

Indonesia

Sukarno's Confrontation With Malaysia: January–November 1964

1. Telephone Conversation Between President Johnson and Secretary of Defense McNamara¹

Washington, January 2, 1964, 3:20 p.m.

[Here follows discussion unrelated to Indonesia.]

McNamara [hereafter McN]: I have got to go over to State in about thirty minutes on your Indonesia problem. [Here follows a further discussion on a possible buyout of Studebaker by Litton Industries.]

Johnson [hereafter LBJ]: All right. Now I talked to Dick Russell about that and he says that I ought to be impeached if I approve it [aid to Indonesia].

McN: On Indonesia?

LBJ: Yup. He is not that tough, but he is about that tough. And I told him that you felt the same way, and he said, well, I have been telling him about how right you were and why didn't I listen to you.

McN: (laughter.) That is what I'm going to tell State. I'm meeting with Dean Rusk in about a half an hour on this.²

LBJ: I just wish you tell them that you made your judgment independently, but I just feel that I ought to be impeached if I approve it. That's just how deeply I feel.

McN: There 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.

LBJ: I made a speech on the Greek-Turkish policy in 1945 or 6 in which I said when you let a bully come in and start raiding you in your front yard, if you run, he'll come in and run you out of your bedroom the next night. I don't think we ought to encourage this guy [Sukarno] to do what he is doing there. And I think that any assistance just shows weakness on our part.

McN: I feel exactly that way.

¹ Source: Johnson Library, Telephone Recordings and Transcripts, Recording of a conversation between Johnson and McNamara, Tape F64.3, PNO 5, side A. No classification marking. This transcript was prepared by the Office of the Historian specifically for this volume.

² No record of this meeting has been found.

LBJ: Well, just tell them that is exactly as I feel and you don't want to get these recommendations down here and get them slapped back in your face. And let's try and do something about it.

McN: I'll try and do that.

2. Telegram From the Department of State to the Embassy in Indonesia¹

Washington, January 4, 1964, 2:55 p.m.

727. Your 1360.² Whole question of aid to GOI still under high-level review and guidance to you not likely for several days. FYI. Latest Indonesian actions such as Kalabakan raid, renewed statements GOI intention "crush" Malaysia, Sukarno and Saleh treatment of SVN Liberation Front make it questionable whether we will be able continue existing ongoing aid let alone increase it or take on new obligations. End FYI. In circumstances, you should make it clear that Congressional amendments will make it impossible to continue any aid at all if Indonesia continues to support insurgency activities in North Borneo.

At same time, suggest you get across to Sukarno that correction this increasingly tense relationship almost entirely in his and GOI's hands. What is needed to let us help Indonesia is not only surface improvement in area relations but clear and lasting indication GOI intends live at peace with its neighbors. We do not challenge GOI's right try develop its economy apart from Malaysia, but cannot support Indo when it even indirectly engaged in military and political acts of aggressive nature. Without showing you aware Thanat's latest effort, you might push general idea described Deptel 724,³ and express hope that Sukarno's meeting with Macapagal will lead to reduction politico-military confrontation rather than its escalation.

In short, Dept does not wish spoil friendly luncheon, but wishes Sukarno be aware that cumulative effect Indo actions in past months

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 15-1 INDON. Secret; Flash; Limit Distribution. Drafted by Cuthell, cleared by Harriman, and approved by Hilsman.

² In telegram 1360 from Djakarta, January 4, Jones asked if he could "hold out some carrot" during a lunch with Sukarno in January. (Ibid.)

³ In telegram 724 to Djakarta, January 4, the Department of State informed the Embassy that the British Embassy had learned that Macapagal had agreed to Thanat's idea of sounding out Sukarno about a 1-month "truce in shooting and propaganda" by all involved in the dispute over Malaysia. (Ibid., POL 32-1 INDON-MALAYSIA)

has been to bring US-Indo relations to point of crisis which only decent Indo conduct can restore.⁴

Rusk

⁴ In telegram 1362 from Djakarta, January 4, Jones reported in detail a half hour frank and private conversation that he had with Sukarno during the lunch. Jones commented the "talk went nowhere except to put Sukarno clearly on notice." (Ibid., POL 15-1 INDON)

3. Telegram From the Department of State to the Embassy in the Philippines¹

Washington, January 6, 1964, 1:56 p.m.

928. Following is letter from President Johnson to be delivered today to President Macapagal:²

"Dear President Macapagal:

I am delighted to learn that you plan to meet with President Sukarno in the next few days.³ Your increasing role in working for the security of Southeast Asia can be of decisive importance in the dangerous situation between Indonesia and Malaysia.

As you know, the United States has from the start wanted Indonesia to become a free and prosperous nation, able to handle its own destinies without outside interference, and on good terms with its neighbors and the free world. We participated actively in helping Indonesia to gain its independence. We helped Indonesia reach an honorable settlement of the West Irian dispute. For many years we have provided a variety of forms of assistance to Indonesia, all designed to help the Indonesians reach their objectives as a free people controlling their

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL INDON-MALAYSIA. Secret; Flash; Verbatim Text. Drafted by Hilsman; cleared by Harriman and the President; and approved by Rusk. Repeated to Djakarta.

² In telegram 962 from Manila, January 7, Stevenson reported that he delivered the letter and had a "relaxed and useful" discussion with Macapagal about it. Macapagal replied to Johnson's letter on January 7. The text is in telegram 972 from Manila, January 8. (Ibid.)

³ A preliminary assessment of the meetings between Sukarno and Macapagal is in telegram 1000 from Manila, January 11. (Ibid. POL INDON-PHIL)

own destiny. I believe that President Sukarno and the Indonesian people understand our good will toward them.

Yet I have been greatly concerned about the already serious tension between Indonesia and Malaysia, which now seems to be entering a new and more dangerous phase. In recent months the Indonesian Government has seemed to be embarked on a course which can only lead to a major, perhaps catastrophic, disruption of Southeast Asia. Indonesia has made no secret of the fact that it is training guerrillas to be introduced into Malaysian territory. Indonesia's most recent acceleration of military confrontation, as exemplified by the major guerrilla raid on Kalabakan and a new resurgence of verbal violence against both Malaysian Borneo and the Government of Malaysia, has reached a point at which open violence, with irretrievable consequences, seems possible. This mounting danger has resulted in extremely powerful resistance to continued United States support for Indonesia on the part of the American Congress and public. I very much doubt that, if Indonesia continues on its present course, we will have legislative freedom to do anything significant in helping the Indonesians develop the full potential of their great country.

It seems to me that your forthcoming meeting will take place at a moment of crisis in Southeast Asia. From our talk in Washington,⁴ I know that you are fully conscious of the importance of what happens in the next weeks. I remember well that your initiative turned the course of events away from disaster in similar circumstances last summer. The Manila meetings developed an Asian solution through the Maphilindo concept. I believe that what is needed now is another imaginative plan designed to halt all military confrontation immediately, and to lead the Maphilindo powers toward a new attempt at reconciliation through negotiation. In this task, which I know you plan to undertake, I wish to assure you of my fullest support and gratitude.

Sincerely,

Lyndon B. Johnson."

Rusk

⁴ See *Foreign Relations*, 1961-1963, vol. XXIII, Document 392.

4. Memorandum From Secretary of State Rusk to President Johnson¹

Washington, January 6, 1964.

The Problem

In the light of Indonesia's active opposition to Malaysia, whether a Presidential Determination on aid to Indonesia should be signed.

The Situation

Although Sukarno will avoid open warfare, he continues his policy of "confrontation" aimed at "crushing" Malaysia and makes no secret of his intention to support a guerrilla insurrection in North Borneo.

At the same time, the Indonesians continue to explore with the Thais and the Filipinos the possibilities of negotiations to end the dispute, including a meeting planned for early January between Sukarno and Macapagal.

Up to the period of full "confrontation", the United States maintained a minimal aid program in Indonesia designed, first, to strengthen anti-Communist elements for the battle that will follow Sukarno's departure, and, second, to give us a foot-in-the-door influence on Sukarno's policies and for such benefits as the recent oil agreements.

With the advent of full "confrontation", however, we have strongly opposed Sukarno's policies—by warning the Indonesians that a direct attack on Malaysia would bring UN action with the US aligned against them; by halting negotiations for new PL 480² programs and for new aid to support economic stabilization; by cutting all weapons and ammunition from existing programs; and by discontinuing the training of Indonesian officers in courses related to guerrilla activity.

¹ Source: Johnson Library, National Security File, National Security Council Meetings, Vol. 1, Tab 2, 1/7/64, Assistance to Indonesia. Secret.

² The Agricultural Trade Development and Assistance Act, enacted July 10, 1954. P.L. 480 provided for the donation of U.S. agricultural surplus to friendly governments; for text, see 68 Stat. 454.

A summary of action taken on aid is contained in the following table:

	<u>1963</u>	<u>Requested for 1964</u>	<u>Present</u>
AID-technical assistance to civil groups, police and officers engaged in civic action, and malaria eradication	\$19.6	\$29.4	\$12.9
MAP-weapons, communications, training	\$16.6	\$16.4	\$ 2.1
Loan support for stabilization	<u>\$17.0</u>	<u>\$40.0</u>	<u>0.0</u>
TOTAL	\$53.2	\$85.8	\$15.0

Recommendation

Our recommendation is against completely cutting off aid at this time. Doing so would not, in our judgment, change Sukarno's behavior, but would wreck the Thai and Filipino efforts at reconciliation. It would also trigger a violent reaction. In all probability, Sukarno would seize the \$500 million American oil properties, encourage Communist hoodlums to burn our Embassy, and break diplomatic relations—all of which could well be followed by UN action involving the United States or even our obligations under the ANZUS treaty. These violent actions may eventually come in any case, since we continue to oppose Sukarno's "confrontation" policies. But we should see that it is Sukarno that gets the full onus.

What we do recommend is a policy of very tight control over all aspects of both aid and trade with Indonesia, with progressive cuts in our aid programs as the situation and Indonesian behavior warrant.

The primary disadvantage of this policy is the risk of domestic criticism of continuing aid and friendly relations with Sukarno at this time. In addition, any aid to Indonesia will produce continuing resentment from the United Kingdom and from Malaysia, and continuing pressure on us by them. It is also possible, though not probable, that even the very limited aid we propose may lead some Indonesians to believe that we are not firm in our opposition to their policy of confrontation.

The advantages, in ascending order of importance, are that we (1) preserve our foreign business investments in Indonesia, (2) continue strengthening anti-Communist elements within Indonesia as long as possible, (3) maintain for the time being US presence and foot-in-the-door influence, which exercises at least some restraint on the Indonesians and puts us in a position to take advantage of any opportunities for steering their policies into more constructive channels, and (4) avoid

the onus of triggering a break and putting the responsibility for any violent action directly on the Indonesians.

Under this policy, we would for the time being:

1. permit 40,000 tons of PL 480 rice, which you recently approved, plus small Title II and III programs, to continue;
2. continue the reduced 1964 AID program;
3. continue the reduced 1964 MAP program;
4. delay decision on other aid, PL 480, and related matters as long as possible, making decisions in the light of Indonesian behavior at the time decision is required.

A recapitulation of these various programs follows:

To Be Continued, Subject to Review:

	<i>(Millions of U.S. Dollars)</i>
1. PL 480—40,000 tons of rice, plus small Title II and III programs	\$ 8.5
2. 1964 AID (Presidential Determination <i>required</i>) technical assistance, civic action, and malaria eradication at monthly rate of \$1,075,000	\$12.9
3. 1964 MAP (Presidential Determination <i>required</i>) training (monthly rate \$0.175)	\$ 2.1

To Be Delayed:

1. PL 480—Completion of existing three year Title I program (Decision on about \$10 million needed within next month. Decision on balance required during calendar year 1964.)	\$36.6
2. PL 480—Consideration of pending requests for new agreement to provide additional rice up to 100,000 tons.	\$13.5 (est.)
3. Consideration of pending development loan for rehabilitation of tin mines.	\$10.0 (est.)

In addition, we have warned Lockheed, first, that we would *not* be willing to grant export licenses for new purchases of C-130's; and, second, that we *may* not be willing to grant export licenses for additional spare parts (decision due in February).

Pipeline

The Presidential Determination required by Section 620(j)³ relates only to new obligations. With respect to assistance now in the pipe-

³ Section 620(j) of the Foreign Assistance Act of 1963, Public Law 88-205, approved December 16, 1963. (77 Stat. 379)

line (funds obligated in prior years), we propose the following actions.

