

MEMORANDUM

THE WHITE HOUSE

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MEMORANDUM OF CONVERSATION

MR 01-34, #6; ex. ltr 6/20/01

By dal NARA, Date 7/2/01

PARTICIPANTS: President Ford
President Suharto, President of Indonesia
Dr. Henry A. Kissinger, Secretary of State
and Assistant to the President for NSA
Lt. General Brent Scowcroft, Deputy Assistant
to the President for NSA
Mr. Widodo (Indonesian Interpreter)

DATE & TIME: July 5, 1975 - Saturday
12:40 p.m. - 2:00 p.m.
(1:44 Secretary Kissinger joined)

PLACE: Laurel Cabin, Camp David, Maryland

President: Let me reiterate how pleased we are to have you visit. Secretary Kissinger told me you were here in 1970 when President Nixon was in office. We are just as concerned about our good relations with Indonesia as we were earlier.

Let me say now that we are as firmly committed and interested in Southeast Asia. The events in Indochina have in no way diminished our interest or commitment in the area.

We are committed to detente with the Soviet Union, but it has to be a mutual relationship. We will not let them have a bigger piece of the benefits. We will continue it as long as it is mutually beneficial. We recognize that the Soviet Union keeps assisting and strengthening its friends, just as we do. But they cannot take advantage of us.

In my trip to Brussels, I told my NATO allies that we were committed to them completely, and I want you and the countries in your area to feel the same.

CLASSIFIED BY Henry A. Kissinger
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SCHEDULE OF EXECUTIVE ORDER 11652
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We want to continue our assistance programs. As you know, that depends on the Congress, which has been cutting our program in recent years. This Congress is interested, but it is my intention to increase aid. We are able to make available some military equipment items to help you in your situation - four naval vessels, which may not be in tip-top condition, some tanks, aircraft such as C-47, and four C-123 transports.

Suharto: May I first convey my appreciation and gratitude, Mr. President, for your invitation to visit the United States. And on behalf of the Government and people of Indonesia, may I convey our heartfelt congratulations for the 4th of July. I would take this valuable opportunity and discuss the problems affecting not only Indonesia but all of Southeast Asia in light of recent changes which have swept the peninsula. I had already obtained valuable information from Mr. Habib and from you in respect to furthering American responsibility to its allies in the Southeast Asia region. After obtaining that information and valuable assessment, we have no fear that the United States will abandon its responsibility toward peace in the Southeast Asia region. Considering the bitter and sad experience of the American people in Vietnam, the U.S. has given such great help and to have it turn out so it is necessary to assess why it happened to come out so very badly after such American sacrifice.

If you would allow me, I will elaborate on Indonesia's problems in our struggles for independence against Communism; it will help us understand. It is not the military strength of the Communists but their fanaticism and ideology which is the principal element of their strength. To consider this, each country in the area needs an ideology of its own with which to counter the Communists. But a national ideology is not enough by itself. The well-being of the people must be improved so that it strengthens and supports the national ideology. From the experience of Laos and Vietnam in the past, they seem to have forgotten this national ideology to get the support of the people. Despite their superiority of arms in fighting the Communists, the human factor was not there. They lacked this national ideology to rally the people to fight Communism.

It is in this spirit that Indonesia has been unifying and nationalizing the people to prepare to fight the threats which eventually will be made against our independence. So we are busily engaged in encouraging and consolidating in Southeast Asia this national ideology and cooperating with others in the areas of culture, economics, and so on. This is of course to prepare for any eventuality of an Indochina eventually dominated by the Communists.

What will happen after Vietnam? There are two possibilities: Whether they will apply Communism just within their borders in order to improve the

conditions of their peoples. If so, we are okay. Ho Chi Minh has always wanted to unify all of Vietnam. We don't know yet what is going on and whether they will unify or whether there will be two separate Vietnams.

President: How long do you think it will take for them to decide this?

Suharto: I have been trying to find out from the Communists and Tito, and the judgment is that the consolidation will take five years, but by then, they will be unified.

President: How about the relations between Vietnam, Cambodia and Laos?

