newly independent states.⁹⁸

The ruthlessness of the Soviet Union in East Europe and its sabre rattling in the Near East and the actions of the United States in adopting a policy of containment were issues of lower order. Only through remaining non-aligned could these states achieve genuine independence from both great powers.⁹⁹ For many Indonesian, the issue of neo-colonialism, was a raw issue, as the Dutch still controlled West Irian. Secretary of State John Foster Dulles saw neutralism in the Cold War and in particular in Southeast Asia, as a dangerous phenomenon. With his Manichean views of the world, Dulles saw Sukarno as courting disaster in terms of

⁹⁵ Ibid

⁹⁶ Robert B. Rakove, *Kennedy, Johnson and the Non-Aligned World* (Cambridge: Cambridge University Press, 2012), 7-10.

⁹⁷ Samuel E. Crowl, “Indonesia’s Diplomatic Revolution: Lining up for Non-Alignment, 1945-55,” in *Connecting Histories: Decolonization in Southeast Asia, 1945-62*, ed. Christopher E. Goscha and Christopher Ostermann (Washington D.C: Woodrow Wilson Center Press, 2009), 249-252.

⁹⁸ Vijay Prashad, *The Darker Nations: A People’s History of the Third World* (New York: The New Press, 2007), 34-37.

⁹⁹ Jason Parker, “Cold War II: The Eisenhower Administration, the Bandung Conference and the Reperiodization of the Post-war Era,” *Diplomatic History* 30(2006): 870-871.

Indonesia's future.¹⁰⁰ Particularly when the PKI was on the rise, the Soviet Union increasing its economic and military aid to the Third World and the Chinese Communists were seeking to reassure their neighbours.

By mid to late 1957, the patience of the Eisenhower Administration with President Sukarno and the direction of Indonesian domestic and foreign policy had run out. Attempts at courting the President had yielded few results. In September 1955, Kermit Roosevelt, the political action officer who was infamous for organising the overthrow of Prime Minister Mossadegh in Iran, had approved the transfer of millions of dollars to support Masjumi in the upcoming elections. The money that was converted into rupiah on the Hong Kong black market, yielded minimal results as the PKI increased its share of the popular vote.¹⁰¹ Increasingly, the use of covert operations to change the dynamics in the Indonesian archipelago was seen as a method that would halt the leftward shift of Indonesia. The topic of most interest within the CIA and the National Security Council was whether it would be better to see Indonesia disintegrate, rather than see it dominated by a hostile Communist government.

Southeast Asia was regarded as the region most susceptible to Communist gains by top Eisenhower Administration officials. In a private cable to the British Prime Minister Winston Churchill dated 4 April 1954, Eisenhower outlined his fears for the region, particularly as France struggled to defeat the Viet Minh in Indochina;

[If] Indochina passes into the hands of the Communists, the ultimate effect on our and your global strategic position with the consequent shift in the power ratio throughout Asia and the Pacific could be disastrous and, I know, unacceptable to you and me. It is difficult to see how Thailand, Burma and Indonesia could be kept out of Communist hands. This we cannot afford. The threat to Malaya, Australia and New Zealand would be direct. The offshore island chain would be broken. The economic pressures on Japan which would be deprived of non-Communist markets and sources of food and raw materials would be such, over a period of time, that it is difficult to see how Japan

¹⁰⁰ Rakove, *Kennedy, Johnson and the Non-Aligned World* 1-3. See Also H. W. Brands, *The Specter of Neutralism: The United States and the Emergence of the Third World, 1947-1960* (New York: Oxford University Press, 1989).

¹⁰¹ John Prados, *Safe for Democracy: The Secret Wars of the CIA* (Chicago: Ivan R. Dee, 2006), 167.

could be prevented from reaching an accommodation with the Communist world which would combine the manpower and natural resources of Asia with the industrial potential of Japan.¹⁰²

In this context, the importance of the Indonesian archipelago and its political alignment would become an issue of vital importance for Washington. In terms of grand strategy, Indonesia lay behind the great crescent of states that swept from Japan, down the outer-island chain to the Philippines, then bent west towards the Indian sub-continent. It was not a front-line state like either South Vietnam or Laos in the mid-1950s, rather it was on the second defensive line in the mental-map of senior military and diplomatic officials in Washington.¹⁰³ However, this did not eschew its vital importance. Indonesia, was considered highly vulnerable to communist subversion and its loss to the free world would imperil the whole region due to its natural resources, control over lines of communication, and strategic value. According to Gabriel Kolko, Eisenhower in his first public pronouncement of the “falling domino” analogy in April 1954, discussed the danger of losing vital sources of tin, tungsten, rubber and oil, if the region fell-raw materials readily available in Indonesia.¹⁰⁴

Taking the Covert Road

The New Look emphasis on the use of covert operations, and the priority of preventing Indonesia falling to Communism combined in the political, social, and economic turmoil of Indonesia in 1957. Prior to 1957, the Eisenhower Administration and the CIA had shown a deft (and ruthless) hand in conducting covert operations around the globe. In Iran in 1953, Guatemala in 1954 and in Syria in 1957, the CIA had used methods ranging from bribery, coup-d'états, covert military intervention, arms supplies and black propaganda to achieve its aims.¹⁰⁵ At a time when the Soviet Union was re-focusing on the third world following the death of Stalin and the Chinese Communists were offering an Asian path to revolution, the

¹⁰² Dwight D. Eisenhower, Cable. Top secret To Winston Spencer Churchill, 4 April 1954. In *The Papers of Dwight David Eisenhower*, ed. L. Galambos and D. van Ee, doc. 816.

¹⁰³ 'U.S. Policy on Indonesia', National Security Council Report (NSC 5518), 3 May 1955, *FRUS, 1955-57, Volume XXII*, 153-153.

¹⁰⁴ Gabriel Kolko, *Anatomy of a War: Vietnam, the United States, and the Modern Historical Experience* (New York: Pantheon Books, 1985), 76-77.

¹⁰⁵ Bowie & Immerman, *Waging Peace*, 219-221.

Eisenhower Administration according to historian John Lewis Gaddis was to find its fears confirmed, justifiably or not, throughout the third world.¹⁰⁶

The stalemate in Korea at the beginning of his term demonstrated to President Eisenhower and his new Secretary of State John Foster Dulles the dangers of large-scale military interventions in Asia that could not achieve complete victory. The staggering monetary cost of the Korean War and the associated defence expenditure was anathema to the new Eisenhower Administration. Ike and this Treasury Secretary George Humphrey saw balanced budgets domestically linked to a decrease in costly conventional military spending that had expanded the deficit throughout the Korean War.¹⁰⁷ National Security Council document 162/2 and the development of the New Look deterrence policy derived from Eisenhower's desire to avoid unsustainable military spending that would harm the American economy and civil society. In terms of the New Look strategy in Asia, the administration placed increased emphasis on working with local allies to defeat communist threats, the establishment of regional collective defence organisations, the threat to use nuclear weapons in localised conflicts and the use of covert operations to undermine Communist activity in the region.¹⁰⁸

The path to covert intervention in Indonesia had its roots as far back as 1953. During a briefing of Ambassador to Indonesia Hugh Cummings in October 1953, President Eisenhower and Secretary of State Dulles elaborated on the potential of Indonesia going Communist and how the United States would respond. In particular, the question of the territorial unity of Indonesia was raised. Dulles expressed his personal feelings on the matter; "As between a territorially united Indonesia which is leaning and progressing towards Communism and a break-up of that country into racial and geographical units, I would prefer the latter as furnishing a fulcrum which the United States could work later to help eliminate Communism in one place or another, and then in the end, if they so wished arrive back again at a united Indonesia."¹⁰⁹ By February 1957, ill-omens within Indonesia, seemed to make this policy feasible. At a meeting of the National Security Council on the 28 February 1957, Director of the Central Intelligence Agency Allen Dulles (brother of John Foster Dulles)

¹⁰⁶ John Lewis Gaddis, *Strategies of Containment : A Critical Appraisal of American National Security Policy during the Cold War* (Oxford: Oxford University Press, 2005), 174-175.

¹⁰⁷ Robert J. McMahon, "US national security policy from Eisenhower to Kennedy," in *The Cambridge History of the Cold War: Volume One Origins*, ed. Melvyn P. Leffler and Odd Arne Westad (Cambridge: Cambridge University Press, 2010), 293-296.

¹⁰⁸ Bowie & Immerman, *Waging Peace*, 219-221 See Also Stephen E. Ambrose, *Ike's Spies: Eisenhower and the Espionage Establishment* (New York: Anchor Books, 2012), Chapter 13.

¹⁰⁹ Kahin & Kahin, *Subversion as Foreign Policy*, 75-77.

offered a dire warning about the ongoing situation in Indonesia. He stated that “developments in Indonesia had taken a dramatic turn, and a critical situation was in the offing. President Sukarno is threatening to abandon the experiment in Western forms of democracy, in favour of a new concept of government (guided democracy)...Sukarno’s plan has received strong backing from the Indonesian Communist Party (PKI)...”¹¹⁰

In a report by the Intelligence Advisory Committee, the situation in Indonesia was outlined. The report makes sombre reading. It noted the growing defiance of regional military commanders towards the centre government in Djakarta (Jakarta). These commanders mainly from North, Central and South Sumatra demand “a greater degree of autonomy, but have given no indication of an intent to quit the Republic. Some have declared a loyalty to President Sukarno but have made it clear that they oppose the present cabinet.” The unrest and regionalism expressed by these military commanders the report associated with “Poor living conditions for the troops [and] outmoded equipment...Repeated appeals to the government for funds to carry out improvements in the Army have met with little effective response, while the incidence of corruption in high places has destroyed the faith of many Army leaders that conditions would improve.” The report also raised the economic dislocation between Java and the outer-islands. “The feeling that the government administration is dominated by the Javanese, and that the outlying provinces are not receiving economic benefits commensurate with their contributions to the government’s revenues have added to regional sentiments.”¹¹¹ The next day during a National Security Council meeting Allen Dulles commented on the results of the report stating “...the Communists in Indonesia desired a centralized government because it made it easier for them to effect control...this might ultimately raise a policy question for Council consideration-namely, our attitude towards federalism as opposed to centralization in Indonesia.”¹¹²

Alarm in Washington towards the confused political situation in Indonesia only intensified. Increasingly, the situation warranted the intervention by President Eisenhower. During a National Security Council discussion on the 14 March, Eisenhower indicated “that we would

¹¹⁰ Editorial Note, *FRUS, 1955-57, Volume XXII*, 357-358.

¹¹¹ ‘The Situation in Indonesia’, Report by the Intelligence Advisory Committee, *FRUS, 1955-57, Volume XXII*, 362-364.

¹¹² Editorial Note, *FRUS, 1955-57, Volume XXII*, 364.

be up against a very tough problem if we ever had to face the contingency of recognizing several governments in the Indonesia area.” The guarded caution of Eisenhower and Secretary of State Dulles comments that “Sukarno would compromise” in terms of the regional rebellions reflected that a firm commitment on covert intervention had not been reached yet. While worried about the leftward drift of Sukarno and the Indonesian political system, consensus had not been reached on how to deal with this drift.¹¹³

By August 1957, any sense of caution in Washington was being dispelled by political developments in Indonesia that necessitated decisive action. During regional elections of that year held in Java, the PKI- that had boosted its membership from 165,000 to 1.5 million between 1954 and 1959¹¹⁴-managed to pick up two million additional voters, making it the most successful party in the central and eastern Java region.¹¹⁵ Anti-Western sentiments were also on the rise due to the failed Indonesian attempt to have the issue of West Irian tabled for discussion at the UN General Assembly. This failure provoked nationalist across the political spectrum to seek a more militant line in forcing the Dutch to relinquish control. At the 333rd meeting of the National Security Council on the 1 August the President offered his starkest appraisal yet of the situation in Indonesia. The Undersecretary of State Christian Herter – Dulles deputy in the State Department- commented that he “was disturbed by the developments in Indonesia...[and that] it appeared to him that a democratic government in that country was out the window..” Admiral Radford, the chairman of the Joint Chiefs of Staff, noted that “ [the establishment of] a Communist government would be militarily harmful, since Indonesia is astride the routes of communication in Southeast Asia and has a great many potential Communist submarine bases.” The President stated “the best course would be to hold all Indonesia in the Free World. The next best course would be to hold Sumatra if Java goes Communist.”¹¹⁶

The need for action was made concrete by the formation of an Indonesian study group comprised of officials from both the Department of State and Defence to survey the situation

¹¹³ Memorandum of Discussion at the 316th Meeting of the National Security Council, Washington, 14 March 1957, *FRUS, 1955-57, Volume XXII*, 370-371.

¹¹⁴ Lev, *Indonesian Communism and Sukarno*, 68.

¹¹⁵ The PKI was able to achieve 34% of the vote in kabupaten (regency) and municipality elections. In some areas of Central and Eastern Java the PKI was able to poll over 40% of the vote. If this pattern were to be repeated in the 1959 elections, the PKI would have been a necessary part on any government formed, “Local elections in Java, June-August 1957: the rise of the PKI,” Digital Atlas of Indonesian History, accessed 13 June 2013, <http://www.indonesianhistory.info/map/election57.html?zoomview=1>.

¹¹⁶ Memorandum of Discussion at the 333rd Meeting of the National Security Council, Washington, 1 August 1957, *FRUS, 1955-57, Volume XXII*, 400-402.

in Indonesia. The group was chaired by former Ambassador to Indonesia Hugh S. Cummings. In a memorandum sent the next day to Ambassador Allison in Jakarta, Assistant Secretary of State for Far Eastern Affairs Walter S. Robertson encapsulated the need for dynamism in dealing with the situation in Indonesia. Robertson spoke of a “snowballing Communist trend” and that the “Communist infiltration of Indonesia Govt and society bears unpleasant similarities to situation which pertained in Guatemala under Arbenz.” A rather interesting analogy when one considers the similarities between the operations conducted in both countries.¹¹⁷

The “Special Report on Indonesia” prepared by the Ad-Hoc interdepartmental Committee provided the official green light for the use of covert operations to support regional dissidents on Sumatra and Suluwesi and prevent Indonesia falling into Communist hands. The report was a clarion call for tough action in Indonesia. It stated “the most important implication of a Communist takeover on Java would be psychological and political. The general position of non-Communists in Asia would be weakened as the non-Communist states of Southeast Asia would feel themselves squeezed between Communist China and Communist Vietnam (the Democratic Republic of Vietnam) on the north, and Communist Java on the south.”¹¹⁸ The report offered three potential policy approaches; to continue with present policy towards Indonesia in the hope that Communist gains would arouse and unify non and anti-Communist counter forces, to terminate aid programs in the hope that such actions would shock anti-Communist forces into action and finally covert operations.¹¹⁹

The covert approach would be cloaked in the continued formal diplomatic relationship between Washington and Jakarta. However, the report recommended that the United States “...adjust our programs (aid) and activities as to give greater emphasis to support of the anti – Communist forces in the outer-islands while at the same time continuing attempts to produce effective action on the part of the non and anti-Communist forces in Java.” This policy track was viewed by the committee and the National Security Council as having “...the most promising approach at this stage for the United States... in exploiting the not inconsiderable potential political resources and economic leverage available in the outer islands, particularly

¹¹⁷ Message from Assistant Secretary of State for Far Eastern Affairs (Robertson) to Ambassador in Indonesia (Allison), 2 August 1957, *FRUS, 1955-57, Volume XXII*, 402-403.

¹¹⁸ Report Prepared by the Ad Hoc Interdepartmental Committee on Indonesia for the National Security Council, 3 September 1957, *FRUS, 1955-57, Volume XXII*, 436-437.

¹¹⁹ *Ibid*, 437-438.

in Sumatra and Sulawesi (Celebes)...”¹²⁰ Leading into 1958, this policy approach would become the primary instrument for dealing with Indonesia. The covert arm of the policy conducted through the CIA would become known as “Operation Haik”.