In the case of MAP, we have already suspended deliveries of aircraft, ships, and all weapons and ammunition. Up to now, however, we have continued deliveries of other items such as, trucks, electronics equipment, and various spare parts and consumable items (uniforms, tires, etc.) for the Indonesian armed forces, less one major long-standing project for communications in Java and Sumatra only (i.e., possibly not contributing to Indonesian capabilities against Malaysia in the foreseeable future). Preliminary analysis is that about 7.5 million dollars of such items remain for delivery at the present time, of which only a small fraction of the items directly used by the armed forces would be likely to be delivered in the near future. Weighing the impact of cut-off on Indonesia versus the consequences of delivering items that do in some degree contribute significantly to Indonesian military capability, the Secretary of Defense, in consultation with the Secretary of State, will examine the list in detail and suspend deliveries that could in any way so contribute. The Secretary of Defense will then report to you the action taken, noting any items that may in his judgment be deliverable under this criteria.

With respect to the AID "pipeline" of unexpended obligations, the Secretary of State and the Administrator of AID, in consultation with Department of Defense, will examine continually the desirability of continuing deliveries of equipment to the Mobile Brigade in the light of its geographic dispositions, leadership and other considerations and will suspend other deliveries they judge likely to contribute substantially to Indonesian military capability. Approximately \$5 million in equipment for the Mobile Brigade is in the pipeline; of this, approximately \$2.5 million in arms and ammunition already has been suspended. Other elements of the economic assistance pipeline, deliverable over the next two years, consisting of approximately \$10 million for technical assistance, \$5 million for industrial supplies and equipment, and \$7 million outstanding on capital project loans, will be discharged in accordance with our commitments.

Presidential Determination

A Presidential Determination is required to implement the above policy as it relates to 1964 programs. However, we believe that this determination can be so worded as to reflect the selective policy recommended above and the provisional nature of the decisions being taken on aid matters. Two alternatives along these lines for your signature are attached at Tabs A and B.

Gruening Amendment

One further matter concerning aid to Indonesia is the Gruening Amendment, Section 620(i) of the Foreign Assistance Act of 1964⁴ which, in pertinent part, provides—

No assistance shall be provided under this or any other Act, and no sales shall be made under the Agricultural Trade Development and Assistance Act of 1954, to any country which the President determines is engaging in or preparing for aggressive military efforts directed against etc.

Our recommendation is that responsibility be assigned to the Secretary of State to keep the situation under continuing review and at such time as the situation may warrant, recommend to the President that he determine that Indonesia is engaged in or preparing for aggressive military action.

DR

Tab A

MEMORANDUM FOR

The Secretary of State
The Secretary of Defense
The Administrator, Agency for International Development

In the light of Section 620(j) of the Foreign Assistance Act of 1961, as amended, I hereby direct that the furnishing of assistance to Indonesia shall be only for such selective purposes and in such amounts as I may from time to time authorize.

Pursuant to Section 620(j), I hereby determine, subject to my continuing review in the light of developments, that the furnishing of limited and provisional assistance to Indonesia as follows is essential to the national interest of the United States:

- (1) Assistance for training Indonesian specialists, officials and military personnel in the United States;
- (2) Technical assistance to educational and governmental institutions and agencies, including police;
- (3) Assistance for malaria eradication;
- (4) Assistance in the form of equipment and training for civic action programs; and
- (5) Transportation and communications equipment for police forces.

In accordance with the provisions of Section 620(j), the Foreign Relations Committee and the Appropriations Committee of the Senate

⁴ Reference should be to the Foreign Assistance Act of 1963. (77 Stat 379)

and the Speaker of the House of Representatives will be kept fully and currently informed of any assistance furnished to Indonesia under the Foreign Assistance Act.

Tab B

MEMORANDUM FOR

The Secretary of State
The Secretary of Defense
The Administrator, Agency for International Development

Pursuant to Section 620(j) of the Foreign Assistance Act of 1961, as amended, I hereby determine that the furnishing of limited and provisional assistance to Indonesia is essential to the national interest of the United States. I have directed that the furnishing of such assistance shall be only for such selective purposes and in such amounts as I may personally from time to time authorize.

In accordance with the provisions of Section 620(j), the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives will be kept fully and currently informed of any assistance furnished to Indonesia under the Foreign Assistance Act.

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5. **Memorandum From Michael V. Forrestal of the National Security Council Staff to the President's Special Assistant for National Security Affairs (Bundy)**¹

Washington, January 6, 1964.

SUBJECT

Aid to Indonesia

There is apparently an NSC meeting at 4 p.m. this afternoon on the subject of aid to Indonesia.²

¹Source: Johnson Library, National Security File, Country File, Indonesia, Vol. I, 11/63-4/64. Secret.

²The meeting took place on January 7 at 4 p.m.; see Document 8.

I have reviewed a memorandum from the Secretary of State to the President³ which will, presumably, be discussed at this meeting. I offer the following comments to you for what they are worth.

In my opinion, the principal recommendation in this memorandum would constitute an abandonment by the Secretary of State and the President of the opportunity to make the critical judgment on whether the United States should embark upon a policy which involves an eventual risk of U.S. involvement in military operations against Indonesia.

The last two sentences of the second full paragraph on Page 5 of the Secretary of State's memorandum read as follows:

"Weighing the impact of cut-off on Indonesia versus the consequences of delivering items that do in some degree contribute significantly to Indonesian military capability, the Secretary of Defense, in consultation with the Secretary of State, will examine the list in detail and suspend deliveries that could in any way so contribute. The Secretary of Defense will then report to you the action taken, noting any items that may in his judgment be deliverable under this criteria."

What is contemplated is that the Secretary of Defense will review all items currently scheduled for delivery to Indonesia with a view to suspending such shipments as may contribute to Indonesian military capability. The Secretary of Defense will "consult" with State and report after the fact to the President. This looks innocent enough on the surface, but it overlooks the basic political fact that a seemingly innocuous decision to suspend a scheduled delivery of a particular item may well be construed by the Indonesians at some point to be a signal of a basic change in U.S. policy toward that country. Consider, for example, the shipment of trucks to the Indonesian army for civil action projects. I understand that the Secretary of Defense is inclined to view some of these shipments as a contribution to Indonesian military capability. This of course may be so; but to the extent that such shipments have been promised to the Indonesians and are subsequently cut off, it seems to me that we may be giving Nasution an unintended indication that the U.S. is abandoning its political support of the Indonesian armed forces. If the Indonesians construed our action in such a way, there would be every incentive to them to take maximum political advantage of such a situation by anticipating further cuts in U.S. aid.

The example of Cambodia should be kept in mind. When a politically sensitive and popular Asian leader comes to the conclusion, rightly or wrongly, that the United States has become unsympathetic

³ Document 4.

to his national aims and ambitions, his first reaction will be to prove his independence of U.S. policy.

In the case of Indonesia, this could mean that the army and the PKI would unite even more closely behind Sukarno and his efforts to "crush" Malaysia. He could be expected to escalate his efforts, appealing to his people for a total national effort against the forces of colonialism led by the United States and its principal European ally. At some point in this process our obligations under the ANZUS Treaty would be called into play; and in any event, we would find it hard domestically to sit idly by while the British got themselves heavily engaged in a guerrilla battle against a vituperative Sukarno.

Of course, all this may happen in any event; but it seems imperative to me that a decision to risk such a chain of events should be taken at the highest level of the Government and only after full investigation of the possible consequences.

I would recommend that the Secretaries of State and Defense be assigned the task of reviewing the "pipe line" items, presenting their recommendations to the President (separately if they cannot agree) before any action is taken. In the meantime, I think we must mount a renewed and more intense diplomatic effort to turn Sukarno off, using whatever leverage that remains to us in our present aid programs in Indonesia. For this purpose I certainly think it is essential that a personal, tough-talking representative of the President visit Sukarno before the Ramadan month of fasting begins in late January.

Mike

6. Memorandum Prepared by the President's Special Assistant
for National Security Affairs (Bundy)¹

Washington, January 7, 1964.

MEMORANDUM ON INDONESIA

We face two questions—one broad and one narrow:

A. *Broadly*, it is agreed that we should have a cool and firm policy of increasing opposition to Sukarno, if he goes on lifting the level of force used against Malaysia. This policy has already led to a reduction of 80% in our planned assistance to Indonesia for FY 1964. Further reductions should be made in this assistance, in PL-480, and in Pipeline deliveries if Sukarno does not cool off. All this has been made very plain to Sukarno and is agreed throughout the Executive Branch.

B. *Narrowly*, we have a question whether *all* assistance to Sukarno except goods in Pipeline and some PL-480 should *now* be cut off because of certain amendments to the Foreign Aid Act. Pros and cons are:

For the cut-off:

- (1) Nobody likes Sukarno, and with good reason.
- (2) Congress has expressed itself strongly.
- (3) A cut-off might show Sukarno consequences of "confrontation" with Malaysia.
- (4) Cut-off protects the President from having to determine that assistance to Indonesia is "essential to the interest of the United States."
- (5) Adverse consequences in Indonesia could be mitigated by "wind-up" assistance, by continued PL-480, and by continuing parts of Pipeline deliveries (all outside the reach of the amendment).

Against the cut-off:

- (1) The programs we have planned are there now because we think them "essential to our national interest." They are there not because we like Sukarno, but because we are contending for the long-range future of a country of 100 million with great resources in a strategic location. The odds may be long, but the stakes are high, and our investment is small. A cut-off now could end our hopes by our own act. "Wind-up" assistance, PL-480, and Pipeline deliveries would probably not reverse the political effects of the cut-off in Indonesia.
- (2) The right way to cut or increase these programs is by continuous Presidential judgment in a swiftly moving diplomatic situation.

¹ Source: Johnson Library, National Security File, Country File, Indonesia, Vol. I, 11/63-4/64. Secret.

The President can control all the programs all the time. To let the amendment take effect now would be to cut out one part of the program at a quite arbitrary moment.

(3) Such a cut-off today could trigger a violent reaction from Sukarno and block efforts to settle dispute by Filipinos and Thais. It could also cost us half a billion of private investment. It could hand Indonesia's future to Communists. Aswan Dam case should remind us that neutrals are ready to seize on *our* acts to justify *their* outrages—and to some extent they get away with it.

(4) The Presidential Determination can be reasonably explained to the American people. A draft statement is attached at Tab A.² This draft aims to explain as much as possible to our own people without giving Sukarno excuses for wild actions.

McG. B.³

² Tab A was not attached. (Ibid., National Security Council Meetings, Vol. 1, Tab 2, 1/7/64, Assistance to Indonesia)

³ Printed from a copy that bears these typed initials.

7. Memorandum From Secretary of State Rusk to President Johnson¹

Washington, January 7, 1964.

SUBJECT

Aid to Indonesia

Recommendation:

That you sign a determination that a carefully selected and reduced aid program in Indonesia, subject to review in light of developments, is essential to the national interest of the United States. We prefer the specific alternative statement of Presidential determination forwarded yesterday.²

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, DEF 19 US-INDON. Secret. A handwritten note on the memorandum reads: "Hand carried to WH by Secy 1-7-64."

² Apparent reference to Tab A, Document 4.

Reasons:

1. For new aid obligations, Section 620(j) of the Foreign Assistance Act of 1963³ provides: "No assistance under this Act shall be furnished to Indonesia unless the President determines that the furnishing of such assistance is essential to the national interest of the United States."

2. Sukarno regards Malaysia as neo-colonialist and a threat to his security. He advocates "crushing" Malaysia and supports guerrilla activity in North Borneo. At the same time he continues to explore with the Thais and the Filipinos possibilities for ending the Malaysia dispute. The situation, while dangerous, is not hopeless.

3. We believe an aid cutoff would (1) risk a break of diplomatic relations by Sukarno and possible violent actions against U.S. personnel and interests; (2) endanger our foreign business investments there, including \$500 million American oil properties; and (3) deprive the West of the crucial moderating influence which Ambassador Jones has been able to exercise on Sukarno.

4. The Presidential determination we suggest would make possible a \$15 million AID/MAP Program for Technical Assistance, Civic Action, malaria eradication, training, and engineering and communications equipment. In the pipeline, not affected by your determination, are \$29.5 million MAP AID items. Details are in yesterday's memorandum.

5. I will advise you when aid should be stopped, under the terms of Section 620(i), because Indonesia is "engaged in or preparing for aggressive military efforts."

Dean Rusk⁴

³ See footnote 3, Document 4.

⁴ Printed from a copy that bears this typed signature.

8. Summary Record of the 521st National Security Council Meeting¹

Washington, January 7, 1964, 4 p.m.

INDONESIA

Director McCone gave a briefing on current developments in Southeast Asia, with special attention to the situation in Indonesia.

