

# Indonesia, President Kennedy & Freeport Sulphur

by Lisa Pease

*What is Past is Prologue.*

INSCRIBED ON THE NATIONAL ARCHIVES, WASHINGTON, D.C.

Remote but rich in natural resources, Irian Jaya has always caught the attention of prospectors in search of the proverbial gold mine. The most successful to date is Freeport, whose copper and gold mine is situated in the rugged Grasberg mountains of western New Guinea, in the South Pacific.

After 28 years of mining, proven reserves are reported to total some 447 million metric tons of ore, estimated to yield 14 billion pounds of copper, 19 million ounces of gold and 36 million ounces of silver.

According to some reports, at current rates, that could bring in an annual revenue of \$800 million, or more than \$1 million per day in profit.

- InterPress Service, JAKARTA, March 28, 1996

Biru Kogoya (28) who was the leader of the Dani party from Timika then knocked on the door of the Freeport Security Station to report that we had attended Christmas celebration and intended to return to Timika. But the guard at the station said with a startled voice: "Eh, you are GPK (rebels)." We got very alarmed and frightened at this accusation. But I tried to convince the Freeport Security officer that we were not GPK rebels and showed him our permit to travel letter, explaining that we were travelling to Waa to take part in celebrating Christmas and now wanted to go back to Timika. The officer then allowed us to proceed to the Freeport Travel Office in Tembagapura to go on the bus to Timika. But before we reached the Travel office we were arrested by soldiers from battalion 733 Patimura at the General Security Station of Freeport, Tembagapura. They didn't explain why we were detained. So we tried to explain why we were travelling and showed them the permit. But they didn't want to know. Our permit was torn to pieces and thrown away. They even accused us of trying to deceive them, that we were GPKs, hitting us with their rifle butts and kicking us with their boots. At 08.00 we were beaten and escorted to the KOMOP office in Tembagapura where we were detained in Freeport containers. In a container about 3 x 6 metres the fifteen of us were beaten with sticks (about 5 x 5 cm), and rifle butts and were kicked with boots by the troops. They took turns beating and kicking us from 08.00 till 12.00 at noon. They stripped us stark naked, and took our belongings such as beads and money ... I could only look on, afraid and powerless.

- Eyewitness account recorded in *Violations of Human Rights in the Timika Area of Irian Jaya, Indonesia: A report by the Catholic Church of Jayapura*, August 1996

The cancellation of Freeport's insurance ... was the first and only time OPIC has ever cancelled a client's insurance for environmental reasons. ...

OPIC cancelled the company's insurance despite a massive lobbying effort launched by former Secretary of State Henry Kissinger, among others. Kissinger is a member of Freeport's board of directors, and is also a lobbyist who earns about four hundred thousand dollars per year from his part-time job at Freeport....

The Indonesian dictator, President Suharto, also reportedly brought up this matter during his meeting with President Clinton at the White House on October 27. Suharto's meeting with Clinton occurred the morning after the Indonesian strongman was celebrated at ... a party hosted by Jim Bob Moffett....

Freeport is fighting the cancellation....

According to sources close to the matter, Freeport's case is being handled by James Woolsey, the former head of the Central Intelligence Agency.

- *The Texas Observer*, 11/17/96

Recent riots in Indonesia's resource rich province of Irian Jaya are partly the consequence of failed efforts on the part of the Jakarta government to involve the local population in the region's development, say activists....

The first demonstrations, which started on March 11 and lasted four days, were directed at the mining company PT Freeport Indonesia, an affiliate of the New Orleans U.S.-based Freeport-McMoRan copper and gold mining company which has earned the wrath of indigenous people angry over incursions on their homelands.

-InterPress Service, JAKARTA, March 28, 1996

In Part One of this article (*Probe*, March-April, 1996) we talked about the early years of Freeport up through the Cuban takeover of their potentially lucrative mine at Moa Bay, as well as their run-in with President Kennedy over the issue of stockpiling. But the biggest conflict that Freeport Sulphur would face was over the country housing the world's single largest gold reserve and third largest copper reserve: Indonesia. To understand the recent (March, 1996) riots at the Freeport plant, we need to go to the roots of this venture to show how things might have been very different had Kennedy lived to implement his plans for Indonesia.

### Indonesia Backstory

Indonesia had been discovered by the Dutch at the end of the 1500s. During the early 1600s they were dominated by the Dutch East Indies Company, a private concern, for nearly 200 years. In 1798, authority over Indonesia was transferred to the Netherlands, which retained dominion over this fifth largest country in the world until 1941, at which time the Japanese moved in during the course of World War II. By 1945 Japan was defeated in Indonesia and Achmed Sukarno and Mohammad Hatta rose to become President and Vice President of the newly independent Indonesia. But within a month of the Sukarno/Hatta proclamation of independence, British army units began landing in Jakarta to help the Dutch restore colonial rule. Four years of fighting ensued. In 1949, the Dutch officially ceded sovereignty back to Indonesia, with the exception of one key area—that of a hotspot which is now known as Irian Jaya or, depending on who you talk to, West Papua. (See the map on page 20 for the location of this large land area.)

Authors Gerard Colby and Charlotte Dennett, in their book *Thy Will Be Done*, explain the situation in what was then called Dutch New Guinea:

To Westerners, New Guinea was like a gifted child pulled in opposite directions by covetous guardians. The Dutch clung to the western half as the sole remnant of their once-vast East Indies empire. Their longtime British allies, acting through Australia, controlled the eastern half. Neighboring Indonesians, on the other hand, thought that all New Guinea was part of their national territory, even if it was still colonized by Europeans.

Dutch New Guinea, or West Irian as the Indonesians called it, was populated by native tribes not far removed from a stone age culture, such as the Danis and the Amungme. When Indonesia fought to claim independence from the Dutch, West Irian became a symbol for both sides that neither wanted to relinquish. It would take the efforts of President Kennedy to eventually pass control of this area to the newly independent Indonesians, removing the last vestiges of Dutch colonialism.