The decision to support the regional rebellions by the Eisenhower Administration obscures an ongoing struggle behind closed doors for control of Indonesian policy. This battle would pit Ambassador to Indonesia John Allison against the formidable combination of the Dulles brothers. John Allison who replaced Hugh Cummings in February 1957, sought to build a dynamic personal relationship with President Sukarno and senior leaders in Jakarta. Allison- with his portly figure that was widely mocked by leftist and PKI newspapers- was an experienced diplomat who had previously served as ambassador in Japan. His experience dealing with the turbulence of post-WW2 Asia gave him a unique insight into the nature of Indonesian politics. His dynamism in trying to bring about a new era of bilateral U.S.- Indonesian relations ruffled feathers across the Pacific, particularly in the office of the Secretary of State. Allison questioned the alarmist attitudes that many officials (including the Secretary of State) expressed towards Sukarno’s initiative of Guided Democracy. He also sought to bridge the suspicions that had developed between the two countries by recommending the United States support mediations on the issue of West Irian in the United Nations.¹²¹

Allison initially expressed his uncertainty towards Sukarno’s *konsepi*, describing it as a system that “could take either form of communism or a Hitlerian national socialism.” He also saw it as a cynical power grab by the “Bung Karno” and a blow to the United States in supporting “our system of democracy.”¹²² However, his meetings with senior Indonesian politicians tempered Allison’s scepticism. In his discussions with Prime Minister Djuanda on the 20 August, Allison came away feeling that Guided Democracy was not so much a step towards Communism, but a groping effort to find the best form of governance for the Indonesian people.¹²³ On this thorny issue of West Irian, an issue the Eisenhower

¹²⁰ Ibid, 438-439.

¹²¹ Kahin & Kahin, *Subversion as Foreign Policy*, 109-111

¹²² Memo from Ambassador Allison to Secretary of State Dulles, 17th August 1957, Box 2611, Record Group 59, 1956-1959 Central Decimal Group File, NARA.

¹²³ Memo of conversation between Ambassador Allison and Prime Minister Djuanda to Secretary of State Dulles, 20th August 1957, Box 2611, Record Group 59, 1956-1959 Central Decimal Group File, NARA.

Administration wished would disappear beneath the Arafura Sea, Allison proposed a bold initiative.

In a cable to Secretary Dulles on the 26 August 1957, he outlined the difficulty of improving ties with Indonesia while there was no progress on West Irian. “Sukarno and Indonesians have no (repeat no) direct experience of Soviet Colonialism – but West Irian is nearby; it should be theirs and by our non-support or neutrality we only prove that in fact we are still on [the] side of colonialists. So runs Sukarno’s thinking.¹²⁴” Allison suggested that the United States cast off its neutrality in the dispute and work with Indonesia, Australia and the Dutch to craft a solution which respected the interests of all parties. He believed that a negotiated solution would appease Indonesian nationalism, ease tensions between the Dutch and the Indonesians and weaken the appeal of the PKI. These negotiations would eventually grant Indonesia sovereignty over West New Guinea. However, the process would be conducted jointing with the Dutch, and the use of force would be renounced. In return for gaining control over WNG, the Indonesian government and President Sukarno would act to curb Communist influence within the country. In acting to undermine the PKI and its associates, Indonesia would receive substantial economic and military aid, particularly aimed at solving regional problems.

The novelty of Allison’s approach was ignored in Washington. For Secretary of State Dulles and President Eisenhower, Sukarno was already tainted by his policy of Guided Democracy and his flirting with the PKI. Allison had already become isolated from the key policy-makers in Washington and his diplomatic role subverted by the CIA. For men such as Dulles and Assistant Secretary of State for Far Eastern Affairs Robertson, both vehement anti-communists who had made careers attacking the Truman Administration for losing China, a perceived Communist gain in Indonesia was unthinkable. Walter Robertson, a figure who has largely disappeared from history, seethed over the American failure to prevent the defeat of Chiang Kai-shek in the Chinese Civil War. This urbane Virginian gentleman saw any Communist gains in Asia as potentially disastrous.¹²⁵ With mid-term elections approaching and Presidential elections on the horizon, Democrats wished to put President Eisenhower’s legacy in foreign affairs to the test. For the Administration, any Communist gain had to be thwarted. Senate Minority Leader Lyndon B. Johnson called Sputnik “a

¹²⁴ Memo of conversation between Ambassador Allison and President Sukarno to Secretary of State Dulles, 26th of August 1957, Box 2611, Record Group 59, 1956-1959 Central Decimal File, NARA.

¹²⁵ Fredrik Logevall, *Embers of War*, 486-487.

disaster...comparable to Pearl Harbour,” while other Democrats in Congress hoped to use Sputnik to attack the national security credentials of the Administration in the mid-term elections.¹²⁶ Throughout late 1957, the psychological shock of Sputnik reverberating through Washington and the Soviet Union looked increasingly assertive in the Third World. In a NSC meeting, Dulles saw Sputnik as part of a broader Soviet campaign to demonstrate the superiority of the Soviet model of development in the Third World.¹²⁷ If no decisive action were taken to bring Sukarno to heel and thwart the PKI, the Eisenhower Administration would look weak at home and abroad.

¹²⁶ Robert A. Caro, *The Years of Lyndon Johnson: Master of the Senate* (New York: Alfred A. Knopf, 2002) p 1025-26.

¹²⁷ Julian E. Zelizer, *Arsenal of Democracy: The Politics of National Security-From World War II to the War on Terrorism* (New York: Basic Books, 2010), 139.

Chapter Three

The Australian Government Response to the Outer-Island Rebellion

On the 15 February 1958, Lieutenant Colonel Ahmad Husein, announced on Radio Bukittinggi the formation of the Revolutionary Government of the Republic of Indonesia (PRRI). Colonel Husein, known as the “Tiger of Kuranji” had been one of the first regional military leaders to overtly rebel against the policies of President Sukarno and his cabinet.¹²⁸ The PRRI declaration emphasized the granting of increased political powers to the regions, reform of the military leadership (particularly the army), and that a new cabinet be formed that undermined the newly vested powers of President Sukarno and the PKI. The declaration of the PRRI, the military and intelligence assistance provided to the rebels by the C.I.A through Operation Haik and the resort to military force by the central government would have profound impact on how Australian politicians and foreign policy makers viewed the political turmoil in the region, and were thus cause for suspicion and concern.

The actions of the regional rebels provoked a mixed reaction from leading politicians, diplomats and the wider public in Australia. It was viewed by some as a quixotic struggle; pitting brave anti-communist rebels against a regime closely aligned with the Indonesian Communist Party (PKI), and intent on promoting policies inimical to the Australian national interest. For other politicians and diplomats, the rebels remained an unknown quantity. This chapter will explore how the Australian government dealt with an outbreak of major regional unrest in a country that was essential to Australia’s defence and national security. Initially, the chapter will examine the response of key figures within the Menzies Cabinet and figures within the Department of External Affairs to the unfolding events on Sumatra, Suluwesi, and in Jakarta, events that were distorted by poor communication, lack of factual evidence and ignorance of the dynamics on the ground. As military operations changed the dynamics of the revolt - the rapid collapse of organised rebel resistance and the use of unknown aircraft by third party actors to assist rebel forces- Australian diplomats and politicians worked

¹²⁸ Kahin & Kahin, *Subversion as Foreign Policy*, 140-141.

frantically to preserve long-term interests. As the situation worsened, Australian diplomats worked assiduously to prevent the intervention of hostile third parties (i.e. the USSR or PRC) and cultivated support for a détente with moderate leaders in Jakarta, particular Army Chief of Staff Abdul Haris Nasution. Australia politicians and diplomats were also active in providing support for the State Department in its attempts to move Indonesia policy away from the Central Intelligence Agency.

Australia's Response to the Rebellion in a Cold War context

The emerging threat of Communist China combined with the efforts of both the PRC and USSR to support Communist political organisations, particularly in Southeast Asia. Communist Parties had been active throughout the region since the 1920s. However, the post-WWII conditions in the region allowed these parties the flourish from Burma in the west to the Philippines in the east. Although, according to historian Ilya V. Gaiduk, Stalin remained skeptical about the success of armed Communist uprisings in the region. In October 1950, in a letter to representatives of the Indonesia Communist party (PKI), the “Vozhd” cautioned his Indonesian comrades about using the Chinese Revolution as an example. Aware of the limits of Soviet power and more concerned with European affairs, he called for gradual agrarian reform rather than armed revolt.¹²⁹ Australian policy-makers on the other hand saw the rise of indigenous Communist parties as part of a Moscow centered effort to undermine Western interests in the region.¹³⁰ In Indonesia, the expanding prestige and power of the PKI and its appeals to “expansionist” Indonesian nationalism on the question of West New Guinea was a threat that Australia took seriously.

The menace of the PKI combined with Australia's long-term strategic stake in ensuring cordial relations were maintained between Australia and Indonesia. Indonesia's primacy in Australia's foreign policy was indisputable. Due its population, economic potential, and

¹²⁹ For analysis of Soviet attitude towards nationalist revolutions in Southeast Asia see Ilya V. Gaiduk, “Soviet Cold War Strategy and Prospects of Revolution in South and Southeast Asia,” in *Connected Histories: Decolonization and the Cold War in Southeast Asia, 1945-62*, ed. Christopher E. Goscha et al (Washington D.C: Woodrow Wilson Press, 2009), 123-136.

¹³⁰ For the Australian perspective of the rise of Communist Parties throughout Southeast Asia post-WWII see Geoff Wade, “The beginning of a ‘Cold War’ in Southeast Asia: British and Australian perceptions,” *Journal of Southeast Asian Studies* 40(2009): 543-565.

strategic location on crucial lanes of sea and air communication it was a source of both fascination and fear. During the dark days and months of 1941-42 as the Imperial Japanese army and navy pushed southwards towards Australia, it was only through the Indonesia archipelago or using it as a base that Australia could be effectively attacked or isolated from its great and powerful friends.¹³¹

During the mid to late 1950s, the political and economic volatility of the Indonesian Republic was seen to have created the conditions for the rising influence of the PKI in Indonesian domestic politics and the growing influence of the Soviet Union and the PRC. Both the USSR and PRC had by the mid-1950s adopted increasingly cordial policies in relation to Indonesia and broadly towards nativist nationalist regimes such as Sukarno's. The emergence of Nikita Khrushchev as the main actor in the crafting of Soviet foreign policy signaled a move away from the brinkmanship of Stalin and more concern with the so called Third World. Khrushchev felt that Stalin's caution in the Third World and reluctance to engage with bourgeois nationalists- such as Sukarno- alienated potential allies in the newly decolonized world.¹³²

In his speech at the 20th Congress of Communist Party of the Soviet Union (CPSU), Khrushchev not only denounced the crimes of Stalin's reign of terror, but announced a new Soviet foreign policy towards the Third world.¹³³ "The new period that Lenin predicted in world history when the peoples of the East take an active part... in international relations has arrived... though not part of the socialist system, [they] can benefit from its achievements. They now have no need to go begging to their former oppressors for modern equipment. They can obtain such equipment in the socialist countries."¹³⁴ Through programs of trade negotiations, interest-free loans, infrastructure projects, and military aid, the Soviet Union

¹³¹ Margaret George, *Australia and the Indonesian Revolution* (Carlton, Melbourne University Press, 1980): 156-157.

¹³² Vojtech Mastny, "Soviet foreign policy, 1953-1962," in *The Cambridge History of the Cold War Volume One: Origins*, ed. Melvyn P. Leffler et al (Cambridge: Cambridge University Press, 2010), 318-320. See Also Jonathan Haslam, *Russia's Cold War: From the October Revolution to the Fall of the Wall* (New Haven: Yale University Press, 2011), 151-157. See Also William Taubman, *Khrushchev: The Man, His Era* (London: The Free Press, 2003), Chapter 13.

¹³³ Westad, *The Global Cold War*, 66-70. See Also John Lewis Gaddis, *We Now Know: Rethinking Cold War History* (Oxford: Clarendon Press, 1997), 208-211.

¹³⁴ Khrushchev, "Speech to a Closed session of the CPSU Twentieth Party Congress," 25 February 1956, in Thomas P. Whitney, ed., *Khrushchev Speaks!* (Ann Arbor: University of Michigan Press, 1963):259-265.

sought to enhance its role in the newly decolonized world and undermine the global pretensions of United States.¹³⁵

The People's Republic of China also moved along the path of conciliation. During the Geneva Conference in May 1954, the PRC moved away from its "rogue state" image by working effectively with Western powers-although not the United States- in resolving the Franco-Vietnamese War.¹³⁶ In 1955, the PRC accepted an invitation to attend the Bandung Conference hosted by President Sukarno. Here Zhou En-lai, Chairman Mao's chief diplomat astutely cultivated the friendship and trust of several Third World leaders (including President Sukarno). Instead of being the mouthpiece of dogmatic Communist ideology, Zhou's charm and charisma as well as his enunciation of peaceful co-existence in the Asia-Pacific made a direct impact.¹³⁷ In his main speech at the conference's plenary session, Zhou emphasized commonalities that united those nations in attendance by stating that "May independent countries have appeared since World War II. One group consists of countries led by Communist Parties and the other of countries led by nationalists... Both of these groups have freed themselves from colonial rule... Is there any reason why we cannot understand and respect each other and give each other support and sympathy?"¹³⁸ Chen Jian, the doyen of Maoist China's diplomatic history notes that Geneva and Bandung marked China's emergence as a revolutionary power committed to the struggles of those oppressed in the non-Western world (including Indonesia) and the formation of a "united front" with these groups.¹³⁹

The emboldened PKI and the rising influence of the Communist powers in Indonesia was duly noted by Australian officials. In a memorandum of conversation between American officials and Secretary of the Department of External Affairs Arthur Tange, the mercurial

¹³⁵ Steven I. Levine, "Breakthrough to the East: Soviet Asian Policy in the 1950s," in *The Great Powers in East Asia 1953-1960*, ed. Warren I. Cohen and Akira Iriye (New York: Columbia University Press, 1990), 303-307.

¹³⁶ Fredrik Logevall, *Embers of War: The Fall of an Empire and the Making of America's Vietnam* (New York: Random House, 2012): 581-588.

¹³⁷ Odd Arne Westad, *Restless Empire: China and the World Since 1750* (London: The Bodley Head, 2012): 320-322.

¹³⁸ Alan Lawrance, *China's Foreign Relations since 1949* (London: Routledge & Kegan Paul Ltd, 1975), 161-162

¹³⁹ Chen Jian, "Bridging Revolution and Decolonization: The "Bandung Discourse" in China's Early Cold War Experience," in *Connecting Histories: Decolonization and the Cold War in Southeast Asia, 1945-62* (Washington D.C: Woodrow Wilson Center Press, 2009), 137-171.

secretary offered his assessment of the changes in Soviet foreign policy, particularly in relation to Southeast Asia. Tange did not view the changes that had taken place under Khrushchev as changing the fundamental objectives of Soviet foreign policy, “the ultimate socialization of the world”. However, instead of using the threat of force or force via proxy, the Soviet Union would “increase Soviet influence in the rest of the world by a policy based ostensibly upon competitive co-existence and more moderate or at least less militarily aggressive means than heretofore.” In relation to Australia’s near north, Tange believed that Soviet aid and trade programs could not be ignored by Western nations. “He (Tange) believed that it would necessitate the rethinking of present Western programs of this nature and a possible reorientation in their application towards the underdeveloped countries.”¹⁴⁰

The growing political instability in Indonesia during mid to late 1957 provoked deep concern with the Australia political establishment. The growing power of the PKI, the advent of Guided Democracy and the growing interest of the Soviet Union and People’s Republic of China in Indonesian affairs painted an ominous picture according to the Australian government; Britain and the United States shared these fears. In a “Top Secret” Joint Intelligence Committee report released on the 27 November 1957, senior military intelligence officers from the three branches of the defence force as well as members of External Affairs saw the Indonesian archipelago seething with turmoil. While the report stipulated that “...it is unlikely the whole of Indonesia will fall under Communist control by the end of 1960” the growing power and influence of the P.K.I was of deep concern. In particular, the efforts of the PKI to join in “united front” political activities “it (PKI) has since (1955) followed a consistent policy of exploiting the “united front” tactic and supporting the authority of the unitary government. The PKI has been greatly assisted during the past year by the ideas contained in Sukarno’s political concept (guided democracy) and by Sukarno himself, who has, on numerous occasions, championed PKI interests directly.” The report predicted that by 1960 the PKI would increase its electoral advantage, with Java emerging with the largest communist representation.¹⁴¹

¹⁴⁰ Memorandum of Conversation, “Significance of New Soviet Policies and Tactics,” American Embassy, Canberra, 8 June 1956, Box 32 [Old Box 3], Record Group 84, Classified General Records 1940-1958, NARA.

