

**Beneath the Surface: United States Foreign Aid to Indonesia
and the Aftermath of the September 30 Movement**

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Abstract

This paper examines the decision-making process and motives behind the United States' foreign aid to Indonesia during the 1960s, focusing on the period before and after the September 30 Movement. It aims to clarify how American foreign aid policies aligned with Hans J. Morgenthau's theoretical framework, which emphasizes political influence, national security, economic development, and ideological goals as the primary objectives of foreign aid. Using qualitative methods to analyze declassified documents, the paper maps the opposing policy considerations and compromises that shaped the United States' foreign aid decisions. Before the September 30 Movement, the United States reduced aid to pressure President Sukarno to end his Confrontation Policy against Malaysia and alignment with the Indonesian Communist Party (PKI). After the movement, United States aid increased to support the Indonesian military against the PKI in a covert manner to avoid negative publicity. The study reveals that the United States' foreign aid policies were driven by a need to maintain a public image, bilateral relations, and national interests. These findings complement existing literature and demonstrate that United States foreign aid to Indonesia was a strategic tool to advance American interests, consistent with Morgenthau's theory.

Keywords: United States, Indonesia, Foreign Aid, September 30 Movement

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I. Introduction

United States Foreign Aid

Since President Harry S. Truman announced his foreign aid programs in response to the devastating impact of the Second World War, the United States has maintained a complex system and legal framework to assist other countries. In his inaugural speech, President Truman laid out his aim to reshape the developing world within the “Fourth Point” or “Point Four,” stating that foreign assistance would help more than half of the world’s population living in misery under food insecurity and disease.¹ Over the next few decades, the United States government expanded this policy by establishing, among others, the United States Agency for International Development (US AID), the Food For Peace program (Public Law or PL480), the Military Assistance Program (MAP), and Foreign Military Financing (FMF). The United States’ foreign aid policy is guided by several laws that detail mechanisms for providing aid and were passed to serve as accountability to taxpayers. An earlier version of this law was the Act of International Development, signed in 1950 by President Truman.² This act provided the foundation for more concrete regulations on foreign assistance, leading to the passing of the Foreign Assistance Act of 1961. The law defines the forms of foreign assistance, the mechanism for giving aid, and related agencies responsible or authorized to provide aid. It also sets objectives and principles that guide the United States in determining assistance, including alleviating poverty, promoting self-sustaining economic growth, encouraging respect for civic and economic rights, integrating into a global economy, and promoting good governance through military, economic, and humanitarian assistance.³ A notable amendment of this law that will be

¹ Trisko Jessica Darden, “Aiding and Abetting: U.S. Foreign Assistance and State Violence” (Stanford University Press, 2020), p. 2.

² Ibid., p. 3.

³ Foreign Assistance Act of 1961, 22 U.S.C. 2151.

discussed later is the Gruening Amendment. This change restricted military aid to countries that the President determined as engaged in an aggressive or repressive act and did not serve as support to the United States national interests.

During the Cold War, these aid programs and frameworks were extremely useful. It served as a tool for the United States to encourage countries to avoid the communist world and combat the growing influence of the USSR. Due to this new circumstance, the United States was haunted by a dilemma in assisting foreign countries. Two main motives often collide with each other.⁴ The first was to support the common good through economic development and humanitarian aid. The other was to further the United States' national interests and security. In the case of 1960s Indonesia, there seemed to be a balance of both. However, non-military assistance was given with an underlying reason to further influence American interests despite an altruistic façade.

United States—Indonesia Relations

Since Indonesian independence in 1945, the United States had a fluctuating relationship with the Southeast Asian country. The United States supported the Indonesian revolution movement in the late 1940s and the effort to reintegrate West Irian or West Papua into the country from the hands of the Netherlands in the early 1960s as a part of decolonization around the world.⁵ It viewed Indonesia as a strategic regional partner with its huge population and diverse resources. The United States, therefore, provided a modest program of economic and technical assistance starting in 1950 to help Indonesia develop a democratic, capitalist, and pro-Western government and change the existing perspective of most Indonesians and its leader,

⁴ Trisko Jessica Darden, op. cit., p. 2.

⁵ Bradley Simpson, "Indonesia-US Relations, 1949–1999," *Oxford Research Encyclopedia of American History*, 2019, <https://doi.org/10.1093/acrefore/9780199329175.013.354>.

President Sukarno, that preferred collectivist, social democratic, and indigenous path to political and economic development.⁶ The United States also had a close relationship with the Indonesian military after its support during the West Irian or West Papua confrontation, despite protests from the Netherlands.⁷ Its education and training program with the military improved trust and communication between the two armed forces.

The bilateral relationship between the two countries soured when President Lyndon B. Johnson took office in 1963. He believed that Sukarno was a threat that needed to be contained rather than a regional leader that needed to be supported.⁸ On the other hand, Sukarno's anti-imperialism views denounced President Johnson's decision to escalate the conflict in Vietnam. Sukarno, with the support of the Indonesian Communist Party (PKI), then moved forward with his Confrontation policy against the Malaysian Federation since he saw the newly born country as an extension of imperialism by the United Kingdom. Indonesia's success with the West Irian dispute and anti-western narrative echoed by Sukarno encouraged others in the Indonesian government and public, which created a unified front that kept him in power. A side effect of this narrative, however, was the protests and attacks on American property in Indonesia, including diplomatic missions and oil companies. This aggressive attitude towards the United States, along with Sukarno's left-leaning, was the main reason why the Americans had to reconsider their foreign aid to the Indonesian government. Domestic and international pressure leads to a careful balance of decisions regarding helping Indonesia.

⁶ Ibid.

⁷ Ulf Sundhaussen and Rudolf Mrazek, "The United States and the Indonesian Military, 1945-1965.," *Pacific Affairs* 53, no. 2 (1980): p. 370, <https://doi.org/10.2307/2757513>.

⁸ Bradley Simpson, op.cit

The September 30 Movement

On the night of September 30, 1965, a group of military officers within the Presidential Guard kidnaped and murdered six prominent Army generals and an aide. They also tried establishing a revolutionary council acting as a new government to protect President Sukarno from a potential coup by a group of Indonesian Army officials called the “Council of Generals.”⁹ In the next few days, General Suharto and General Nasution, two prominent Army leaders saved from the failed movement, discredited and suppressed the movement. With their anti-communist stance, they spread the allegation that the PKI incited the killing of the generals and characterized this act as a treacherous move that needed to be condemned.