Indonesia experienced various types of government. When Sukarno first rose to power in 1945, foreigners pointed out that Sukarno's rule appeared "fascistic," since he held sole control over so much of the government. Bowing to foreign pressure to appear more democratic, Indonesia instituted a parliamentary system of

*"Those who make peaceful revolution impossible will make violent revolution inevitable."*

PRESIDENT JOHN F. KENNEDY, MARCH 13, 1962

rule and opened the government to a multiparty system. Sukarno related what followed to his biographer (now cable gossip show host) Cindy Adams:

In a nation previously denied political activities, the results were immediate. Over 40 dissimilar parties sprang up. So terrified were we of being labeled "a Japanese-sponsored Fascistic dictatorship" that single individuals forming splinter organizations were tolerated as "mouthpieces of democracy." Political parties grew like weeds with shallow roots and interests top-heavy with petty selfishness and vote-catching. Internal strife grew. We faced disaster, endless conflicts, hair-raising confusion. Indonesians previously pulling together now pulled apart. They were sectioned into religious and geographical boxes, just what I'd sweated all my life to get them out of.

Sukarno related that nearly every six months, a cabinet fell, and a new government would start up, only to repeat the cycle. On October 17, 1952 things came to a head. Thousands of soldiers from the Indonesian army stormed the gates with signs saying "Dissolve Parliament." Sukarno faced the troops directly, firmly refusing to dissolve parliament due to military pressure, and the soldiers backed down. The result of this was a factionalized army. There were the "pro-17 October 1952 military" and the "anti-17 October 1952 military." In 1955, elections were held and parliamentary

rule was ended by vote. The Communists, who had done the most for the people suffering the aftereffects of converting from colonial rule to independence, won many victories in 1955 and 1956. In 1955, Sukarno organized the Bandung Conference at which the famous Chinese Communist Chou En Lai was a featured guest. During the 1955 elections, the CIA had given a million dollars to the Masjumi party—an opposition party to both Sukarno's Nationalist party and the Communist party in Indonesia (called the PKI)—in an attempt to gain political control of the country. But the Masjumi party failed to win the hearts and minds of the people.

In 1957, an assassination attempt was made against Sukarno. Although the actual perpetrators were unknown at the time, both Sukarno and the CIA jumped to use this for propaganda purposes. The CIA was quick to blame the PKI. Sukarno, however, blamed the Dutch, and used this as the excuse to seize all

former Dutch holdings, including shipping and flying lines. Sukarno vowed to drive the Dutch out of West Irian. He had already tried settling the long-standing dispute over that territory through the United Nations, but the vote fell shy of the needed two-thirds majority to set up a commission to force the Dutch to sit down with the Indonesians. The assassination attempt provided a much needed excuse for action.

The victories of the Communists, infighting in the army, and the 1957 nationalization of former Dutch holdings, led to a situation of grave concern to American business interests, notably the oil and rubber industries. The CIA eagerly pitched in, helping to foment rebellion between the outer, resource rich, islands, and the central government based in Jakarta, Java.

### Rockefeller Interests in Indonesia

Two prominent American-based oil companies doing business in Indonesia at this time were of the Rockefeller-controlled Standard Oil family: Stanvac (jointly held by Standard Oil of New Jersey and Socony Mobil—Socony being Standard Oil of New York), and Caltex, (jointly held by Standard Oil of California and Texaco.) In Part I of this article we

*continued on page 20*

## Indonesia

continued from page 19

showed how heavily loaded the Freeport Sulphur board was with Rockefeller family and allies. Recall that Augustus C. Long was a board member of Freeport while serving as Chairman of Texaco for many years. Long becomes more and more interesting as the story develops.



### 1958: CIA vs. Sukarno

"I think its time we held Sukarno's feet to the fire," said Frank Wisner, then Deputy Director of Plans for the CIA, in 1956. By 1958, having failed to buy the government through the election process, the CIA was fomenting a full-fledged operation in Indonesia. Operation Hike, as it was called, involved the arming and training of tens of thousands of Indonesians as well as "mercenaries" to launch attacks in the hope of bringing down Sukarno.

Joseph Burkholder Smith was a former CIA officer involved with the Indonesian operations during this period. In his book, *Portrait of a Cold Warrior*, he described how the CIA took it upon themselves to make, not just to enact, policy in this area:

before any direct action against Sukarno's position could be taken, we would have to have the approval of the Special Group—the small group of top National Security Council officials who approved covert action plans. Premature mention of such an idea might get it shot down ...

So we began to feed the State Department and Defense departments intelligence ... When they had read enough alarming reports, we planned to spring the suggestion we should support the colonels' plan to reduce Sukarno's power. This was a method of operation which became the basis of many of the political action adventures of the 1960s

and 1970s. In other words, the statement is false that CIA undertook to intervene in the affairs of countries like Chile *only after* being ordered to do so ... In many instances, we made the action programs up ourselves after we had collected enough intelligence to make them appear required by the circumstance. Our activity in Indonesia in 1957-1958 was one such instance.

When the Ambassador to Indonesia wrote Washington of his explicit disagreements with the CIA's handling of

the situation, Allen Dulles had his brother John Foster appoint a *different* Ambassador to Indonesia, one more accepting of the CIA's activities.

In addition to the paramilitary activities, the CIA tried psychological warfare tricks to discredit Sukarno, such as passing rumors that he had been seduced by a Soviet stewardess. To that end, Sheffield Edwards, head of the CIA's Office of Security, enlisted the Chief of the Los Angeles Police Department to help with a porno movie project the CIA was making to use against Sukarno, ostensibly showing Sukarno in the act. Others involved in these efforts were Robert Maheu, and Bing Crosby and his brother.

The Agency tried to keep its coup participation covert, but one "mercenary" met misfortune early. Shot down and captured during a bombing run, Allen Lawrence Pope was carrying all kinds of ID on his person to indicate that he was an employee of the CIA. The U.S. Government, right up to President Eisenhower, tried to deny that the CIA was involved at all, but the Pope revelations made a mockery of this. Not cowed by the foment, as Arbenz had been in Guatemala, Sukarno marshalled those forces loyal to him and crushed the CIA-aided rebellion. Prior to the Bay of Pigs, this was the Agency's single largest failed operation.