Secretary Rusk opened the discussion as to whether the President should determine that U.S. economic and military assistance to Indonesia is in the U.S. national interest. In an amendment to the Foreign Assistance Act, Congress required the President to make such a determination (see attached State Department paper).²

Secretary Rusk said it was not a good time for the President to sign a determination because of the situation existing in the area, i.e., Sukarno actively seeking to "confront" Malaysia by training and using guerrilla forces on islands now controlled by Malaysia. However, Secretary Rusk continued, the President cannot delay indefinitely taking the action required by the Congressional amendment. The Foreign Assistance Act was signed December 18 and Congress will expect Presidential action on the determination shortly. Sukarno is coming up to the watershed where he will have to decide either

(a) to pull back from his "confrontation." We have no confidence that he will do so, but it would be possible for him to retreat via a decision to carry on his confrontation policy in an Asian context, i.e., not frontal opposition to the British as sponsors of Malaysia, or;

(b) to go ahead with his present policy. If he chooses the latter course, he might resort to open aggression against Malaysia. In such an event, our obligations under the Anzus Pact would be involved.

If we oppose Sukarno by cutting off all U.S. aid, he might react by confiscating extensive U.S. investments in Indonesia. In the case of a showdown, he might ask help from China and even Russia.

Secretary Rusk said Philippine President Macapagal will be talking to Sukarno in Manila this week. If he so chooses, he might be able to persuade Sukarno to hold back. Therefore, we should take no action today or this week which could have the effect of pushing Sukarno

¹ Source: Johnson Library, National Security File, National Security Council Meetings, Vol. 1, Tab 2, 1/7/64, Assistance to Indonesia. Secret. Hilsman also took notes at this meeting. (National Archives and Records Administration, RG 59, Cabinet Files: Lot 68 D 350, CP-40, Cabinet Meetings, January 1964) Colby prepared a memorandum of this meeting on January 8. (Central Intelligence Agency, DCI (McCone) Files: Job 80-B01285A, Meetings with the President, 1 Jan. to 30 Apr. 1964)

² Apparent reference to Document 7.

into all-out aggression against Indonesia. If the law requires action, a temporary determination should be signed. Timing is an important part of the problem. We want to keep the U.S. in a position to influence Sukarno, but we must keep our good relations with Congress and not allow Congressmen to think we are disregarding the legal requirement they imposed upon us when the Foreign Assistance Act was amended. A determination restricting the scope of the assistance and limited in time would be one way to deal with the present situation.

AID Director Bell said a decision would be required within a few days. After citing the law, which was signed December 18, he said a determination must be made in a reasonable time.

Secretary McNamara recommended that the President sign the determination today and instruct all agencies to monitor closely the assistance now in the pipeline which would continue to be sent to Indonesia. He said he understood it was agreed that we would hold up aid amounting to approximately \$140 million. In the pipeline, there is \$50 million of aid, plus an additional \$25 million which is to be put into the pipeline. We should try to hold down this \$70 million of assistance but we should avoid the consequences to us of action terminating all aid immediately.

In response to the President's request for his views, Speaker McCormack said he had no confidence in Sihanouk. [*Sukarno?*] He recalled an address which Sihanouk made several years ago to a Joint Session of Congress as being the most supercilious speech ever made by a foreigner to the Congress. We must have supreme regard for our friends, i.e., the British, who have primary responsibility in the Malaysian situation. He admitted that the decision was a very close one, but he could not disagree with the reasoning contained in the State Department paper.

Secretary Rusk said no one in Washington disagreed with the Speaker's description of the unsavory character of Sukarno who is the least responsible leader of any modern State. He said allied solidarity in this situation is very important. He noted that neither the British nor the Australians are ready to break relations with Sukarno. Australia is continuing its aid to Indonesia in an effort to influence Sukarno to give up his confrontation with Malaysia. Our allies are agreed that the time has not yet come to break with Sukarno and conclude the situation is hopeless.

In response to the President's request, the Attorney General said that as long as the Indonesians are carrying on an active guerrilla campaign against Malaysia, any announcement that the U.S. was continuing aid to Indonesia would be a big boost to Sukarno. It would be interpreted as action in support of Sukarno despite Sukarno's present unacceptable behavior. If we must act, we should do so in such a way as to make clear that our action is not a vote of confidence in Sukarno.

The effect in the U.S. of continuing aid to Indonesia without a change in Sukarno's policy would result in confusing domestic opinion.

Secretary Rusk said that Ambassador Jones has already told Sukarno that the U.S. will provide no more aid unless the Indonesians turn away from the policy of confrontation. Jones has also said that if Indonesia is blamed as an aggressor, our obligations under the Anzus Treaty will come into play. He said he agreed with the Attorney General on the U.S. domestic reaction if we continue to give aid to Indonesia. However, it would be bad to act now before the situation is ripe. The stakes are very high. More is involved in Indonesia, with its 100 million people, than is at stake in Viet Nam. We will know much more about the situation and be in a better position to decide what to do in two weeks.

The Attorney General asked whether it was absolutely necessary for the President to make a determination now.

Director Bell said it was so far as approving any new obligations. A determination cannot be put off much longer even if the assistance we continue to give involves no new obligations.

The Attorney General asked whether we could continue as we were now doing for two more weeks.

Director Bell said that we could with some difficulty. He suggested that the determination be phrased in such a way as to permit the continuance of aid for a limited period of time. At the end of that period, a new determination could be made or aid could be halted.

Mr. McGeorge Bundy said that Congress would be asking very soon what the President was going to do about aid to Indonesia. In addition, there would be press inquiries. At stake were the Administration's relations with Congress. In response to the President's question, Mr. Bundy said he would recommend signing the determination but sending to Djakarta a tough man who would tell Sukarno that the President did not intend to continue assistance unless Sukarno halted the confrontation effort. He suggested the Attorney General as a Presidential emissary noting that the Attorney General had a reservoir of good will which was built up during a visit to Indonesia.

The Attorney General demurred and said he did not look forward to a trip to Indonesia.

Director McCone noted that in his view cessation of U.S. aid would not induce Sukarno to give up his effort to destroy Malaysia. He thought that a cutoff of aid would have very serious consequences for us, but would not alter Sukarno's opposition to Malaysia. Possibly there may be a solution in Sukarno's meeting with Macapagal in Manila. We should not write off the possibility of something coming out of Manila by making a decision now, even though further delay will probably cause criticism in the U.S. He recalled that in his meeting with Macapagal-

al recently, he urged the Philippine President to meet with Sukarno. He agreed that a Presidential emissary should be sent to Sukarno but this should be done in such a way as not to impair the relationship which Ambassador Jones now has with Sukarno. He recommended that if action is necessary, a determination for a limited period of time should be signed.

In response to the President's request, Mr. Harriman recommended that a limited determination be signed, i.e., limited in scope. He believed that if a determination limited as to time were signed, then every thirty days we would have to go through the exercise all over again. He believed we should get the decision behind us now to avoid the issue coming up in Congress every time a fixed period ended. He predicted that some months would pass before we know exactly where we are in Indonesia. He favored continuing a limited program for keeping a foot in the door. If the Indonesians turn against us and seize U.S. investments, the Chinese Communists might get the U.S. oil companies, thereby altering the strategic balance in the area.

Secretary Rusk said the question was whether we decide to stay at the table and play a little longer rather than leave the table now.

Mr. Harriman noted that if Sukarno steps up his guerrilla warfare against Malaysia, we can charge him in the UN with aggression. Other political pressures are available to us.

Secretary Dillon said that the picture was indeed dark, but the U.S. should not force the issue now because this is the wrong time to act. We should continue the smallest amount of aid possible. This aid would serve as a protection to the U.S. investments in Indonesia. The determination should not be friendly and should make clear that our assistance was being continued for the time being, but not for a fixed period.

Secretary Rusk noted that if a determination were signed, this would not mean that at a later time we could not cut off aid if, for example, Sukarno was charged by the UN with aggression.

Mr. Sorensen asked whether the U.S. was giving aid to Malaysia.

Director Bell replied that no U.S. aid was now being given to Malaysia. The British are giving assistance. We decided that we did not have to start a program in Malaysia which, for an underdeveloped country, is comparatively well off.

General LeMay, as acting Chairman of the Joint Chiefs of Staff, favored the State-proposed program. He believed the U.S. should keep its foot in the door. He recommended that a decision be held off until after the Manila conference.

The President asked Secretary Rusk whether a decision had to be made now. He suggested that we could describe the current situation

to the Congressional leaders, telling them that no new aid was being provided, that aid in the pipeline would continue, and that the determination that this aid was in the national interest would be a temporary determination. We should inform Sukarno and Macapagal of our position and following the Manila meeting, and in the light of circumstances then existing, we could decide what to do.

Secretary Rusk agreed that it would be useful for us to take a reading following the Manila meeting. He said the problem had been brought to the President because the Department was aware of Congressional pressure on the President to make a decision. He agreed that we could inform the appropriate Congressional committees that we are holding off making a decision.

The President said we should talk to the appropriate Congressional committees, explaining our hope that a solution to the immediate problem caused by Sukarno's confrontation policy would be found. We should consider sending a Presidential emissary to talk to Sukarno and we should tell the British and the Australians what we are doing. As soon as we are able to take a new reading, and if the Congressional committees' reaction is satisfactory, we would be in a position to decide. Both the Secretary of State and the Secretary of Defense should talk to the Congressional committees in an effort to find out what they think. He said it would be a mistake to decide to cut off aid before we knew the outcome of the Manila conference. But, on the other hand, it was very difficult to say that aid to Indonesia under present circumstances is in the national interest.

Secretary McNamara thought we could avoid a determination for some weeks. He suggested that the Attorney General ask one of his lawyers to decide whether a Presidential determination is required now. If there is a difference among the lawyers, as appears to be the case, the Attorney General could decide which lawyer had the best case.

The President asked the Attorney General to take on this task. He said he did not want to be in the position of acting with lack of faith toward Congress.³

Bromley Smith⁴

³ The decisions taken at this meeting were included in NSC Action No. 2474, January 7. According to that record of action, Robert Kennedy was directed to prepare "an opinion of law" on whether a Presidential Determination was required for obligations incurred prior to the passage of the 1963 Foreign Assistance Act; the President directed Rusk, McNamara, and Bell to consult with appropriate members of Congress about the determination and U.S. relations with Indonesia; and directed Rusk to consider sending a personal representative to Sukarno. (Johnson Library, National Security File, National Security Council Meetings, Vol. 1, Tab 2, 1/7/64, Assistance to Indonesia)

⁴ Printed from a copy that bears this typed signature.

9. Letter From Secretary of State Rusk to Minister of External Affairs Barwick¹

Washington, January 9, 1964.

Dear Sir Garfield:

Thank you for your letter on the Indonesian problem.² Sir Howard Beale,³ as you know, has already raised the question of a possible Malaysian request to establish an Australian military presence in Borneo, and our comments on the matter have been communicated to your Government through your Embassy in Washington.⁴

We have carefully reviewed the points made in your letter regarding *Western economic aid and credits to Indonesia*. It seems to me that we are in full agreement concerning the aid programs of our respective countries and are, in fact, following parallel courses. As you know, our economic aid to Indonesia is currently confined to on-going programs of technical assistance, training, etc., and to shipments of surplus agricultural commodities under our existing three-year Public Law 480 agreement with Indonesia. We are also continuing a modest program of military aid, although we have stopped all shipments of arms and ammunition and intend to concentrate the program almost entirely on training and on support for the Indonesian civic action program. We have no plans to expand any of our aid programs unless there is a significant change in Indonesia's confrontation policy against Malaysia.

We, too, have been watching with interest the current Indonesian search for aid, credits and new entrepot facilities to help them overcome the effect of confrontation on their already shaky economy. As far as we can determine, their search has not been successful to date in attracting resources sufficient to have an appreciable impact in easing their economic problems. I understand that they have found a few sources of credit, and are working on various arrangements to by-pass Singapore with their foreign trade. No major foreign aid from Western Europe or Japan seems to be in prospect at present, however.

I agree fully that it is essential to disabuse Sukarno of any thought that the West will inevitably bail him out of his difficulties no matter how intolerable his actions. Certainly this is no time to consider, or to

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL INDON-US. Secret. Drafted by Ingraham and Thrasher and cleared by Bell and Barnett.

² Garfield's December 16, 1963, letter is *ibid*.

³ Australian Ambassador to the United States.

⁴ Apparent reference to an exchange between Beale and McGeorge Bundy and a paper handed to Beale. See *Foreign Relations, 1961-1963*, vol. XXIII, Document 343.

encourage any of our friends to consider, actions in the economic field which would tend to give him that impression. At the same time, I must admit to a lack of optimism that the pressures of economic deterioration, however severe they may become, will necessarily force Sukarno to moderate his policies. Based on his past performance, such pressures might instead goad him into even greater irrationality unless carefully applied.