The narrative resulted in months of unrest and mass killings that happened across the country. Reports cited that between 78,500 to 3 million people were killed between late 1965 and mid-1966.¹⁰ The victims were alleged communists and their sympathizers, including part members and those receiving aid from the PKI. The masses surprisingly participated in this rampage as a retaliation to what the communists party did to the murdered generals and their threat to national ideology or personal beliefs. These extrajudicial killings were also supported by the Indonesian Army, who, in an account, handed communist prisoners to be executed by youth groups.¹¹ The Army also obtained lists of targets that needed to be eliminated.

Conventional Wisdom

Available literature has provided an extensive understanding of what happened during that fateful night in late 1965. John Roosa authored a detailed analysis of the movement, who

⁹ John Roosa, *Pretext for Mass Murder* (Madison, WI: University of Wisconsin, 2006).

¹⁰ Geoffrey Robinson, *The Killing Season a History of the Indonesian Massacres, 1965-66* (Princeton: Princeton University Press, 2019), p. 120.

¹¹ *Ibid*, p. 160

was involved, and how the United States supported the Army.¹² Robert Cribb focused on the killings that happened in Java and Bali and highlighted the difficulty of obtaining information and accounts of the massacre during Suharto's rule.¹³ Annie Pohlman distinguishably explored the impact of the mass killings on women and girls through testimonies of those sexually assaulted during the period.¹⁴

Some of these comprehensive scholarly resources also discuss the context and role of the United States in the events surrounding the September 30 Movement. Robinson's book provided an in-depth analysis of this, including the dilemma within the United States government to cut or continue foreign aid to Indonesia, citing the importance of the Indonesian Army as the main consideration of maintaining aid.¹⁵ He also argued that the United States decided to secretly increase aid after the September 30 Movement to prevent the Indonesian Army from being seen as a puppet.¹⁶ In line with this, Roosa's book found that the United States expressed support and assisted the Indonesian Army after the movement in the move against PKI.¹⁷ On the other hand, Samuel Totten found that the United States hesitated to provide aid to the Indonesian Army since they are considered well-equipped with previous assistance programs.¹⁸

The contrasting and fragmented discussion of the United States' decision-making surrounding the September 30 Movement through foreign aid needs to be clarified. The considerations behind these decisions should also be evaluated to determine the motive behind the United States' involvement in Indonesia. Therefore, this paper will evaluate existing

¹² John Roosa, op. cit.

¹³ Robert Cribb, *The Indonesian Killings of 1965-1966: Studies from Java and Bali* (Clayton, Victoria: Centre of Southeast Asian Studies, Monash Univ., 1991).

¹⁴ Annie Pohlman, *Women, Sexual Violence and the Indonesian Killings of 1965-66* (London: Routledge, 2015).

¹⁵ Geoffrey Robinson, op. cit., p. 100

¹⁶ Geoffrey Robinson, op. cit., p. 180

¹⁷ John Roosa, op. cit., p. 195

¹⁸ Samuel Totten, *Dirty Hands and Vicious Deeds* (University of Toronto Press, Higher Education Division, 2018).

conventional wisdom on the United States' foreign aid policy in Indonesia through declassified American documents to understand the American motive and decision-making process around late 1965. This is done by mapping different approaches to American foreign aid policy and government officials' compromise.

Furthermore, this paper will also assess the case study on whether the United States' foreign aid policy in Indonesia reflects the theory of politics of foreign aid. Hans J. Morgenthau, a prominent scholar in the field of international relations, laid out how such policies should not be made exclusively for humanitarian or charitable purposes.¹⁹ He argued that foreign assistance should be utilized to exert political influence on other countries and advance the donor country's interests. Therefore, foreign aid has to satisfy three goals: promoting national security, economic development, and ideological goals.

The paper has three main findings. The first is that the current literature on the United States' policy is accurate. However, they missed some crucial motives. Another conclusion from the paper is that policies implemented by the United States stemmed from a thorough discussion and compromise among its government officials. This is evident from contrasting opinions on foreign aid to Indonesia, which then compromised in the middle ground. Finally, the motive behind the United States' foreign aid policy in Indonesia aligned with Morgenthau's objectives in his theory. They are based on the United States' strategic, economic, and ideological interest in Indonesia.

¹⁹ Hans Morgenthau, "A Political Theory of Foreign Aid," *American Political Science Review* 56, no. 2 (1962): pp. 301-309, <https://doi.org/10.2307/1952366>.

II. Foreign Aid Before the September 30 Movement

Since the start of Sukarno's confrontation with Malaysia, the United States started to reconsider its foreign aid to Indonesia because it saw the movement as a contrast to the United States' foreign policy in Southeast Asia. President Johnson then faced international and domestic pressure to cut aid to Indonesia since it was seen as ineffective and counterintuitive to the United States effort to contain communism within the region. International pressure came from the United States role in reaching a peace agreement in the Malaysia Confrontation. By providing aid to Indonesia, the United States was seen as supporting one side against the stances of its allies. On the other hand, the Gruening Amendment of the Foreign Assistance Act of 1961 was passed due to negative sentiment against Indonesia, which received foreign aid from the United States. The new law prohibited assistance to countries that are engaging in or preparing for aggressive military efforts, which the President should determine this status. Therefore, President Lyndon B. Johnson was tasked to decide whether Indonesia was an aggressive country and whether its aid should be cut.

Cutting Foreign Aid

The first sign of domestic strain in cutting foreign aid to Indonesia is reflected in a conversation transcript between President Johnson and Secretary of Defense Robert S. McNamara in early 1964. Here, the president said that he could be impeached if he approved an additional package of aid to Indonesia.²⁰ Although this may be an exaggeration, this comment expresses the overwhelming unpopularity of providing aid to Indonesia amid its confrontation policy against Malaysia. He also argued that providing "any assistance just shows weakness on

²⁰ Foreign Relations of the United States, 1964–1968, Volume XXVI, Indonesia; Malaysia-Singapore; Philippines, eds. Edward C. Keefer and David S. Patterson (Washington: Government Printing Office, 2000), Document 1.

our part [the United States].”²¹ This point refers to the idea that supporting Sukarno’s regime in Indonesia through aid in hopes of changing their policy towards Malaysia did not work. Despite providing a large amount of aid, the United States failed to stop Sukarno’s Confrontation campaign, thus signaling weakness and a lack of influence to the rest of the world. This conversation shows growing domestic dissatisfaction with foreign aid given to Indonesia and pressure to stop its continuation. President Johnson's statement also shows the importance of power projection through foreign aid as a tool of influence.