### 1959: Copper Mountain

At this point, Freeport Sulphur entered the Indonesian picture. In July, 1959, Charles Wight, then President of Freeport—and reported to be fomenting anti-Castro plots and flying to Canada and/or Cuba with Clay Shaw (see Part I of this article)—was busy defending his company against House Committee accusations of overcharging the Government for the nickel ore processed at the Government-owned plant in Nicaro, Cuba. The Committee recommended that the Justice Department pursue an investigation. Freeport's Moa Bay Mining Company had only just opened, and already the future in Cuba looked bleak. In August, 1959, Freeport Director and top engineer Forbes Wilson met with Jan van Gruisen, managing director of the East Borneo Company, a mining concern. Gruisen had just stumbled upon a dusty report first made in 1936 regarding a mountain called the "Ertsberg" ("Copper Mountain") in Dutch New Guinea, by Jean Jacques Dozy. Hidden away for years in a Netherlands library during Nazi attacks, the report had only recently resurfaced. Dozy reported a mountain heavy with copper ore. If true, this could justify a new Freeport diversification effort into copper. Wilson cabled Freeport's New York headquarters asking for permission and money to make a joint exploration effort with the East Borneo Company. The contract was signed February 1, 1960.

With the aid of a native guide, Wilson spent the next several months amidst the near-stone age natives as he forged through near impassable places on his way to the Ertsberg. Wilson wrote a book about this journey, called *The Conquest of Copper Mountain*. When he finally arrived, he was excited at what he found:

an unusually high degree of mineralization ... The Ertsberg turned out to be 40% to 50% iron ... and 3% copper ... Three percent is quite rich for a deposit of copper ... The Ertsberg also contains certain amounts of even more rare silver and gold.

He cabled back a message in prearranged code to the soon-to-be President of Freeport, Bob Hills in New York:

... thirteen acres rock above ground additional 14 acres each 100 meter depth sampling progressive color appears dark access egress formidable all hands well advise Sextant regards.

"Thirteen acres" meant 13 million tons of ore above ground. "Color appears

dark" meant that the grade of ore was good. "Sextant" was code for the East Borneo Company. The expedition was over in July of 1960. Freeport's board was not eager to go ahead with a new and predictably costly venture on the heels of the expropriation of their mining facilities in Cuba. But the board decided to at least press ahead with the next phase of exploration: a more detailed investigation of the ore samples and commercial potential. Wilson described the results of this effort:

[M]ining consultants confirmed our estimates of 13 million tons of ore above ground and another 14 million below ground for each 100 meters of depth. Other consultants estimated that the cost of a plant to process 5,000 tons of ore a day would be around \$60 million and that the cost of producing copper would be 16¢ a pound after credit for small amounts of gold and silver associated with the copper. At the time, copper was selling in world markets for around 35¢ a pound. From these data, Freeport's financial department calculated that the company could recover its investment in three years and then begin earning an attractive profit.

The operation proved technically difficult, involving newly invented helicopters and diamond drills. Complicating the situation was the outbreak of a near-war between the Dutch—who were still occupying West Irian—and Sukarno's forces which landed there to reclaim the land as their own. Fighting even broke out near the access road to Freeport's venture. By mid-1961, Freeport's engineers strongly felt that the project should be pursued. But by that time, John F. Kennedy had taken over the office of President. And he was pursuing a far different course than the previous administration.

### Kennedy and Sukarno

No wonder Sukarno doesn't like us very much. He has to sit down with people who tried to overthrow him.

- President Kennedy, 1961

Up until Kennedy's time, the aid predominantly offered to Indonesia from this country came mostly in the form of military support. Kennedy had other ideas. After a positive 1961 meeting with Sukarno in the United States, Kennedy appointed a team of economists to study ways that economic aid could help Indonesia develop in constructive ways. Kennedy understood that Sukarno took aid and arms from the Soviets and the Chinese because he needed the help, not because he was eager to fall under com-

munist rule. American aid would prevent Sukarno from becoming dependent on Communist supplies. And Sukarno had already put down a communist rebellion in 1948. Even the State Department in the United States conceded that Sukarno was more nationalist than Communist.

But the pressing problem during Kennedy's short term was the issue of West Irian. The Dutch had taken an ever more aggressive stance, and Sukarno was assuming a military posture. America, as allies to both, was caught in the middle. Kennedy asked Ellsworth Bunker to attempt to mediate an agreement between the Dutch and Indonesian governments. "The role of the mediator," said Kennedy, "is not a happy one; we are prepared to have everybody mad if it makes some progress."

It did make everybody mad. But it did make progress. Ultimately, the U.S. pressured the Dutch behind the scenes to yield to Indonesia. Bobby Kennedy was enlisted in this effort, visiting both Sukarno in Indonesia and the Dutch at the Hague. Said Roger Hillsman in *To Move a Nation*:

Sukarno came to recognize in Robert Kennedy the same tough integrity and loyalty that he had seen in his brother, the President, combined with a true understanding of what the new nationalisms were really all about.

So with preliminary overtures having been made to Sukarno and the Hague, Bunker took over the nitty gritty of getting each side to talk to each other. The Dutch, unwilling to concede the last vestige of their once-great empire to their foe, pressed instead for West Irian to become an independent country. But Sukarno knew it was a symbol to his people of final independence from the Dutch. And all knew that the Papuan natives there had no hope of forming any kind of functioning government, having only just recently been pushed from a primitive existence into the modern world. The United Nations voted to cede West Irian fully to Indonesia, with the provision that, by 1969, the people of West Irian would be granted an opportunity to vote whether to remain with or

secede from Indonesia. Kennedy seized the moment, issuing National Security Action Memorandum (NSAM) 179, dated August 16, 1962:

With the peaceful settlement of the West Irian dispute now in prospect, I would like to see us capitalize on the U.S. role in promoting this settlement to move toward a new and better relationship with Indonesia. I gather that with this issue resolved the Indonesians too would like to move in this direction and will be presenting us with numerous requests.

To seize this opportunity, will all agencies concerned please review their programs for Indonesia and assess what further measures might be useful. I have in mind the possibility of expanded civic action, military aid, and economic stabilization and development programs as well as diplomatic initiatives.

Roger Hillsman elaborated on what Kennedy meant by civic action: "rehabilitating canals, draining swampland to create new rice paddies, building bridges and roads, and so on."

### Freeport and West Irian

Kennedy's aid in brokering Indonesian sovereignty over West Irian could only have come as a blow to Freeport Sulphur's board. Freeport already had a positive relationship with the Dutch, who had authorized the initial exploratory missions there. During the negotiation period, Freeport approached the U.N., but the U.N. said Freeport would have to discuss their plans with the Indonesian officials. When Freeport went to the Indonesian embassy in Washington, they received no response.