¹⁴¹ Joint Intelligence Committee, “The Possibility of Indonesia going Communist during the period up to 1960”, Meetings held at Victoria Barracks, Melbourne, concluding on the 21 November 1957, (Jakarta) – Western policy towards Indonesia 1958, A11604 C/S: 605/6/1 PART 2, NAA.

Australia and West New Guinea

The election of the Liberal-Country Party Coalition under the leadership of Robert Menzies in 1949 did not radically alter the Australian approach to Indonesia. As opposition leader, Menzies had criticized the activist policies of his Labor predecessors in support of the Indonesian Republicans as a betrayal of a “white ally”.¹⁴² However, on assuming office, Menzies aimed to establish cordial relations with the Indonesian Republic due to its importance to Australian national security. This developing partnership encountered one major obstacle, which would blight bilateral relations throughout the 1950s, the political status of West New Guinea.

On the 29 August 1950, Percy Spender enunciated in a statement at the Hague Australia’s desire to prevent Indonesia from gaining control of the territory. Spender saw Dutch retention as a geographic issue, “the whole of New Guinea, including Dutch New Guinea [he claimed], is not in any way geographically part of Indonesia”. He also pointed out that the Indonesians shared no racial affinity with the inhabitants of Dutch New Guinea, “[T]he people of Dutch New Guinea are the same people as inhabit Australian New Guinea and Australian Papua” and therefore made up “one race” of people. Spender believed that since the Papuans had not reached a sufficient stage of “political consciousness and maturity” West Papua should remain under Dutch tutelage to ensure that the inhabitants had a say in future self-determination. Finally, Spender saw Dutch New Guinea as vital to the Australian national interest in both strategic and military terms. The experience of the Japanese threat of 1941-42 and uncertainty over Indonesian irredentism had “shown to Australians how strategically vital to Australian defence is the mainland of New Guinea. I (Spender) have pointed out before that we cannot alter our geography which for all time makes this idea of supreme consequence to Australia.”¹⁴³

These concerns clashed directly with Indonesia sensitivity to sovereignty, fears of neo-colonialism and Indonesian nationalism. “The essence of the Indonesian case is that Indonesia is the successor state to the Netherland East Indies (N.E.I) and as such has a full right to all former N.E.I territory. The facts about the degree of racial affinity, the Dutch legal

¹⁴² Robert Menzies, “Liberal Party Leader R.G. Menzies opposes national self-determination in the Dutch East Indies, “ in *Australia and the World: A Documentary History from 1870s to 1970s*, edited by Neville Meaney (Melbourne: Longman Cheshire, 1985): 532-534.

¹⁴³ Percy Spender, “Disputing Indonesia Claim to Dutch New Guinea, “ in *Australia and the World*, 639-640.

position etc, do not interest or impress the Indonesians”.¹⁴⁴ For Indonesian nationalists of all political stripes the Dutch retention of West Irian was a deeply emotional issue with the potential to cause a serious breach in Australia-Indonesia relations. Ambassador Crocker noted that “Dutch New Guinea was used by the Dutch for years as the place of imprisonment for Indonesian nationalist leaders” and that “for men of this kind Irian has something of the emotional connotation which “the Bastille” had for leaders of the French Revolution.”¹⁴⁵ Irian therefore became a place crucial to the forging of the Indonesian nationalist myth. Where its leaders endured deprivations in Dutch concentration camps but emerged still vociferous in their desire for independence. Besides emotional connections, the issue of West Irian held immense political advantage.

Beginning with President Sukarno, the issue of West New Guinea became a lightning rod for Indonesian seeking to burnish their nationalist credentials with the electorate. Sukarno’s interest in West New Guinea was frivolously described by Ambassador Crocker “ he (Sukarno) ...applies such character as he commands and such energy as he has left over from his several wives and concubine to the New Guinea issue more than any other single issue.”¹⁴⁶ During an Indonesian goodwill mission to Australia in October 1955, which was led by Dr Roem of the moderate Masjumi Party, Acting External Affairs Minister McBride devotes a substantial proportion of a memorandum to the Prime Minister seeking ways of drawing discussion away from West New Guinea. An issue where “there is at present too much emotion on this issue in all countries concerned for any generally acceptable solution...the only solution in these circumstances is to put the matter into cold storage for the present.”¹⁴⁷

¹⁴⁴ Summary of Dispatch No.8 of 1st August 1955, From Australian Embassy,Djakarta (Top Secret), Dutch New Guinea, Personal Papers of Prime Minister Robert G. Menzies Correspondence , mainly with Hon R.G. Casey, on Cabinet and International Matters, M2576 39, NAA.

¹⁴⁵ Dispatch from Ambassador Crocker to Hon R.G. Casey Minister of External Affairs, Dutch New Guinea, 1st August 1955, Personal Papers of Prime Minister Robert G. Menzies Correspondence , mainly with Hon R.G. Casey, on Cabinet and International Matters, M2576 39, NAA 144.

¹⁴⁶ Ibid

¹⁴⁷ Letter from Acting Minister for External Affairs P.A McBride to Prime Minister Rt Hon Robert Menzies, 24 October 1955, Personal Papers of Prime Minister Robert G. Menzies Correspondence , mainly with Hon R.G. Casey, on Cabinet and International Matters, M2576 39, NAA.

Throughout the early to mid-1950s, Australian politicians and diplomats had aimed at keeping the issue of West New Guinea in “cold storage” while concentrating on developing Colombo Plan assistance to Indonesia, forming greater trading relations and discussing the menace posed by “communist imperialism”. In a cable from New York, Percy Spender, now Australian ambassador in Washington, outlined the primacy of West New Guinea in shaping Australian regional engagement. “All other considerations (e.g friendly relations with Indonesia and the rest of Asia), though relevant and however important, are secondary [to Dutch New Guinea].” Spender went on to note that “...our interest in West New Guinea is , as I see it, indefinite in point of time, whilst the stability of Indonesia in friendly hand for a co-terminus period is at least most problematical (sic).”¹⁴⁸

However, the process of decolonisation and emerging third-world solidarity movements made this increasingly difficult. The Asian-African conference of third world leaders held in Bandung condemned Dutch retention of New Guinea. Crocker noted the leaders at Bandung saw “...the Dutch retention is a manifestation of European imperialism and therefore bad, irrespective of Indonesia’s intentions or her capacity to run West New Guinea justly and efficiently... They want to see every vestige of colonialism rooted out.”¹⁴⁹ This emboldened Indonesia to use the United Nations as a way of bringing about substantive discussions on the future status of the territory. This more assertive diplomatic approach combined with a growing domestic chorus for action in returning West Irian to the fold of the motherland. Australian diplomats in Indonesia noted the emergence of pseudo para-military groups committed to ending the last vestige of Dutch rule. The B.P.I.B (Badan Perdjuangan Irian Bharat- Organisation for the Liberation of West Irian) and the Revolutionary People’s Front to liberate West Irian, while attracting a limited amount of armed volunteers intent on conducting operations against the Dutch, were symptomatic of the growing salience of the West New Guinea issue. Dismissive of the military potential of these organisations,

¹⁴⁸ Savingram from Australian Mission to the United Nations, New York to Prime Minister, Minister and Secretary, Netherlands New Guinea, 8 November 1955, Personal Papers of Prime Minister Robert G. Menzies Correspondence , mainly with Hon R.G. Casey, on Cabinet and International Matters, M2576 39, NAA.

¹⁴⁹ Dispatch from Ambassador Crocker to Hon R.G. Casey Minister of External Affairs, Dutch New Guinea, 1st August 1955, Personal Papers of Prime Minister Robert G. Menzies Correspondence , mainly with Hon R.G. Casey, on Cabinet and International Matters, M2576 39, NAA

Ambassador Crocker still noted that “[T]hey form a nucleus which in case of need might be developed into something effective.”¹⁵⁰

By late 1957 the issue of West New Guinea would cease to be one of “cold storage” but an “explosive question” that ruptured Australian-Indonesian relations, and had a direct correlation to how Australia dealt with the Outer-island rebellion. Indonesia had sort to use the United Nations as a way to coerce the Dutch government to grant Indonesia sovereign control of West New Guinea. Unluckily for them, this diplomatic road had proven to be fruitless. Four times the United Nations had declined to accept the validity of the Indonesia claim for U.N intervention, due to the lack of the required majority-two thirds of the General Assembly.

This diplomatic logjam provoked a unilateral response from the Indonesian government that was firmly supported by President Sukarno. Beginning on the 30 November, the day after the unsuccessful vote, President Sukarno, seeing the vote as a national and personal humiliation encouraged trade unions and the Indonesia army to seize Dutch assets and ordered the expulsion of the remaining Dutch citizens living in Indonesia (around 46,000 people). For many Western leaders this unilateral action brought back uncomfortable memories of Nassar’s nationalization of the Suez Canal in 1956. Workers and soldiers seized control of the Koninklijk Paketvaart Maatschappij (K.P.M), the main inter-island shipping line, Dutch companies and business, circulation of Dutch-language publications was prohibited, the Netherlands diplomatic mission was ordered to cease all activity and Dutch nationals found themselves harassed in the streets, unable to attend theatres or restaurants and without water and gas for their homes.¹⁵¹

When viewed from Canberra, the situation evolving across the archipelago was extremely alarming for diplomats and foreign policy officials. Australian diplomats feared for safety of Australian citizens in Indonesia. In particular, External Affairs Minister Casey worried that the Indonesian government-which was already fragile- might lose control of the situation. The passing of Indonesia into “lawlessness” was seen as a way for the PKI to maximize its

¹⁵⁰ Ibid

¹⁵¹ Report to Cabinet by R.G Casey, Indonesia, 10 December 1957, Indonesia- Decision 1134, A4926 980, NAA.

power and visibility. Casey feared that “the passing of Indonesia into lawless Communist control [risked] substantial intervention by Russia or Communist China.¹⁵²” In a carefully worded statement to parliament that made headlines throughout the major capitals, Casey rebuked Indonesia for striking “a grievous blow” to “the concept of international order which the United Nations was established to defend.¹⁵³” While condemning the actions of the Indonesian government, Casey continued to express to reiterate Australia’s desire for friendly relations with our nearest neighbour “with whom we have lived on terms of amity and with whom we only have had only one major point of disagreement.¹⁵⁴” However, this “one major problem” had produced a major void in Australian-Indonesian relations that expressions of friendship were incapable of filling.

In a direct appeal to the Australian people, Indonesian Foreign Minister Dr Subandrio evoked memories of Australia’s not so distant past to reflect on the harm the West New Guinea dispute was doing to friendly relations. In a direct reference to the collapse of Dutch resistance in the East Indies during early 1942, Subandrio stated “...it is not a West New Guinea still in Dutch colonial hands which will guarantee Australia’s security but rather the whole of Indonesia forms the first defence line for Australia, as was proved, in the Second World War.¹⁵⁵”

In the United States, the anti-Dutch campaign added further impetus to the planning and logistics for Operation Haik. Allen Dulles indicted to President Eisenhower that “The Communist-dominated labor union, SOBSI, has continued to take over Dutch enterprises, which course of action was given an air of legality by the government appointed Indonesian officials to supervise these enterprises.” Assistant Secretary of State for Far Eastern Affairs, Walter Robertson was even more fatalistic, declaring “we *have* reached the point of no return with Sukarno...Our best opportunities lie with the Masjumi leaders, the right-wing elements of Indo Nat Party (PNI), the opposition groups and the anti-Communist elements in the military and minor parties.”¹⁵⁶ In a meeting prior to Secretary Dulles departure to Paris for a

¹⁵² Press Release 12th of December 1957, Cabinet Discussions on Indonesia, Indonesia- Decision 1134 Series Number A4926 CS 980 NAA.

¹⁵³ Ibid

¹⁵⁴ “Casey reminds Indonesia of obligations,” *Canberra Times* 13th of December 1957.

¹⁵⁵ “Indonesia Australia’s first line of defence: Subandrio,” *Canberra Times*, 23 December 1957.

¹⁵⁶ Message from the Assistant Secretary of State for Far Eastern Affairs (Robertson) to Ambassador in Indonesia (Allison), 7 December, 1957, *FRUS, 1955-57, Volume XXII*, 534-535.

NATO conference Ambassador Spender requested the United States intervene with direct talks with the Indonesian government and argued that Indonesian actions were nothing less than “international blackmail” something which the United States could not ignore.

“Going off half-cocked” Australian co-operation in Operation Haik

By early 1958, the Australian Government was co-operating with its counterparts in London and Washington to ensure that Indonesia did not become a Communist sphere of influence. This co-operation involved the highest levels of Australian government supporting efforts by the United States, and to a lesser extent the United Kingdom to build up the regional dissenters on Sumatra and Suluwesi as an anti-Communist counter-weight to the “tainted” central government in Java. Due to the sensitivity of Australia interfering in Indonesian domestic affairs, the nature of this support (ie materials etc) remains hidden from the public. However, from the declassified information available it is clear that Australia supported and co-operated in Operation Haik. The end of 1957 had provided a justification for Australian policy-makers to support its allies in the endeavor. President Sukarno was seen to be in direct alliance with the increasingly powerful PKI, Indonesia was seen to be taking a harder line towards Dutch New Guinea-with even some Dutch newspapers and politicians talking of war and the Soviet Union and to a lesser extent Communist China were taking a more assertive stance towards Indonesia.

On the 12 December 1957, British Prime Minister Harold Macmillian wrote to Prime Minister Menzies expressing his view that the Indonesia situation “looks very bad and menacing” for both Australia and Britain¹⁵⁷. Macmillian promised to raise the issue of Indonesia with Eisenhower and Dulles at the NATO Heads of Government meeting in Paris on 16 December. The letter also reveals Macmillian’s commitment to what David Reynolds describes as “global containment” stating “I have always felt that is it not sufficient to trust to N.A.T.O to guard the European front if we leave the Middle East and Far East open.” This opinion reflected both Eisenhower and Macmillian’s view that the special relationship had “a common interest in preventing violent, sudden change in Asia and the Middle East, which

¹⁵⁷ Secret Message to Mr Menzies from Mr Macmillian, 12th December 1957, Correspondence between Australian PMs (Menzies/Holt) and heads of other governments: Indonesia, A6706, C/S 34, NAA.

might threaten their economic interests and the general distribution of power.¹⁵⁸ According to Matthew Jones, between the 16 and 19 of December the framework for U.K-U.S joint covert operations was put in place.¹⁵⁹ Macmillian again wrote to Menzies on the 20 December, outlining to him the results of the deliberations in Paris. The urgency of the situation is palpable in this top-secret letter. The British P.M stated "...there may well be a very real danger of a Communist dominated regime taking over in Java before very long if events follow their present course unchecked." In this context, the Communist "infection" has to be prevented from "...spreading to the other islands by helping strengthen the anti-Communist forces which are in the ascendant in the outer islands..." This course of action came with many risks particularly its potential to jeopardise relations with Asian members of the Commonwealth, be perceived as Western nations "ganging up" against a Asian member of the UN and the appearance of interfering in the affairs of a sovereign country. Even with these risks Macmillian starkly pronounced that "the Indonesian situation seems to us to be developing in such a way that despite our efforts Java may not be lost and if that happens action on these lines would, we hope, enable us to save the outer islands from the wreck."¹⁶⁰

As the New Year dawned, the crescendo of covert operations within and discussions of Indonesia continued unabated. On the evening of the 2 January, senior State and CIA officials met in the Secretary of State's office in Washington to debate the future of U.S. policy towards Indonesia. The meeting included the key supporters of covert assistance to the regional rebels, Dulles, Robertson and Cummings from State and Allen Dulles, Frank Wisner and Al Ulmer from the CIA. The meeting resoundingly endorsed the "Report of the Special Committee on Indonesia" and agreed to move forward with the covert operations. Secretary Dulles expressed the view that "[W]e should not make any deals with Sukarno or the present government [and] we should build up a position of strength in the outer islands and should be ready with assistance we might want to render at a later date on short notice." Robertson reported on the proceedings of U.S-U.K working group that established following the NATO conference in December. These meetings had "generally reflected a similarity of views as

¹⁵⁸ See David Reynolds, "A 'Special Relationship?' America, Britain and the International Order since World War Two," *International Affairs* 62(1986):1-20.

¹⁵⁹ See Matthew Jones, "Maximum Disavowable Aid, Britain, the United States and the Indonesian Rebellion, 1957-58," *The English Historical Review* 114(1999):1179-1216.