I do not mean to imply that we should refrain from adding economic pressures and inducements to the other tools we are using in our efforts with Sukarno. We are employing these tools, of course, and will continue to do so. In this connection, you probably know that we recently responded to urgent Indonesian requests for additional surplus rice by offering to provide them with the amount (roughly 40,000 tons) to which they were already entitled under our existing agreement with them. This move has had the effect of completing all rice deliveries to which we are committed under the agreement. We took advantage of the occasion to make entirely clear to the Indonesians that the supply of any further surplus rice next year will be contingent upon an easing of their policy of confrontation regarding Malaysia.

While I believe we should use economic pressures and inducements actively, I would hesitate to suggest that they be applied to the point of isolating Indonesia economically from the West. To the contrary, it seems to me that Indonesia's mounting difficulties offer us an opportunity to obtain the long term advantages of an expanded Western equity in the Indonesian economy without either significantly strengthening Indonesia's ability to withstand the effects of confrontation or encouraging Sukarno to believe that the West is willing to bail him out. For this reason, I would not object to modest moves by Japan and by Germany, the Netherlands, France and other Western nations to expand their economic and commercial relations with Indonesia. As long as those activities remain within the limits now foreseen—short and medium term credits, commercial arrangements for the marketing of Indonesia's exports, and an increase in private investment in Indonesia—I feel that we should interpret them as essentially beneficial to our mutual interests. They provide an alternative to an all-out turn to the Bloc for aid, a constant reminder to Sukarno of his country's continuing economic reliance on the West, and a certain restraint on his actions. Over the longer term, particularly in the post-Sukarno era, the lodgments gained in the Indonesian economy could well become an important factor in reorienting the country.

As we see the problems raised by Indonesia's confrontation policy, they fall into two essentially different spheres. On the one hand there is the aggressive and dangerous paramilitary activity in Borneo, the subversion in West Malaysia, the virulent propaganda campaign, the

break in transportation and communications with Malaysia, and the cessation of bilateral trade between them. This aspect of confrontation is the one we are trying to modify and eventually to eliminate. On the other hand, there is the Indonesian effort to divert its trade from Singapore and eliminate the country's economic dependence on the Singapore entrepot. Even if we succeed in ending the political-military confrontation, I doubt that the Indonesian drive to by-pass the Singapore entrepot will ever be reversed. Rather than attempting fruitlessly to force a reversal, our best course may be simply to recognize it as a fact of life and take what steps we can to insure that the new trade relationships the Indonesians will inevitably establish are those best calculated to serve the interests of the West.

I do not believe that the foregoing is incompatible in any major sense with the views expressed in your letter. The difference, if any, would seem to be one of emphasis. You can be sure that we do not intend to use our resources, or encourage the use of our friends' resources, in such a way as to aid or abet Sukarno in his policy of confrontation.

I might conclude by saying that I fully understand the anxieties which are felt by your Government and among your people about trade and aid to a country which seems to be creating a dangerous situation in your part of the world. We ourselves are taking casualties every week in South Viet-Nam and we are quite clear that Peiping and Hanoi are the moving forces behind aggression against that country. Just before Christmas, for example, seven tons of Chinese-made arms and ammunition were captured in a Viet Cong depot in the delta. We have here, therefore, both in the Congress and among the public, real sensitivity about trade and aid as they affect Peiping and Hanoi in the absence of a peaceful policy by those two capitals.

With warm regards,
Sincerely,

Dean Rusk⁵

⁵ Printed from a copy that indicates Rusk signed the original.

10. Telephone Conversation Between President Johnson and Senator Richard Russell¹

Washington, January 10, 1964, 1:25 p.m.

[Here follows discussion unrelated to Indonesia.]

Johnson [hereafter LBJ]: McNamara doesn't act to me like he goes much with these State Department policies. He is the only one that stayed with me on Indonesia. Now we got it down from 35 million to 15 million, and I refused to go under 15 million, and they say, well, I'm going to pull out and break away, and cause us not to have any relations at all, and we can't move away from the table if we expect to bid on the pot, and so now I have turned it all down though, and concluded that Bobby Kennedy would have to give us a legal opinion on whether this stuff is in the pipeline.

Russell [hereafter RR]: Let that thing cool for a while. The Russians can't get in there to help them.

LBJ: Whether this money in the pipeline constituted a violation of the act of Congress, I don't think it does. You see this damn Republican put a prohibition in there unless I made a finding it was in the national interest. So they want me to make a finding, and I put it off on the theory that I haven't made any new allocations. And that all that is going to them [the Indonesians] was in the pipeline. And I couldn't stop that without going out there and sinking the ships. And now I am going to send Bobby Kennedy to Indonesia and just let them put it right in his lap.

RR: Tell him to be tough, too.

LBJ: I think he will.

RR: Like he was in Los Angeles.

LBJ: Well, he wasn't so tough last time he saw Sukarno. He took it [West New Guinea] away from the Dutch and gave it to Sukarno, didn't he?

RR: Yeah, yeah. He sure did.

LBJ: But I think I'll just put it in his lap, don't you think so?

RR: Well, it's subject to your final decision, of course, you can't afford.

¹ Source: Johnson Library, Telephone Recordings and Transcripts, Recording of a conversation between Johnson and Russell, F64.4, PNO, side B. No classification marking. This transcript was prepared by the Office of the Historian specifically for this volume.

LBJ: Oh no, I mean just let him go out there. First let him determine that it is legal for me to do this, and number two, let him go out there and have whatever row there is with Sukarno.

RR: I think that's fine.

LBJ: I don't think you can get any good out of Sukarno.

RR: No, I don't believe he is any good.

LBJ: I don't trust him. I don't think he is any good.

RR: No, he isn't. Not at all.

LBJ: But if we are going to have a break, let him [Sukarno] break it.

RR: That's exactly right.

LBJ: All right, good-bye.

RR: I'm proud of you.

LBJ: Bye.

11. Telephone Conversation Between President Johnson and the President's Special Assistant for National Security Affairs (Bundy)¹

Washington, January 10, 1964, 6:30 p.m.

McGeorge Bundy [hereafter McGB]: Yes sir?

Johnson [hereafter LBJ]: Shouldn't I call Bobby on the Indonesia thing,² or have you already called him?

McGB: I've talked to him, Mr. President, and told him you wanted him to go, but before he goes, Mr. President, he has got to talk to you. We're generating various bits of paper and instructions. I think there ought to be a meeting tomorrow³ and it's entirely up to you to say

¹ Source: Johnson Library, Telephone Recordings and Transcripts, Recording of a conversation between Bundy and Johnson, F64.04, PNO 5, side B. No classification marking. This transcript was prepared by the Office of the Historian specifically for this volume.

² At 4:50 p.m. on January 9, McGeorge Bundy and the President discussed the "Indonesia thing." Bundy informed the President that he did not believe the situation was as urgent as originally thought and suggested that they should not "make a major step until we know exactly what Macapagal and Sukarno had done." Bundy informed the President that John Richardson would visit Macapagal. Bundy suggested delaying the matter for two or three weeks. The President was not convinced and insisted that Robert Kennedy see Sukarno as soon as possible. Bundy demurred and suggested that he would try to "get it cranking." (Ibid.)

³ No record of such a meeting has been found.

whether you want to be there. I think it'll be grand if you would, but I think we can do half of it before you join us, and I think we can probably get it into final paper where Bobby could come and call on you before he goes, which I think is the right way to do it. I just hung up from talking to him, I was talking to him when you called.

LBJ: When's he going?

McGB: We don't know, Mr. President. We've got a flash wire out to tell Sukarno we want to do this,⁴ but we can't send Bobby if Sukarno says to hell with it. We have to pin down where Sukarno is going to be, which we haven't got 100% certain. He's still in Manila now and our Ambassador in Manila is under instructions to tell him that you now think it's of high urgency that this matter be discussed in the most serious way and that your proposal is that the Attorney General whom he knows come out and do this. That's on the wires.

LBJ: All right. O.K. Let me know. I don't want to have any meetings tomorrow that I can avoid, but if he is going tomorrow.

McGB: No, Mr. President. I don't know if he's going tomorrow or Sunday. We'll have the meeting anyway tomorrow, and then we'll let you know where we are after that, if that's O.K. You going to be here or you going to get up the country, or what?

LBJ: I might go up to Camp David, or here. I'm not sure.

McGB: Why don't you follow your instinct to Camp David and Bobby can come up there and say goodbye.⁵ I think the fact that you see him as he leaves is going to be very important, but it's got to be awful clear that he's a Presidential emissary.

LBJ: We'll do that. O.K.

McGB: Right, sir.

⁴ Telegram 960 to Manila, January 10. (National Archives and Records Administration, RG 59, Central Files 1964-66, POL 7 US/KENNEDY)

⁵ Robert Kennedy did not meet with the President at Camp David on January 11. He, along with McNamara, Harriman, McCone, and McGeorge Bundy, met with the President from 10:30 to 10:50 a.m. on January 14; Kennedy then met alone with the President from 10:50 to 11:30 a.m. (Johnson Library, President's Daily Diary) For McCone's account of the meeting, see Document 15.

12. Memorandum From the President's Special Assistant for National Security Affairs (Bundy) and Michael V. Forrestal of the National Security Staff to President Johnson¹

Washington, January 12, 1964.

SUBJECT

The Attorney General's Trip and a Presidential Determination on Assistance to Indonesia

Further analysis of the problems involved in your making the determination required under the Broomfield Amendment to the Foreign Assistance Act of 1961² suggests that you have two major alternative courses of action:

1. You can make a determination now which legally would stand for an indefinite period until you decided formally or informally to review it. Such a determination would explain that you were keeping in close and personal touch with the assistance programs and were instructing all agencies of government to keep you fully informed. The advantage of this procedure is that it relieves you once and for all of the necessity of having to make another formal determination at a later date (i.e., after the Attorney General's return) when the political impact might be greater. It would also have the advantage of being blanketed by your separate announcement of the Attorney General's trip and the Manila communiqué. It also somewhat improves the Attorney General's bargaining position, since otherwise Sukarno may well take the position that we are using the determination as a lever, which of course is "unacceptable" to proud neutralists.

The disadvantage of this course would be that you are making this decision before the Indonesians have given any concrete evidence that they are prepared to dampen down their military confrontation in North Borneo.

2. You can decide to defer this whole matter until some time after the Attorney General returns, perhaps for as long as two months from now. You could continue existing programs under an opinion which you have received from the Attorney General to the effect that you have a "reasonable" time in which to review the situation in light of

¹ Source: Johnson Library, National Security File, Country File, Indonesia, Vol. I, 11/63-4/64. Secret. Forrestal sent Bundy a memorandum on January 10 describing the alternatives to the Presidential determination worked out by Justice and the Agency for International Development and suggesting that the second alternative would "work in light of the A.G.'s trip." (Ibid.)

² Section 620(j) of the Foreign Assistance Act of 1963, see footnote 2, Document 4.

the new Congressional policy. Aside from giving you more time to consider the issues, the advantage of this procedure would be to show that you have taken the Congressional mandate so seriously that you have dispatched a special emissary of Cabinet rank for discussions with Sukarno, and that you are deferring your final decision until his return. The disadvantage is that the making of such a determination at that time will attract greater political attention, since it will reflect an informed decision reached by you after two months' review of the facts and a report from the Attorney General on his mission. It would not be possible to argue that a quick determination was required in order to continue the reduced assistance programs that are now in progress. This second course is also somewhat more open to political attack as an evasion of the legal requirements of the amendment.

The possibilities of a temporary determination at this time, or a flat determination to continue assistance without explanation have been rejected as having most of the disadvantages and few of the advantages of the two courses set forth above. The majority of your principal officers seem now to favor course No. 1. A draft memorandum from you to the Secretary of State making such a determination is attached.³ If you decide on course No. 2, no formal memorandum of any kind is needed.

MVForrestal⁴

McG. B.

³ There is no indication on the memorandum which course of action the President decided upon, but the attached determination, not printed, was never released. For the decision to postpone the decision, see Document 29.

⁴ Printed from a copy that bears this typed signature and initials.

13. Memorandum From the Executive Secretary of the
Department of State (Read) to the President's Special
Assistant for National Security Affairs (Bundy)¹

Washington, January 13, 1964.