Lamented Forbes Wilson:

Not long after Indonesia obtained control over Western New Guinea in 1963, then-President Sukarno, who had consolidated his executive power, made a series of moves which would have discouraged even the most eager prospective Western investor. He expropriated nearly all foreign investments in Indonesia. He ordered American agencies, including the Agency for International Development, to leave the country. He cultivated close ties with Communist China and with Indonesia's Communist Party, known as the PKI.

continued on page 22

## Indonesia

continued from page 21

1962 had been a difficult year for Freeport. They were under attack on the stockpiling issue. Freeport was still reeling from having their lucrative facilities expropriated in Cuba. And now they sat, staring at a potential fortune in Indonesia. But with Kennedy giving tacit support to Sukarno, their hopes looked bleak indeed.

### Reversal of Fortunes

Kennedy stepped up the aid package to Indonesia, offering \$11 million. In addition, he planned a personal visit there in early 1964. While Kennedy was trying to support Sukarno, other forces were countering their efforts. Public dissent in the Senate brewed over continuing to aid Indonesia while the Communist party there remained strong. Kennedy persisted. He approved this particular aid package on November 19, 1963. Three days later, Sukarno lost his best ally in the west. Shortly, he would lose the aid package too.

Sukarno was much shaken by the news of Kennedy's death. Bobby made the trip the President had originally planned to take, in January, 1964. Cindy Adams asked Sukarno what he thought of Bobby, and got more than she asked for:

Sukarno's face lit up. "Bob is very warm. He is like his brother. I loved his brother. He understood me. I designed and built a special guest house on the palace grounds for John F. Kennedy, who promised me he'd come here and be the first American President ever to pay a state visit to this country." He fell silent. "Now he'll never come."

Sukarno was perspiring freely. He repeatedly mopped his brow and chest. "Tell me, why did they kill Kennedy?"

Sukarno noted with irony that the very day Kennedy was assassinated, his Chief of Bodyguards was in Washington to study how to protect a president. Looking to the future, he was not optimistic:

I know Johnson ... I met him when I was with President Kennedy in Washington. But I wonder if he is as warm as John. I wonder if he will like Sukarno as John Kennedy, my friend, did.

### LBJ and Indonesia

As others have noted, foreign policy changed rapidly after Kennedy's death.

Donald Gibson says in his book *Battling Wall Street*, "In foreign policy the changes came quickly, and they were dramatic." Gibson outlines five short term changes and several long term changes that went into effect after Kennedy's death. One of the short term changes was the instant reversal of the Indonesian aid package Kennedy had already approved. Hilsman makes this point as well:

One of the first pieces of paper to come across President Johnson's desk was the presidential determination ... by which the President had to certify that continuing even economic aid [to Indonesia] was essential to the national interest. Since everyone



Kennedy, Sukarno, Johnson - Washington, 1961

---

**Sukarno was  
perspiring freely. He  
repeatedly mopped  
his brow and chest.  
"Tell me, why did they  
kill Kennedy?"**

---

down the line had known that President Kennedy would have signed the determination routinely, we were all surprised when President Johnson refused.

Someone at Freeport was so pleased with Johnson's behavior that he supported his presidential run in 1964: Augustus C. "Gus" Long.

Long had been Chairman at Texas Company (Texaco) for many years. In 1964, he and a bunch of other conservative, largely Republican business moguls, joined together to support Johnson over Goldwater. The group, calling themselves the National Independent Committee for Johnson, included such people as Thomas Lamont, Edgar Kaiser of Kaiser Aluminum, Robert Lehman of Lehman Brothers, Thomas Cabot of Cabot Corporation of Boston, and many other luminaries of the business world.

Long had two toes in the Indonesian fray—one for Freeport, one for Texaco. In

1961, Caltex—jointly owned by Standard Oil of California (Socal) and Texas Company (Texaco)—was one of the three major oil companies in Indonesia forced to operate under a new contract with Sukarno's government. Under the new terms, 60% of all profits had to be given to the Indonesian government. So he had two reasons to be concerned by Kennedy's support of Sukarno's brand of nationalism, which threatened the interests of both companies in which he had a substantial stake.

In Part I, we mentioned that Long had done "prodigious volunteer work" for Presbyterian Hospital in New York, said by a former employee of their PR firm, the Mullen Company, to be a "hotbed of CIA activity." Now we add that Long was elected President of Presbyterian Hospital two years running—1961 and 1962. In 1964, Long retired his role as Chairman of Texaco. He would be reinstated as Chairman in 1970. What did he do in the interim?

In March of 1965, Long was elected a director of Chemical Bank—another Rockefeller-controlled company.

In August of 1965, Long was appointed to the President's Foreign Intelligence Advisory Board, where he would approve and suggest covert activities.

In October of 1965, covert activities sealed Sukarno's fate.

### 1965: The Year of Living Dangerously

After Kennedy's death, Sukarno had grown ever more belligerent towards the West. The British were busy forming a new country out of Indonesia's former trading partners Malaya and Singapore, called "Malaysia." Since the area included territory from which the CIA had launched some of its 1958 activities, Sukarno was justifiably concerned by what he felt was

an ever tightening noose. On January 1, 1965, Sukarno threatened to pull Indonesia out of the United Nations if Malaysia was admitted. It was and he did, making Indonesia the first nation ever to pull out of the U.N. In response to U.S. pressure on Sukarno to support Malaysia, he cried, "to hell with your aid." He built up his troops along the borders of Malaysia. Malaysia, fearing invasion, appealed to the U.N. for support.

By February, Sukarno could see the writing on the wall:

JAKARTA, Indonesia, Feb. 23 (UPI)—President Sukarno declared today that Indonesia could no longer afford freedom of the press. He ordered the banning of anti-Communist newspapers. ...

"I have secret information that reveals that the C.I.A. was using the Body for the Promotion of Sukarnoism to kill Sukarnoism and Sukarno," he said. "That's why I banned it." (*New York Times*, 2/24/66)

The country was in disarray. Anti-American demonstrations were frequent. Indonesia quit the International Monetary Fund and the World Bank. The press reported that Sukarno was moving closer to the Chinese and Soviets. Sukarno threatened to nationalize remaining U.S. properties, having already taken over, for example, one of the biggest American operations in Indonesia, the Goodyear Tire and Rubber Company. And then, in an unexpected move, Singapore seceded from Malaysia, weakening the newly formed state bordering Indonesia.

With American money interests threatened, all the usual carrots of foreign aid shunted, no leverage via the IMF or World Bank, and Freeport's Gus Long on the President's Foreign Intelligence Advisory Board, it was only a matter of time, and not much, at that.