Echoing the negative sentiment on providing aid to an aggressive country, there are multiple references to cutting foreign aid simply because the leader of a country is not liked. In this case, Sukarno, as the president of Indonesia, was not favored by leaders in the United States because he had been challenging the United States established in Southeast Asia, primarily in Vietnam. The first comment that used this antagonism to argue against providing foreign aid is in a memorandum by McGeorge Bundy, a member of the National Security Council. In his memo, he listed “Nobody likes Sukarno, and with good reason” as the first reason for the aid being cut off.²² This shows how unpopular Sukarno was in the United States and how it was used to justify cutting foreign aid to Indonesia. Another instance when Sukarno’s character influenced the argument in cutting aid is when Secretary of State David D. Rusk said, “No one in Washington disagreed with the Speaker [John W. McCormack]'s description of the unsavory character of Sukarno who is the least responsible leader of any modern State.”²³ Here, Secretary Rusk agreed with Speaker McCormack’s characterization of Sukarno to support cutting aid in favor of United States allies, namely the United Kingdom and Australia. This statement and the previous quote

²¹ Ibid,

²² Ibid, Document 6.

²³ Ibid, Document 8.

emphasized the distrust against Indonesia's president, which was used to influence the policy-makers in Washington, DC, to cut aid to Indonesia.

Meanwhile, in Jakarta, the antagonism towards Sukarno was not shared with the United States Ambassador to Indonesia, Howard P. Jones. He met with Sukarno and Subandrio in mid-1964, discussing various aspects of collaboration between the United States and Indonesia, including the status of foreign aid from the United States. In a meeting summary, Jones commented, "Relations between our two countries might be more harmonious without the present small aid program than with it."²⁴ He also noted that "in [the] interest of both parties, [the] most satisfactory reaction would be for GOI to announce it would no longer accept any American assistance. This would relieve the U.S. as well as GOI of irritant."²⁵ These statements are interesting because despite Ambassador Jones not expressing negative sentiment against Sukarno, he still argued that aid to Indonesia should be cut. The basis of his argument was that it was in the best interest of both countries to salvage the relationship between the two countries. This opinion is reasonable because recently, before the meeting, United States officials, including National Security Adviser Bundy, had publicly threatened to cut foreign aid to pressure Indonesia, which caused huge embarrassment to the Indonesian government. Ambassador Jones noted how sensitive the Indonesians were in being told what to do, threatening diplomatic relations between the two states. Therefore, cutting aid entirely can prevent threats from being made in the first place and potentially save the existing relationship between Indonesia and the United States.

The idea that foreign aid from the United States did not influence Sukarno's decision is supported by further evidence from early 1965. A year after President Johnson's conversation

²⁴ Ibid, Document 47.

²⁵ Ibid,

with Secretary of Defense McNamara, the Department of State issued documents indicating that the Indonesian leadership did not care about aid given by the United States and that they were taking advantage of it. The Deputy Assistant Secretary of State for Far Eastern Affairs, Marshall Green, wrote in a note saying that aid or lack of aid from the United States would not influence Sukarno's actions because he had other factors to consider, such as domestic sentiment and reaction from Asian-African Conference members and the Soviet Union.²⁶ Another document indicating that the Indonesians were indifferent to foreign aid from the United States is a telegram from the Embassy in Jakarta. It said, "[the] evidence is clear [that] they [Sukarno and Subandrio] do not want our USIS libraries, ... and have little interest in USAID. [The] same is probably true [of] other parts [of] US installation. Indo[nesian]s seem [to] be reaching [a] point at which they "tolerate" our programs because they think we want them and because up to a point they want to avoid antagonizing us further."²⁷ These comments are vital because they show that the United States government knew their aid was taken for granted. There is also an indication from the quote that the United States was providing foreign aid to a country that did not want it and thought that the United States gave that aid because the United States needed that country. The last quote also implied that anti-American sentiment was displayed as the United States provided Indonesia with aid, which provided more reason for the United States to cut foreign aid.

Continuing Foreign Aid

On the other side of the aisle, there were strong arguments that foreign aid toward Indonesia should be maintained and continued. First, it has been a symbol of cooperation and support from the United States toward an independent and developing Indonesia. In a letter to

²⁶ Ibid, Document 100.

²⁷ Ibid, Document 109.

the President of the Philippines, Diosdado Macapagal, President Johnson stated that the United States had been helping Indonesia gain its independence, reached an honorable settlement in the West Papua dispute, and had resources to develop its economy.²⁸ He also mentioned that the United States would like to help Indonesians develop their country's full potential. These statements show that foreign aid to Indonesia is motivated by humanitarian goals, such as improving the living qualities of Indonesians, and geopolitical goals, such as supporting decolonization. Continuing foreign aid to Indonesia would be a realization of this motivation and maintenance of the established relationship between the two countries.

The United States government also considered reactionary factors in determining aid cuts to Indonesia. Such a move was considered hostile and would incite a violent reaction from the Indonesian government and people. In a memorandum to President Johnson, Secretary Rusk said that cutting aid completely would trigger Sukarno to "encourage Communist hoodlums to burn our Embassy and break diplomatic relations."²⁹ In a memorandum, the CIA also noted that completely cutting aid would provoke Sukarno to "permit mob violence against US nationals."³⁰ These predictions painted a horrifying image of completely cutting aid to Indonesia, which most likely is the strongest reason behind continuing aid. The basis of the estimations lies in Sukarno's anti-American narrative and general resentment of the United States, which many Indonesians saw as a new imperialist force. Stopping foreign assistance would, therefore, add fuel to the fire. The chance for breaking diplomatic also adds another layer of consideration because it hinders the ongoing effort to peacefully resolve the confrontation conflict and alter the geopolitics of the Cold War, which will be discussed later.

²⁸ Ibid, Document 3.

²⁹ Ibid, Document 4.