¹⁶⁰ Personal Message to Mr Menzies from Mr Macmillian dated 20th December 1957, Correspondence between Australian PMs (Menzies/Holt) and heads of other governments: Indonesia, A6706, C/S 34, NAA.

between the US and the UK” on the situation in Indonesia and support for the outer islands. While expressing solidarity in supporting the outer islands, the issue of West New Guinea remained a subject of contention. Following the seizure of Dutch property and the expulsion of Dutch citizens, the United States sympathized with The Netherlands government, however as Gordon Mein, director of the Office of Southwest Pacific affairs noted “no government coming into power in Indonesia could avoid the Dutch-Indonesian problem with now is wider than just West Irian.”¹⁶¹

On the other side of the Pacific, the Australian government was moving into lockstep with its American and British allies. Replying to Macmillian's letter of the 20 December, Menzies outlined his government's attitude to the regional rebellion.

“Our assessment of the present situation in Indonesia accords very largely with your own. We believe that the position has now been reached in Indonesia where there is now a danger that a Communist-dominated government might achieve power. The situation also contains the possibility of civil war, economic disruption and national disintegration. While these developments are no means inevitable, the present weak and inept national leadership appears to be able to do little to avert them.”

While Menzies shies away from endorsing the break-up of Indonesia, stating that “we would want to contemplate the breakaway of the provinces from Java only at the point where we had to abandon hope of these provinces preventing the Djakarta government going Communist.” The letter supports the conclusions made in Washington and London that “we should be prepared to examine ways of strengthening and encouraging provincial leaders to exercise influence in Djakarta.”¹⁶² However, Menzies still holds out hope that “moderate leaders” could also be encouraged on Java. Like Eisenhower and Dulles in Washington and Macmillan and Lloyd in London, Menzies emphasized the “covert” nature of any assistance. This assistance, the Prime Minister suggested should utilize Singapore as a hub for communication, technical assistance and trade with the rebels on Sumatra. The Sumatran leaders should be facilitated with contact with Malayan leaders through British intermediaries to discuss furthering relations. Menzies emphatically agrees with Macmillian that the risks of

¹⁶¹ Memorandum of Conversation, 2nd of January 1958, *Foreign Relations of the United States, 1958-1960, Volume XVII: Indonesia* (Washington: GPO Printing, 1994), 4-6.

¹⁶² Personal Message from Mr Menzies to Mr Macmillian, 1st of January 1958, Correspondence between Australian PMs (Menzies/Holt) and heads of other governments: Indonesia, A6706, C/S 34, NAA.

this sort of undertaking are high, especially in relation to the broader region, however the “utmost care and discretion in our dealing” will alleviate any risk.¹⁶³

The momentum of joint U.S-U.K-Australian covert operations had a direct impact on the situation on the ground, particularly in Sumatra. The rebellious colonels and their supporters were, as the New Year dawned, receiving substantial amounts of funding and arms through the CIA. Using CAT aircraft flying from Taiwan, Thailand and the Philippines, large amounts of modern American-made small-arms, tons of ammunition, machine guns, anti-tank and anti-aircraft weapons were now in rebel hands, while secretive deliveries of supplies via U.S. Navy submarines or barges provided for heavier weapons.¹⁶⁴ Using CIA agents based in Singapore, rebel agents acquired furthering funding, supplementing the revenue already gained from the smuggling of raw materials. The CIA also provided for some rebel officers and NCO's to be smuggled from Sumatra to Singapore, then taken for advanced jungle warfare training and radio communications as far away as Guam or the U.S. Marine base at Okinawa, Japan.¹⁶⁵ Besides covert support, elements of the U.S Seventh fleet deployed to within 500 miles of Sumatra. These ships were tasked with intervening if there was an overt threat to U.S. civilians or property on Sumatra (particularly American-owned oil fields). Accompanying the capital ships were elements of the 3rd Marine division aboard amphibious assault ships, with twenty helicopters to provided for air mobility.¹⁶⁶

The rebel colonels emboldened by increased military support and the potential of de facto American recognition as an alternative government to Jakarta were now less intent to secure a solution via compromise. Since the beginning of the rebellion, efforts had been made by moderate politicians in Djakarta to defuse the situation on Sumatra and in Suluwesi.

¹⁶³ *ibid*

¹⁶⁴ Maj. General Claire L. Chennault (of Flying Tigers fame) and Whiting Willauer started the Civil Air Transport Airline (known as CAT). It was originally intended as a commercial airline in China in the aftermath of the Japanese defeat. However, during the Chinese Civil War CAT aircraft were used to support the Guomindang war-effort. However, with the Communist victory in October 1949, CAT became a joint Guomindang/American private airforce. With funding from the Central Intelligence Agency (CIA), CAT was used in covert actions on China's periphery to 'contain' the spread of Communism. For an analysis of the origins of CAT see William M. Leary and William Steuck, "The Chennault Plan to Save China: U.S. containment in Asia and the origins of the CIA's aerial empire, 1949-1950," *Diplomatic History* 8(1984). For an overview of CAT operations (including Indonesia) in Asia see John Prados, *Safe for Democracy: The Secret Wars of the CIA* (Chicago: Ivan R. Lee, 2006), Chapter 7.

¹⁶⁵ See Kenneth Conboy and James Morrison, *Feet to the Fire: CIA Covert Operations in Indonesia 1957-58* (Annapolis: US Naval Institute Press, 1999)

¹⁶⁶ Kahin and Kahin, *Subversion as Foreign Policy*, 120-125.

Conferences such as the Munas conference, held in September 1957 hoped to bridge the gap between Djarkarta and the rebel colonels on issues related to economic reform, trade restrictions, representation for the outer-islands and military reform. However, by early 1958, the spirit of compromise was fading fast. The departure of President Sukarno on a month-long world-wide tour, gave the rebels hope that they could force the central governments hand. Sukarno had left ostensibly to lobby the Indonesian case for West New Guinea but also to recover from the aftermath of the ‘Cikini’ assassination attempt against him on the 30 November which killed eleven- mainly schoolchildren- and wounded thirty. The grenade attack was orchestrated by former army intelligence chief Colonel Zulkifi Lubis who opposed the military reforms of General Nasution. Following the attack Lubis was granted sanctuary by Colonel Husein in Western Sumatra. Rebel commanders feared that if they did not move before Sukarno returned, “the dalang” would outmaneuver them politically. They knew all too well what a cunning political operator Sukarno could be and hoped that action before he returned would give them a stronger hand in pushing their demands.¹⁶⁷

On 10 February, the regional rebels from Sumatra and Suluwesi issued an ultimatum of political demands to the central government. The charter issued by Colonel Husein, demanded that Sukarno resume his constitutional position and revoke the move towards Guided Democracy that was considered a fig-leaf for the expansion of the PKI’s power base. The regional dissenters called upon the current government of Prime Minister Djuanda to return its political mandate and for Hatta and the Sultan of Yogyakarta to form a caretaker cabinet until new general elections could be held. The issuing of the *Permesta* ultimatum on the 10 February and its passing without regard by the central government in Jakarta five days later, marked the beginning of armed conflict and civil war. The rebels rejected outright attempts to seek a compromise agreement (such as the Munas conference) since they believed Sukarno had sabotaged all previous talks.

In private talks held on the morning of the 4 February with the acting U.S. Ambassador in Jakarta (Cottrell), Foreign Minister Subandrio highlighted the number one concern of figures with the central government. The question of keeping Indonesia unified. While Subandrio

¹⁶⁷ Legge, *Sukarno*, 292-293.

freely admitted that Sukarno and Hatta “were poles apart” on the question on the participation of Communists within the government, he believed the threat was exaggerated. He commented that “I know they (the Communists) are dangerous but we have our eyes on them and can certainly control them.” The main danger was that Indonesia was “going through a very difficult period in our effort to maintain a unified country...”¹⁶⁸

The passing of the five-day ultimatum on the 15 February and announcement of the formation of the Pemerintah Revolusioner Republik Indonesia (PRRI), the Revolutionary Government of the Republic of Indonesia created a political situation both the regional rebels and the central government found difficult to retreat from. By declaring a counter-government opposed to the policies of Jakarta, which sought sovereign over the whole archipelago as well as national and international recognition the rebels had painted themselves into a corner of their own making. Emboldened by foreign covert aid and the righteousness of their cause the rebels had brought about a direct confrontation with Jakarta that months of negotiations had sought to avoid.¹⁶⁹ For the central government, the formation of the PRRI was a direct challenge to its sovereignty and an existential threat to the survival of a unitary Indonesian state. From now on any hope of compromise was dead.

The formation of a counter-government brought back black memories of Dutch attempts at undermining the Indonesian Republic through the formation of a separate Indonesian state allied to the Dutch in Eastern Indonesian during the War of Independence. With the survival of the Republic at stake, the rebels needed to be crushed militarily. Prime Minister Djuanda, Chief of the General Staff Nasution and President Sukarno, newly returned to Indonesia from abroad saw military action as the only way to resolve the situation. For General Nasution, this was a task he relished. Since becoming Chief of the General Staff, the regional rebels had been a hindrance to his attempts at modernizing and streamlining the Indonesian Army. For President Sukarno the choice was even starker, he could either acquiesce in the rebels demands, and remove himself from office, or rally his supporters and defeat this challenge. What had started as a dispute over the demands of a disparate group of military officers had now become a showdown over the nature of the Indonesian state.

¹⁶⁸ Memorandum of discussion between Acting U.S. Ambassador Cottrell and Foreign Minister Subandrio, 4th February 1958, Box 3454, Record Group 59, 1955-1959 Central Decimal File, NARA.

¹⁶⁹ Kahin & Kahin, *Subversion as Foreign Policy*, 136-140.

With the rejection of the Rebels political ultimatum on 15 February, a military solution seemed the only viable way to resolve the crisis. The stakes for both sides were high, Dr D. Sumitro, formerly Minister of Finance in the Djuanda cabinet now rebel minister for Commerce and Shipping spoke exclusively to the Singapore Free Press newspaper on the goals and obligations of the dissenters. Sumitro spoke of his fellow leaders and friends in the “national front” having a “sense of responsibility for the fate of our people and for the future of our nation.” In forming a counter-government in direct opposition to President Sukarno, Sumitro cast his fellow rebels as defenders of the Indonesia Revolution that had been circumvented by “Sukarno’s whims and tactics and what the Communists were doing along with him...we saw our people becoming victims. This we had to prevent.” In a rhetorical tipping of the hat to the foreign backers of the rebellion, Sumitro stated “The consolidation and victory of my government against the destructive forces in our country would also serve the cause of international peace and stability in the whole region and in the world at large.”¹⁷⁰

Vernon Bartlett, writing for *The Straits Times* of Singapore notes that the crisis would decide the future of Indonesian national unity as well as President Sukarno “[H]istory would accuse the President of destroying national unity, not the colonels...” Bartlett feared that the ongoing crisis would turn Indonesia into “another Korea, a battlefield in a ideological war...” While noting the substantial grievances that the regional dissenters have with the Central Government, Bartlett believed that “...national unity has not yet been irrevocably destroyed. But only one man could restore it...Dr Soekarno.”¹⁷¹ The determination of the Central Government to restore national unity had been revealed the day before when Indonesian Air Force Mustang fighters attacked Radio stations used by the rebels in Padang and Bukittinggi. The transmitters which were used to broadcast by the rebel government were temporarily put off air, although with the loss of two Mustangs and their crews- the first of many casualties in the Outer-Island rebellion.¹⁷²

¹⁷⁰ “We did this for the sake of the nation-Sumitro,” *The Singapore Free Press*, 17 February, 1958, 1.

¹⁷¹ Vernon Bartlett, “Soekarno still holds the key to unity,” *The Straits Times*, 26 February, 1958, 8.

¹⁷² “The War of Words,” *The Straits Times*, 25 February, 1958, 8.

Australia, Britain and the United States viewed the adoption of military means by President Sukarno and the Central Government as a product of increased Communist influence over the Indonesian polity. Communist newspapers throughout Java had been quick to damn the rebel ultimatum and saw the rebels as the tools of SEATO, the Dutch and American oil interests. In a Top Secret and Personal Memorandum to Prime Minister Menzies from Selwyn Lloyd presenting his government attitude to events on the ground, it stipulated that “Sukarno seems intent on pursuing a policy closely allied with that of the Indonesian Communist Party (P.K.I) namely of intensifying the present fighting. This may lead to overthrow of dissidents or prolonged civil war.” The PKI according to Lloyd regarded the “present crisis as crucial to their own future and are convinced that if the Central government can crush the dissidents by ruthless action they will ultimately come out on top.” In these circumstances, Lloyd along with Casey and Dulles agreed that “our best course for the time being was to continue to sustain the dissidents by clandestine means. Operations to this end (some of which have already been completed) are being planned.” The British while supportive of this strategy, remained wary of any overt escalation which could create “a risk of foreign intervention, perhaps leading ultimately to a Spanish Civil War situation.¹⁷³”

However, the hopes of Australia, British and American foreign policy-makers that the rebels would act as a military and political bulwark on Sumatra against Sukarno and the PKI began to unravel in March. The cause of this unraveling was the ability of the Indonesian Army to undertake a major combined arms offensive against rebel strongholds on Sumatra. Before the Indonesian Army offensive, the optimism for the rebel cause expressed in the perceived inability of the Indonesia Army and its leadership to plan and then carry out such a complex operation in such a politically charged atmosphere. The Indonesian Army was also believed to simply be too tied down in existing counter-insurgency operations in West Java against Darul Islam rebels to be effective. In a report from November 1957, the Australian Joint Intelligence Committee had predicted that the Indonesia army would only be able to contain the dissidents-including the rebels in Sumatra and Suluwesi- an operation which absorbed 80% of the field strength of the Army and the Mobile Police Brigade. The Air Force was in a similar position, tied down with counter-insurgency duties while the navy had reverted to an

¹⁷³ Top Secret and Personal memorandum for Mr Menzies, 12th March 1958, Correspondence between Australian PMs (Menzies/Holt) and heads of other governments: Indonesia, A6706, C/S 34, NAA.

anti-smuggling force. In these circumstances the report stated that “There is little prospect at present of any significant reduction in dissident activity by military means.¹⁷⁴”

American officials agreed with their Australian colleagues in terms of the fighting prowess of the Indonesian Army. Allen Dulles during a National Security Council meeting on the 27 February noted that the Central Government had only conducted sporadic bombing raids against the rebels because “Sukarno was not entirely sure of his army...perhaps half of the army forces deployed on Java would prove loyal to Sukarno. But even so, they were not very enthusiastic about an attack on Sumatra.” While concern that the dissidents had “moved rather too fast and made their decision and delivered their ultimatum without carefully counting their military assets”, Dulles was confident of the rebels gaining the upper hand, “The Sumatran soldiers were the best fighter in the Indonesia armed forces.” The President who was in attendance stated that the United States would “have to go in” if the circumstances were dire. Secretary Dulles elaborated on this point by stating that an overt intervention’s chances of success “...were better today, with the assistance of an indigenous government on Sumatra, than they would be later on, when we might have to intervene without such a cover.¹⁷⁵”

The perception that the Indonesia Army was too weak to conduct a major operation against the dissenters was dashed on the 12 March as the Indonesia Army launched a three-pronged naval and airborne assault on Eastern Sumatra. In the first phase Indonesia paratroopers launched a surprise attack on the airfield at Pekanbaru, 120 miles-193 kilometres-from the rebel stronghold at Padang. The attack, which caught the rebel defenders by surprise, netted a large haul of American-made heavy machine guns, anti-aircraft gun and copious amounts of ammunition, some of which had just been delivered by parachute by an unmarked four-engine aircraft according to Indonesian Army spokesman Lt Col Pirugarde.¹⁷⁶ The Second phase involved a drive up the Siak River by Indonesia Marines to Pekanbaru to reinforce the paratroopers there, while the third phases involved an amphibious assault by troops of the

¹⁷⁴ Joint Intelligence Committee, “The Possibility of Indonesia going Communist during the period up to 1960”, Meetings held at Victoria Barracks, Melbourne, concluding on the 21st November 1957, (Jakarta) – Western policy towards Indonesia 1958, A11604 C/S: 605/6/1 PART 2, NAA.

¹⁷⁵ 356th National Security Council Meeting, 27 February, 1958, *FRUS, 1958-1960, Volume XVII*, 49.

¹⁷⁶ “Big drive on Padang,” *The Straits Times*, 14 March, 1958,1.