Suharto: Let me explain. As far as Cambodia, they recognize the GRUNK and Sihanouk -- although he is still in exile. I asked Tito why he didn't support Sihanouk's return and he said it would take some time. Tito's reply was that due to prevailing conditions in Phnom Penh, it is not safe for Sihanouk to return. There are still some dangerous elements. But my personal opinion is that they don't want him back yet. My information is that it will take Cambodia about five years to consolidate, so it will be similar to Vietnam. Considering that the time for consolidation is so long -- five years -- they might want two Vietnams and one Cambodia, all three joining a non-aligned world. So they may want to stay separate but with their policies aligned.

Even if it takes some time to consolidate, events will certainly encourage similar elements in Thailand, Malaysia, the Philippines and elsewhere. Of course, this Communist ideological solidarity will take the form of encouraging these elements to step up their activities among labor, farmers and youth. When they have built up the Communist movements, the Vietnamese will be able to supply the military equipment necessary for them to undertake military activities.

President: Are all the Communists working together?

Suharto: The Soviet Union and the Chinese don't work together. They are competing to expand their own individual influence in the region.

The second possibility is they may not stay within their borders but seek to Communize the region and the world. If so, we have to find out whether they will support the Soviet Union and China. Right now, I think Vietnam won't take sides, because then it would become a target between the two. Instead it will work for independent national Communist movements. But in any case, these events will have brief impact on the neighboring countries. The question

is how to counter it. Knowing well the Communist tactics -- infiltration, fanaticism, etc., it is essential for each country to have a strong national ideology -- to strengthen itself in the political, economic and military areas.

We are fortunate we already have this national ideology -- Pantchestita(?). The question is, is it strong enough? Here it is important that we strengthen our economic development so we can support our Pantchestita(?). Therefore if we fail in economic developments, it will create a lack of confidence of our national ideology and create doubts in the people and leave them susceptible to other ideologies.

President: You have done very well in controlling inflation. We have had problems in that regard, but we are now making progress. I understand if you don't make economic progress there will be the growth of a Communist ideology in Indonesia.

Suharto: The principal factor is creating a national stability principally in the economic and monetary fields. The role of the US in her responsibility toward this area -- the U.S. won't abandon her role, but the American assistance role should be reviewed, both in relation to Indonesia and all of Southeast Asia. Particularly in assisting and supporting those countries in establishing national resilience. That would help in creating a regional resilience and help keep out Communism. But we are running against time because the Communists are working very hard in these countries to convert them to Communism.

The best way of fighting subversion is intelligence and territorial operations, so we can detect Communist activity when it first arises. In carrying these out when the people are participating, we rely heavily on communications. Therefore, communication between areas is very important to knowing when problems emerge, so we can deal with them immediately. If the danger becomes greater and the insurgency becomes greater, we will require mobile units to send to these areas to squelch subversion. To supply and maintain this mobility we will need both sea and air transport so we can put down insurgency before it becomes too big to stop. Especially in the navy field, we need to improve the conditions of the navy -- not big ships but to be able to transport men and materials to be able to carry out these operations. Particularly, ships which can fight any attempts to interfere with these operations to cope with insurgency. Indonesia has many islands so we will need many of these ships with great mobility.

Especially at this moment, intelligence and territorial operations are very important. We are in a better condition to do this than other Southeast nations. With American assistance, we have built a national resilience and we are working hard at building it further.

President: How big a Navy do you have and how big do you need?

Suharto: We have many capable navy men prepared to man the Soviet ships we have -- that were gathered to liberate West Iran. These ships are now mothballed and useless, however.

If you will agree with those principles to strengthen the national resilience -- especially in the military field, we can set up a joint committee to decide what is needed in the Navy, Army and Air Force. We don't need new equipment, just to make them serviceable.

President: I think we should set up a joint commission to decide what is needed and what we can do to supply those needs. I will talk to Secretary Kissinger.

Suharto: But the most important need is not in the military field but in the economic area. This is where we must build the nation. Indonesia can be an example to other countries of the importance of strengthening their national resilience.

President: Our Ex-Im Bank has been working with your people. I would expect we would continue to work with you on providing more credits and grants. It is important that we help with everything we can make available in order to contribute to the essential development you have described.