SUBJECT

Memorandum for the Attorney General's Meeting with Sukarno of Indonesia

There is enclosed a memorandum for the Attorney General's meeting with President Sukarno. This memorandum will be discussed at a meeting in the White House on January 14.²

Benjamin H. Read³

Enclosure

THE ATTORNEY GENERAL'S MEETING WITH SUKARNO

The President has instructed the Attorney General to meet Sukarno in Tokyo. The purpose of the trip is two-fold. The first purpose is to make completely clear the consequences for United States-Indonesian relationships⁴ if Sukarno continues his present policies toward Malaysia. The second is to further the over-all United States objective of getting the Indonesians, Malaysians and Filipinos to sit down together for talks looking toward an "Asian solution" of the dispute. Depending on the progress made with Sukarno, the Attorney General may be asked to continue on to Manila, Kuala Lumpur and London—the latter being particularly important if Sukarno is at all forthcoming.

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, ORG 7 JUS. Secret. Drafted by Cuthell, cleared with Bell, Hilsman, and in draft with Harriman.

² The President met with Robert Kennedy, Rusk, McNamara, Harriman, McCone, and Bundy on January 14 from 10:30 to 10:50 a.m. (Johnson Library, President's Daily Diary) See Document 15.

³ Printed from a copy that indicates John A. McKesson signed for Read.

⁴ A copy of this memorandum was sent to McNamara. At this point McNamara added the following handwritten note: "What consequences should he [illegible—hit?] to—inevitably Aus[tralian?] forces and we will have a serious prob under ANZUS treaty; UN will be drawn in [,] aid must stop—we would be forced to support anti-Indo forces [illegible—North?]" McNamara also put the following comment at the top of the memorandum: "lack bite[,] stick and carrot." (Washington National Records Center, RG 330, OSD Files: FRC 69 A 7425, Indonesia)

There are a number of ways in which a satisfactory solution might come about, and it is unnecessary—perhaps even useless—to try at this stage to be precise about how events might move toward such a solution. However, for purposes of illustration, it might be helpful to set down the following as one way in which a satisfactory solution might eventuate:

1. Since it is unreasonable to expect Tunku to negotiate with a pistol at his head, Sukarno agrees to call off all *military "confrontation"* entirely. If this cannot be done he agrees to at least a cease-fire during which talks can begin.

2. In exchange for Sukarno's abandoning military "confrontation", the Tunku agrees to talks without pre-conditions—i.e. the Tunku drops his present condition that talks shall constitute recognition of Malaysia.

3. The British agree to the above and also to some lessening of their military "presence" on the Borneo border.

4. It is highly desirable that the solution coming out of the tripartite talks be one that the participants themselves develop. But one form that this might take but which we should not mention to any of the participants is for the Malaysians to guarantee to do in North Borneo exactly what the Indonesians do in fulfillment of their UN pledge for a "plebiscite" in West New Guinea—but only if there is no subversive or guerrilla warfare in the intervening five years.

The Situation

Sukarno has refused to accept the existence of Malaysia. Although he had given us assurance he will not engage in open attack, he has mounted guerrilla action and a political and economic campaign to destroy the state or alter its nature. His precise objectives are unclear to us—and probably to him as well,—but they probably are to: 1) as a maximum, detach the Borneo states from Malaysia and establish a more sympathetic regime in Kuala Lumpur; 2) as a minimum, implement a formula that would allow the Borneo states to remain within Malaysia but permit Sukarno to claim a public victory over his opponents and give him an opening for future attempts to assert domination over Malaysia; 3) eliminate British influence in the area; and 4) prevent possible Chinese take-over on Indonesia's borders.

Whatever his actual purpose, Sukarno's campaign of confrontation has led to an increasingly serious threat to the peace of the region. The British: 1) have assumed responsibility for Malaysia's defense against Indonesia; 2) are suffering losses from Sukarno's guerrillas; 3) are being forced to move in more military resources than is convenient; 4) have consistently been trying to get us involved in order to share the burden with them; and 5) are fast losing both patience and objectivity. The Australians, also committed to defend Malaysia, are holding back, as they do not want to come into direct conflict with their large and close neighbor. They hope that some sort of *modus vivendi* can be worked out with the Indonesians. Under growing British pressure to commit

troops to Borneo, however, they will find it increasingly hard to stay out if the guerrilla attacks continue.

The implications for us are two-fold. In terms of our general interests, the outbreak of open hostilities between Britain and Indonesia would have a potentially disastrous effect on the security of the area, on relations between the West and the neutralist Afro-Asians, and on the future orientation of Indonesia. In terms of our specific commitments, hostilities between Australian and Indonesian forces in Borneo would enable the Australians to invoke the ANZUS pact and call upon us for direct intervention against Indonesia.

Purpose of the Meeting

The danger in the situation has primarily arisen from Indonesian military guerrilla action, although mishandling, blunders, inflexibility and cupidity on part of various of the other parties—the British, Malaysians and Filipinos—have contributed substantially. If the dangerous deterioration is to be reversed, Sukarno must be induced to take the first step. That step must be the cessation of military activity against Malaysia. This by itself would leave the dispute far from resolved, but it would create an atmosphere in which further initiative could eventually bring about a tolerable solution.

The task of inducing Sukarno to abandon military confrontation will be difficult, since it will require him to give up not only his most potent weapon against Malaysia but also by implication, his maximum objectives toward it. Abandoning military confrontation will also force him to reverse a policy to which he has publicly pledged himself, which will be excruciatingly difficult for one with Sukarno's ego. There are, however, factors already pushing him toward an easing of tensions. Indonesia's economy is under severe strain and worse is in sight. The foreign aid on which Indonesia has relied for a decade is drying up, largely because of "confrontation", and no major injections from either East or West are in the offing. Aside from lukewarm Philippine support and the propaganda backing of the Bloc, Sukarno has attracted no outside support for his campaign and a great deal of international censure. With a few exceptions (confiscation of British property in Indonesia, severance of relations with the UK), he has already committed virtually all the weapons at his disposal without bringing down Malaysia, and seems to be at somewhat of a loss as to his next move. Although willing to run very high risks, he knows that the British-Australians are far too strong for him and that he cannot deliberately provoke an open conflict.

Our basic leverage with Sukarno is the fact that, however cavalier he is with American sensibilities, he is demonstrably anxious to retain

United States friendship. He wants and needs our aid; he relishes the prestige of dealing with us as an "equal"; and he certainly senses the manifold disadvantages to Indonesia of a serious breach with the world's most powerful nation. But if given no alternative other than a humiliating public defeat, he would probably be willing to break with us. Our leverage thus is substantial but limited.

14. Memorandum From Michael V. Forrestal of the National Security Council Staff to President Johnson¹

Washington, January 13, 1964.

SUBJECT

The Attorney General's Trip to the Far East

At Tab A you will find a memorandum discussing arguments for and against a Presidential Determination on assistance to Indonesia at this time.² At Tab B you find a draft background guidance for the press on the trip,³ and at Tab C the Department of State's suggested instructions for the Attorney General.⁴

The State Department's instructions describe the purpose of the meeting with Sukarno and can be summarized briefly as follows:

1. The main purpose of the trip is to get across as forcefully as possible to Sukarno that the policy of military confrontation which he is pursuing against Malaysia will have disastrous consequences for our relations with his country. This is not the case of West New Guinea. The reaction among the American people against Indonesia is already so strong that the possibility of maintaining any of the cooperative programs which we have established over the years is becoming remote. If hostilities should escalate and the Australians become involved, Sukarno will find us and the rest of the civilized world necessarily aligned against him.

In short, the Attorney General will use every possible argument to persuade Sukarno to abandon his military activities in Borneo completely, or, at least, agree to a cease-fire.

¹ Source: Central Intelligence Agency, DCI (McCone) Files: Job 80-B01285A, Meetings with President, 1 January-30 April 1964. Secret.

² See Document 12.

³ Attached, but not printed.

⁴ See attachment to Document 13.

2. The second objective of the visit is to bring Sukarno, Macapagal and Tunku back to the negotiating table. If Sukarno gives reasonable assurance that he will abandon or suspend his military activities, then the Attorney General will proceed to Manila and Kuala Lumpur in an effort to encourage the leaders in these two capitals to meet as quickly as possible. The Attorney General will not himself attempt to negotiate their difficulties; his job is to help clear away obstacles to the three of them getting together and coming up with an Asian solution.

3. If the talks have gone well this far, the Attorney General will go on to London. His purpose there is to tell the British the results of his talks in the Far East and to persuade them to support whatever arrangements for an early meeting of the three Asian leaders he has been able to work out.

Mike

15. Memorandum of Meeting¹

Washington, January 14, 1964.

SUBJECT

To discuss Attorney General's trip to visit Sukarno

IN ATTENDANCE

The President, Secretary McNamara, Gov. Harriman, Mr. Bundy, Mr. McCone, Mr. Forrestal, Mr. Sorensen²

Arrangements have been completed for a meeting on Saturday, January 18th, in Tokyo with Sukarno and Subandrio and in all probability, Nasution.

It was decided that no Presidential finding as required under the Gruening amendment would be made prior to the meeting.

AG's terms of reference were reviewed and modified to meet the wishes of the President and to incorporate some suggestions made.

¹ Source: Central Intelligence Agency, DCI (McCone) Files: Job 80-B01285A, Meetings with the President, 1 January-30 April 1964. Secret. Transcribed by McCone. Copies were sent to Deputy Director of Central Intelligence Marshall S. Carter and Helms.

² Attorney General Robert F. Kennedy also attended this meeting.

Messages from [less than 1 line of source text not declassified] were noted.³ Harriman pointedly stated that reports were excellent, he was deeply appreciative, and [less than 1 line of source text not declassified] had made an important contribution to the AG's mission. The AG and Bundy and Forrestal all concurred.

[less than 1 line of source text not declassified] of FE will accompany the AG as will Forrestal and others. Itinerary not definitely scheduled but tentatively leave late night January 14th, spend several hours in Honolulu, then proceed non-stop to Tokyo.

Following actions are required:

1. [less than 1 line of source text not declassified] to prepare concise memorandum of exactly what the AG can reveal to Sukarno, et al, concerning our knowledge of their guerrilla and military preparations and plans.⁴ (Note: Care must be taken not to blow sensitive sources but statement must be made as comprehensive as possible.)

2. [less than 1 line of source text not declassified] to have full file including classified information for review by AG and Forrestal when and as required.

3. [3 lines of source text not declassified]

4. [less than 1 line of source text not declassified] to be instructed proceed to Tokyo and be available to brief AG on further details of the [less than 1 line of source text not declassified]-Macapagal meeting and to be available to AG to extent requested, including returning with him to Manila if AG wishes [less than 1 line of source text not declassified] present for the AG-Macapagal meeting. (Note: I personally question necessity for this but leave matter at AG's discretion.)

Note: I see no reason for extensive [less than 1 line of source text not declassified] reporting although some developments during the trip may be of special interest to us and [less than 1 line of source text not declassified] should be instructed accordingly. Also probably advisable to alert [less than 1 line of source text not declassified] to report promptly any matters of interest which might develop in the next 2 or 3 days, particularly relating to Subandrio's and Nasution's views as the AG-Sukarno meeting is now public and will have been reported in Indonesia.

³ In telegram 960 to Manila, January 10, the Department of State informed Stevenson that [text not declassified] would be stopping off in Manila for a discussion with Macapagal on the Malaysia dispute. An old friend of Macapagal, [text not declassified] was instructed to use his private meeting with Macapagal as a means of getting useful information to Robert Kennedy. (National Archives and Records Administration, RG 59, Central Files 1964-66, POL 7 US/KENNEDY) The report of [text not declassified] discussion with Macapagal on January 13 is in telegram 1020 from Manila, January 14. (Ibid.)

⁴ Not further identified.

16. Instructions From the President's Special Assistant for National Security Affairs (Bundy) to Attorney General Kennedy¹

Washington, January 14, 1964.

The central purpose of this trip is to convince Sukarno of the inevitable consequences of the policy of military confrontation which he is now following toward Malaysia.

This policy will have disastrous consequences for our relations with his country. Malaysia is not West Irian. The reaction here against Indonesia is already so strong that it has become difficult for the President to maintain any of the cooperative programs established over the years.

The recent Foreign Aid Act contains two amendments which reflect this American feeling. While the President would like to be able to continue certain assistance programs for Indonesia under this Act, he cannot make the necessary determination that such assistance is in the interest of the United States unless:

a. Sukarno can give you assurances that there will be a shift away from military confrontation, and at a minimum by agreement to a cease-fire pending negotiation.

b. There can be an understanding that the determination will not be followed by further military actions against Malaysia which would make a mockery of the President's decision.

A still more serious evidence of American feeling is the Gruening Amendment, under which, if there were aggression or a preparation for aggression, the United States would have to cut off all assistance of every sort. The President hopes that your visit may be able to produce clear understandings that will avoid any need to apply this amendment.