³⁰ CIA, Office of National Estimates, *Probable Repercussions of US Aid Cuts to Indonesia*, January 7, 1964. <https://www.cia.gov/readingroom/document/cia-rdp79r00904a001000050036-9>

Further consideration made by the United States government to not cut aid entirely is to protect American business interests in Indonesia. This is reflected in a memo from Secretary Rusk to President Johnson, where cutting aid to Indonesia would “endanger our foreign business investments there, including \$500 million American oil properties.”³¹ Another evidence of this threat is in a telegram from the Embassy in Jakarta, of which “large US private investment in Indonesia is potential hostage” should the United States mistreat the Indonesian government.³² These concerns show how business and investment interests play a part in awarding foreign aid to a country. Since foreign aid policy affected Indonesia's political narrative and economic activities, American businesses would be impacted depending on that aid policy. A public cut in foreign aid would incite anger and negative sentiment that could be directed to American representations in Indonesia. This includes American businesses and oil properties that were viewed as an effort for the United States to extract wealth and resources from Indonesia and a new form of imperialism. Not to mention, the Indonesian government had the authority to put restrictions in the form of permit cancellation and high taxes on these companies. Therefore, cutting aid entirely would disadvantage American business interests in Indonesia.

Another argument made to continue foreign aid to Indonesia was to keep Indonesia from the influence of the USSR and China. This point is critical because Indonesia had the third largest communist party with up to two million members and more supporters and sympathizers. Sukarno was also leaning more and more to the left, posing a risk in the eyes of the United States that Indonesia could become a communist state. In addition, since Indonesia implemented a “free and active” foreign policy that emphasized non-bloc diplomacy, Indonesia was also trading and receiving aid from the Communist states. Cutting foreign aid would exacerbate this problem, as

³¹ Foreign Relations of the United States, *op. cit.*, Document 7.

³² *Ibid*, Document 108.

stated in a National Intelligence Memorandum from July 1965. It said, “Ties with Communist China will likely become closer since Sukarno sees no immediate Chinese threat to Indonesian ambitions. The desire of the Indonesian military to continue receiving Soviet arms aid will probably induce Sukarno to maintain relatively friendly relations with the USSR.”³³ This quote highlights the imbalance that might be caused by aid cuts from the United States, where such action could prompt the Indonesian government to build a closer relationship with the Communist bloc to supplement its confrontation policy and economic well-being. The United States would be better off continuing foreign assistance to avoid this outcome.

Reducing Foreign Aid

The United States government decided to reduce its assistance as a compromise to the two opposing arguments on foreign aid to Indonesia. This policy satisfied both opinions, where reducing aid put pressure on Sukarno and the Indonesian economy while still maintaining diplomatic relations and influence in Indonesia. A memorandum between the Department of State and the National Security Adviser highlighted how the United States should use aid to exert economic pressure on Sukarno to end his confrontation policy while hoping the relationship between the two countries could be maintained.³⁴ This presents the consideration for the United States to satisfy both arguments to cut and continue aid while avoiding unnecessary reactions from the Indonesians. The first mention of this aid reduction proposal was in the previously quoted conversation between President Johnson and Secretary McNamara. McNamara said, “[t]here may be a middle ground that we can keep our employees on the payroll and hold any important amount of aid. This is what I'm trying to find out.”³⁵ At that time, McNamara

³³ Ibid, Document 126.

³⁴ Ibid, Document 48.

³⁵ Ibid, Document 1.

suggested that there was a possibility of receiving Congress's permission to continue providing aid to Indonesia. This idea was also in line with the CIA's memorandum, where reducing aid in a gradual and selective approach would result in Indonesia not breaking diplomatic relations despite possible protests and restrictions on American oil companies.³⁶ The estimated reaction was far less violent compared to cutting aid completely while more impactful in influencing Sukarno's decision and ability to continue his confrontation policy than continuing foreign aid as it was.

Over the following months, the United States pursued progressive cuts in aid and maintained a very small amount of assistance. In a memorandum to President Johnson, Secretary Rusk detailed how aid cuts had been started due to Sukarno's continuing confrontation against Malaysia.³⁷ He also detailed how these cuts had reduced the proposed funds for US AID and MAP (Military Assistance Program) to Indonesia in 1964 by two-thirds. In another report, Secretary Rusk updated the president on the amount of aid continued,³⁸ including ongoing small assistance for malaria eradication, military training unrelated to offensive operations, civic action programs, and police training and equipment. Interestingly, the continued funds were selected with specific motivations, as stated in Secretary Rusk's memorandum for the President. Malaria eradication assistance was a way to "protect existing [American] investment of some \$36 million and would demonstrate our continuing concern for the Indonesian people."³⁹ Meanwhile, training programs for the military, civic leaders, and police gave the United States "a unique opportunity to shape the thinking of Indonesia's future civilian, police, and military leaders."⁴⁰

³⁶ CIA, op. cit.

³⁷ Foreign Relations of the United States, op. cit., Document 4.

³⁸ Ibid, Document 52.

³⁹ Ibid,

⁴⁰ Ibid,

These statements show that the United States was trying to leverage its public image to the Indonesian people by helping them eradicate a common disease in the tropical country. In addition, the selected programs that were continued during the aid cuts were specifically targeted to maintain the United States influence in Indonesia and even prepare for its future relationship with the currently troubled country. This forward-thinking shows how foreign aid could be used to invest in the future, create a desirable political environment, and influence the relationship between countries.

While reducing foreign aid to Indonesia, the United States surprisingly decided to do it covertly. By covert, it means that the number and amount of aid were withdrawn secretly without public knowledge. The United States government used this method in collaboration with the Indonesian government to prevent negative public sentiment towards both governments. Any public announcement on continued aid would potentially be an asset and sign of support from the United States for Sukarno. The Attorney General delivered this argument in a National Security Council meeting.⁴¹ On the other hand, announcing the cut of aid would pose an embarrassment to the government of Indonesia, as Ambassador Jones mentioned after he met with Sukarno and Subandrio.⁴² This could threaten the relationship between the two countries and risk violent reactions from the public. Based on these considerations, President Johnson decided on June 6, 1964, that he would not announce the continued but reduced aid for Indonesia.⁴³ The decision was then realized by the State Department and US AID, also in a covert manner to prevent suspicion. This was evident in a telegram from the State Department to the Embassy in Jakarta, where the reduction of aid and American presence should be “quiet and undramatic.”⁴⁴ These

⁴¹ Ibid, Document 8.

⁴² Ibid, Document 47.

⁴³ Ibid, Document 53.

⁴⁴ Ibid, Document 115.

measures presented the intention and arrangement to reduce aid secretly to avoid public backlash upon both governments.

