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WHITE HOUSE
WASHINGTON

Authority NND 964627
By SJP NARA Date 07/08/02

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DATE: May 26, 1970
TIME: 10:45 a.m., White House

MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Suharto of Indonesia
The President
Dr. Kissinger

The President: It is a great pleasure to welcome you. I feel that we are old friends since our visit last year in Djakarta. Many things have happened in the last year. I would like to hear your views concerning the present situation in Indonesia.

President Suharto: In our first Five-Year Plan we have achieved rehabilitation and stabilization on schedule. According to the evaluations of the IMF, World Bank and the Asian Development Bank, everything has been moving forward well. We hope we will be able to continue to execute the plan in the years to come. A few weeks ago I took some fundamental steps concerning the Foreign Exchange Market. Before there were two separate exchanges, now there is one. This should have a healthy influence on business activity. We have tried to increase our national income, but there have been some unfortunate results which stem from a lack of understanding. This is now settled and things look good, especially since the beginning of our fiscal year in April. But in spite of what has been achieved the people still have many desires and expectations. Everyone longs for a speedup in economic development. If this does not occur, issues such as the revival of Communism will become more critical.

The President: What is the present strength of the revolutionary Communist groups? Is this considered a danger? Is it under control?

President Suharto: Strategically their strength can be said to have been nullified. The hard core, which is about 10 percent of their previous 3 million members, are still free. Tens of thousands of these have been interrogated and placed in detention.

The President: How about University students? Is there Communist influence among them?

President Suharto: The student movements have been directed by the Government towards economic and social development. They are active participants in the New Order. They have received indoctrination concerning the ideas of the New Order. The more advanced students actively participate in developmental activities in the fields of agriculture, health and social work at the village level.

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The President: What is your feeling concerning U. S. programs in Indonesia ?

President Suharto: Our achievement has been based upon the hard work of our Government and people but the assistance which we have received from friendly countries has been particularly helpful. We are aware that the U. S. Government faces many problems and we are thankful for the increases in aid that have been possible in the past. We also appreciate U. S. participation in the International Monetary Fund, World Bank and the Asian Development Bank. Private investment has been encouraging. There are now more than 173 projects totaling \$900 million to \$1 billion. Much of this private investment is from U. S. sources. Some of the larger projects such as the various mining ventures will not achieve meaningful results for a few years. In the second Five-Year Plan we hope to have results from these projects. I would also like to stress the assistance of the U. S. Government in the problem of rescheduling Indonesian debts. In the future we will also be looking for increased assistance from other sources. In this regard I think of the Export-Import Bank, but we still have pending problems. There is a \$14 million debt remaining. Since the Paris discussions this seems to have been settled. In the future we hope for increasing cooperation with the Export-Import Bank.

The President: As always we are interested in supporting your economic progress and in these efforts we do so without any strings attached and without interference in your internal affairs. When you became President it was a difficult and dangerous time in Indonesia. We wanted to help then and we continue on the same basis.

President Suharto: Thank you very much for respecting our non-aligned status. Our fundamental strength must rest on economic development and the welfare of our people. Although we have achieved stability, the people must feel the results of economic achievement. Their acceptance of the orientation and the ideology of the Government depends on that. I would also like to see new cooperation between Indonesia and the U. S. in the field of science. The investment in human resources is also part of the needed infrastructure for economic development. Although we have given first priority to economic problems, this must be balanced with a concern for Indonesian defense. The military equipment which we received in the past from Russia was felt to be enough to meet our needs during the first Five-Year Plan. The maintenance of this Russian equipment is becoming a large problem. We no longer have any spare parts. These difficulties

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are felt most severely by the Navy and the Air Force. Since our military equipment has come from Russia and China, they know very well our weaknesses. I spoke with Admiral McCain concerning the Chinese threat. They now have missiles with a range of 1100 miles. We agreed that Indonesia has an important role to play in facing this Chinese threat. Our military leaders do not have any big plans for a strategic force. We would only like to maintain and gradually increase our military strength. We are giving attention to the possible problem of Russian infiltration. The Russian Navy is active in the Indian Ocean and perhaps this activity will be extended to the Pacific. We must consider that we have no present capability in anti-submarine warfare. I am in substantial agreement with Admiral McCain on these matters.

The President: It seems to me that sufficient military strength is essential also for internal security. There is always the possibility of increased assistance to the remnants of the Indonesian Communist Party from Communist China or others. It is true that your first priority is economic development. With your 150 million people and a territory which stretches over a thousand miles, and with your rich natural resource, you may become a target for others. To maintain your non-alignment, you must be strong enough. Neutrality is meaningless without the strength to defend such neutrality. During your visit here I would like your Chief of Staff to meet with appropriate people to determine the needs of Indonesia and the appropriate role of the U.S.

President Suharto: I have already discussed these matters with Ambassador Galbraith. We do not intend to expand the armed forces all at once but step by step. We do not want you to be committed now but we would like to know what can be done.

The President: We know your intentions are only for the purposes of defense and that you have no intention of attacking others.