In the wider sense, a policy of military confrontation with Malaysia seems bound to lead Indonesia toward hostilities with neighboring nations. This will certainly bring the case before the United Nations in circumstances in which Indonesia would² be considered the aggressor by the Secretary General and most members of the United Nations

¹ Source: Johnson Library, National Security File, Files of Robert W. Komer, Malaysia, December 63-Mar 66. Secret. This document was originally described as "draft instruction," but Komer crossed out those words. The text has revisions in McGeorge Bundy's hand (see footnotes below) and was probably sent to Tokyo over non-Department of State channels.

² At this point Bundy replaced the following phrases: "have very little support among members or from the Secretary General. The United States too would necessarily be aligned against Indonesia;" to read "be considered the aggressor by the Secretary General and most of the United Nations including the United States."

including the United States. Both our countries would stand to lose everything we have invested in cooperation, and what began as a confrontation between Indonesia and Malaysia could end as a confrontation between Indonesia and the United States.

In short, you should use every possible argument to persuade Sukarno to abandon his military activities in Borneo completely, or at least, agree to a cease-fire.³

The second object of this visit is to bring Sukarno, Macapagal and Tunku back to the negotiating table. If Sukarno gives reasonable assurance that he will abandon or suspend his military activities, then you should proceed to Manila and Kuala Lumpur in an effort to encourage the leaders in these two capitals to meet as quickly as possible. You should not yourself attempt to negotiate their difficulties; your job is to help clear away obstacles to getting the three of them together to work out an Asian solution.

If the talks have gone well this far, you will go on to London. Your purpose there is to tell the British the results of your talks in the Far East and to persuade them to support whatever arrangements for an early meeting of the three Asian leaders you have been able to work out.

³Bundy indicated that the following two sentences should be omitted: "If you are successful, our mission will provide a reasonable basis for a carefully limited determination that assistance to Indonesia is in the national interest. If Sukarno gives no satisfactory response, we shall have an equally clear basis for ending assistance to Indonesia."

17. Telegram From the Embassy in Japan to the Department of State¹

Tokyo, January 17, 1964, 8 p.m.

2109. President Sukarno agreed to stop military confrontation on Kalimantan border as preparatory step to holding tripartite meeting of representatives Malaysia, Indonesia, Philippines. This followed hour and a half exchange of views in which Attorney General Kennedy pointed out serious dangers involved in escalation military confrontation and US concern that peaceful settlement be reached in this dispute.

Attorney General informed Sukarno he would discuss arrangements for tripartite meeting with Tunku when he visited Kuala Lumpur next week. He told Sukarno it was unreasonable to expect Malaysians to come to a meeting to settle this dispute so long as military confrontation continued. He agreed to notify Sukarno through Amb Jones on Wednesday, January 22, following his discussions with Tunku of Tunku's views.

For his part Sukarno said he would return to Djakarta on Monday² and at meeting of motion Tuesday would initiate preparations to call off military confrontation. If reply from Tunku favorable, Sukarno would issue public statement on Thursday. General Jani, who was present, said so far as regular Indonesian military was concerned this could be done in matter of hours. But he explained communication with guerrilla units inside Kalamantan was more difficult and might take as long as a week. Attorney General emphasized importance of starting immediately in order to avoid possible incidents and to help him convince Tunku Indos were sincere. Sukarno pointed out that British would of course also have to agree to cessation of hostilities. Attorney General concurred but emphasized that Indos were responsible for [garble—situation].

In his discussion of mutual withdrawal of troops from border, President Sukarno proposed inspection by representatives neutral nation. Attorney General pointed out that actual cessation of hostilities was more important than a supervised withdrawal. Furthermore, word of both leaders was good enough and this was matter which did not require unnecessary complication by formal procedures. Understanding was reached that ministerial level talks would precede summit meeting.

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret; Flash. Repeated immediate to Canberra, London, Kuala Lumpur, Manila, Singapore, Djakarta, Hong Kong, and Bangkok. Passed to the White House.

² January 20.

Statement by Sukarno would be to effect that under Manila Agreement three nations were expected to meet in consultation and in order to facilitate such meeting Indonesia would suspend military activities in Kalimantan.

Meeting was held in cordial atmosphere.³ Discussions will continue tomorrow at 1100.⁴

Reischauer

³ In a telegram received over non-Department of State communication channels, Forrestal, who accompanied Robert Kennedy, reported to Bundy that the meeting with Sukarno "went off surprisingly well" and was accurately reported in this telegram. Forrestal suggested that although there were no guarantees, Sukarno seemed anxious to satisfy the United States and perhaps extricate himself from danger of escalation into a serious war. Forrestal feared Robert Kennedy would have a more difficult time in dealing with officials in Kuala Lumpur and London. (Telegram from Tokyo, January 17; Johnson Library, National Security File, International Meetings and Travel, Attorney General's Trip [1/64])

⁴ In telegram 1845 to Tokyo, January 17, the Department noted that the report of the first Robert Kennedy-Sukarno meeting was "most encouraging," but suggested that it was important to get "Sukarno as firmly tied down as possible on how he will call off military activity." (National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA)

18. **Telegram From Michael V. Forrestal of the National Security Council Staff to the President's Special Assistant for National Security Affairs (Bundy)**¹

Tokyo, January 18, 1964, 0606 Z.

From Forrestal to McGeorge Bundy, John [*Robert*] Komer, Governor Harriman and Roger Hillsman.

President Sukarno and his Japanese wife gave breakfast for Bobby and Ethel [Kennedy] and their party this morning at Imperial Hotel. Sukarno and his associates extremely friendly even lighthearted. This was followed by business meeting results of which are reported State tel.²

¹ Source: Johnson Library, National Security File, Files of Robert W. Komer, Malaysia, Dec.-Mar., 1966. Secret; Flash. Not sent over Department of State communications channels.

² See Document 19.

At this point it would seem that Bobby has accomplished one half his mission much more successfully than any of us thought possible. It is quite clear that this form of personal diplomacy is the key to doing business with Sukarno. We have known this in theory for some time, but it has to be seen to be really understood.

The other half of the job may be much more difficult and will require support from Washington. Although Bobby has briefed the British Ambassador in Tokyo fully both before and after meeting yesterday and has given general briefing to Malaysian and Australian envoys, it seems probable that three major pitfalls still remain.

1. Tunku may insist on agreement by Indos to recognize Malaysia before any meetings and British may support him in this.
2. This morning it was not entirely clear whether Sukarno would insist on announcing Tunku's agreement to meet publicly at same time he announces stand-down of hostilities in Kalimantan.
3. Incidents may flare up on either side during Bobby's swing.

Since Bobby is going to Djakarta after Kuala Lumpur, problems 1 and 2 can still be handled in the context of the current talks. But problem 3 cannot. Part of difficulty will be Indos lack of complete control over guerrillas inside Sarawak. Part will be natural British desire to mop up during cease fires. Our job will be to try to keep both from allowing unnecessary accidents to occur. In connection with all these problems we might keep in mind the British have at least two plus cards to play. The ships and spare parts in Hong Kong are one card. Another card is approval of Maphilindo. Sukarno said that British were unalterably opposed to and contemptuous of Maphilindo. It should not cost Brits very much to make statement in support of Maphilindo as an Asian concept at useful time. We should chivvy British into willingness to hold some gesture in reserve in case we need them to help break an Indo-Malaysian impasse. In the meantime they must refrain from making statements or taking actions which could set back progress made to date.

President should know that Bobby has done magnificent job not only with Indos but also in keeping British fully informed. One thing Department should consider before asking Bobby make too many stops en route London is need to get Brits on board quickly.

19. Telegram From the Embassy in Japan to the Department of State¹

Tokyo, January 18, 1964, 3 p.m.

2118. A short substantive talk Saturday² morning followed very cordial breakfast meeting.

Attorney General said that he had had talks with British and Malaysian Ambassadors and that Ambassador Jones had talked to Australian Ambassador. All three seemed to be encouraged.

Attorney General outlined his plans as follows: will go to Philippines Sunday night, Kuala Lumpur Tuesday morning and then London. Sukarno asked if he could not come to Djakarta and Attorney General agreed one day visit beginning Wednesday. Attorney General promised to give Sukarno further report through Ambassador Jones following his visit to London. In this connection he said it was most important that everybody understood our position, he pointed out that we have treaty commitments in the area and that our attitudes would necessarily be influenced by whether or not all accepted the proposal for cease-fire followed by tripartite meeting.

The Attorney General said only matter that seemed to remain undecided was the question of being sure that the situation remained under control in the event of an incident. He suggested that all involved should be agreeable to refraining from any retaliation if there were an incident. He also thought that it would be wise to get agreement of an Asian power to send in an observer in the event of an incident. There was some discussion of the possibility of the Thais but final decision was to ask Japanese if they would be prepared to help out in this way.

As to timing, Indonesians felt preparations for a meeting should be made as rapidly as possible. Sukarno said he would meet with KOTI (Supreme Military Advisory Council) Tuesday and would be prepared to announce cessation military confrontation as soon as he was informed by Attorney General that the Tunku was ready to meet with him. It was decided Sukarno might make such announcement on Wednesday during, or at end of, Attorney General's visit.

In short discussion of timing of actual implementation of cease-fire, Jani said it would take about one week to get proper control of guerrillas already inside Sarawak and Sabah. Subandrio expressed the

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret; Flash. Repeated to Canberra, London, Kuala Lumpur, Manila, Singapore, Djakarta, Hong Kong, and Bangkok. Passed to the White House.

² January 18.

hope that the British and Malaysians would refrain from any "mopping up operations." Attorney General replied that British/Malaysians could hardly be expected refrain from attempting capture "bandits" and that General Jani should instruct guerrillas to take care of themselves by withdrawing into jungle. Sukarno said that all reconnaissance flights should also stop. The Attorney General agreed flights by both sides should stop.

Attorney General said we did not wish to get into technical details arrangement tripartite meeting but were interested how this to be done. Subandrio said *Thanat best choice this mission*. Attorney General said we would keep *Thanat* up-to-date on developments.

Attorney General suggests that Bangkok be authorized advise *Thanat* confidentially substance this tel and Embtel 2109 to Dept repeated Bangkok 50.³ We would prefer not to pass this to Macapagal or the Tunku as the Attorney General will wish to do so in more detail and in his own way. Department please instruct Kuala Lumpur and Bangkok if this agreeable.

Instructions contained Deptel 1845⁴ arrived after meeting.

Reischauer

³ Document 17.

⁴ See footnote 4, Document 17.

20. Memorandum From Robert W. Komer of the National Security Council Staff to President Johnson¹

Washington, January 18, 1964.

Our Malaysian enterprise seems to be going very well, though we're only through the first phase. The AG managed to talk Sukarno into suspending military action in Borneo if the Tunku will agree to meet with Sukarno and Macapagal.

Now Bobby goes to Manila to enlist Macapagal's help, and then to work on the Tunku. Perhaps the toughest problem will be to get the Tunku to agree to meet without insisting on prior Indo recognition. Here Ormsby-Gore's pitch to you against pressing this on the Tunku is worrisome.²

But Harriman just had a good talk with Gore,³ who understands why we want to forestall any such unrealistic preconditions when there's at least a 50/50 chance of success of avoiding another nasty crisis in Southeast Asia.

R.W. Komer⁴

¹ Source: Johnson Library, National Security File, Country File, Malaysia, Vol. I, Memos, 11/63-3/64. Secret.

² British Ambassador Ormsby Gore met with the President on January 15 at the request of the British Cabinet and stated that the British "hoped that the U.S. would not press Tunku to attend an Asian summit without recognition." Johnson told the British Ambassador that the United States "would stand firm against Sukarno's confrontation policy" and McGeorge Bundy reaffirmed that the United States was "not attempting to decide terms of 'Asian solution.'" Bundy suggested to Robert Kennedy that an "essential part of your visit to Tunku may be to determine what part of his position is his own and what part comes from London." (Telegram 1829 to Tokyo, January 17; National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA)

³ Harriman, Hillsman, and Tyler reviewed the progress of the Kennedy mission with Ormsby Gore on January 18. They emphasized that Sukarno "had come further than we had expected" and urged the British to encourage Tunku to be forthcoming. (Telegram 1021 to Manila, January 18; *ibid.*)

⁴ Printed from a copy that bears this typed signature.

21. Telegram From the Embassy in the Philippines to the Department of State¹

Manila, January 20, 1964, 4 p.m.

1071. At 2½ hour breakfast meeting Malacanang this morning Attorney General and President Macapagal agreed on following time table for efforts to get tripartite meetings going.

1. From Kuala Lumpur Attorney General would proceed Djakarta where Sukarno would instruct cessation military activities Kalimantan. Hope is that by January 29 all such activities including guerrilla activities would have ceased. Attorney General would proceed to Bangkok to fill in Thanat Khoman and suggest that Thanat organize meeting at level of Foreign Minister in Bangkok around February 7.