While reducing its aid to the Indonesian government, the United States considered providing covert assistance to anti-communist elements in Indonesia to change the course of events there. It also opened and maintained secret communication with the anti-PKI movement in the country, as explained in a memorandum prepared for the 303 Committee in early 1965.⁴⁵ This secret communication and assistance, especially with the Indonesian Army, would be useful after the September 30 Movement.

III. Foreign Aid After the September 30 Movement

After receiving the news of the September 30 Movement, the United States government immediately assessed its position towards the event. It calculated how political players in Indonesian politics and foreign aid would benefit United States foreign policy, especially in combating communism.

Restarting Foreign Aid

The main reason for the United States to provide aid to the Indonesian Army was to maintain the established relationship between the two militaries to influence their decision more favorably to the United States. From this, the United States could extend its interest in Indonesia, namely toning down the power of communist elements and Sukarno himself, which had been a problem for the United States over the past few years.

There was a strong bond between the Indonesian military and the United States armed forces, built from military assistance years before the attempted coup. The most influential form

⁴⁵ Ibid, Document 110

of this aid was training Indonesian military officials in the United States military academies. The importance of this established relationship was emphasized by a State Department telegram, saying that “Over past years inter-service relationships developed through training program, civic action program, and MILTAG, as well as regular assurances to Nasution, should have established clearly in minds Army leaders that [the] U.S. stands behind them if they should need help.”⁴⁶ Not only did this statement highlight the friendly relations between militaries, but it also pointed out what the training programs were for. The military assistance given to Indonesia in the form of training and education helped the United States to grow a mindset and tendency within the minds of Indonesian military officials to act in alignment with Western values and ideals. This would have been useful to make the Indonesian Army closer to the United States since both militaries had a similar mindset. The quote also implied constant communication between the United States government and leaders of the Indonesian Army, primarily with General Nasution, that involved discussions on the United States readiness to assist if needed. These talks and voluntary offers from the United States to help would remind Indonesian Army leaders of the continued support from the United States, extending beyond military training into other forms of assistance. In the end, the effort to maintain a friendly relationship with the Indonesian Army was done using past foreign aid and was continued by offering more assistance. This collaboration would eventually create critical trust and reliance, which would be discussed in the next section.

Further gain for the United States in extending assistance to the Indonesian Army was the ability to influence their actions and decisions. Based on the established favorable ties with the Indonesian Army through previous and potential further aid, the United States moved to take

⁴⁶ Ibid, Document 148.

advantage of this relationship and influence the actions of the Indonesian Army leaders. In a telegram to the Embassy in Jakarta, the State Department emphasized that “the Indonesian Army leaders' close service-to-service relations with our military provide an important channel of influence.”⁴⁷ This statement highlighted the unique opportunity for the United States to effect the Indonesian army leaders into making decisions that would benefit or support American interests through maintaining friendly communication between the two militaries. The fact that the United States government acknowledged this leverage emphasized the intention to use its connections in the Indonesian Army to influence the organization. Aside from using the relationship to influence the Indonesian Army, the United States tried to take a more concrete step in convincing the Army to be a trustworthy ally. In the same document, the State Department instructed the Embassy to communicate with the Indonesian Army to show they have “real friends who are ready to help.”⁴⁸ Through this directive, the United States government expressed its desire to support the Indonesian Army and wanted this objective to be known or noticed by the Indonesian Army. By exposing its willingness to help, the Indonesian Army could consider and reach out to the United States should they require help continuing its campaigns against Sukarno and the PKI more freely. In concert with the previous quote, the statement also implied that the existing close relationship between the two militaries made it easier for the United States to influence the Indonesian Army by providing assistance, enabling Indonesian Army leaders to contact and rely on the Americans for assistance easily. Thus, maintaining relations and offering assistance supported the idea that foreign aid was available for the Indonesian Army. This would then influence how the Army leaders reacted and asked for assistance from the United States, creating trust and reliance between the two.

⁴⁷ Ibid, Document 163.

⁴⁸ Ibid.

The final goal of increasing aid to the Indonesian Army was to push the American agenda against the communists that were gaining momentum to power in Indonesia. The Embassy in Jakarta noted in late October 1965 that “the outcome of the power struggle between Sukarno and the Army had the potential for a significant shift in Indonesia's foreign policy. Complete victory by the Army might well make expansionism and concomitant anti-Westernism outmoded. Even a partial Army victory would produce a change for the better.”⁴⁹ This report clearly stated the two competing leaderships in Indonesia and which one the United States supports. As the Indonesian Army tried to stabilize the country and maintain order, it showed its ability to exert control and strength. On the other hand, Sukarno was less influential because he was losing control over the disarrayed PKI and growing public distrust of the communist party due to the failed coup. The power struggle, as the quote said, would, therefore, determine the leader of the country and Indonesia’s foreign relations. The United States, favoring the anti-communist movement and pro-Western narrative, sided with the Indonesian Army command. The Army had started a cleansing campaign against the communist party, which eliminated the risk of a communist takeover and minimized any communist influence in the country that aligned with United States interests during the Cold War. On the other hand, the United States support for Sukarno’s power dwindled as it saw him as more of a burden and problem. Another instance of this end goal was mentioned in a telegram from the Embassy in Jakarta where “viciousness of anti-us propaganda may be reduced as long as Army can continue to exercise balance to Sukarno.”⁵⁰ This statement emphasized the vital role of the Indonesian Army in suppressing anti-American sentiment in Indonesia that was incited by Sukarno, who desperately tried to cling to

⁴⁹ Ibid, Document 161.

⁵⁰ Department of State, Embassy Jakarta, *Aid to Indonesian Army*, November 19, 1965, https://www.proquest.com/dnsa_51/docview/2057016146/abstract/17C3A7EA171649B0PQ/7

power. If the Indonesian Army succeeded in throwing Sukarno, it is most likely that the anti-U.S. narrative in the public could be contained and not result in a fatal or violent reaction. Providing aid to the Indonesian Army would, therefore, be important for the United States since helping them gain more resources and opportunity to win the power competition with Sukarno would result in a non-communist Indonesia and more friendly foreign relations with the United States.