Braijaya Division on a Caltex refinery at the port of Dumai. Rebel spokesman on Radio Padang and in Singapore countered government claims, by asserting that a full battalion of rebel soldiers- 900 men- had counterattacked against the airfield at Pekanbaru, engaging the newly arrived paratroopers in fierce hand-to-hand combat. All three assault were intended to secure Pekanbaru then advance on the key rebel strongholds at Buttinggi and Padang.¹⁷⁷ The offensive planned by General Nasution from his headquarters on the island of Tanjung Pinang- located close enough to Singapore to monitor naval traffic- revealed that the Indonesian Army was more than willing to do battle with the rebels. The patriotic outrage of military figures such as General Nasution and his second in commander Colonel-soon to be General- Yani at the dissenters for abandoning the cause of Indonesian unity was the catalyst for the tough action.

The beginning of the offensive occurred just when SEATO member nations were meeting in Manila, the Philippines, to discuss the ongoing situation in Indonesia. Gathered together were all the main player involved in Operation Haik, or with a working knowledge of the operation, including Richard Casey. The lightning offensive around Pekanbaru, caught many of the delegates by surprise. During a breakfast meeting between Secretary Dulles, Assistant Secretary Robertson, Ambassador to the Philippines Charles E. “Chip” Bohlen with Philippines President Garcia, the President expressed his views on the unfolding events in Sumatra. Garcia feared that the rebellion would shortly be militarily defeated and the position of President Sukarno, the PKI and even the Soviet Union would be enhanced throughout Indonesia. Dulles and Robertson reassured their erstwhile ally that it “was by no means clear that Sukarno would be able to dispose of the rebels so easily.”¹⁷⁸

The National Security Council in Washington D.C also expressed its surprise at events around Pekanbaru. Dulles acknowledged that the position of the dissidents was “precarious” although “not yet hopeless” and stated “If Sukarno succeed in knocking them out quickly, it would be a feather in Sukarno’s cap and in that of the Communists.”¹⁷⁹ The rebels had indeed suffered a serious military setback, but for the SEATO powers meetings at Manila, it was deemed that support must continue to prevent an even worse disaster. The mood in Jakarta, as reported by U.S. Ambassador Jones, was buoyed by initial government victories. Although, the fighting remained in flux, for military and Central Government leaders,

¹⁷⁷ Kahin and Kahin, *Subversion as Foreign Policy*, 152-154.

¹⁷⁸ Memorandum of Conversation, 12 March, 1958, *FRUS, 1958-1960, Volume XVII*, 62-64.

¹⁷⁹ *Ibid*, 65.

military action had shown “rebels, fence-sitters and the world that Central Government has power [to] move at will in Central Sumatra...¹⁸⁰”

As dawn broke over Padang on the 17 April, the serenity was shattered by the thunder of Indonesian Government warships unleashing as systematic bombardment of rebel positions in and around the city. As the smoke of the naval bombardment cleared, Indonesian air force Mustangs and Mitchell bombers appeared over the city, releasing their bullets, rockets and bombs on both rebel defenders and civilians alike. By 06:40, government paratroopers had secured Tabin airfield on the outskirts of the city, while in an uncontested landing General Yani troops were able to secure Padang before the end of the day. The rebel defenders had either chosen to surrender without a fight to Central Government forces, melted away into the West Sumatran hinterland or fled towards the rebel capital at Bukittinggi.¹⁸¹ The collapse of organized resistance on Sumatra and the fading of any hope of the rebels forming an alternative government presented a dire picture for Australian, British and American leaders and diplomats.

Even before General Yani's troops stormed ashore at Padang, the debacle at Pekanbaru raised serious doubts over the viability of the rebels as a source of anti-communist strength in Indonesia. Padang made the point even less opaque. Sir Harold Caccia, British Ambassador in Washington expressed to John Forster Dulles and Walter Robertson the view that it may be advisable for “an approach to Sukarno to see if it were possible to exact a satisfactory political settlement,” particularly as Soviet arms, supplies and technicians began arriving to supplement the Central Government war effort.¹⁸² Jones was even more scathing. Writing to Robertson eleven days before the assault on Padang, he stated that the “[R]ebels are losing ground fast militarily” and that their poor showing at Pekanbaru meant that “this leaves guerrilla warfare as their only resort.” For Jones, the rebels adopting a “DI (Darul Islam) style” of resistance made the prospects of developing an alternate anti-communist government by military and economic pressure negligible.¹⁸³ In Washington, Australian

¹⁸⁰ Ibid, 68-69.

¹⁸¹ Kahin and Kahin, *Subversion as Foreign Policy*, 163-164. The operation to retake Padang was aptly named “the 17th August Operation” after Indonesian Independence Day by General Yani, who had received some of his training at Fort Leavenworth in the United States.

¹⁸² Memorandum of Conversation, 4 April, 1958, *FRUS, 1958-60, Volume XVII*, 91-92.

¹⁸³ Telegram From the Embassy in Indonesia to the Department of State, 6 April, 1958, *FRUS, 1958-1960, Volume XVII*, 92-94.

Ambassador Howard Beale expressed the growing misgivings of his government towards the dissidents who appeared “disunited” and “not likely to make a successful stand.” The Ambassador also articulated the anxiety of the Australian Government in granting belligerent status to the rebels, a move considered by both London and Washington.¹⁸⁴

As the military situation deteriorated for the rebels on Sumatra, Australian diplomats and military officials became increasingly active in seeking a new approach to President Sukarno, the Indonesian Army and halting the spread of Communism in Indonesia. While initially supportive of covert actions at the highest levels of the Australian government, the fading strength and momentum of the rebel cause made change necessary. As rebel military capabilities collapsed throughout April on Sumatra, Australian and British military and intelligence officials came to similar conclusions with regard to the outlook for the rebellion. On the 26 April, nine days after the Central Government forces captured Padang, the British Joint Intelligence Committee (Far East) assessed the situation in Indonesia for the Defence Sub-Committee of the British Government. This “Top Secret” report painted a dire picture of the rebel resistance and of the cause of anti-communism in Indonesia. On Sumatra “the dissidents have failed to induce the Central Government to conclude a compromise settlement” and were “unlikely to wage an effective guerrilla war”. Resistance on the Celebes islands (Sulawesi) was predicted to continue “with covert foreign support but could not resist an all-out attack by the Central Government.”

The report also saw Communist influence growing steadily and the role of the Soviet Union and Communist China dramatically increasing. The rebellion, rather than undermining the power of President Sukarno had only strengthened his hold in Jakarta, an alarming issue for the both the US and Australia. The report stated that “[H]e (Sukarno) will not willingly yield to any group the substance of his power. For this reason he will not genuinely seek compromise that will satisfy the legitimate grievances of his opponents at home.” The PKI was the other big winner in the report.¹⁸⁵ By identifying itself with Indonesian nationalism and giving full-throated support to Sukarno’s campaign to crush the dissidents, it had increased its influence with the President. The officials who produced the report also

¹⁸⁴ Memorandum of Conversation, 14 April, 1958, *FRUS, 1958-1960, Volume XVII*, 107-108.

¹⁸⁵ Defence Sub-committee Joint Intelligence Committee (Far East), “The immediate outlook in Indonesia,” 26 April 1958, Jakarta- Political and military developments-Sumatra and Sulawesi, A11604, CS 403/1/2 Part 1, NAA.

ominously warned of the increased activity of the Communist bloc in Indonesia. Due to the deteriorating economic conditions following the Dutch take-over and the need for technical and military aid to defeat the dissidents, the Soviet Union was rapidly increasing its footprint in a strategically vital area of Southeast Asia. The Central government ratified a \$100 million (US dollar) loan which saw the arrival of technicians related to recent arms, shipping, aircraft and commerce purchases. This put the Soviet Union in direct competition with the West in Indonesia.¹⁸⁶ With anti-western and particularly anti-American sentiments running hot due to the perceived role of the United States in supporting the rebels, the situation had the potential to be a major setback for containment in the region.

The Australian Joint Intelligence Committee report produced two days earlier on the 24 April matched the British one in its dire predictions for the future Western position in Indonesia. The report, the conclusions of which were accepted by the Chiefs of Staff and Secretary of the Department of External Affairs matched the British report in predicting the demise of the dissidents on Sumatra and the Celebes as a viable military and political force, the increase in power of Sukarno and the PKI, and the growth of Communist bloc involvement. The Australia report also predicted the decline in the role of moderate Indonesian political parties such as Masjumi, which had had a strong anti-communist position. These parties were tainted by “a number of leading members have in fact joined the Padang Government.”

What both reports had in common was that the future cause of anti-Communism in Indonesia relied on the role of the newly emboldened Indonesian Army. The Australian JIC report noted that “[A]rmy leaders generally and operational commanders particularly will expect Presidential and government recognition of their support and their military successes... the influential position they have gained through their role in the administration and as the main support of the Central government authority will further be bolstered by this demonstration of their military capabilities and the accuracy of their intelligence.” The prestige and power of the Army was seen by senior Australian military and intelligence officials as the only force capable of balancing Sukarno and the PKI. “The Army is now the major political obstacle to

¹⁸⁶ McMahon, *The Limits of Empire*, 85-87.

a continuing increase of Communist influence, and may have increased its capacity for political action as a result of its military successes...”¹⁸⁷

In reaction to the growing unrest in Indonesia and the leftward shift in the dynamics domestic politics, Australian politicians and diplomats had enthusiastically supported Operation Haik. They had worked assiduously with their colleagues in London and Washington D.C to support the regional rebels as an alternative government to the Central Government in Jakarta. In supporting this risky endeavor, the Menzies government hoped to rollback the leftward drift engulfing Indonesian domestic politics, particularly with the advent of Guided Democracy. This growing instability in Indonesia coincidence with the growing concern that Australia hopes to contain the issue of West New Guinea in cold storage were failing. In can be speculated that in supporting the rebels are their desire for a change of government in Jakarta, Australian leaders hoped for a change of attitude on West New Guinea.

¹⁸⁷ Joint Intelligence Committee (Melbourne), “Probable Short term consequences of the early collapse of organised rebel resistance in Sumatra,” Jakarta- Political and military developments-Sumatra and Sulawesi, A11604, CS 403/1/2 Part 1, NAA.

Chapter Four

From Covert Operations to Rapprochement

At dawn on the 18 May 1958, the drone of a lone aircraft sheared through the curtain of stillness that hung over the city of Ambon. The roar of the twin-engined B-26 bomber - bristling with eight nose-mounted heavy machine guns; with bombs and rockets slung menacingly under its wings, had become a terrifying part of normal life for the residents of this vibrant coastal city. Throughout April and early May, the city had become the target of PRRI rebel aircraft operating from airfields in Northern Suluwesi. The city, known for its religious diversity had become a staging area for Central government forces in their efforts to retake Suluwesi. As the B-26 attacked government targets around Ambon, it was caught in a melee with Indonesian government aircraft and ground-based anti-aircraft guns. In the ensuing struggle, the B-26 was crippled and the crew bailed out. The Indonesian troops who captured the pilot and his navigator, made a profound discovery. The pilot, although badly wounded was an American, on a covert mission for the Central Intelligence Agency.¹⁸⁸

The capture of Allen L. Pope, a combat veteran of both the Korean War and Franco-Vietnamese War, accelerated the collapse of the covert support the Eisenhower Administration had been providing to the regional dissidents. Pope's capture was a turning point in a strategy that throughout April and May was being increasingly questioned in Washington D.C, London, and Canberra. The reason for Pope's attack on Ambon that morning had been because of the Indonesian army's success on Sumatra had allowed it to transfer forces to crush rebel resistance on Suluwesi. The dramatic turn-around in American policy towards Indonesia would cause Australian politicians and diplomats to reassess the Australian-Indonesian relationship in the aftermath of the humiliating defeat of the rebels and the collapse of the Eisenhower-Dulles covert strategy.

¹⁸⁸ See Kenneth Conboy and James Morrison, *Feet to the Fire: CIA Covert Operations in Indonesia 1957-1958* (Annapolis: US Naval Institute Press, 1999)

Following the collapse of rebel resistance around Padang in mid-April, diplomats in both Canberra and Washington began looking for alternatives to the covert operations policy. As the rebels in Sumatra withdrew into the jungle and countryside, away from major population centres, considerable doubts were held regarding the whole enterprise. On the 18 April, Arthur Tange, the secretary of External Affairs met with the Netherlands Ambassador to Australia A.H.J Lovink to discuss the situation in Indonesia. Lovink stated that even moderate Indonesian politicians such as Djuanda and Subrandrio wanted to see rebel resistance crushed before granting “genuine concession[s] to provincial interests.” He also alluded to the fact that there were senior political and military leaders in Jakarta who sought co-operation with the West to counter the growing Soviet bloc involvement in Indonesia.¹⁸⁹ A similar opinion was expressed in a memorandum to Tange from the Australian High Commission in Singapore. The memorandum noted that with guerrilla resistance “written off” in Sumatra and the PKI expected to make more electoral gains in 1959, the best thing for “the West” to do was “to endeavour to keep the Army on side.” This could be achieved by meeting its requests for “hardware and training...the goal of most Indonesian army officers was a course of training in the United States... [rather] than the relative austerity of the Soviet Union.”¹⁹⁰

Across the Pacific, American officials were coming to similar conclusions. Ambassador Jones in Jakarta pressed Walter Robinson to abandon the cause of Padang and embrace Jakarta. Jones believed that the rebels had passed their use by date as an asset, telling Robertson that “I have always thought of Padang-I think you agree- as a tactic, as a means of bringing leverage on situation in Java to force new political direction on central government.” However, he continued, “It is unanimous view [of] Embassy staff that pro-American officers still hold balance of power in army...if new anti-Communist government is formed, it must depend upon army for support and implementation of policy.” The provision of military aid would “bring pressure on Sukarno through army and other channels to obtain reorganization

¹⁸⁹ Memorandum of Discussion between Ambassador Lovink and Secretary Tange, 18th April 1958, Jakarta- Political and military developments-Sumatra and Sulawesi, A11604, CS 403/1/2 Part 1, NAA.

¹⁹⁰ Memorandum of Discussion between First Secretary F.B Cooper Australian High Commission, Singapore and Acting Deputy United Kingdom Commission General Greenhill, Sent to Secretary of External Affairs, 19 April 1958, Jakarta- Political and military developments-Sumatra and Sulawesi, A11604, CS 403/1/2 Part 1, NAA.

of government.”¹⁹¹ Chief of Naval Operations Arleigh Burke concurred with this approach. In a letter to Under Secretary of State Herter, Burke describes a conversation with a certain Colonel Berlin, the STANVAC representative in Indonesia- a man well acquainted with the country's key political and military leaders. The mysterious Colonel Berlin met with General Nasution, and painted a dire picture of the Indonesian Republic. Berlin saw the ambitious Nasution and the Army as “[T]he only force in the GOI (Government of Indonesia) which will prevent that government from becoming communist is in the Army.”¹⁹² The Joint Chiefs of Staff were not immune to the growing dangers in Indonesia. General Maxwell Taylor, who had advised Eisenhower against a military intervention to save the French Expeditionary Force at Dien Bien Phu, again voiced his opposition to an overt American intervention, in this case to save the rebels. Taylor went further in describing the value of the Indonesian Army as an anti-communist bulwark “ [P]rior to the current military operations, the Indonesian Army under Nasution was considered to be the strongest anti-communist force in Indonesia. U.S. support for Nasution... might influence him to take positive action to prevent a communist take-over by political or other means.”¹⁹³

These internal deliberations in Washington on the viability of the Army as a better balancer to the PKI than the regional rebels, caused no serious change on the ground. Throughout April and early May, rebels on Sulawesi received aircraft, spare parts, pilots, and instructors from both the United States and Taiwan to support the rebel war effort. According to Kahin and Kahin, both the Indonesian Central Government and the Rebels (with their American and Chinese advisors) believed that air superiority would be crucial in the struggle following the fall of Padang. During the fighting in Sumatra, the government's ability to control the air and attack rebel strongholds and supply lines at will-even with relatively few aircraft- proved to be vital in breaking the back of organised rebel resistance on the island. Throughout April, B-25 Mitchell medium bombers and Douglas B-26 Invader light-bombers began arriving at rebel controlled airfields in Sulawesi as well as operating from airfields in the Southern Philippines. Crewed by a mixture of Americans (employed by the CIA), Taiwanese,

¹⁹¹ Telegram From the Embassy in Indonesia to the Department of State, 15th April 1958, *FRUS, 1958-1960, Volume XVII*, 111-113.