### October 1, 1965: Coup or Counter-Coup?

INDONESIA SAYS PLOT TO DEPOSE SUKARNO IS FOILED BY ARMY CHIEF; POWER FIGHT BELIEVED CONTINUING

KUALA LUMPUR, Malaysia, Oct. 1—An attempt to overthrow President Sukarno was foiled tonight by army units loyal to Gen. Abdul Haris Nasution, the Indonesian radio announced. ...

In Washington, a State Department spokesman said Friday the situation in Indonesia

was "extremely confused." Robert J. McCloskey told a news conference the State Department was getting reports from the American Embassy at Jakarta, but "it is not presently possible to attempt any evaluation, explanation, or comment."

Late yesterday, a mysterious group calling itself the 30th of September Movement seized control of Jakarta.

Colonel Untung, who had announced over the Indonesian radio that he was the leader of the movement, said the group had seized control of the Government to prevent a "counterrevolutionary" coup by the Generals' Council. (*New York Times*, 10/2-3/65, International Edition)

---

## Western intelligence agencies, he said, would organize a "premature communist coup ... [which would be] foredoomed to fail, providing a legitimate and welcome opportunity to the army to crush the communists and make Soekarno a prisoner of the army's goodwill."

---

In a strange, convoluted move, a group of young military leaders killed a bunch of older, centrist leaders who, they claimed, were going to—with the help of the CIA—stage a coup against Sukarno. But what happened in the aftermath of this turned Indonesia into one of the bloodiest nightmares the world has ever seen. This original counter-coup was branded a coup attempt instead, and painted as brightly Red as possible. Then, in the disguise of outrage that Sukarno's authority had been imperiled, Nasution joined with General Suharto to overthrow the "rebels." What started ostensibly to protect Sukarno's authority ended up stripping him of it wholly. The aftermath is too horrible to describe in a few words. The numbers vary, but the consensus lies in the range of 200,000 to over 500,000 people killed in the wake of this "counter-coup." Anyone who had ever had an association with the Com-

munist PKI was targeted for elimination. Even *Time* magazine gave one token accurate description of what was happening:

According to accounts brought out of Indonesia by Western diplomats and independent travelers, Communists, Red sympathizers and their families are being massacred by the thousands. Backlands army units are reported to have executed thousands of Communists after interrogation in remote rural jails. ... Armed with wide-bladed knives called parangs, Moslem bands crept at night into the homes of Communists, killing entire families and burying the bodies in shallow graves. ... The murder campaign became so brazen in parts of rural East Java that Moslem bands placed the heads of victims on poles and paraded them through villages.

The killings have been on such a scale that the disposal of the corpses has created a serious sanitation problem in East Java and northern Sumatra, where the humid air bears the reek of decaying flesh. Travelers from those areas tell of small rivers and streams that have been literally clogged with bodies; river transportation has at places been impeded.

Latter day thumbnail histories frequently depict the actions like this: "An abortive Communist coup in 1965 led to an anti-Communist takeover by the military, under Gen. Suharto." (Source: *The Concise Columbia Encyclopedia*.) But the truth is far more complex. A persuasive indicator for this lies in the following item, cited in a remarkable article by Peter Dale Scott published in the British journal *Lobster* (Fall, 1990). Scott quotes an author citing a researcher who, having been given access to files of the foreign ministry in Pakistan, ran across a letter from a former ambassador who reported a conversation with a Dutch intelligence officer with NATO, which said, according to the researcher's notes,

"Indonesia was going to fall into the Western lap like a rotten apple." Western intelligence agencies, he said, would organize a "premature communist coup ... [which would be] foredoomed to fail, providing a legitimate and welcome opportunity to the army to crush the communists and make Soekarno a prisoner of the army's goodwill." The ambassador's report was dated December 1964.

Later in this article, Scott quotes from the book *The CIA File*:

"All I know," said one former intelligence officer of the Indonesia events, "is that the

*continued on page 24*

## Schoenman vs. RFK

In the last issue of *Prevailing Winds Magazine* (Vol. 1 No. 2), author Ralph Schoenman wrote an article on the Bobby Kennedy case whose focus was on the 1995 book by Dan Moldea *The Killing of Robert F. Kennedy*. Schoenman's article was, quite appropriately, a thorough pan on Moldea's flip-flops, methodology, and conclusions. But Schoenman is also a prominent leftist, as he revealed in the title of his piece, "Official Murder and Capitalist Rule in America: The Continuing Dynamic." So he couldn't help concluding his long article with a section entitled "Who are The Kennedys?" In this section he accuses the Kennedys of being tools of "Eastern capital" who "came into office with the agenda of banking capital and the plans ... to crush rebellion by the poor." To fortify this conclusion, Schoenman then writes that Bobby Kennedy was enlisted by LBJ to set up the Council of Generals, led by Nasution and Suharto in order to prep the coup of October 1965. He then states that he was present in Djakarta when, "U.S. naval and

air power in place, the generals coordinated by Robert Kennedy proceeded to butcher nearly one million people in three months ..."

Schoenman's implications are clear: 1) The Kennedys were no different than LBJ, Eisenhower, Nixon et. al. Those who say they were are hopeless romantics and sentimentalists who, he says, "provide protective cover" for the power structure. 2) RFK was planning for both the coup and the massacre of the PKI which followed.

Concerning the first point, we would like to refer Schoenman to either Don Gibson's wonderful analysis of JFK vs. "Eastern capital" *Battling Wall Street* (see catalog). Also, we would like to refer him to *Thy Will be Done* by Gerard Colby and Charlotte Dennett, which outlines the battle between RFK and Nelson Rockefeller over the Third World specifically.

About the second point, we find it difficult to swallow that either LBJ or the CIA would have gotten Bobby to set up this coup in 1965 since on September 1, 1964 Bobby won the Democratic nomination for senator from New York. He then resigned his position as Attorney General to run

against reactionary Republican Kenneth Keating. In November of that year he defeated Keating and on January 4, 1965 he was sworn into his new office. What makes this even more preposterous is that the issue of Indonesia was one of the reasons that Bobby got disgusted with LBJ. Roger Hillsman makes this clear in his book *To Move a Nation* (pp. 408-409). Kennedy had tried to settle the dispute between the British and Sukarno over the new state of Malaysia which directly bordered Indonesia. His headway on this—the setting up of a conference to discuss it—was not followed up. Bobby was disgusted and the relations between Johnson and Robert Kennedy got even chillier. Also, the administration's policy toward Sukarno got more confrontational (see timeline on page 26).