United States Hesitance

Despite offering support to the Indonesian Army, the United States later hesitated to help. The primary reason behind this doubt was the fluid situation in Indonesia after the attempted coup, where chaos and protests caused by the September 30 Movement cast doubt on the Indonesian government's ability to maintain order. Due to this uncertainty, the United States needed to reconsider its support to the Indonesian army and be cautious in providing aid.

Firstly, assisting the Indonesian Army could be considered illegal and pose a significant political risk. The Indonesian Army was a government apparatus under Sukarno, who was the legitimate civilian leader of the country at the time. Therefore, helping them would mean the United States supporting a conspiracy against a democratically elected government, which entails risky implications. Some documents referred to this concern of providing foreign aid to an illicit government. In a memorandum, the CIA noted that "the requests of the Indonesian military leaders for covert assistance in their struggle against the Partai Kommunis Indonesia (PKI) create a definite risk for us of deliberate assistance to a group which cannot be considered a legal government ... before any overt or readily visible assistance could be offered, legal authority, as well as its de facto control, must be confirmed explicitly."⁵¹ Based on this statement, the United States showed hesitancy to provide aid because the Indonesian Army was

⁵¹ Foreign Relations of the United States, op. cit., Document 172.

considered a group that was not the de jure authority, despite the Indonesian Army requesting aid. It also emphasized the need for the United States to confirm the legitimacy and actual authority of the Indonesian Army before any aid could be provided. Both considerations were made primarily because there could be a political risk for the United States should they provide aid to a non-legal government, which the United States might face international scrutiny and violent reaction from Indonesians, including Sukarno. Both prospects would eventually damage the American image internationally and its presence in Indonesia. Another document also considered the public perception of the Indonesian Army if it receives aid from the United States. The Joint Chiefs of Staff wrote to Secretary of Defense McNamara that “the position of the Indonesian Army is precarious and any overt provision of US military aid at this time could tend to reinforce charges by Sukarno, Subandrio, Peiping, and Moscow that the Army is a “tool of (US) imperialism.””⁵² This quote presented another undesirable possible outcome to aiding the Indonesian Army. If the United States assists the Indonesian Army and such aid is made public, the Army could face a backlash for being an operative of the United States within Indonesia. This could hurt American credibility in the face of other nations, while the Indonesian Army itself might lose its legitimacy and the trust of the Indonesian people. Both cases failed to establish a pro-Western government in Indonesia, prompting doubt about the United States assisting the Indonesian Army.

Further considerations that made the United States hesitate in sending aid to the Indonesian Army were the uncertain prospects of their policies. Since the Indonesian Army was an emerging political player, its stances and plans would change depending on the progress of its rise to power. Therefore, the United States hesitated to help the Army as it could use the

⁵² Ibid, Document 187

assistance given to take over the government and retaliate against the United States to maintain power by echoing the then-popular anti-Western sentiment. This concern was first mentioned in a telephone conversation between Under Secretary of State Ball and Secretary of State Rusk. The summary of the call stated that the ongoing situation in Indonesia “is a complex power fight ... and we do not know who is on top and we do not know, for instance, whether the army might resolve this by declaring war on imperialists and we would be left on the limb by the army moving in and exploiting anti-American feelings.”⁵³ In another memorandum, the State Department detailed how the Indonesian Army had conflicting interests with the United States. The report said that the Indonesian Army opposed Western military presence in Southeast Asia, especially American intervention in Vietnam, and favored Confrontation towards Malaysia as it served as a national unifying factor.⁵⁴ This list provided insight into how the Indonesian Army could have a rift with the United States’ interests in Southeast Asia and Indonesia despite its anti-communist campaign and friendly relations. The different stances between the two would potentially create future conflicts that inhibit American influence when the Indonesian Army achieved supremacy in the Indonesian government. Therefore, assisting an unknown or not yet understandable group would be risky for the United States as it could use the aid to turn against the United States in the future.

Another factor that made the United States hesitate to send aid to the Indonesian Army was the analysis that they did not urgently need one. Some estimates and communications between the United States and the Indonesian Army indicated that the Army had enough resources to continue its campaign against the communist elements and effort to maintain order. The United States government, therefore, questioned whether providing aid was worth the risk.

⁵³ Ibid, Document 152.

⁵⁴ Ibid, Document 167.

The first statement to support this concern is in a State Department telegram in early October 1965 where it said, “Army clearly needs no material assistance from us at this point.”⁵⁵ Another instance that suggests the Indonesian Army did not need urgent aid was a recommendation made by the Joint Chiefs of Staff where they argued that “[because] the campaign of the Indonesian military leaders against the Indonesian Communist Party (PKI) appears to be progressing according to plan and no US military assistance appears required for internal security, the United States should not overtly provide military aid to Indonesia at this time.”⁵⁶ These accounts showed that the United States assessed or at least predicted that the Indonesian Army did not have any issues that could threaten its survival and, therefore, did not need to be provided with aid. As previously discussed, this logic seemed closely related to the reluctance to create potential risk by giving aid. If the assistance was not urgent, there was less incentive for the United States to provide aid to the Indonesian Army to avoid unnecessary conflict. Therefore, combined with political risk and potential policy differences, the noncritical nature of the assistance made the United States reconsider its offer to help the Indonesian Army.

Small Limited Foreign Aid

To complement both opinions, the United States government ended up providing small and limited assistance to the Indonesian Army. The main reason for choosing this policy was to wait for the Army to gain power in the long term while maintaining influence and connection within Indonesia. In a telegram to the Embassy in Jakarta, the State Department instructed the Indonesian Army to emphasize that American assistance would depend on how influential the Indonesian Army was toward Indonesian politics.⁵⁷ This directive represented the underlying

⁵⁵ Ibid, Document 148.

⁵⁶ Ibid, Document 187.

⁵⁷ Ibid, Document 166.

motive of the United States to advance its interests in Indonesian politics and its willingness to assist those who could help achieve this goal. It also limited the commitment the United States must comply with while maintaining its relationship with the Indonesian Army. Another evidence of this approach is the better path of assistance was that extensive assistance to the Indonesian army could raise suspicion and might fuel Sukarno's negative sentiment toward the Army to maintain his power and inhibit the Army's ambition to topple him. The interesting part of this consideration was that the Indonesian Army agreed to this plan, as United States Ambassador Marshall Green mentioned.⁵⁸ These decisions would eventually help the Indonesian Army maintain its small amount of aid and relationship with the United States as it preserved its public image and continued its anti-communist campaign. Based on the deliberations, the United States proceeded to help the Indonesian Army, starting with small-scale assistance. In October 1965, the United States government planned to send short-term assistance in the form of spare parts, repair facilities for trucks and ships, rice, cotton, kerosene, lubricating oil, and construction.⁵⁹ It would then be accompanied by voluntary agency food shipment and resumption of training for civilians and the military.⁶⁰ Although these aids were initially provided to help the Indonesian Army take over power, they also ended up helping to maintain and improve the living conditions of Indonesians, which reduced dissatisfaction with the Indonesian Army as a force of order and stability. This, in turn, boosted the popularity and support of the Indonesian Army and helped the United States get closer to its goal of removing Sukarno and his communist friends from power.

