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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

INFORMATIONSECRET

July 18, 1969

MEMORANDUM FOR THE PRESIDENT

FROM: Henry A. Kissinger

SUBJECT: Djakarta Visit: Your Meetings with President Suharto

1. Schedule: Your schedule is at Tab II. The principal feature unique to this stop is your visit to a fair, which should be a colorful affair and one which will give you exposure to Indonesians aside from Government leaders.

2. Background: NOTE: Attached at Tab A is a memorandum which covers general themes which are applicable to Thailand, the Philippines and Indonesia. This memorandum covers those themes which are peculiar to Indonesia. Compared with the Philippines, we have few major bilateral problems with Indonesia. Our aid program is working smoothly, part of a model multilateral effort. We have led the international moves to help Indonesia reschedule Sukarnoist debts, and have won President Suharto's gratitude as a result.

The government is under the control of a moderate military man, Suharto, who although indecisive by outside standards is committed to progress and reform. He has achieved impressive results in his own way in cleaning up the mess left by Sukarno. He is assisted by good economic advisers and by a Foreign Minister (Malik) who has been a leader in promoting responsible Asian regionalism. The economy has been stabilized and the rate of inflation reduced to zero; the most pressing domestic economic issue now is to get business activity moving. Another pressing problem is the population question, particularly in Java.

Despite the predictions of many outside observers that Indonesia would break up, the country has hung together and has an increasing sense of national consciousness. There remain resentments on the part of the "Outer Islanders" over the major share of the nation's political and economic benefits which the Japanese enjoy.

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The Communist party, which almost took over Indonesia four years ago, is no threat at the moment, although pockets of Communist influence remain and Muslim orthodoxy, extreme Malay nationalism, and regional separatism remain potential dangers.

3. What Suharto Will Want:

a. He will seek to assure himself of the consistency of your commitment to Vietnam and of your intention to see that the U. S. plays a role as a counter to Chinese power in Asia after Vietnam.

b. He will seek to assess your personal reaction to Indonesian non-alignment and to get some sense of your possible reaction should Indonesia be approached in a more positive way by the USSR. (We have an intelligence report that he has become convinced that the U. S. and the USSR have already reached a secret rapprochement in order to cope more effectively with Communist China. He may attempt to verify this possibility. Although he may suggest that Indonesia would have no problems with such an arrangement, he remains suspicious of Soviet intentions and will be worried about the long-term Soviet role. He will continue to treat the USSR as a friendly nation, however.)

c. The GOI has already indicated that it will seek your views of ASEAN; Suharto's intention presumably is to get your reactions to Asian regional initiatives which do not include the U. S.

d. Suharto may raise several direct bilateral issues. He may express his appreciation for U. S. economic aid and support for debt re-scheduling, and seek assurances that the U. S. role will continue.

e. Suharto may press for assurance that Indonesia's oil quota to the U. S. will not be reduced. (He fears that discoveries of Alaskan oil may result in reduced U. S. import quotas.)

f. The Indonesians have indicated that they wish to discuss "the problem of acquisition of arms". (Our current MAP agreement limits our aid to civic action support and training, and runs \$6 million a year. Indonesia faces real problems of replacing worn-out equipment, mostly Soviet-supplied during the Sukarno era. It is less than clear, however, whether Suharto really expects us to supply more arms, or whether he will make the request to satisfy his generals.)

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g. Suharto may possibly express a willingness to participate in an international enforcement mechanism for a Vietnam peace solution. (Interest in playing a regional role may here be reinforced by military expectations that they could obtain U.S. arms -- perhaps from surplus stocks in Vietnam -- as a quid pro quo.)

4. What We Want: Your principal purposes will be

- to set forth your thoughts concerning the post-Vietnam Asian scene and the importance of national self-help and regional cooperation.
- to impress upon Suharto and the Indonesians a sense of our shared purposes and goals in Southeast Asia.
- to seek good personal relations with Suharto, who seems likely to be around for some time.
- to explain and gain Indonesian support for your policies in Vietnam.