President Suharto: The nations of Southeast Asia are convinced of the serious condition in Cambodia. We have had to consider our own capabilities in discussing possible steps and the role of Indonesia. I must say frankly that we have received a request from Cambodia for material assistance but there are limitations on our ability. We have a lack of equipment. We have decided to offer political assistance to strengthen the spirit and courage of the Cambodian Government. We seek to defend Cambodia through political activities. As you know, on the 16th and 17th of May we held a conference in

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Djakarta. The aim of this conference was to create a respect for the territorial integrity of Cambodia and support for the withdrawal of all foreign forces. We would also like to see a reactivation of the International Control Commission which was created by the Geneva Accords of 1954. The conference reached a consensus and a three-man committee was appointed to implement the conclusions. The strength of the Cambodian army with its 3500 men is not sufficient vis-a-vis the Viet Cong and the North Vietnamese. There is a large threat to the Phnom Penh Government at this time. The actions of the South Vietnamese and the U. S. have been essential and important. The impact of the attacks on the sanctuaries in Cambodia will greatly assist your Vietnamization program. While I was in Honolulu speaking with Admiral McCain, my courier brought word from Phnom Penh that the situation of the Lon Nol Government was critical. We realize the situation in the U. S. and we advise that military assistance to Cambodia be in the form of weapons and supplies captured from the Viet Cong and North Vietnamese. You know that historically there is a dislike between the Cambodians and South Vietnamese. The Cambodian Government does not like to receive direct assistance from South Vietnam. The destruction of these sanctuaries will only be effective for a certain period of time. The Viet Cong and the North Vietnamese will increase their activities in the future. If the South Vietnamese and U. S. efforts to completely smash these base areas are successful and the Cambodian Army is strengthened in the meantime, they should be able to face the remnants of the Viet Cong and North Vietnamese in the future. Indonesian assistance to Cambodia at this point can only take the form of training for Cambodian troops, particularly in anti-guerrilla warfare. We are also prepared to give material support if the equipment we give is replaced by others.

The President: There are some people who feel that it doesn't make any difference whether Cambodia is controlled by the North Vietnamese or not. What do you think the effect would be if North Vietnam was in control of Cambodia?

President Suharto: Cambodia would become the base for subversion and infiltration in relation to other countries of the area, particularly, Thailand, Malaysia and Indonesia. Control of Cambodia by the Communists would make it difficult to maintain schedules in the Vietnamization program.

The President: We have no designs whatsoever on Cambodia. All we want to do is to destroy the base areas and withdraw U. S. forces. In fact, if the North Vietnamese stay, South Vietnam will have to respond. Many people complain about the 40,000 South Vietnamese troops on Cambodian

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territory but they do not complain about the large numbers of North Vietnamese in the same area. Some people also feel that the new Cambodian Government is a puppet of the U. S., but our role in Cambodia is the same as it was in Indonesia when you became President. Our Embassy in both cases was very small and we had no role in the change of Governments. It is important also that the Lon Nol Government receive moral as well as material support, especially from Asian nations. We would like to see the notion that Cambodia is a puppet of the U. S. absolutely erased. Some people also feel that the war in Vietnam has continued far too long and that we should throw in the towel. We are not going to do this. We have no designs on South Vietnam, and defeat would have an extraordinary effect on their 17 million people and a demoralizing effect on the other nations of the area. We have taken strong action in Cambodia but this was based upon a need to maintain the security of U. S. forces and to insure the success of the Vietnamization program. The enemy knows that we will act and that we will act again if threatened. I place much importance on the initiative of Djakarta in giving moral support to the Cambodia Government. This can have effects in Europe, in the U. S., and in other Asian nations. Everyone can see that countries like Indonesia have a stake in the outcome. There have been impressions created in many countries that the U. S. is a super-power which is not only interfering in the affairs of South Vietnam, but now is also interfering in the affairs of Cambodia, a smaller and weaker nation. Our interest is solely to help create those conditions which permit these countries to freely choose their own way, not determined by any outside influence. This is a fundamental principle. We would like to cooperate with all nations which share this fundamental principle. This does not imply a relationship of being allies. The moral support of Indonesia for Cambodia and similar support of other countries might deter certain actions on the other side. For example, aid from Indonesia in the eyes of the world is acceptable. Since some of your older equipment is of Russian origin it might be given to Cambodia and we might consider replacing this equipment.

President Suharto: We would consider material aid to Cambodia but first we would have to be assured of replacements in view of our limited capabilities. As a military man I realize that the implementation of military assistance takes a long time. Because of this, I understand the necessity and the significance of the U. S. and South Vietnamese operations in Cambodia.

Dr. Kissinger: Mr. President, I think he means that it would have been too late.

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The President: Yes, it would have been down the drain. Mr. Kissinger is taking notes so that there can be an appropriate follow-up. First, concerning the broader question of military assistance which you have already discussed with Ambassador Galbraith and secondly the possibility of Indonesian material aid to Cambodia and the replacement of these old stocks.

President Suharto: My Navy Chief of Staff is here to meet his counterpart. Perhaps we should have a full team come later to discuss the details.

The President: We will follow through. It is our desire to help but not to hurt your position. We understand that the internal political situation in Indonesia is very complex and that your country is in a critical geographical position. Please feel free to speak with Ambassador Galbraith, who has my complete confidence, or with me concerning any aspect of our economic program, private investment, Export-Import Bank or military assistance. Our primary interest is a free and independent Indonesia. In Southeast Asia, Indonesia has a larger population than all of the other countries combined and a vast territory. Its independence, progress, and strength are essential to peace in the area.

President Suharto: I am very happy with our cooperation in an atmosphere of mutual respect.