⁵⁸ Department of State, *Debriefing of Ambassador Marshall Green, Djakarta, at Headquarters on 18 February 1966*, February 21, 1966, <https://www.cia.gov/readingroom/document/cia-rdp79r00967a001000010025-3>

⁵⁹ CIA, Directorate of Intelligence, *Indonesian Requirements for Short-Term Economic Assistance*, October 1965, <https://www.cia.gov/readingroom/document/cia-rdp79t01003a002400150001-8>

⁶⁰ Department of State, Embassy Jakarta, *Aid for Indonesia*, October 23, 1965, https://www.proquest.com/dnsa_51/docview/2057016458/abstract/17C3A7EA171649B0PQ/2

A compromise to this limited aid decision was that all assistance given to the Indonesian Army would be conducted in secret, without the knowledge of Sukarno's government and the public. The main reason for keeping the United States foreign aid towards the Indonesian Army covertly was political. An overt aid would have signaled to Sukarno and his supporters that the Indonesian Army was weak and privileged.⁶¹ This would have been catastrophic because such an assumption could undermine the Army's effort to bring those supporting the attempted coup to justice and crush PKI with support from the public. Should the covert aid be made public, Sukarno had the opportunity to incite anger from the Indonesian people based on the country's existing anti-imperialism and anti-Western narrative. This would be very likely since Sukarno, at that time, was trying to maintain his power and inhibit the Army's rise to power. Another factor to consider was the United States intention not to be judged as taking advantage of an ongoing conflict. In a memorandum, the State Department highlighted the need to "show Indos we will not take advantage of the difficult internal situation to intervene, we recognize the probable need for passage of time to allow cooling off period, and will not seek or expect public evidence of pro-American feeling."⁶² This statement implied that the United States did not want to provide overt aid to avoid the public assumption that it was using the Indonesian Army to advance its interests. This sentiment could be used against the United States as it gave the rest of the world an example of how foreign countries could support groups trying to oust a legitimate leader and meddle with the domestic issues of another country through proxy wars. Although this is true, the idea that the United States was unwilling to publicly show this supported the argument to move towards covert measures.

⁶¹ Ibid.

⁶² Foreign Relations of the United States, op.cit., Document 159.

The final significant reason for using the covert method to provide aid to the Indonesian Army was because it was feasible. This fact was mentioned multiple times in various memorandums and reports, but the most representative of them is in a telegram from the Embassy in Jakarta to the State Department. It said that the United States should explore the availability of small arms stocks of non-US origin to covertly assist the Indonesian Army in receiving new weapons and support its campaign in Central Java.⁶³ Another document mentioned that these arms could be delivered through a third country, such as Thailand or the Philippines.⁶⁴ This comment is interesting because mentioning such a channel to acquire illicit arms could imply an existing resource and network for the United States to get them. An additional aspect that can be extracted from these quotes is that the United States was willing to conduct the illegal transaction as long as it was covert and could not be traced back to the United States government. Therefore, in addition to political motivation, feasibility and existing channels of using covert action prompted the United States to provide secret aid to the Indonesian Army.

IV. Analysis

Change in Foreign Aid

Based on the previous two sections, it can be inferred that there was a significant change in United States foreign aid toward Indonesia before and after the September 30 Movement. The first noticeable difference was the primary recipient of American assistance. Before the attempted coup, the United States tried to maintain diplomatic relations with the Indonesian government under Sukarno's leadership. This was visible from previously discussed documents

⁶³ Ibid, Document 165.

⁶⁴ Ibid, Document 164.

where the impacts of reducing aid toward bilateral relationships were considered. In addition, there seemed to be close contact between the Indonesian and the United States government, such as the visit made by the United States Ambassador. From the declassified documents, it can also be inferred that the aid planned by the United States would be provided to the legitimate Indonesian government to influence their policy toward Malaysia. On the other hand, after the September 30 Movement, the United States increased its direct communication with the Indonesian Army, bypassing Sukarno's government. The United States showed its willingness to help the Indonesian army multiple times without mentioning these communications to Sukarno. This change significantly shifted the direction and discussion of American foreign aid coming into Indonesia from Sukarno's government to the Indonesian Army.

Another significant change in foreign assistance given to Indonesia was the trend of the aid itself. During the early 1960s, Indonesia's confrontation with Malaysia forced the United States to reduce its foreign aid to Indonesia, including economic and military aid. This was done to exert pressure on Sukarno while maintaining the existing relationship between the two countries. After the September 30th movement, however, there was a contrasting trend where the new anti-communist power player, the Indonesian Army, received increasing aid from the United States as a sign of support for their campaign and effort to gain power and overthrow Sukarno. This adjustment showed that the United States used its foreign aid policy as a tool to influence groups abroad to align with American interests.

Considerations for Foreign Aid

Regarding foreign aid to Indonesia in the 1960s, it can be said that the United States assistance was not solely based on humanitarian or development goals. Still, it was highly dependent on American interests in the country. The first determinant of providing aid was

public image. The pressure to stop aid to Indonesia came from the American public and Congress because they saw it as being misused against American interests. However, the potentially violent reaction from Indonesians due to the aid cut-off made the United States government uneasy about cutting aid completely, despite domestic demands. In addition, the widespread anti-imperialist and anti-American sentiment among the Indonesian people also prompted the United States to continue some aid, such as malaria eradication, to project a more positive image. When considering assistance for the Indonesian military, the United States considered the image that would be presented, where the military may be seen as weak and a tool of American interest in Indonesia. The international community also saw giving aid to an actor within a country as illegal. These considerations led to reducing and increasing aid covertly, which avoided negative optics. Therefore, public image plays an important role in foreign aid policy.