5. Points You Should Stress:

a. Vietnam:

- We want a settlement in Vietnam, but it has to be one that will really permit the South Vietnamese to arrange their own future. We are serious that whatever arrangements are made not just be a convenient cover for our withdrawal but provide workable machinery to guarantee their freedom of choice.
- We are negotiating in good faith and are not pursuing a military solution, but if negotiations are to succeed, the time has come for the other side to take them seriously. Your eight points are about as far as you can go, and President Thieu has made a serious step toward devising a realistic political program.
- We have made serious concessions: the end of bombing, the withdrawal of 25,000 combat troops, the offer of simultaneous troop withdrawal, the proposal of free elections with international supervision.

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-- You will keep open the question of further troop withdrawals. Your decision will depend on the GVN's ability to fill the gap, on developments in Paris and on whether there are NVA force withdrawals.

(Although he has not expressed it, Suharto may be somewhat nervous that the withdrawal of 25,000 men represented the beginnings of a U.S. pullout.)

-- It is hard to know what more we can do, but still we have had no response. The other side goes on trying to work on our public opinion. They cannot expect us to hold still for that.

-- Asians have a stake in how the war ends. If the mass of Americans are disillusioned with the costs of the war and what it achieved, they will be unlikely to support extensive cooperation with Asians in the future. If they feel they have achieved something they may be more inclined to go on helping.

-- If Suharto offers to play a role in peacekeeping in Vietnam after a settlement: Welcome the offer and say that you may be back in touch on it as you see how the situation unfolds.

b. Southeast Asia after Vietnam:

-- The U.S. will continue to play a role in the area as an external counterweight to Communist military power and subversion.

-- You recognize that the security of Southeast Asia is even more important to nations there than to the U.S., and you expect them to take the lead in providing for their own defense and for the well-being of the area. You wish to support them, but self-help and mutual cooperation in the area make it easier to sell the idea of a U.S. effort in their behalf to our own people.

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- Praise the efforts by Suharto and Foreign Minister Malik to play a responsible role in the region. (They were active in the formation of ASEAN and have tried to conciliate the Malaysian/Philippine quarrel over Sabah which threatens it. Malik has tried to exert a calming influence on jingoistic anti-Chinese attitudes on the part of the new Malaysian Government.)
- Given its size, leadership and resources, Indonesia will play a major role in Asia in the future. Solicit Suharto's views as to the future of the region.
- Impress upon Suharto that you respect and accept his policy of non-alignment and an "active and independent" foreign policy.
- Set forth your view of the China problem: U.S. resists Chinese Communist expansionism; you are concerned with the international more than domestic conduct of Communist China and willing to deal with China if it shows the inclination; you believe that in the long-term the aim should be to bring China into a peaceable relationship with its neighbors rather than to isolate it; you doubt that there will be opportunities for any significant change in relations with China in the near future, though you expect to continue to make limited moves to encourage Communist China to seek a less hostile relationship.
- You will wish to disabuse Suharto of the idea that there has been a U.S. /USSR rapprochement in a mutual effort to contain Communist China.
 - . You are not interested in any security scheme organized from Moscow or in supporting an anti-Chinese pact.
 - . We do not know exactly what the Soviets have in mind with the Brezhnev proposal for an Asian security arrangement. We have asked without receiving a clear response, except an indication that they seem interested in some system for containing Communist China.

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- . Aside from suggesting a greater Soviet role, it is difficult for us to see the point of the proposal unless the Soviets are offering to commit their power to protect Asian nations against Chinese attack. In that case, we assume they will do so for their own reasons.
- . In the absence of a concrete Soviet proposal, there is not much we can say about the idea except to restate our view that these are issues for Asians to decide.
- . What is President Suharto's analysis?

c. Indonesian/U.S. Economic Aid Relations:

- Praise the Indonesian accomplishment in ending inflation. (Down from 635% in 1965 to 0% so far in 1969.) Express hopes for current efforts to spur business activity.
- Cite the multilateral aid program to Indonesia as a model for other countries. (We were instrumental in organizing an Inter-Governmental Group to channel aid to Indonesia; the U.S. non-food contribution is less than half the total. We also encouraged the Group to appoint Abs, a German banker, to make proposals -- expected shortly -- as to how to handle the vast foreign debt inherited from Sukarno. You should endorse the general procedure without committing yourself to accepting Abs' specific proposals, which may cause us some legal problems.)
- Express confidence that the U.S. will continue to provide its share of aid under these arrangements. The cooperation of other countries, and the effective Indonesian utilization, will help to counter the very real pressures in the U.S. toward reduction of AID budgets.

d. Military Aid:

- You hope to be able to maintain the current MAP program for civic action programs.