¹⁹² Letter From the Chief of Naval Operations (Burke) to the Under Secretary of State (Herter), 18th of April 1958, *FRUS, 1958-1960, Volume XVII*, 117-119.

¹⁹³ Memorandum from the Joint Chiefs of Staff to Secretary of Defense McElroy, 18th of April 1958, *FRUS, 1958-1960, Volume XVII*, 120.

Indonesians and Filipinos, these aircraft began hitting targets throughout Eastern Indonesia. Targeting military bases, civilian infrastructure, shipping between islands, oil refineries and attempting to destroy any government aircraft they encountered. Both Eisenhower and Dulles believed that the provisioning of air support would lift rebel morale after the debacle in Sumatra and give the rebels the mobility and support they needed for their own amphibious operations.¹⁹⁴

Running counter to this theory was a chorus of voices in Washington, Jakarta, and Canberra who saw the provisioning of air support to be a flawed strategy. In a telegram, newly – appointed Ambassador Jones pointed out the need for the U.S. government to halt rebel air activity. In a discussion with Subandrio, the Foreign Minister indicated that rebel aerial activity was antagonising the army and (quoting Subandrio) “anti-American sentiment in army was growing as result of conviction strong U.S. support for rebels and urged America to do something soon which would reverse this trend.” Subandrio also noted that the “foreign bombing” was aggravating Indonesian nationalism, particularly the deaths of civilians “Killings of innocent people by bombings has resulted in such strong reaction within Indonesia against rebels that (a) rebel movement has become object (of) violent popular reaction in Ambon and other places and (b) difficulty of GOI settling conflict at this [stage] immeasurably increased.”¹⁹⁵ Ironically, two days before during an NSC meeting Allen Dulles had praised the achievements of the rebels stating “the dissidents have staged a successful series of air strikes-almost too effective in certain instances, since they resulted in the sinking of a British and of a Panamanian freighter. These raids were still run on a shoestring basis with a few P-51s and B-26s.”¹⁹⁶

Australian officials also began to speak out against the counter-productivity of rebel air activity. Australian Ambassador Lawrence McIntyre in a pair of urgent cables sent to Canberra on the 30 April and 1 May noted the widespread and sometimes indiscriminate use of airpower by the rebels, targeting military and civilian targets as well as foreign assets-such as the Shell refinery at Balikpapan. The air attacks by the rebels, McIntyre speculated, was intended to hinder the ability of the Central Government to attack Suluwesi, and to

¹⁹⁴ Kahin & Kahin, *Subversion as Foreign Policy*, 169-174.

¹⁹⁵ Telegram From the Embassy in Indonesia to the Department of State, 2nd May 1958, *FRUS, 1958-1960, Volume XVII*, 131-133.

¹⁹⁶ 364th Meeting of the National Security Council, 1st May 1958, *FRUS, 1958-1960, Volume XVII*, 130.

“internationalise the dispute in hope of provoking open foreign and ultimately United Nations intervention even at this late stage.” As long as Jakarta’s prestige was threatened by these air attacks “it would be unrealistic to expect much if any progress towards reorganisation in Djakarta and ultimate political settlement.”¹⁹⁷

On the same day, McIntyre again warned Canberra that rebel air attacks must be stopped. The American and Chinese Nationalist “adventurers” were “...responsible for air aid to Suluwesi rebels, and that this could be dangerous for relations between Indonesia and other countries.” McIntyre worried that the “possible effects of outside intervention at this late stage , which might conceivably protract rebel pressure on Central Government but is more likely to do no more than delay the inevitable, with unwelcome consequences for all of us.” The ambassador made a stark appraisal of Indonesian policy-making in Washington. McIntyre believed Ambassador Jones was “...not getting his ideas across sufficiently in Washington (except perhaps for Walter Robertson), and is not being kept fully in picture by State Department.”¹⁹⁸

The lack of attention that Ambassador Jones’s opinions were receiving in Washington was symptomatic of a war within the State Department in relation to Indonesia policy. Australian diplomats throughout late April and early May would ally themselves with those mid to high level officials in the Far Eastern Bureau and Southwest Pacific Bureau against the Secretary of State and his supporters. Ambassador Howard Beale in Washington agreed with McIntyre’s assessment of the wrong-headed approach being taken by elements in the State Department and CIA. In a conversation with Gordon Mein- seen as an interlocutor to Walter Robertson, head of the Far Eastern Bureau- the diplomat expressed his department’s view that “[T]he difficulty is in securing decisions at the highest level (i.e Dulles and Eisenhower).” Mein-and Robertson- argued that a “small amount of [American] aid” was essential, otherwise they believed that: “Indonesia and America [would] continue to circling each other in the present indecisive way, [and an] opportunity will be missed which might not recur. The Army officers and Indonesian politicians who are now genuinely looking to the

¹⁹⁷ Telegram from McIntyre to External Affairs, 30th April 1958, Jakarta- Political and military developments- Sumatra and Sulawesi, A11604, CS 403/1/2 Part 1, NAA.

¹⁹⁸ Telegram from McIntyre to External Affairs, 1st May 1958, Jakarta- Political and military developments- Sumatra and Sulawesi, A11604, CS 403/1/2 Part 1 NAA.

United States for help will become disillusioned and even hostile and this would leave the field wide open to communism.”¹⁹⁹

Beale also communicated to Richard Casey, that the Australian position in acquiescing to the current American covert strategy was becoming a dangerous policy black hole. In a flurry of diplomatic activity between the 10 and 12 May, Beale outlined to Casey the need to re-think Australian policy. In a conversation between Beale and Mein, Mein noted “...the State Department is considerably encouraged by Jone’s reports... [and] [T]hey now feel that possibilities for a general rapprochement between the Indonesian government and the United States have been improved...” Mein noted that “the Celebes revolt was likely to do more harm than good and could even destroy the present promising beginnings in Djakarta.” When Beale quizzed Mein on the freedom of action enjoyed by the rebels Mein said “that he was confident that they could be ‘cut off instantly’ if decisions were made to do so. He was clearly fearful, however, that this decision would not be made quickly enough at the highest levels. (Please protect Mein).” The cable also noted that the addition of American aid in the eyes of “congressional and public opinion” had to involve the Indonesian Government showing “a determination to check the growth of Communist influence and to reach a peaceful settlement with the dissidents.”²⁰⁰

In a second cable on the 10th, (which has been heavily expunged), Beale request that Casey allow him to meet personally with John Foster Dulles on the situation in Indonesia. Beale notes that “...the continuance of the Celebes revolt and its influence on current developments in Djakarta you may consider that it is a topic which I should raise with Dulles. As seen from here the continuance of the bombing raids by Samuel’s (rebel commander on Suluwesi) forces can do little but harm and you might feel that I should put this point of view to Dulles.” Beale goes on to inform Casey of the ongoing debates within the State Department and between the State Department and the CIA over the direction of Indonesia policy. He notes that an approach to John Foster Dulles was essential in order for a re-consideration of policy to even be considered, commenting that “...matters are usually settled between the two Dulleses.” With the information he has gained- particularly from Mein- Beale believed

¹⁹⁹ Telegram from Australian Embassy, Washington D.C to Canberra, 6th of May 1958, (Jakarta) – Western policy towards Indonesia 1958, A11604 C/S: 605/6/1 PART 2, NAA.

²⁰⁰ Telegram from Australian Embassy, Washington D.C to Canberra, 10th of May 1958, (Jakarta) – Western policy towards Indonesia 1958, A11604 C/S: 605/6/1 PART 2, NAA.

that “the State Department’s present attitude is sound. I should therefore be glad to have your authority to put to Foster Dulles the view expressed in paragraph one above.”²⁰¹

Casey replied to Beale’s request for talks with Dulles two days later. In this fascinating telegram, Casey expresses his growing scepticism to the covert operations program he and his Prime Minister initially endorsed. Casey noted “that if Samuel’s activities are to an appreciable extent controlled by the Americans. If this is so then any offer or promise of American arms to Djakarta government would be cynically received if Samuel’s activities continue and particularly if they increase.” Casey agreed with the sceptics of the covert path, noting that “[T]he risk of Celebes fighting developing into something bigger and more explosive is clear and has most unpleasant potentialities.” With the Central Government about to bring “newly acquired Russian aircraft into action...Samual’s activities have only a relatively short lease of life anyhow.” Casey saw Ambassador Jones discussions with General Nasution as “encouraging although not decisive...” In these circumstances, the Minister believed that the United States should offer a two-track approach to the Indonesians, “...press on with conditional offer of arms to Djakarta government and at the same time do whatever is possible to damp down Samuel’s militant bombing, pending some evidence that American offer of arms to Djakarta Government begins to show some results.” The “results” Casey is implying are a firm commitment by elements in the Indonesian Government and Army to strongly oppose the growing power of the PKI.²⁰²

Arms for Indonesia

The shooting down of Pope on the 18 May, marked the failure of what Odd Arne Westad called “the most ambitious program of intervention, in effect trying to change the future political direction of the world’s most populous Muslim country.”²⁰³ Instead of establishing

²⁰¹ Telegram from Ambassador Beale to External Affairs Minister Casey, 10th May 1958, (Jakarta) – Western policy towards Indonesia 1958, A11604 C/S: 605/6/1 PART 2, NAA.

²⁰² Telegram from Richard Casey to Ambassador Beale, 12th May 1958, (Jakarta) – Western policy towards Indonesia 1958, A11604 C/S: 605/6/1 PART 2, NAA.

²⁰³ Odd Arne Westad, *The Global Cold War: Third World Interventions and the Making of our Time* (Cambridge: Cambridge University Press, 2007), 128-130.

anti-communist bulwarks on Sumatra and Suluwesi, the intervention had resulted in the re-emergence of the coalition between mainstream Muslims, Communists, and nativist Army officers that had brought the Republic into being in the 1940s. Even the most vitriolic anti-communist Army officers-some of whom had trained in the United States- swung back towards President Sukarno and the preservation of Indonesian territorial integrity. Providing arms and assistance to the rebels had *led* to a Soviet foothold in Indonesia rather than prevented it, as the Indonesian Army procured arms from Moscow to supplement its war-effort.²⁰⁴

With limited support from Chiang Kai-Shek, the rebels continued sporadic aerial operations. However, the American military, technical, and financial support ceased. In a meeting between Dulles and Beale on the 22 May, the Secretary of State told the Ambassador that “it had yesterday been decided to stop all aid for the present and he expected that the operations of the Celebes dissidents would now cease.” Although Dulles did add a caveat to his statement, the United States “...intended that the embers [of rebellion] would be kept alive so that if need arose in the future these could again be blown into flame.” The statement reflected the caution Dulles attached to the new military aid program to Jakarta, particularly if there was no action against the PKI or turn against the Soviets.²⁰⁵ As noted above the emergence of the provisioning of arms and support to the Indonesian Army had existed concurrently with the covert track. A month before Pope was shot down over Ambon, the Joint Chiefs of Staff had recommended to the Secretary of Defense McElroy that an approach be made to General Nasution with Ambassador Jones playing an intermediary role.²⁰⁶

For Australian diplomats and politicians the decision of the Eisenhower Administration to begin courting the Indonesian Army with increased military aid and training, raised difficult questions particularly with regard to West New Guinea. The military successes of the Indonesian Army highlighted not only their nationalist credentials, but also their desire to

²⁰⁴ Ragna Boden, “Cold War Economics: Soviet Aid to Indonesia,” *Journal of Cold War Studies* 10(2008): 116-120.

²⁰⁵ Meeting between Ambassador Beale and Secretary of State Dulles, 22nd May 1958, (Jakarta) – Western policy towards Indonesia 1958, A11604 C/S: 605/6/1 PART 2, NAA.

²⁰⁶ Memorandum from the Joint Chiefs of Staff to Secretary of Defense MCElroy, Subject: Indonesia, 18 April 1958, in *FRUS, 1958-1960, Volume XVII*, 120.

uphold the territorial integrity of Indonesia-including West New Guinea. The Menzies Government feared that providing arms to Indonesia without guarantees of their use could lead to aggression against the Dutch, something the Australian Government had vowed to stop. Alexander McClure Smith, the Australian Ambassador to the Hague, informed Casey that Australia should remain cautious and kept relatively silent on the new American strategy as according to him “[W]e think that what is happening there at present could well decide the future of the whole of Indonesia and that we therefore cannot afford to see any chance of promoting a favourable developments in Djakarta being neglected.”²⁰⁷ Smith recommended that the Americans be continuously informed of the concerns of the Australians and the Dutch with regard to West New Guinea. However, he also urged Australia to be cautious in what support it gave to the Dutch during this relatively ambiguous phase.

From June 1958 until February 1959, Australian politicians and diplomats sought to garner from their “Great and Powerful friends”- the United States and United Kingdom- the future direction of their Indonesia policy. Australian diplomats made a concerted effort to understand the evolution of policy in Washington D.C and London, while at the same time ensuring its vital national interests were preserved. At the core of the Australian approach was that some deterrents be applied to the Indonesians by the United States and United Kingdom in order to protect West New Guinea, and at the same time prevent a Communist take-over of Indonesia. Australian leaders were particularly concerned about the acquisition by the Indonesians of “offensive” weapons through the United States or United Kingdom- such as landing craft, destroyers, jet aircraft, and heavy weapons- that might be used to threaten or seize West New Guinea from the Dutch. Since 1950, Australia had painted itself into a corner on West New Guinea, particularly in relation to the symbolic value attached to the territory in the broader Australian electorate. Pressure from the Dutch for Australia to continue supporting its position and domestic pressure not to back down to Indonesian irredentism, made the situation extremely delicate for the Menzies government.

In this period, Australia tried to ride two horses at the same time. On one hand, supporting American efforts to undermine the strength of the PKI by supporting moderate political

²⁰⁷ Telegram from Ambassador McClure Smith to External Affairs Minister Richard Casey, 14th May 1958, (Jakarta) – Western policy towards Indonesia 1958, A11604 C/S: 605/6/1 PART 2, NAA.

leaders and the Indonesia Army, on the other hand lobbying the Americans to put in place safeguards to prevent Indonesia using its newly acquired military and economic aid to seize West New Guinea. Ambassador Howard Beale asked Secretary Dulles "...whether any conditions would be imposed on the sale of military equipment to Indonesia" and wondered "if the success of the Indonesian military forces in mounting and carrying out the campaign in Sumatra might not change the picture [with regards to WNG]." Dulles remained evasive on the question of conditions for arms sales-this evasiveness can be put down to the lack of concrete U.S. policy. He also poured cold water on the idea that the Indonesians were more capable of launching a major attack on West New Guinea, stating that "without Soviet Bloc assistance Indonesia would not be capable of mounting any such operation."²⁰⁸

Australian diplomats and politicians remained sceptical, particularly as the scope of the aid became known in August. On the 13 August, the United States signed its initial aid agreement with the Jakarta government. The aid came in the form of token military assistance totalling \$7 million, additional slots for Indonesian officers in U.S military training schools, and funds for the construction of military infrastructure. The signing of the aid agreement marked the passing of the Dulles covert strategy towards Indonesia, and the emergence of a less dogmatic approach. Even with this more pragmatic approach being solidified, Australian concerns lingered. In a cable to Washington, Ambassador Sebald outlined the fears of Prime Minister Menzies with regard to the new policy. Menzies earnestly told the Ambassador that the supply of U.S. arms and equipment to Indonesia was "...one problem which could defeat his government in coming election would be wave of Australian resentment against growing strength [of] Indonesia because of United States arms policy and possibility Indonesia might in consequence take aggressive action against West New Guinea." Menzies, concerned for Australia's long-term security hoped that the United States would be able to provide "...some deterrent...against Indonesian ambitions" This he hoped would come through a guarantee that the "...United States would make it crystal-clear to Indonesia that if any arms furnished by United States were used for aggression against New Guinea United States would take appropriate action."²⁰⁹ Menzies also expressed his concern to British Prime Minister Harold Macmillan, that there were dangers in rushing the new approach to Indonesia without taking

²⁰⁸ Memorandum of Conversation, 22 May 1958, *FRUS, 1958-1960, Volume XVII*, 191-193.