Another factor that influenced the awarding of foreign assistance was maintaining the relationship between the donor and recipient. Before the September 30 Movement, the United States tried to maintain some form of assistance to the Indonesian government to preserve existing communication between the two countries. By continuing reduced amounts of aid, it was hoped that the Indonesians would not react strongly and would maintain diplomatic relations with the United States. This was vital because, at that time, the United States was the peace broker between Indonesia and Malaysia in resolving Sukarno's Confrontation policy. After the attempted coup in late 1965, the United States government cared less about its relationship with Sukarno's government and shifted its focus to support the Indonesian Army. As previously discussed, the United States was more eager to assist the Army because friendly communication was established between the two countries' militaries. This relationship was built through

American aid in the form of training program and would then be maintained through small assistance given to the Indonesian Army after the September 30 Movement. The shift happened due to the emerging opportunity to advance its interests in Indonesia through an alternative way to buying hard-minded Sukarno, which will be discussed next.

Other factors influencing foreign aid policy are American security, economic, and ideological interests in Indonesia. The ideological motive can be seen through its intent to stop the spread of Communism and influence from communist regimes. The United States considered continuing its foreign aid to counter loans and support from the USSR and China. However, Sukarno's leftist political stances made the United States more reluctant to provide aid because they were against what the United States supported. These would eventually influence the decision to reduce aid to the Indonesian government to a minimum, aimed at exerting pressure upon Sukarno and preventing communist domination in Indonesia. On the other hand, the United States preferred the Indonesian Army because it had anti-communist stances that aligned with the goals of the United States. Its promise to ascend to power and topple Sukarno tempted the United States to help ensure its victory over the communists.

The United States' national security and strategic considerations are evident when it considered reducing aid to pressure Sukarno from continuing its confrontation policies against Malaysia. When deciding to assist the Indonesian Army, the United States considered how influential their aid could be towards the Indonesian Army's policies and prospects. By providing aid, the United States opened a channel of influence that can shift Indonesian politics towards their preference. However, consideration of the uncertain future policies of the Indonesian Army and the non-urgency of aid made the United States hesitate. In the end,

assistance was given in small amounts to give time for the Indonesian Army to show their alignment with American interests, making foreign aid a tool to achieve national interests.

Finally, when considering cutting aid, the United States exhibited an interest in maintaining its business security and conduct in Indonesia. Cutting aid to Indonesia will put American companies in Indonesia at risk since they were becoming targets of public outrage. This leads to a reduction in foreign aid instead of a complete stop of foreign aid to the country.

Aside from the motives of providing foreign aid, the evidence shows that these policies were implemented as a result of compromise among bureaucrats within the United States government. There were two opposing ideas on providing assistance to Indonesia before and after the September 30 Movement. Initially, United States officials debated between cutting aid to Indonesia completely or continuing it. The middle ground of the two ideas was to covertly reduce foreign aid so that violent responses could be avoided and relations between the two countries could be maintained. After the movement, the United States government also had contrasting considerations. One argument called for providing assistance to the Indonesian Army, while the other side cautioned from doing so. Again, these polarizing opinions were settled by secretly giving limited aid to the Indonesian Army to avoid negative optics while achieving strategic goals. These compromises achieved the best of both sides while avoiding the worst-case response scenario from both sides.

Conventional Wisdom Revisited

The evidence presented in this paper supports existing literature. It was shown that the United States took into account and utilized its connections with the Indonesian military in providing covert foreign aid and advancing its interests, which is aligned with Robinson's book. The paper also agrees with Roosa's argument that the United States offered and provided

assistance to the Indonesian Army in combating the PKI. Furthermore, Totten's description of the United States' hesitancy in providing assistance due to unnecessary aid also matches this paper's findings.

Additional lessons that can be learned in addition to current literature are the role of domestic pressure, the importance of maintaining bilateral relations, and strategic interests in American foreign aid policy. Adding Robinson's explanation of the United States' decision to reduce aid, this paper explored differing opinions on stopping and continuing aid. The decision was not only to maintain relations with the Indonesian Army before the September 30 Movement but also to maintain bilateral relations, prevent violent reactions, and protect American business and ideological interests. Complementing Roosa's description of the motive behind American assistance to the Indonesian Army, it was shown that the aid was also aimed to boost the Indonesian Army's image of being able to provide basic needs, not only to help the Indonesian Army fight against the PKI. Regarding Roosa, this paper adds that public optics and the uncertain standing of the army also influenced America's hesitation to aid the Indonesian Army. Finally, the paper also finds that the United States decided to provide small covert assistance to the Indonesian Army after the September 30 Movement as a precaution and to buy time for the army to show its political alignment.

Based on the analysis, it can be concluded that the United States' foreign aid policy is influenced by public image, bilateral relationships, and security, economic, and ideological interests. These motives align with Morgenthau's foreign aid goals, making the Indonesian case a perfect case study of Morgenthau's theory. In addition, the United States provided various types of aid, including military, humanitarian, and economic development aid, which Morgenthau detailed.

V. Conclusion

The discussion of the political impacts and change of the September 30 Movement had been a great source of understanding of what happened on that historic night. Despite having an extensive description of the United States' role in the event, the decision-making process and motive behind American foreign assistance that impacts Indonesian politics are still fragmented and incomplete. This paper aims to clarify the United States' consideration process in providing foreign aid to Indonesia and evaluate its alignment with Morgenthau's theoretical framework.

The paper compiles declassified files from before and after the September 30 Movement and maps them based on opposing policy considerations and compromises. From these, new conclusions on American foreign aid policy-making can be made in complement to existing literature. The trend of foreign aid before the movement went down as the United States pressured Sukarno to end his Confrontation Policy against Malaysia and align with the Indonesian Communist Party (PKI). After the movement, American foreign assistance increased and was given to the Indonesian military as a sign of support for their fight against PKI. These two trends occurred behind the curtains to avoid negative publicity.

In addition, it was found that there are contrasting approaches to foreign aid policy, in which the final decision was made as a compromise of government bureaucrats. This is evident from two sides that support stopping and continuing aid to Indonesia, which was mediated by reducing assistance covertly. A similar case occurred when deciding to aid the Indonesian Army, where one argued to provide aid while the other cautioned giving assistance. Furthermore, considerations behind American foreign aid were made based on public image, maintenance of bilateral relations, and national security, economic, and ideological interests. These motives aligned with the objectives that Morgenthau formulated in his theory.

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