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- You think we can best help Indonesia by concentrating primarily upon economic aid. However, we are willing to consider special circumstances, and we look on Indonesian security as a U.S. interest.
- Our worldwide MAP resources are very limited, and you are under strong pressure to use those in situations where there is a direct identifiable external military threat or where the aid contributes directly to our own strategic posture.

e. The Indonesian Oil Quota in the U.S. Market:

- (If he raises) You may wish to mention the Cabinet Task Force on oil import controls, and suggest that the Task Force would welcome Indonesia's views and give them careful consideration.

f. Relations with Suharto:

- Mention your last meeting in April 1967. (He frequently speaks of it.)
- Reiterate your invitation to him to visit the U.S. next year. (CAUTION: There has been some shifting of the proposed dates for the visit. The initial invitation, never accepted, was for this autumn. With the aid of the Indonesian Ambassador in Washington, we are presently trying to encourage him to take the initiative to defer until 1970. It would be well to check with Ambassador Galbraith as to the status of that maneuver before shaping the precise language of your invitation, so as to avoid offending him by making it seem that you have unilaterally delayed the date.)

6. Points to Avoid: The West Irian "act of free choice" will be underway during your visit. It consists of a series of consultations, rather than a direct election, which would be almost meaningless among the store age cultures of New Guinea. There is a UN observer on the scene, and we assume that U Thant will go along with the Indonesian form of the act of free choice. There is, however, a small but active West Papuan independence movement, and a variety of groups in Australia and the Netherlands which take exception to the

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Indonesian technique of self-determination. Because the U.S. played a mediating role in resolving the Indonesian/Dutch controversy over the future of West Irian, there may be a tendency to associate you with the form in which the act of free choice is being conducted. We should avoid any U.S. identification with that act.

7. Proposed arrival, toast and departure statements are at Tab III.

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INDONESIA

Talking Points

Suharto has frequently mentioned the good talk you and he had in Djakarta in April 1967. He is delighted that you are including Djakarta on your itinerary and, while we have no serious bilateral problems, can be expected to use this opportunity to explore your thinking on the security of Southeast Asia and long-term U.S.-Indonesian economic relations.

Subjects Indonesians May Raise

Viet-Nam

- Indonesians will be anxious to get your assessment of the possible nature of a Viet-Nam settlement and implications for Southeast Asian security.
- They will probably question you regarding GVN military capabilities and the political viability of the Thieu administration.

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-- If the Indonesians raise this subject (you should not), you should explain the limits on our world-wide MAP resources but say we will continue our present level of MAP support (\$6 million annually). We believe we can best help Indonesia by concentrating primarily on economic aid but we will keep this under review in the light of developments in Southeast Asia.

West Irian

-- The "Act of Free Choice" in West Irian (formerly West New Guinea) to determine whether that area wants to remain with Indonesia will be under way from July 10 to August 5. We believe West Irian will definitely decide to stay with Indonesia. Indonesians are concerned that some UN members, particularly French-speaking African states, may object to the indirect manner in which this ascertainment is being conducted.

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-- You should not raise this issue. If the Indonesians do, you should tell them that we understand the problems they face in West Irian but do not believe it is in our interest or that of Indonesia for us to become directly involved. The UN Secretary General is responsible under the 1962 Dutch-Indonesian Agreement for "advising and assisting" Indonesia in this exercise. He has his personal representative in West Irian and is carrying out these responsibilities. All seems to be going well, and we will await U Thant's report to the General Assembly.

Debt Rescheduling

-- The Indonesians will probably express their appreciation for our key role in bringing about a basic study of the Indonesian debt regime.

-- NOTE: Last year at our urging Dr. Hermann Abs of the Deutsche Bank was appointed agent of the Western creditor nations to study and recommend a solution to the problem posed by the \$2.2 billion Sukarno debt. (The Communist creditors