We agree with Schoenman that the Kennedys should not be romanticized. But in this instance, he joins with Noam Chomsky and Alexander Cockburn in doing the opposite. He goes out of his way to recklessly smear them. It is strange how extremes of both the left and the right (Howard Hunt and David Phillips) meet when it comes to throwing hatchets at dead Kennedys. We hope a retraction is forthcoming. ♦

## Indonesia

continued from page 23

Agency rolled in some of its top people and that things broke big and very favorable, as far as we were concerned."

Ralph McGehee, a 25-year veteran of the CIA, also implicated the agency in an article, still partially censored by the CIA, published in *The Nation* (April 11, 1981):

To conceal its role in the massacre of those innocent people the C.I.A., in 1968, concocted a false account of what happened (later published by the Agency as a book, *Indonesia—1965: The Coup That Backfired*). That book is the only study of Indonesia politics ever released to the public on the Agency's own initiative. At the same time that the Agency wrote the book, it also composed a secret study of what really happened. [one sentence deleted.] The Agency was extremely proud of its successful [one word deleted] and recommended it as a model for future operations [one-half sentence deleted].

### Freeport After Sukarno

According to Forbes Wilson, Freeport had all but given up hope of developing its fabulous find in West Irian. But while the rest of the world's press was still try-

ing to unravel the convoluted information as to who was really in power, Freeport apparently had an inside track. In the essay mentioned earlier, Scott cites a cable (U.S. delegation to the U.N.) which stated that Freeport Sulphur had reached a preliminary "arrangement" with Indonesian officials over the Ertsberg in April of 1965, before there could legitimately have been any hope in sight.

Officially, Freeport had no such plans until after the October 1965 events. But even the official story seemed odd to Wilson. As early as November, a mere month after the October events, longtime Chairman of Freeport, Langbourne Williams, called Director Wilson at home, asking if the time had now come to pursue their project in West Irian. Wilson's reaction to this call is interesting:

I was so startled I didn't know what to say.

How did Williams know, so soon, that a new regime was coming to power? Sukarno was still President, and would remain so formally until 1967. Only deep insiders knew from the beginning that Sukarno's days were numbered, and his power feeble. Wilson explains that Williams got some "encouraging private in-

formation" from "two executives of Texaco." Long's company had managed to maintain close ties to a high official of the Sukarno regime, Julius Tahija. It was Tahija who brokered a meeting between Freeport and Ibnu Sutowo, Minister of Mines and Petroleum. *Fortune* magazine had this to say about Sutowo (July 1973):

As president-director of Pertamina [the Government's state-owned oil company], Lieutenant General Ibnu Sutowo receives a salary of just \$250 a month, but lives on a princely scale. He moves around Jakarta in his personal Rolls-Royce Silver Cloud. He has built a family compound of several mansions, which are so large that guests at his daughter's wedding party could follow the whole show only on closed-circuit television.

... The line between Sutowo's public and private activities will seem hazy to Western eyes. The Ramayan Restaurant in New York [in Rockefeller Center-author's note], for example, was bankrolled by various U.S. oil-company executives, who put up \$500,000 to get into a notoriously risky sort of business. Presumably its backers were motivated at least in part by a desire to be on amiable terms with the general.

But beyond these dubious accolades, a hint of something else, as well was revealed:

Sutowo's still small oil company played a key part in bankrolling those crucial operations [during the October 1965 events.]

Given the wealth of evidence that the CIA was deeply involved in this operation, it seems equally likely that Sutowo was acting as a conduit for their funds.

After Sukarno's fall from power, Sutowo constructed a new agreement that allowed oil companies to keep a substantially larger percent of their profits. In an article entitled "Oil and Nationalism Mix Beautifully in Indonesia" (July, 1973), *Fortune* labeled the post-Sukarno deal "exceptionally favorable to the oil companies."

In 1967, when Indonesia's Foreign Investment Law was passed, Freeport's contract was the first to be signed. With Kennedy, Sukarno, and any viable support for Indonesian nationalism out of the way, Freeport began operations.

In 1969, the vote mandated by the Kennedy brokered U.N. agreement on the question of West Irian independence was due. Under heavy intimidation and the visceral presence of the military, Irian "voted" to remain part of Indonesia. Freeport was in the clear.

### The Bechtel Connection

Gus Long was a frequent dinner partner of Steve Bechtel, Sr., owner with CIA Director John McCone, of Bechtel-McCone in Los Angeles in the thirties. McCone and Bechtel, Sr. made a bundle off of World War II, split, and went their not so separate ways. Writes author Laton McCartney in *Friends in High Places: The Bechtel Story*,

[I]n 1964 and 1966, CIA director John McCone and U.S. ambassador to Indonesia Howard Jones briefed Steve Bechtel Sr. on the rapidly deteriorating situation in Indonesia. Bechtel, Socon, Texaco ... had extensive dealings in that part of the world and were concerned because Indonesia's President Sukarno was nationalizing U.S. business interests there. ... In October 1965, in what a number of CIA alumni have since charged was an Agency-backed coup, Sukarno was ousted and replaced by President Suharto, who proved far more receptive to U.S. business interests than his predecessor.

Bechtel was no stranger to the CIA. Bechtel Sr. had been a charter member of the CIA conduit Asia Foundation from its inception as Allen Dulles' brainchild. Former CIA Director Richard Helms himself joined Bechtel, as an "international consultant" in 1978. Said a former executive, Bechtel was:

loaded with the CIA ... The agency didn't have to ask them to place its agents ... Bechtel was delighted to take them on and give them whatever assistance they needed.

Bechtel Sr.'s "oldest and closest friend in the oil industry," Gus Long, had a problem. Freeport's project was far more difficult than they had foreseen, and they needed outside help. The mountainous path to the "copper mountain" made extraction nearly impossible. Freeport hired Bechtel to help them construct the appropriate infrastructure to turn their dreams into reality.