²⁰⁹ Telegram from the Embassy in Australia to the Department of State, 27 August 1958, *FRUS, 1958-1960, Volume XVII*, 271-274.

into consideration long-term interests (West New Guinea). In a private letter to Menzies, Macmillan outlines the conversation he and Selwyn Lloyd had with Richard Casey on arms shipments to Indonesia. While understanding of Menzies concern with public opinion and the uncertainty on the political trajectory of Indonesia, Macmillan made it explicit that providing much needed military equipment is both in Britain's national interest, but in the best interest of the West. Macmillan states " [W]e of course have very large investments there [Indonesia] and very great trading interests and we are far from happy at the prospect of Indonesia building up a Navy and Air Force acquired wholly from Communist sources."²¹⁰

Australian leaders were not only wary about the prospects of the United States and other NATO members providing arms to Indonesia, but also the danger of the Dutch seeking some type of guarantee from Australia to defend West New Guinea from attack. During a meeting between Australian and American officials in Washington D.C, Richard Casey outlined the Australian predicament. "The Dutch" Casey stated "have asked the Australian Government for assurances of support in case of an Indonesian attack against West New Guinea." While Australia had discussed all aspects of the dispute with the Dutch, it had refrained from providing concrete security guarantees. With Australia reluctant to support the Dutch due to the potential impact on Australian relations with the region, Casey noted that "[T]he United States is in the best possible position to exercise the most effective deterrent by placing conditions on any economic or military aid it might extend to Indonesia."²¹¹

Australia walks the tightrope

By mid-1958, the Outer-Island rebellion was spluttering to its inglorious conclusion. In Sumatra and Suluwesi, attempts to establish alternative regional governments had failed. In military terms, the rebels still were able to conduct guerrilla activity against the Central Government. However, foreign support via the United States had ceased and the rebels lacked the military edge to reshape the political situation in Jakarta. For Australia, while the danger of civil war in Indonesia receded, a new threat arose from the ashes of rebellion. A

²¹⁰ Private Letter from Prime Minister MacMillan to Prime Minister Menzies, 3rd of September 1958, Correspondence between Australian PMs (Menzies/Holt) and Heads of other governments: Indonesia, A6706, 34, NAA.

²¹¹ Memorandum of Conservation Subject Indonesia, 9 September 1958, *FRUS, 1958-1960, Volume XVII*, 279-281.

threat aimed at Dutch control of West New Guinea. As mentioned above, the Indonesia Army, had emerged not only as a potential anti-communist bulwark, but as a bastion of Indonesian nationalism and revolutionary fervour. This emotional nationalism was directed at the acquisition of West New Guinea. The Army was just one element of the three-way political fulcrum that desired the return of West New Guinea, the other two elements being President Sukarno and the PKI. President Sukarno saw the Army as the natural force that balanced the ever-powerful PKI, Sukarno also allied himself with the PKI in order to gain support for his program of guided democracy. Both the Army and PKI believed they could use their influence with the President to shape domestic and foreign policy.

While differing in political, ideological, and economic viewpoints, what united all these disparate elements was the desire to take West New Guinea. On the 17 August 1958, President Sukarno devoted a substantial portion of his Independence Day address to the issue of West Irian. Sukarno declared that “[T]he political stage of our revolution has not been quite completed yet...our political authority has not yet extended to West Irian...For seven years we have tried to change the attitude of the Dutch by “sweet reasoning and persuasion” without any result. Consequently, we were forced to take “another course” which is known under the name “West Irian action.” This other course reflected the fire and strength of our fighting spirit.” Sukarno, ever the thespian, alluded to the Shakespeare’s Prince of Denmark from *Hamlet* in reflecting the absolute desire of the nation to see West Irian in Indonesian hands “...the Indonesian people are not a nation of croaking frogs or a nation like Hamlet, could not make up its mind...”²¹²

This rhetoric was matched by a growing Indonesia military capability that made the Dutch (and therefore the Australian) strategic position increasingly vulnerable. By end the 1958, the Indonesia military was receiving military aid from *both* Cold War superpowers. The Eisenhower Administration was providing by November 1958 \$15 million in military assistance. The Indonesia Army, led by Army Chief of Staff Nasution, received the bulk of this- \$9.6 million- intended to fully equip 20 infantry battalions and ensure that Nasution and the Army remained anti-Communist bastions. The Soviet Union also lavished arms onto the Indonesia military particularly the Air Force and Navy. Indonesian pilots in the Eastern bloc

²¹² Official translation of passage on West New Guinea in President Sukarno’s Independence Day speech, Netherlands New Guinea - Future status - (Personal papers of Sir Arthur Tange), A1838 CS 3036/6/1A, NAA, 28-29.

and Egypt were being trained to operate MiG 17 fighters and Il-28 light jet bombers. While the Navy received new landing craft, Motor Torpedo Boats and other amphibious assault ships.²¹³

The Dutch feared that this nascent military capability would be combined with Indonesian diplomatic pressure to force them out. The Indonesians still lacked the logistical capacity to launch a full-blooded invasion of the territory. However, even a minor Indonesia action (involving a raid by paratroopers or commando forces) was viewed as a diplomatic defeat for the Dutch, since it would mean the issue of Dutch New Guinea would be brought before the UN, where the assertive Afro-Asian bloc of countries had no love for Dutch colonialism.²¹⁴ The Australian military Joint Intelligence Committee noted the “[S]erious possibility that the Indonesians are planning an attack on Netherlands New Guinea (as early as March and coupled with action in the United Nations). The most likely form of such an attack would be infiltration of commando or paratrooper groups, possibly up to battalion strength.”²¹⁵

As the Indonesia desire to escalate the struggle increased, the Dutch desire to resist was in serious decline. By the late 1950s, Dutch New Guinea was viewed by the international community as anachronistic throwback of imperialism and by the Dutch public as a wasteful and exotic luxury. The last jewel in what had been the Netherland East Indies “Girdle of Emeralds” had lost its lustre.²¹⁶ According to Arend Lijphardt, following the epoch of the inclusion of the territory in the Dutch constitution, its value had declined precipitously. Business interests in the Netherlands bemoaned the fact that Dutch intransigence on New Guinea hindered their ability to explore the Indonesia market and seek new markets in Asia, while the territory itself was of little long-term economic potential. The issue of Dutch New Guinea gained prominence among senior members of the Dutch Reformed Church- the largest church on the Dutch Ecumenical Council. J. Verkuyl, a spokesman for the Reformed mission in Indonesia saw a more conciliatory approach towards Indonesia as not only a good

²¹³ Memorandum of Information, Sino-Soviet Bloc Assistance to Indonesia, 28 March 1958, in *FRUS, 1958-1960, Volume XVII*, 89-90. This report prepared by Director of Naval Intelligence Frost notes that “[T]he Soviets short term objective re Indonesia appears to be to support Sukarno in the hope that he will reassert authority over the entire archipelago, and that in this process the indigenous Communists will gain a dominant position in the central government.”

²¹⁴ See Christopher Waters, “After decolonization: Australian and the emergence of the non-aligned movement in Asia, 1945-55,” *Diplomacy and Statecraft* 12(2001): 153-174.

²¹⁵ Report by the Chiefs of Staff Committee on “Military measures which could be taken in the event of an Indonesian attack on Netherlands New Guinea,” 24 December 1958, A5818 Volume 1/Agendum 11 Indonesia and Dutch New Guinea, NAA.

²¹⁶ H.L. Wesseling, “Post-Imperial Holland,” *Journal of Contemporary History* 15(1980), 129.

way to improve Dutch-Indonesian relations but also to the cause of Protestantism in Indonesia.²¹⁷ Also, by the mid-1950s, the Dutch colonisation societies had become less effective at promoting the idea of a Eurasian fatherland in West New Guinea, particularly at attracting potential settlers from the Netherlands.²¹⁸

The Netherlands was also changing as a country. The slogan attached to a pamphlet in 1914 “Indies gone, prosperity done” had absolutely no connection with a country increasingly integrated into the post-war European economic system. By the late 1950s, the Netherlands was prospering as part of the European Coal and Steel community, the Common Market, and Euratom. The loss of the East Indies had not brought on economic collapse but on the contrary resulted in increased average national income per capita of 3.5%, consistently low unemployment figures 1.2% in 1957 and a spectacular increase in population size.²¹⁹

If the Dutch domestic situation provided little encouragement for the nation’s imperial endeavours, the international environment held limited prospects for long-term Dutch retention of West New Guinea. In particular, the reluctance of the United States and United Kingdom, Holland’s two major NATO allies, to support the Dutch militarily in the event of an Indonesian attack.

The United States due to its preponderance of power in the Asia-Pacific, was viewed as the power with the most scope to guarantee Dutch interests in the region. However, the shift from a covert operations strategy to courting the Indonesia Army meant President Eisenhower and Secretary Dulles were fearful of creating further rifts with the Indonesians, particularly on the highly emotional issue of West New Guinea. In a private meeting between President Eisenhower and Netherlands Foreign Minister Joseph Luns, the Foreign Minister stressed his nation’s continual claim to the territory and his concern over United States arms deliveries to Jakarta. Due to this strong claim and the desire of the natives “to stay free of the Indonesians...”, Luns asked Eisenhower to support a joint Dutch-Australian statement to deter Indonesian aggression. Eisenhower remained ambivalent, while strongly supporting the principle of “no territorial expansion by force of arms” in the Far East, he also stressed the

²¹⁷ Arend Lijphardt, *The Trauma of Decolonization: The Dutch and West New Guinea* (New York: Yale University Press, 1966), 200-201.

²¹⁸ *Ibid*, 196-197.

²¹⁹ *Ibid*, 217-227.

important safeguards attached to the U.S. arms being sent to Indonesia.²²⁰ The Department of Defense, while sensitive to Dutch concerns over Indonesian aggression and keenly aware of the staunch support the Netherlands had provided to the United States in NATO and the UN, did not wish its Indonesia program to be held hostage to “Dutch objections”. If the program was delayed any longer due to the Dutch it could result “...in the deterioration of our position in Indonesia and the ascendancy of the Communist Bloc.” This could mean a major blow to American containment policy in Southeast Asia.²²¹

Secretary of State Dulles reflected his President’s feelings during a meeting six days later with Netherlands Ambassador J.H. van Roijen. Dulles informed Roijen that if force were used “...the Dutch could undoubtedly count on our following the same pattern in dealing with that situation as we have followed in comparable cases elsewhere.” This ambiguous statement, that included no military commitment, was coupled with the desire that the Eisenhower Administration had to seek “consultations with Congress and Congressional authorization” before giving any type of commitment as to whether military action would be taken in the event of Indonesian aggression. This desire for Congressional authorization reflected President Eisenhower’s commitment to not overreaching his Presidential authority in terms of foreign affairs but also keeping the American people informed of the strategic goals of the United States in the Asia-Pacific.²²² It also did not commit the United States to offering a blank cheque of support to the Dutch.

Ambassador Jones in a telegram to the Department of State offered a critical appraisal of whether “continued Dutch presence [was]...essential to free world interests.” He answered this question in the “clear negative.” Jones did not recommend the immediate acquisition of sovereignty by Indonesia but instead some form of “...UN trusteeship with or without interested parties as trustees; a consortium outside UN or even unilateral US custodianship.” Jones, who was keenly aware that Indonesia could still pass under Communist domination, saw his strategy as a way of removing “...a political handhold for the Soviet Union” in the region, relieve the Dutch of their onerous colonial responsibility, and foster Indonesian goodwill and cooperation. Jones offered a stark warning that “...popular support among the

²²⁰ Memorandum of Conference With President Eisenhower, 2 October 1958, *FRUS, 1958-1960, Volume XVII*, 291-292.

²²¹ Letter from the Assistant Secretary of Defence for International Security Affairs (Irwin) to the Under Secretary of State for Economic Affairs (Dillion), 7 October, 1958, *FRUS, 1958-1960, Volume XVII*, 292-293.

²²² Memorandum of Conversation, 8 October 1958, *FRUS, 1958-1960, Volume XVII*, 294-296.

American public for military defence [of] New Guinea could hardly be classed as enthusiastic.” Also in terms of “global containment” of Communism, “...New Guinea could not be classed with other places in which free world has dug in, such as Berlin, Okinawa (Japan) and Taiwan. So as far as defense of ANZAM [was] concerned, there are several parts of Indonesian archipelago which would present more of a threat to that area should they fall into unfriendly hand than would New Guinea.”²²³

For Australian policymakers and politicians, Indonesian nationalism, growing lack of Dutch resolve and United States global commitments was fast making a central plank of Australian foreign policy vulnerable. Dutch retention of West New Guinea was growing increasingly unstable under the dual blows of Dutch domestic opinion and Cold War expediency. By the end of 1958, the Menzies government felt that a wind of change was blowing through its West New Guinea policy, mainly as a result of the failures of the CIA covert operations during the Outer-Island Rebellion. President Eisenhower noted during a NSC meeting on the 29 January that U.S. policy was “...on a better horse now than we had been during the organized rebellion in the outer-islands.”²²⁴ Unfortunately, that same horse was trampling Australian policy towards West New Guinea. The status-quo that Australian politicians had sought to maintain was proving to be untenable.

Australian leaders did not share the strategic logic of their American colleagues. In a special study on New Guinea produced for cabinet, the strategic importance of West New Guinea was sacrosanct. The territory was vital to the concept of forward defence of the Australian mainland, particularly if Malaya had already been lost to a hostile regional or great power. West New Guinea also was linked geographically, through the Vogelkop peninsular, to the U.S Pacific island chain of bases and Asian allies. Due to its shared porous land border with Australian New Guinea, Australian politicians and diplomats feared that the political climate in West New Guinea could easily affect the Australian section. The report noted “If communist ideas, anti-white feelings or extreme nationalism were to gain currency in West New Guinea, the effect would no doubt be felt in due course in the eastern part of the

²²³ Telegram From the Embassy in Indonesia to the Department of State, 23 January 1959, *FRUS, 1958-1960, Volume XVII*, 323-325.

²²⁴ Memorandum of Discussion at the 395th Meeting of the National Security Council, 29 January, 1959, *FRUS, 1958-1960, Volume XVII*, 326-330.

island.”²²⁵ As Australia slowly placed New Guinea on the path to political self-determination, events in Dutch New Guinea could potentially derail this process, leading to political instability and a power vacuum that could undermine Australian national interests. As Dutch moral flagged, Australian leaders sought to bolster the Dutch cause. However, not without support from its great and powerful friends, particularly the United States. The Dutch had long hoped that Australia might be able to provide the necessary military assistance to not only deter the Indonesians, but assist in defeating any armed Indonesian aggression. While adamant that Dutch sovereignty should be guaranteed, Australian military support was not forthcoming. In a report to cabinet on future discussions with the Dutch, the report notes that Australia would attempt to rally diplomatic opposition to any Indonesian aggression, however “we are not prepared to give any form of military commitment.” This reflected the Australian desire not to support the Dutch without at least American military support.²²⁶

In a private meeting on the 17 January 1959 between Prime Minister Menzies and Netherlands Ambassador Lovink, the two men discussed Australian concerns with a military commitment to protect Dutch sovereignty. Menzies noted “there were very great difficulties about any arrangement with the Netherlands which were made independently of the United States and United Kingdom.” Indonesia with its expanding military capabilities “...might prove to be superior in arms to the Netherlands and Australia unless we were both assured active military support from the [U.S.] and [U.K].” If in the advent of a military clash between Indonesia and the Netherlands, Australia assisted the Dutch without American or British support, Menzies feared that Australia and the Dutch “would have a task so difficult that we might not be able to perform it.” The idea of Australia engaging in military action against an Asian country (Indonesia) without allied support for Menzies may have stirred dark memories of the Second World War and fears of abandonment by its major allies.

²²⁵ Special Study on New Guinea, Netherlands New Guinea - Future status - (Personal papers of Sir Arthur Tange), A1838 CS 3036/6/1A, NAA, 54-55.

²²⁶ For Cabinet, Suggested Points for use by the Minister for External Affairs in discussions with the Netherlands Government on the question of Australian military support, 12 August, 1958, Netherlands New Guinea - Future status - (Personal papers of Sir Arthur Tange), A1838 CS 3036/6/1A, NAA, 43-46.