2. Bangkok meeting would begin negotiations for later summit meeting and would provide time during which effectiveness of cessation of military action could be verified.

3. Philippines prefer Thais over Japanese both to organize tripartite meeting at ministerial level and to investigate any alleged military incidents which might occur by either side, although President Macapagal said he would accede to wishes of other parties if they felt strongly.

4. Prior to having Attorney General's report on conversations in Tokyo President Macapagal had already made tentative plans visit Tunku in Phnom Penh and asked whether in Attorney General's judgment this would be useful. Attorney General replied that only good could come of such meeting provided Philippines had assured themselves that Sukarno was informed and agreed. Macapagal instructed Lopez confirm Sukarno's agreement such meeting. It was left that Macapagal-Tunku meeting could take place at any time without interfering with tripartite ministerial negotiations. Lopez said that idea of Macapagal-Tunku meeting originated with British Ambassador Addis.

5. Macapagal asked whether Attorney General should not also try persuade Sukarno suspend political as well as military confrontation since polemics before and during period tripartite meetings could be just as dangerous. Attorney General agreed and also suggested that this should be on Bangkok agenda.

6. Attorney General briefed Ambassador Addis fully on the above points. Addis seemed most concerned lest British be put into a box on

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 7 US/KENNEDY. Secret; Exdis; Flash. Repeated to Kuala Lumpur, Tokyo, Bangkok, London, Canberra for Hilsman, and CINCPAC for POLAD. Passed to the White House.

military withdrawals. Attorney General assured him that no proposals had been made regarding withdrawal of troops. Discussions on Tokyo and Manila concerned cessation of military activities only.

7. Macapagal and Lopez seemed interested in bringing Sihanouk into Malaysia problem and at one point suggested Cambodians as neutral nation to investigate border incidents. They implied Cambodian involvement could be helpful in resolving misunderstandings between US and Cambodia. We replied that Malaysia problem was separate and far more dangerous to stability in Southeast Asia Cambodian-US relations and suggested that two should not be mixed. Lopez said that US-Cambodian impasse over radio broadcast on verge of solution which was especially significant in view of fact that Sihanouk planned to be Kuala Lumpur at same time as Attorney General. Phils obviously interested in starting separate diplomatic "adventure" by engaging Attorney General with Sihanouk during this mission.

8. Attorney General urgently requested guidance from Department on tactics in Kuala Lumpur in event Sihanouk should request meeting.

Macapagal seemed genuinely pleased with results of Tokyo meeting and with frankness and promptness of consultation with him. Participating in the meeting for the Phils were Macapagal, Lopez, Romulo and Cayco.

Large part of meeting was devoted to explanation by Phils of their view of problems in Southeast Asia and role which they wished to play. Full report on this aspect will follow septel.²

Stevenson

²Not further identified.

22. Memorandum From Robert W. Komer of the National Security Council Staff to President Johnson¹

Washington, January 22, 1964.

The Attorney General's mission is coming along very well. Latest report last night shows he cleared the tough Kuala Lumpur hurdle by

¹ Source: Johnson Library, National Security File, Files of Robert W. Komer, Malaysia, Dec. 63-Mar. 66. Secret.

getting the Tunku to agree to a tripartite meeting if Sukarno suspends military action.² One fly in the ointment is that Tunku agreed to meet only at ministerial level with possible Summit later, whereas Sukarno wanted the initial bargain to include a Summit. But Bobby should be able to work this out.

To tape things down and forestall each side putting out its own slanted version, Bobby will probably issue a public statement (either in Djakarta, where he is now, or Bangkok his next stop). From Bangkok he heads direct to London, where hopefully the British will be duly grateful, and then home Monday or Tuesday.

In short, it looks as though he may have gotten the Malaysia dispute "out of the jungle and onto the conference table." Subsequent negotiation of a compromise settlement will be tricky, but if the parties come to the table it means they want to make a deal.

R.W. Komer³

² As reported in telegram 631 from Kuala Lumpur, January 22. (National Archives and Records Administration, RG 59, Central Files 1964-66, POL 3 MALPHILINDO)

³ Printed from a copy that bears this typed signature.

23. Telegram From the Embassy in Indonesia to the Department of State¹

Djakarta, January 23, 1964, 4:30 p.m.

1510. From Atty General. Embtel 1502.² Following summarizes Atty Gen's (AG) talks with Sukarno (First Dep PM/FonMin Subandrio, Second Dep PM Leimena, Third Dep PM Chairul Saleh, Dep FonMin

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret; Immediate; Limdis. Received at 6:25 a.m. and repeated to Bangkok, Kuala Lumpur, London, Manila, Tokyo, and CINCPAC for POLAD. Copies were passed to the White House and CIA.

² In telegram 1502 from Djakarta, January 22, Kennedy reported from Djakarta that Sukarno was not prepared to call a cease-fire unless the United States convinced the Malaysians to state they were ceasing hostilities. Kennedy stated he would not associate himself with any move which equated Malaysian military moves with Indonesia guerrillas and troops in Malaysia. Kennedy agreed to issue a general statement that all sides agreed that talks were desirable and a cessation of hostilities was required to provide the necessary calm. (Ibid.)

Suwito, Army C/S Gen Jani, Min Defense Gen Nasution also present) evening Jan 23:

1. At Sukarno's invitation AG outlined results discussions in Manila and KL, stating that procedures discussed in Tokyo were acceptable in both capitals. He said both Macapagal and Tunku believed situation was deteriorating in way which involved threat to entire area and that they were interested in peaceful, Asian solution. AG had told Tunku that if the tripartite meeting was arranged Sukarno would put out statement ordering cessation hostilities and that organized military activities would take day or so to halt while guerrilla activities would take perhaps seven days (Sukarno interjected "at least") to control.

AG said he had talked about dates and calculated that assuming week required to call off military confrontation, i.e., military activities would cease around end of January, ministerial meeting could take place in Bangkok Feb 5-6. AG said the arrangements for this meeting would be up to Thanat Khoman who it was understood was acceptable to all three parties to dispute. AG would go to Bangkok to fill him [in] personally over dinner Thursday night, Jan 24; after that go to London.

2. AG discussed designation of observer-investigator mentioning that there was some reluctance on part both Phils and Malaysians to accept Japanese but that Thai acceptable to both. AG said Malaysians would like UNSYG to name Thais. Sukarno worried this matter two or three times with questions but in end accepted proposal.

3. AG mentioned Manila's thought that political confrontation should also cease and discussed desirability of stopping controversial radio broadcasts. Both Sukarno and Subandrio indicated they were interested in this aspect and agreed to stop anti-Malaysian radio broadcasts and knock off political confrontation if other side would do same.

4. AG concluded this part presentation by stating that as result his talks with all three parties he convinced that each interested in peaceful settlement, that Malaysians and Phils both feel situation deteriorating and that in his judgment all parties willing to enter talks in good faith. He said he had left Jim Bell in KL and that if reports from him there and from Amb's in other countries involved should indicate any change in necessary atmosphere of good faith, he would tell this to Sukarno.

5. Sukarno questioned AG closely whether Tunku would come into conference as "Prime Minister of Malaysia." Sukarno's first reaction was that it would be impossible for him to meet with Tunku as Prime Minister of Malaysia. AG explained that he had discussed this issue with Tunku and had stressed to him that recognition could not be pre-condition of Sukarno, and that each side could hold its own standpoint on this matter, i.e., Tunku could come as PM of Malaysia and Sukarno could meet with him, regarding Tunku in any way he wanted. AG also

stressed that issue should be minimized by both sides and not allowed to ruin chance for talks. Sukarno finally accepted. (Indos were perhaps somewhat persuaded by fact, which was spelled out to them, that US reps regularly talk to ChiCom reps without involving recognition question.)

6. Sukarno and Subandrio, with some assistance from Gen Jani, made strong attempt revise talks in Tokyo to provide for withdrawal of troops along border in Kalimantan by both Indos and British. They pressed hard on necessity British issuing cease fire order at same time they would do so. "I can only give order to my troops to cease fire if British give order to theirs," Sukarno said. There was extended argument about this in which AG made clear that he regarded Indos major offenders in this matter and it was hardly possible to ask Malaysians or British to announce cease fire. It was Indos who were making most of incursions although there might have been few incidents by other side. It was Indos who were out to crush Malaysia not vice versa. AG said he would not be party to equating Indo military activities with those defensive activities by other side.

Sukarno argued that in Tokyo "two times I said 'both sides.'" Amb Zain interjected unhelpfully "We Indonesians all understood there would be cease fire on both sides." Gen Jani, too, said he had understood that if Indonesia withdrew their troops British would also withdraw theirs. AG said withdrawal of troops was impractical and was not what had been agreed in Tokyo. Jani said there were two groups of fighters: regulars and "Kalimantan freedom fighters." He said latter would cooperate only if they thought that what Indo did would benefit them. If British did not cease mopping up activities against them they would defend themselves. AG repeatedly reminded Sukarno it was Malaysians not British who required make commitments on military activities in Malaysia.

7. AG said arrangement would not be ideal but there was no alternative. He said he would do what he could and that US Ambassadors in capitals concerned would also do what they could do to help keep incidents from getting out of hand. Main thing was to get talks going. Surely guerrillas could protect themselves for few weeks. If there were incidents they could be investigated. AG had proceeded to other capitals on basis Sukarno's commitment to him in Tokyo that he would issue cease fire order to Indo troops. Without that there could be no talks.

8. After extended argument on this point, Sukarno switched discussion to his problem of selling cease fire to Indo people. Sukarno asked AG whether he would ask British "Are you willing silently or otherwise to order cease fire"? AG said he had already asked this of Malaysians and that their answer was affirmative. AG again stressed

that it was Indo military activity which was causing trouble and which had to be stopped before talks could proceed. AG said it was clear to him that Malaysians and those in support of them would welcome Indo cease fire.

9. Sukarno and others finally abandoned their attempts alter Tokyo agreement. Sukarno and Subandrio pressed AG earnestly, however, for general statement AP press conference scheduled noon Jan 23 that parties concerned all agreed on desirability of talks and necessity cessation military activities to provide period of calm that would make talks possible. AG agreed try to make some general statement to this effect stressing however that he wished to save most of this for announcement he would make in Bangkok. (See operative para AG's statement to press Jan 24--reftel.)

10. Sukarno agreed ministers meeting should be held Bangkok but insisted that venue for summit be decided at ministers meeting and not beforehand. Sukarno indicated he had promised Japanese that summit might be held Tokyo but assured us there would be no shift to Phnom Penh.

11. Min Chairul Saleh asked whether AG would talk with British about causes of tensions between them and Indonesians. He referred particularly to British impounding C-130 spare parts in HK. AG agreed consider discussing with British any thoughts on Indo-British relationship which Indos could give him in memo form but promised nothing. Saleh indicated he would provide AG with memo on HK situation prior AG's departure. Later, after dinner, Subandrio raised this matter with AG again stressing difficulties GOI having with labor because of HK situation. Subandrio was particularly insistent that engines for C-130s which Indos had acquired from Lockheed had been "confiscated" by British.

Comment: Sukarno is frequently different man in Djakarta where he is subject to and conscious of domestic political pressures than he is outside Indonesia. This fits AG's impression on this occasion. At times during this talk it was almost as if agreement reached Tokyo didn't exist. However, Sukarno (with some help from Subandrio) came around at end and agreed to stand by Tokyo agreement. This was obviously difficult for him in face situation here. In AG's and my judgment situation is most delicate one which will require utmost in effort and coordination to hold. Repeated Indo reference during these talks to British "divide and rule" tactics and to Tunku's alleged inclination exploit any concessions by GOI for domestic political purposes were two striking examples depth Indo suspicions. Nevertheless, AG secured Sukarno's agreement to give cease fire order and to otherwise proceed on basis agreement reached Tokyo. I think Sukarno wants to resolve this matter although whether his terms for substantive settle-

ment would be acceptable to other side remains, of course, to be seen. Sukarno's announcement of cease fire order to press as he stood beside AG and his favorable reference to AG's efforts (see separate report on press conf)³ would appear to underline impetus AG's talks here have given possibility negotiated settlement.

Galbraith

³ Telegram 516 from Djakarta, January 23. (Ibid.)

24. Telegram From the Department of State to the Embassy in India¹

Washington, January 23, 1964, 10:46 a.m.

1491. Attorney General Kennedy's plane scheduled stop New Delhi for refueling en route London about 1820 hours GMT today. Important that following message be delivered him before departure New Delhi.