Bechtel came with extras. Freeport needed additional financing for their costly Indonesian project. Bechtel Sr. had gotten himself appointed to the advisory committee of the Export-Import (Exim) bank after a long period of cozying up to Exim bank president Henry Kearns. Freeport was not happy with the lack of progress and costs of Bechtel's operation. Forbes Wilson threatened to drop them from the project. Bechtel Sr. jumped in, saying he would make the project Bechtel's top priority. He also guaranteed them \$20 million in loans from the Exim bank. When the Exim bank's engineer didn't think that Freeport's project seemed commercially viable and wouldn't approve their loan, Bechtel Sr. called Kearns, and the loan went through over the objections of the bank's engineer. Three years later, Kearns would resign from the bank when it revealed the bank had made generous loans to several projects in which Kearns was personally invested. Although Senator Proxmire called it "the worst conflict of interest" he had ever seen in seventeen years in the Senate, the Justice Department declined to prosecute. Said Proxmire:

It will appear to millions of American citizens that there is a double standard in the law, one for the ordinary citizen and quite another for those who hold high positions in government and make thousands of dollars in personal profit as a result of official actions.

Bechtel denies allegations from former employees that it spread over \$3 million in cash around Indonesia in the early '70s.

### Unhappily Ever After

The tragedy of the Kennedy assassination lies in the legacy left in the wake of his absence. Without his support, Indonesia's baby steps toward a real, economic independence were shattered. Sukarno, hardly a saint and with plenty

of problems, nonetheless was trying to assure that business deals with foreigners left some benefit for the Indonesians. Suharto, in dire contrast, allowed foreigners to rape and pillage Indonesia for private gain, at the price of lives and the precious, irreplaceable resources of the Indonesians. Cindy Adams wrote a book about her experiences with Sukarno, called *My Friend the Dictator*. If Sukarno was a dictator, what term exists for Suharto?

---

**"It will appear to millions of American citizens that there is a double standard in the law, one for the ordinary citizen and quite another for those who hold high positions in government and make thousands of dollars in personal profit as a result of official actions."**

---

Freeport's Grasberg mine in Indonesia is one of the largest copper and gold reserves in the world. But the American based company owns 82% of the venture, while the Indonesian government and a privately held concern in Indonesia split the remaining percent.

How much influence does Freeport carry in Indonesia? Can they really say they have Indonesia's best interests at heart?

### Kissinger and East Timor

In 1975, Freeport's mine was well into production and highly profitable. Future Freeport Director and lobbyist Henry Kissinger and President and ex-Warren Commission member Gerald Ford flew out of Jakarta having given the Indonesian Government under Suharto what State Department officials later described

*continued on page 26*



## The U.S. and Indonesia: Three Administrations

### EISENHOWER

- 1954 CIA backs Darul Islam, Moslem separatist group, in order to splinter Sukarno's coalition.
- 1956 Frank Wisner begins to manipulate intelligence reports to precipitate a U.S. backed coup against Sukarno.
- 1957 CIA, with help of LAPD, tries to make a porno film of Sukarno to embarrass him publicly.  
Attempted public assassination of Sukarno with probable backing of CIA. Allen Dulles secretly visits Indonesia to organize support for the coming coup.
- 1958 "Rebellion of the Colonels" begins on Sumatra.  
On April 30th, Eisenhower announced to media that U.S. will remain neutral.  
On May 18th, CIA pilot Allen Pope is shot down, blowing Ike's plausible denial.  
Indonesian army, led by General Nasution puts down the revolt.
- 1959 John Foster Dulles and Ike begin to supply Nasution with arms in order to keep influence with the army.  
Freeport's Forbes Wilson discovers "Copper Mountain"
- 1960 Freeport mounts expedition in Indonesia. Finds large, valuable ore reserves in Dutch New Guinea/West Irian.

### KENNEDY

- 1961 In reference to Pope's imprisonment, JFK requests CIA report on '58 coup. Allen Dulles gives him a sanitized version.  
In April, Sukarno visits White House, develops strong affection for Kennedy. Kennedy expresses understanding of Sukarno's position and needs.  
JFK appoints team from Tufts University to study how the U.S. might aid Indonesian economy.
- 1962 Robert Kennedy visits Jakarta to arrange release of Pope.  
Freeport's engineers confirm value of find in West Irian.  
Kennedys arrange a meeting between the Dutch and Indonesians to settle West Irian dispute. Dutch turn over the area to Sukarno. Privately, they complain that Kennedy favored Sukarno in the negotiations. Key factor in settlement: Promise of West Irian vote on issue of Independence by 1969.  
Kennedy signs NSAM 179 directing moves toward better relations with Sukarno.  
Kennedy launches Senate investigation of stockpiling. Vows to make it a campaign issue. Freeport Sulphur implicated.
- 1963 Kennedy announces plans for a 1964 visit to Jakarta, the first for a US president.  
On Nov. 19th, JFK orders 11 million in US aid to go to Indonesia.  
On Nov. 22nd, JFK is assassinated.

### JOHNSON

- 1963 JFK's 11 million aid package bounces to LBJ for approval. He refuses to sign it.  
Gus Long of Freeport backs LBJ against Goldwater.  
US backs England in Malaysia dispute.  
Sukarno pulls out of the United Nations.
- 1965 CIA sends in the "first team." Huge increase in covert activity. NSAM 179 is effectively reversed. Sukarno nationalizes Rockefeller dominated Stanvac and Caltex oil companies.  
Gus Long appointed to the President's Foreign Intelligence Advisory Board.  
Early on Oct. 1st, six generals assassinated in preemptive strike against the Council of Generals. Suharto and Nasution "retaliate" by slaughtering the communist party (PKI) and sympathizers.
- 1966 To avoid civil war, Sukarno signs over some powers to Suharto. Suharto bans PKI from any political activity.
- 1967 Suharto implicates Sukarno in '65 "communist coup" and places him under house arrest. He will remain there until his death in 1970.  
*Time* magazine arranges press conference in Jakarta announcing new government led by Suharto and the military.  
*NBC* shows documentary footage on the "new business order" in Indonesia
- 1968 Suharto becomes president for first five year term which will become permanent.  
Over 600 US corporations enter the country. Freeport Sulphur now has free rein to develop "Copper Mountain." They will become the single biggest investor in Indonesia.

## Indonesia

*continued from page 25*

as "the big wink." Suharto used the Indonesian military to take over the Portuguese territory of East Timor, followed by a mass slaughter that rivaled the 1965 bloodbath.

Says a former CIA operations officer who was stationed there at the time, C. Philip Liechty:

Suharto was given the green light [by the U.S.] to do what he did. There was discussion in the embassy and in traffic with the State Department about the problems that would be created for us if the public and Congress became aware of the level and type of mili-

tary assistance that was going to Indonesia at that time. ... Without continued heavy U.S. logistical military support the Indonesians might not have been able to pull it off.