Suharto: In view of our efforts to accelerate developments, we have four sources: The IGGI (Inter-Governmental Group for Indonesia), international organizations like the World Bank, the Ex-Im Bank, and private banks. These four go from soft to hard terms for loans. We are already obtaining joint Ex-Im commercial loans, and terms are still lower through commercial banks. We hope to continue these loans.

President: In Fortune I saw a ten-page story urging private investment. Is the investment picture encouraging?

Suharto: The figure has now reached \$5 billion. What remains is for industry which requires having capital input. Examples of these huge projects are liquefied natural gas (\$800 million), nickel (\$900 million), copper, and others. These will require the assistance of other countries to get the credits.

With regard to our efforts to strengthen our national resilience, I want to mention the archipelago principle. This principle has been followed by the Indonesian people for years. The purpose is to force ourselves in as a unified nation without any territorial ambition. From various countries we have gotten favorable response, but I see some hesitancy in the U.S. about this principle. Indonesia doesn't want to create difficulties with other countries establishing this principle in its territory.

President: We were encouraged at the progress of the Law of the Sea Conference and we hope for further progress. We do understand your problem. We do have reservations, and we would be happy to meet with your people to work it out. We must have maneuverability if we are to carry out our responsibility in the world. I assure you we will work with your people to try to work out a mutual understanding.

Suharto: Talks have been conducted bilaterally between us already. The third point I want to raise is Portuguese decolonization. Starting with our basic principle, the new Constitution of 1945, Indonesia will not commit aggression against other countries. So Indonesia will not use force against the territory of other countries. With respect to Timor, we support carrying out decolonization through the process of self-determination. In ascertaining the views of the Timor people, there are three possibilities: independence, staying with Portugal, or to join Indonesia. With such a small territory and no resources, an independent country would hardly be viable. With Portugal it would be a big burden with Portugal so far away. If they want to integrate into Indonesia as an independent nation, that is not possible because Indonesia is one unitary state. So the only way is to integrate into Indonesia.

President: Have the Portuguese set a date yet for allowing the Timor people to make their choice?

Suharto: There is no set date yet, but it is agreed in principle that the wishes of the people will be sought. The problem is that those who want independence are those who are Communist-influenced. Those wanting Indonesian integration are being subjected to heavy pressure by those who are almost Communists. The Communist elements practically sabotaged the recent meeting in Macao. I want to assert that Indonesia doesn't want to insert itself into Timor self-determination, but the problem is how to manage the self-determination process with a majority wanting unity with Indonesia. These are some of the problems I wanted to raise on this auspicious meeting with you.

President: I greatly appreciate the chance to learn your views, especially on the events in Vietnam as they consolidate -- and the thought it would take five years to consolidate.

I would like to mention OPEC.

[Secretary Kissinger enters.]

We appreciate your not joining the embargo in '73-74. We are concerned about OPEC raising prices in the fall meeting. We are concerned about the effect on the economic recovery of the United States, the world, and the Third World. I know you feel badly about the Trade Bill's penalties against OPEC members. We are trying to get Congress to change that to make the penalties selective, not comprehensive.

Suharto: We share with the other OPEC states the view that we should not confront the consumers in this energy crisis. We are also aware that some producers have taken a tough stand. We are a small producer, but the others still listen to us. The September meeting I don't think will focus on a price increase but how to keep the purchasing power of the producers from falling. Therefore Indonesia, with the others, is studying the problem seriously so that oil revenue will benefit the people despite the inflation and recessions which have beset the world.

President: We have been through difficult times and we are now coming out of it. The oil price increase would have an injurious effect on our recovery and thus our ability to help the world's economic recovery.

In the past you have sent a special emissary to contact Secretary Kissinger on occasion. I would like that arrangement to continue under me if you agree.

Suharto: I fully share the importance of sending an emissary to contact Secretary Kissinger. I haven't done it so much recently because of the problems that both our countries have been facing recently. I would also agree to resuming these contacts so we can maintain a similarity of views on problems, like with Japan and Australia.

President: Lunch is ready.