REFERENTIE No.:
2423
INFORMATIEKOPIE:

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## MINISTERIE VAN BUITENLANDSE ZAKEN

AFDELING VERBINDINGEN
's-GRAVENHAGE, LANGE HOUTSTRAAT 28
TEL. Nos: 180309; 184000-284

## VERZONDEN CODEBERICHT

DATUM VAN VERZENDING:

7 april 1959 AFKOMSTIG VAN: min. v. b.z.

Tan 6913

Dir./Afd.: 101/01
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BESTEMD VOOR:

washington

informatiekopie per koerier aan: djakarta

zeer geheim

te uwer persoonlijke kennisneming volgt hier een uit betrouwbare zeer geheime bron ontvangen rapport inzake een onderhoud met de indonesische minister van financien dbbpnt

quote during the course of a private conversation on twenty second january cma nineteen hundred fiftynine sutik'n o slamat cmathe finance minister cma said that indonesia s future economy must be based upon state enterprises and projects dash a form of state capitalism undash and he was disappointed that the americans did not seem to understand that indonesia had no other choice stp there was a definite hesitancy on the part of the americans to give any aid which would help to realise that plan stp the minister said that he hoped that it would be possible for indonesia to work out its own form of socialism or communism stp indonesia s greatest fear was that the hk indonesian communist party slthk might become too strong and drag indonesia into the soviet orbit stp the present government did not object to communism pntcma what they were worried about was losing indonesia s neutrality stp the pki cma the minister said cma was definitely committed to the sino soviet bloc cma and that was against indonesia s true interests stp asked if he meant china or the soviet union specifically cma the minister said that while he had no inside infor mation on this matter cma he believed that the pki kept in touch with both peking and moscow but were much closer to moscow than peking stp the minister said that for this reason the pki must not be allowed to become too strong stp

the minister said that president s u k a r n o was now planning to support a bill aimed to reduce the number of political parties stp the president would still like to abolish all of them cma but he feels that the time is not opportune cma and he is hoping that guided democracy will be able to make progress

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stp asked if the thought the army would take action if the president could not work out a compromise cma the minister replied quickly colon quo if the civilians continue to make a mess of things then the army would have to step in unquo stp he seemed surprised at the question colon quo could the army do this vrgtkn unquo and answered colon quo but of course cma if the president decided this was the way to do things unquo stp

turning to the soviet loan cma the minister said that the government was now negotiating for another loan cma and that the figure mentioned in discussions between him and the soviet ambassador was u s dollars fifteen million stp the minister said he was also attempting to secure a loan from china for consumer goods and tekstile machinery stp he added that the government was also very active in talking about credits to the various american agencies in jakarta stp he said he had in mind a fairly considerable credit loan from the various united states sources stp he said he did not think it would adversely affect the economy of the country to have these large loans because they mostly concerned capitals goods stp

on the question of the government s increase of note circulation by one thousand sikshundred siksty seven million rupiahs during the month of december nineteenhundred fiftyeight cma the minister said this was not due to the government s budget accounting stp the various government departments drew the money from the central treasury and placed it to their own various accounts before the end of the year cma knowing that if they did not then they might lose these appropriations if they applied for them in nineteenhundred fiftynine stp the money was not actually in circulation and had not been spent cma because material was not available for new projects cma etc stp the minister said the system was bad and he hoped this year to change it stp unquote

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