In 1980, Freeport merged with McMoRan—an oil exploration and development company headed by James "Jim Bob" Moffett. The two become one, and Moffett (the "Mo" in McMoRan) eventually became President of Freeport McMoRan.

### Friends in High Places

In 1995, Freeport McMoRan managed to spin off its Freeport McMoRan Copper & Gold Inc. subsidiary into a separate en-

tity. The Overseas Private Investment Corporation (OPIC) wrote Freeport McMoRan Copper and Gold that they planned to cancel their investment insurance based on their poor environmental record at their Irian project, stating Freeport has "posed an unreasonable or major environmental, health, or safety hazard in Irian Jaya."

Freeport didn't sit still over this cancellation. Kissinger executed a major lobbying effort (for which he is paid \$400,000 a year), meeting with officials at the State Department and working the halls of Capitol Hill. Sources close to the

*continued on page 31*

tional information concerning Acheson's involvement. This information is apparently based on interviews with William Bundy. In telephone conversations with this author, Brinkley initially offered to provide copies of this interview. He subsequently changed his mind. This material may be of great significance.

In 1971 Lyndon Johnson himself provided important parts of the truth. His statement was closer to an accurate account than what was provided by the HSCA six years later. The Committee totally ignored LBJ's account and, as far as the author is aware, so did everyone else

for over twenty years. In his book, *The Vantage Point*, Johnson said that Eugene Rostow called the White House on November 24th and suggested a commission, and that Joe Alsop and Dean Rusk also recommended a commission. This account, although brief and incomplete, was closer to the truth than anything said about this between 1963 and 1993. Perhaps it is a tribute to LBJ's lack of credibility that no one paid any attention to this for over twenty years (including the author). The commission idea comes from Rostow, Alsop, and Acheson. It has immediate support from individuals at

the *Washington Post* (James Wiggins) and the *New York Times* (James Reston). It will be supported by Secretary of State Dean Rusk. Who or what do these people represent? Are these people connected to each other? Is this group in any way associated with those who would direct the Commission once it was established? Some answers to these questions will be provided in the next issue of *Probe*. ♦

You can now order Professor Gibson's wonderful analysis of the Kennedy Presidency, entitled *Battling Wall Street*, from the CTKA catalog on page 35.

## Indonesia

continued from page 26

matter, according to Robert Bryce in a recent issue of the *Texas Observer*, say Freeport hired former CIA director James Woolsey in the fight against OPIC.

Freeport, now headquartered in New Orleans, manages to keep friends in high places. In 1993, the head of the pro-Suharto congressional lobby was the Senator from Louisiana, Bennett Johnson. Representative Robert Livingston, of Louisiana, invested in Freeport Copper and Gold while the House debated and voted on H.R. 322—the Mineral Exploration and Development Act. And when Jeffery Shafer, one of the directors of OPIC, recently was nominated for an appointment to Undersecretary of National Affairs, it was another Louisiana pol, this time Senator John Breaux, who voted to block the appointment until Shafer provided an explanation of OPIC's cancellation of Freeport's insurance. Jim Bob Moffett, head of Freeport McMoRan, is listed in *Mother Jones'* online "MoJo Wire Coin-Op Congress" survey of the top 400 people who gave the most money in campaign contributions.

Freeport's actions abroad are not the only one's worth tracking. In Louisiana itself, Freeport and three other companies (two of which Freeport later acquired) petitioned for a special exemption to the Clean Water Act in order to legally dump 25 billion pounds of toxic waste into the Mississippi river. Citizens protested, and Freeport's petition was denied. Freeport then lobbied for the weakening of Clean Water Act restrictions.

The citizens of Austin, Texas, have fought to block a Freeport plan for a real

estate development that will foul Barton Springs, a popular outdoor water park there.

According to a recent article in *The Nation* (July 31/August 7, 1995), Freeport is part of the National Wetlands Coalition, a group which wrote much of the language of a bill designed to eliminate E.P.A. oversight of wetlands areas, freeing them for exploitation. The same coalition has also lobbied to weaken the Endangered Species Act. *The Nation* revealed that Freeport's political action committee since 1983 has paid members of congress over \$730,000.

### Scandal at UT

Freeport's record caused an uproar at the University of Texas at Austin recently. The University's Geology Department, which has done research under contract for Freeport, was recently given \$2 million dollars by Jim Bob Moffett for a new building. The school's Chancellor, William Cunningham, wanted to name the building after his friend and co-worker (Cunningham is also a Freeport Director) Moffett. Many on campus protested this development. Anthropology professor Stephen Feld resigned his position with the university over this issue, saying UT was "no longer a morally acceptable place of employment." The protests about Cunningham's conflict of interest—serving UT and Freeport—led to Cunningham's resignation last December. He resigned a day after Freeport threatened to sue three professors at the University who had been loudest in protest.

### Poised on the Brink

While moral victories are lauded in Texas, the real terror continues at Freeport's plant in Indonesia.

In March of 1996, just as our last issue went to press, riots broke out at the Freeport plant in Irian Jaya (the current name for West Irian). Thousands were marching in the streets around the Freeport plant, where the military had as recently as December held and tortured in Freeport mining containers the people who lived and protested in that region. The protests are deeply rooted in the desire for the independence of the Papuans, the Amungme, and the many native inhabitants of Irian Jaya who were never Dutch, and never really Indonesian.

As we go to print, Indonesian sources report that the military has taken over the numerous Freeport Security stations around the mine. "Military Exercises" are intimidating the people who in March rioted at Freeport, causing the plant to lose two days of work and millions of dollars. Although no curfew has been called, people report a fear of being out at night.

The native Amungme tribes, the Papuans, and others are still hoping to retain independence from what they see as only the latest form of colonialism: subservience to Freeport's interests. According to a *New York Times* article (4/4/96), Freeport is the largest single investor in Indonesia.

With Kennedy's support, Indonesia had a chance for real economic independence. The peoples of Irian were promised a real vote for self-government. But when Kennedy was killed, a military dictatorship was installed and paid off so that the interests of businesses like Freeport have been given higher priority than any demands of the natives whose resources are still being pillaged.

Sometimes, what we don't understand about today's news is what we don't know about the Kennedy assassination. ♦