This fear that had existed since Federation would have been familiar to Menzies and his generation of Australian policy-makers as well as the public.²²⁷

While reluctant to commit Australian forces to defend West New Guinea, Australian leaders remained adamant that the Dutch should hold their ground in protecting their sovereignty. To boost Dutch moral, the Menzies government hoped to build international support against any Indonesian use of force. This was to be accomplished by making it clear to the Indonesians that any aggression would result in the ending of Western military and economic aid as well as the loss of support of countries who had initially supported their claim to West New Guinea. It also entailed rallying the support of other countries such as India and the Asian members of SEATO (Pakistan, Thailand, and the Philippines) behind the premise that Indonesian aggression violated the United Nations charter. Above all, Australia and the Netherlands aimed to gain a public commitment from the United States that would condemn any Indonesian attempt to use armed force.²²⁸

In the summer of 1959, the Australian government still stood with the Dutch publicly in their desire to resist Indonesian aggression and seek self-determination for the Papuans. However, it was becoming clear to senior policy-makers and defence officials in Canberra that continued support for the Dutch was unfeasible, when confronted with the military and diplomatic realities this would involve. In order to maintain a Western presence in the territory, Australia was confronted by unacceptable military and diplomatic options, with far-reaching consequences. The aftermath of the Outer-Island rebellion proved to be a watershed in terms of the Australian approach to West New Guinea. The rebellion had emboldened those elements in Indonesian society-President Sukarno and the Army- who desired the return of West Irian. The United States wished to support these elements to balance the political power of the PKI, in order to uphold containment in Southeast Asia. The Dutch government and society in general were also losing their appetite for colonial adventures. The realities of this context were reflected in Australian government decision-making in early 1959.

²²⁷ Record by Prime Minister of interview on 16 January between him and Netherlands Ambassador, 17 January, 1959, Netherlands New Guinea - Future status - (Personal papers of Sir Arthur Tange), A1838 CS 3036/6/1A, NAA.

²²⁸ *Ibid.*

On the 5 January, two weeks before Menzies cautioned the Dutch about Australian military support, Cabinet met to discuss the threat posed by Indonesia to the Netherlands New Guinea. In a report submitted to cabinet by Minister of Defence Athol Townley, the likelihood of an Indonesian attack and the possible Australian response was discussed. The Joint Intelligence Committee report painted a dire picture. The three key elements of Indonesian politics to emerge in the aftermath of the rebellion; President Sukarno, the Army and Chief of the General Staff Nasution, and the PKI, saw assertive action against West Irian as a way of boosting their nationalist credentials and solidifying domestic support. In terms of Indonesian military capacity, the report noted that despite the fragile nature of the Indonesian economy, the Indonesia naval and air capabilities were expanding-thanks to the Communist bloc-beyond the scope of defending territorial integrity. The acquisition of amphibious forces including "...two L.S.Ts, three L.C.Ts and a number of minor landing craft..." gave the Indonesian military the ability to launch both minor and major landings in West Irian.²²⁹

The superpowers also figured prominently in the Australian assessment. The Soviet Bloc was seen to be taking advantage of the dispute according to the Joint Intelligence Committee. "The Bloc [Soviet Union and its allies] will see in the 'West Irian' issue another opportunity to further the communist policy of applying pressure on the West at scattered sensitive points. It would be in a better position now to influence the Indonesians to use force if this accords with Bloc policy at the time." Compared to the Communist bloc, the position of the United States was unsettling. While it opposed "any military attack on Netherlands New Guinea," the Australians were wary that American Cold War priorities would not coincide with Australian regional interests. The defence of West New Guinea was viewed as "a situation where the defence of the Free World's interests against Communism was not directly involved." In this situation "...the Administration might be unable to obtain congressional approval for military intervention in support of the Dutch."²³⁰

Faced with this military and diplomatic context, the Chiefs of Staff Committee drew up possible Australian military contingences to counter Indonesian military activity ranging from a small-scale incursion to major amphibious landing. This report would have been uncomfortable reading for the Menzies cabinet. The Chiefs of Staff were confident that Australia with Dutch support could defeat an Indonesian incursion. However, it would

²²⁹ Joint Intelligence Committee, "The Likelihood of an Indonesian attack on Netherlands New Guinea in 1959," A5818 VOLUME 1/AGENDUM 11, NAA.

²³⁰ *ibid*

involve not only the bulk of the Australian military's available assets (including Australian forces that were part of the Commonwealth Reserve Force in Malaya) but also present major logistical challenges. Beside the military difficulties, any operation presented major diplomatic challenges. Any armed attack by the Indonesians would result in the issue being brought before the United Nations. The report noted that a lodgement by Indonesian forces would allow them to "take advantage of support in the United Nations from the Communist Bloc and the Afro-Asian group to secure a ceasefire and a negotiated settlement, which could be contrary to Australian and Dutch interests."²³¹

The confidence expressed by the military was offset by major deficiencies Australian forces would encounter operating without a major ally. "In the context of existing collective arrangements Australian defence policy has assumed that our forces will operate with major allies and these forces therefore have certain serious material limitations in their capabilities of operations envisaged." This limitation, particularly in relation to "photographic and tactical reconnaissance, ground attack and anti-shipping strikes, afloat support, amphibious capabilities and air defence..." meant that although an Australian intervention may defeat any Indonesian invasion force, it might take longer, encounter great difficulties, face more casualties, and not be as decisive compared to an operation undertaken with American support. Unilateral Australian action could cause a major war with Indonesia, but also create a major diplomatic rupture with other Asian and non-aligned nations and potentially with the United States and Great Britain.²³²

Confronted with this ominous dilemma, Cabinet rejected the use of military force to defend West New Guinea since "[T]he U.S.A and the U.K have declined to commit themselves in advance to military action against Indonesia." Cabinet had already rejected the 1959 Strategic Basis report that proposed that Australia acquire an independent defence capability for action against Indonesia. This reflected the sacrosanct assertion by the Menzies government that Australia could only implement its forward defence policy in conjunction with the United States and United Kingdom. The best protection against an aggressive China or Indonesia was to cultivate alliance ties with the United States rather than strike out independently. In these circumstances, a major Australian military commitment to West New Guinea was militarily, economically, politically, and diplomatically unfeasible. Therefore, the cultivation

²³¹ Report by the Chiefs of Staff Committee on "Military measures which could be taken in the event of an Indonesian attack on Netherlands New Guinea," December 1958, "The Likelihood of an Indonesian attack on Netherlands New Guinea in 1959," A5818 VOLUME 1/AGENDUM 11, NAA.

²³² Ibid.

of a friendly relationship with Indonesia was seen as diplomatically and militarily prudent compared to the risks associated with the existing West New Guinea policy. The report noted that “[T]he strategic importance of Indonesia is of greater significance to the United States and to Australia than Netherlands New Guinea and therefore it should be a major objective to keep Indonesia non-communist and friendly.” As a result of the rebellion and its aftermath, Australian politicians, diplomats and military officers came to realise that in the long-term interest of Australia security in a volatile region, a non-antagonistic relationship with Indonesia was the preferred option to continual tensions over the future status of West New Guinea.²³³

The clearest evidence of this new beginning in Australian-Indonesian relations was the visit of the Indonesian Foreign Minister Subandrio to Australia in February 1959. The visit and its consequences have a direct connection to the outcome of the Outer-Island rebellion. Australia continued to deter Indonesia from armed aggression against West New Guinea by eliciting guarantees from the U.S. and U.K that they would put restrictions on military equipment provided to Indonesia. This Menzies hoped would make up for the lack of Australian military support to the Dutch. The Subandrio visit fell into this category of deterrence. The joint communique issued by Richard Casey and Dr Subandrio noted that “...if any agreement were reached between the Netherlands and Indonesia as parties principal, arrived at by peaceful processes and in accordance with internationally accepted principles, Australia would not oppose such an agreement.” The communique went on to reiterate Australia’s desire that it would oppose any use of force by the Indonesians “...force should not be used by the parties concerned in the settlement of territorial dispute.”²³⁴

The communique sparked a firestorm not only with the Dutch but provoked major attacks on the Menzies Government from Labor as well as in the media, as a betrayal. It looked to many observers like a reversal of Australia’s decade long-stand to oppose any Indonesian effort to gain control of the territory. In reality, because of the aftermath of the rebellion and the policies that the Australian government had adopted, the strategic and political salience of Indonesia was now more vital than West New Guinea. The rebellion had buoyed the PKI rather than undermine its political power, the Indonesian military had seen its nationalist

²³³ Cabinet Minutes, Decision 17, 5 January 1959, A5818 VOLUME 1/AGENDUM 11, NAA.

²³⁴ Meaney, *Australia and the World*, 641-642.

credentials advanced in protecting Indonesian territorial integrity. In Canberra, London, and Washington D.C, the Army was viewed as the only power capable of matching the organisational strength and political appeal of the PKI. Between the PKI and the Army, President Sukarno still held the sway over the hearts and minds of the Indonesia people. Also in the period between January 1958 and 1959, the Indonesian government had embarked on an arms spending frenzy in both the Communist bloc and in the West that gave it growing capabilities that alarmed Australian policy-makers. In these circumstances, to continue to spar with the Indonesians over West New Guinea was seen as increasingly irrational.

Conclusion

The Australian government's response to the Indonesian Outer-Island Rebellion was a significant event in the history of the Australian government's post-war foreign relations. The decisions of policy-makers ranging from Prime Minister Robert Menzies, External Affairs Minister Richard Casey, ambassadors, public servants, and military officers reflected the two overriding concerns of the Australian government's foreign policy; firstly an overriding preoccupation with the idea that Communism would inevitably spread in Asia and secondly, fears that the decolonisation process in the region would cause political instability.

Throughout the crisis, Australian government officials developed policies that would prevent Indonesia 'going Communist' and undermine Indonesian efforts to absorb West New Guinea into the Republic.

In 1949, Australia was lauded for its astute diplomacy that brought about the birth of the Indonesian Republic. Less than a decade later, Australian politicians were working with their colleagues in Washington and London to covertly undermine that very Indonesian Republican experiment. Why did this shift occur? In 1957-1958, Australian policy-makers encountered what they perceived to be a major threat emanating from Indonesia. The growing power of the Indonesian Communist Party, the growth of regional instability throughout the archipelago and its potential to undermine Dutch control of West New Guinea alarmed the Menzies government.

Faced with this major foreign policy challenge in a country and a region so vital to Australian national security; the Australian government worked closely with the United States to destabilise the Sukarno regime and in turn implement regime change, or at least a bring about a shift in policy towards the PKI. This policy was endorsed by the highest levels of the Australian government, including Prime Minister Menzies and External Affairs Minister Casey. The policy of covert assistance to the rebels was a product of the Eisenhower Administration "New Look" foreign policy. Australian politicians too, however, readily saw Australian interests being served in putting the Central government in Jakarta under direct

pressure to modify its behaviour. Particularly, as the Menzies government recognised that the issue of West New Guinea had the potential to explode.

In the end, for Australia, the United States, and the United Kingdom, providing of covert assistance to the rebels was shockingly naïve. It not only underestimated the political appeal of the rebels within Indonesia and their military capabilities, but it also failed to recognise the desire of Indonesians of all political stripes to resist foreign interference and preserve their territorial integrity. Supporting the rebellion merely facilitated an armed clash between two *anti-communist* groups; the army, and the regional rebels. The PKI, the main focus of Australian and American concerns, emerged even *stronger* as a result of the party firmly aligning itself with President Sukarno and those who wished to use force to end the revolt. When faced with this reality, Australian politicians and diplomats along with their American colleagues, pragmatically aligned their interests with the Indonesian army as the strongest force in Indonesian politics- besides the President- and the one most likely to resist the PKI.

This shift in policy had a profound impact on the future of West New Guinea, a major concern for Australian foreign policy makers since the late 1940s. Western nations (including Australia) came to see the Indonesian Army as the only potential force capable of resisting further Communist gains either via the ballot box, through armed insurrection or with outside support. In these circumstances, the intransigence of Australia on Dutch retention of West New Guinea became a liability, particularly in terms of relations with the United States. The Eisenhower Administration humiliated after their failed initiative to support the regional rebels, moved rapidly to secure the friendship of senior military figures and seek reconciliation with President Sukarno. The cost of improved ties was American support for Indonesian gaining control of West New Guinea.

In the cold reality of Cold War realpolitik, the global interests of the United States trumped Australian's unique desire to see West New Guinea in friendly (i.e. Dutch) hands. This transfer would occur in 1962, with the Kennedy Administration playing an active role in facilitating the transfer of sovereignty under the auspice of the United Nations. The same Cold War priorities dictated President Kennedy's decision as much as Eisenhower's decision

to support, then abandon the rebels. The rights of Papuans to self-determination was ignored due to the Cold War priority of keeping Indonesia away from the Communist bloc.

The response of the Australian government to the Outer-Island rebellion holds historiographical significance to our understanding of Australian foreign policy post-1945. The themes that have been brought together in this thesis, are themes at the heart of Australian diplomacy. The role of the United States in the region, fears for the future political direction of Indonesia and managing instability in those areas closest to the Australian mainland. The decisions of Australian policy-makers and officials during the rebellion and its aftermath had a profound impact on Australian foreign policy not only throughout the 1950s and 60s, but also to the present-day.²³⁵ The most significant impact of the Outer-Island rebellion was that it marked a shift in Australian strategic priorities from West New Guinea to Indonesia.

Since 1949, West New Guinea had been at the core of Australia's strategic interests in the region. However, as a result of the rebellion, Australian policy-makers cautiously backed away from previous commitments to Papuan self-determination under Dutch tutelage. As Indonesia became increasingly contested between the Cold War superpowers, particularly with the introduction of Soviet economic and military aid and the growing power of the PKI, Australian leaders came to realise that it was more strategically prudent to keep Indonesia anti-Communist. To keep Indonesia anti-communist meant developing ties with those political and military forces within Indonesia that opposed the PKI. However, in doing so, they had to concede the issue of WNG. Dutch control of the territory antagonised all Indonesians, both Communists and anti-Communists alike. In seeking to develop a greater relationship with moderate political elements in Jakarta and the Army in particular, a change in the Australian approach to West New Guinea was necessary.

²³⁵ For a discussion of the role of Indonesia territorial integrity in current and future Australia-Indonesia relations see Jamie Mackie, *Australia & Indonesia: Current Problems...Future Prospects Lowy Institute Paper 19*, (Sydney: Longueville Media, 2007). 36-40.

The rebellion and its aftermath also had a profound impact on Australia's relationship with the United States. Since the mid-1950s, Australian political leaders and diplomats saw a strong American diplomatic and military commitment to the region as vital to Australian national security. The shifting pattern of American policy towards Indonesia from supporting the rebels to seeking a rapprochement with Jakarta placed Australia in a difficult position, particularly concerning West New Guinea. Because of the reluctance and ambiguity on any American military commitment to assist the Dutch and the Australians in the event of an Indonesian attack on WNG, the Menzies government decided it would be unwise to offer any military assistance to the Dutch in the event of a crisis. Acting alone would present daunting diplomatic and military challenges, in particular, undermining the vital treaty commitments Australia had established in the region with the United States and leading to hostilities with Indonesia that could harm all aspects of the Australian-Indonesian relationship for generations. In making this decision, Australian leaders were deferring to the policy of forward defence as the best guarantee for Australia's security in an unstable region.

This thesis has sought to place the relatively obscure events of the Indonesian Outer-Island rebellion of 1958 in an Australian context. This thesis while being the first to provide an Australian perspective on the rebellion is not the final word on the topic. As more Australian, American, and British documents are declassified, further insights will be gained on the events of 1958. In addition, the lack of documentation on the Indonesian decision-making process hinders any scholarly attempt to include Indonesian voices. However, the work of such organisations as the "Cold War International History Project" at the Wilson Center in promoting the role of regional actors in the Cold War is cause to hope that this situation can be remedied. The purpose of this thesis was to see how Australia political, diplomatic, and military interests intersected with the Cold War in Asia and post-independence politics in Indonesia. The impact of the rebellion on Australian relations with Indonesia as well as with its allies, the United States and United Kingdom was an important aspect of the foreign policy of the Menzies government and significant in the impact it had on policy towards West New Guinea. It also reveals how the main foreign policy concerns of the Liberal-Country Party- Communist expansionism and decolonisation- affected Australia's bilateral relations with Indonesia.

As Australian prosperity and security are further linked to the region in this “Asian Century”, the lessons of the Australian response to the Outer-Island rebellion are as important today as they were in the late 1950s. That Indonesian nationalism has a force and dynamism of its own, that the Indonesian’s view their territorial integrity as sacrosanct, and that the political trajectory of Indonesia has a direct impact on Australia. The future, as well as the past, bind Australia and Indonesia together.

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