For Attorney General

Following is text message from Foreign Secretary Butler to Secretary Rusk, dated January 21 (unnecessary words omitted):

"I have been following with great attention reports from British Reps in area of Mr. Kennedy's efforts secure suspension of Indonesian military confrontation against Malaysia. We most grateful to Mr. Kennedy for keeping us so fully informed. I am glad too that he seems be making such good progress towards getting Indonesians stop their attacks. Whatever ultimate outcome negotiations, suspension tragically unnecessary fighting along Borneo border must be a clear gain.

Nevertheless, there is one aspect Mr. Kennedy's otherwise helpful intervention which does cause me some concern and which I shall want discuss with him when he reaches London. This is emphasis he has been laying on need for "Asian solution" to problem Indonesian

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL INDON-MALAYSIA. Secret; Flash; Verbatim Text. Drafted by Ingraham and cleared by Cuthell. Repeated to London. The original message, delivered by Ormsby Gore to Rusk, January 22, is in the Johnson Library, National Security File, Country File, Malaysia, Vol. I, Memo, 11/63-3/64.

confrontation against Malaysia. I believe that what he means is that next step should be meeting three Asian Governments involved: Indonesia, Malaysia and Philippines. We would agree with this and, if such a meeting were to open way for closer association these three countries on entirely voluntary basis and without any element Indonesian coercion of Malaysia, we would welcome this. We have never been opposed to Macapagal's concept of Maphilindo as such, but only to its employment as pretext for isolating Malaysia from Western support.

This brings me to nub of present message. Even if these three Asian Governments met without any representatives Western Powers present, their discussions are bound to include certain topics of direct concern to Britain and West as whole. I am thinking particularly of main target Indonesian hostility: the Anglo/Malaysian Defence Agreement and base facilities in Malaysia enjoyed by HMG under this Agreement. If, as I fear they will, Indonesians make abrogation these arrangements a condition for final termination confrontation and restoration friendly relations with Malaysia, we think Malaysia will be bound refuse and would be in Western interests that she should do so. Otherwise, how can we ask Malaysia (with her population of ten million) to entrust her future independence to good will of 100 million Indonesians? Secondly, HMG would thereby be asked renounce all future prospects of making any effective contribution to defence Southeast Asia.

These, I suggest, are not problems which West can afford consider in isolation. They are not purely British problems and cannot be solved without most far-reaching repercussions on future of Southeast Asia as a whole or on unity and effectiveness Western Alliance. To take worse possible case, termination Indonesian confrontation on terms likely lead to neutralisation of Malaysia under Indonesian influence would have profound effects in mainland Southeast Asia. Neighbouring Thailand might reconsider her adhesion to Western Alliance. There would be repercussions in Laos and Cambodia. Above all I think your problems in South Vietnam would be greatly increased.

All this leads me to propose that, when our Prime Minister meets your President in Washington next month, we should try to look at Western policy in Southeast Asia as a whole rather than at individual problems of Britain over Malaysia or of US over South Vietnam. When I say Western policy, I am naturally also thinking of Australia and New Zealand, whose interest is even more direct than that of either Britain or US. As I see it, post-war extension of Communist influence in Southeast Asia has been largely due to our failure achieve such a united approach to problems of area as a whole. Again and again particular Western countries have fought isolated and ultimately futile rear guard actions in a single sector. Now, even if it is at eleventh hour, I think

we should attempt fresh approach. If you agree, I hope you will also agree on importance of avoiding any irrevocable commitment on nature of a final solution to problem Indonesian confrontation until we have met and discussed this problem in its wider context."

Rusk

25. Telegram From the Department of State to the Embassy in the United Kingdom¹

Washington, January 23, 1964, 11:01 a.m.

4456. For Attorney General from Secretary. My warm congratulations on the job you have done in Tokyo, Manila, Kuala Lumpur and Djakarta. It may well prove to be a major turning point in the entire position in Southeast Asia. As a minimum you have obtained public commitments from Sukarno which give us powerful leverage to restrain him from rash action in the future.

In your talks in London² you should emphasize that we were not presuming to interfere in someone else's problem but that we were faced with a major watershed in the future of our own relations with Indonesia. President could not make a determination to proceed with aid in the face of Indonesian guerrilla action against Malaysia. On the other hand to discontinue aid would lead to complete rupture with Indonesia, seizure by them of major US investments, and firm implantation of ChiCom influence in Indonesia through PKI. You were highly successful in staying out of the details of a possible solution but you *did* prepare an opportunity for Sukarno to back away without undue loss of face and got for the Tunku a publicly declared suspension of military confrontation which must relieve him.

Again, my warm personal thanks.

Rusk

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 7 US-KENNEDY. Secret; Priority; Exdis. Drafted and approved by Secretary Rusk.

² In a January 24 message to Rusk, Home stated that he looked forward to meeting Robert Kennedy, but he added that, "Sukarno's rantings about continuing confrontation by other means do not encourage me to think that he has in any way changed his spots or altered his aim which he has just reiterated as 'crush Malaysia.'" (Johnson Library, National Security File, Country File, Malaysia, Vol. I, Memos, 11/63-3/64)

26. Memorandum From Robert W. Komer of the National Security Council Staff to President Johnson¹

Washington, January 25, 1964.

The Attorney General's mission is apparently accomplished. Despite Sukarno's growls he did call a cease-fire (though continuing his subversion in Malaya proper which we'll have to watch). The Tunku in turn has agreed to a foreign ministers' meeting without insisting on recognition first.

Even the British are grateful, though constantly fearful of Indo trickery.² Bobby sees Home for lunch Sunday.³

Best word is that the AG will be back here about 7:30 pm Sunday. We don't want to overplay his mission because the deal may yet fall apart; yet we do want to convey the feeling that we've got things moving in the right direction, so as to make it harder for Sukarno, the Tunku, or the UK to insult us by renegeing. Would you want to give Bobby any special reception?

R.W. Komer⁴

¹ Source: Johnson Library, National Security File, Files of Robert W. Komer, Malaysia, Dec. 1963-Mar. 1966. Secret.

² Telegram 35123 from London, January 26, contains an account of Kennedy's discussion with British Prime Minister Home. Telegram 3497 from London, January 25, contains an account of Kennedy's discussion with British Foreign Secretary Butler. (Both, National Archives and Records Administration, RG 59, Central Files 1964-66, POL 7 US-KENNEDY) In a brief memorandum to the President, January 27, which Johnson saw, Komer noted that the "British, while highly suspicious of Sukarno, were signed on by Bobby (indeed they talked more about Cyprus than Malaysia). So it still looks like a very successful mission, though we've only bought time and reversed the trend towards crisis. Tough job now will be to promote a negotiated compromise." (Johnson Library, National Security File, International Meetings and Travel, Attorney General's Trip, [1/64])

³ January 26.

⁴ Printed from a copy that bears this typed signature.

27. Telegram From the Mission to the United Nations to the Department of State¹

New York, January 28, 1964, 6:30 p.m.

2872. From Forrestal for Harriman, Marshall Green and Cleveland. Attorney General has approved fol message to be dispatched as soon as possible to Macapagal, Sukarno and Tunku; information Bangkok, Canberra and London:

"I have just reported to President Johnson on my fruitful discussions with you, with leaders of Malaysia, the Philippines and the United Kingdom, and with the Foreign Minister of Thailand. I want to tell you again how much I appreciated the courtesy and consideration with which you received me. President Johnson agrees with me that we can all look with real satisfaction at the results of these discussions which were due largely to the frank and constructive spirit with which you approached them. If this spirit can be maintained through the crucial weeks that lie ahead, there is no doubt that your nation and its neighbors will have gone far to achieving a stable and mutually beneficial peace.

I have also just reported to the Secretary General of the United Nations² and have told him that all three nations were agreeable to having Thailand designated by him as the disinterested party who would observe and investigate any incident which may occur on either side of the borders in Kalimantan during the period of the conferences. The Secretary General will no doubt be getting in touch with your representatives at the United Nations in New York, and I hope that the appropriate arrangements can be made simply and quickly.

In the meantime, it is essential in my judgment, that the spirit of our discussions be maintained, that every effort be made to avoid armed clashes, that political offensives, both overt and covert, be suspended, and that all parties exercise the utmost restraint in responding to real or imagined provocation by another.

Finally, I hope that the three countries will extend full cooperation to the Secretary General and to Mr. Thanat Khoman, Foreign Minister of Thailand, who are undertaking a most difficult role. They both deserve our thanks."

For Djakarta: At meeting today in NY, SYG told Attorney General that Indonesian Amb. Palar had reported Indonesian Govt not willing

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret; Priority; Limdis.

² The account of Kennedy's hour meeting with U Thant is in telegram 2880 from USUN, January 28. (Ibid.)

have SYG act in designating Thailand as investigator of incidents. SYG agreed to designate Thailand if he received assurances from Indonesian Govt that this was acceptable. Attorney General later saw Amb. Palar and asked him to report to President Sukarno and Dr. Subandrio Attorney General's clear understanding in Djakarta that Indonesians were agreeable to having SYG act in designating Thailand. Amb. Jones, who was present these conversations, should take this matter up orally with Subandrio and/or Sukarno at time he delivers letter. Amb. Jones should also emphasize extreme importance of avoiding provocative action during pre-conference period.

For example, presence of Indonesian troops in North Kalimantan or sabotage or similar activities in Singapore or on Malaysian peninsula, would be disastrous.

For Manila: AFP ticker reported today on suggestion, presumably by Lopez, that tripartite ministers' meeting take place Manila instead of Bangkok. If this is true, Amb. Stevenson should emphasize to Macapagal real dangers of this kind of maneuver. It was with great difficulty that Attorney General was able to get all parties agree to have Thais exercise their twin role as organizers of Tripartite Meeting and investigators of incident. At request of all parties, including Macapagal, Attorney General has requested Thais to take on this job, and has just reported this to SYG. This reported activity by Philippines could undermine entire fragile structure.

For Bangkok: You should inform Thanat substance of this message.

Plimpton

28. Telegram From the Department of State to the Embassy in Indonesia¹

Washington, January 31, 1964, 7:34 p.m.

835. Department anticipates that within immediate future several of our Embassies will be approached by principals in Indonesian-Malaysian dispute concerning U.S. position on settlements to be sought

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret; Priority. Drafted by Sullivan and Ingraham; cleared by Cuthell, Forrestal, Harriman, and Green; and approved by Rusk. Also sent to Kuala Lumpur and Manila, and repeated to Bangkok, London, Wellington, and CINCPAC for POLAD.

in forthcoming negotiations. Department does not want any of our Ambassadors take initiatives to impose U.S. ideas upon Asian principals themselves, but we do consider it important that there be consensus among Ambassadors as well as between Ambassadors and Department. Department's thoughts on optimum settlement which we could foresee are set forth below:

Our over-all security interests in region are such that we obviously would not welcome settlement which would seriously undermine our position in region or that of our Western allies. In effect, we are willing to go along with any settlement freely negotiated by principals provided it falls within these limits.

Following are minimum results which we believe our interests require emerge from any settlement:

1. Indonesian assaults on Malaysia in form guerrilla incursions and terrorist activities must be abandoned.
2. Sovereignty and territorial integrity Malaysia must be preserved. FYI only. This does not necessarily rule out some sort of pro forma testing popular will in Sabah and Sarawak but does rule out any formula which casts doubt on present legal status these states as part of Malaysia. End FYI.
3. Basic orientation Malaysia and Philippines as members Free World system of alliances must not be compromised in fact or by implication.
4. Security of SEA nations will depend on presence in area of sufficient Western power to contain Communist Bloc until such time as SEA nations are able provide their own defense, which still in remote future. No settlement which anticipates early departure U.S. or UK military presence or adds to difficulties we face in maintaining it would be acceptable or realistic. British military establishment in Malaysia must remain until such time as British and Malaysians themselves freely determine that its presence no longer necessary. U.S. bases in Philippines must be recognized as bilateral matter between U.S. and Philippines, not one of legitimate concerns to other two parties.

Foregoing results conceivably could emerge even if forthcoming negotiations failed achieve formal settlement, since they require nothing more than Indonesia's renunciation force in pursuit its policies toward Malaysia. Although this sort of "agreement to disagree" would be preferable to all-out confrontation, it would not be satisfactory. In our view, optimum settlement of dispute would require following additional results:

1. Resumption diplomatic relations between Malaysia and other two.
2. Agreement on method of disposing of Philippine claim to Sabah once and for all.
3. Cessation all aspects Indonesian political and propaganda confrontation against Malaysia and of all Malaysian countermeasures.
4. Full restoration normal transportation and communications between Indonesia and Malaysia.

5. Lifting of Indonesian economic boycott against Malaysia and of Malaysian countermeasures. (We would not, however, expect Indonesians to drop their campaign to divert export trade from Singapore, but merely to rationalize it, stretch it out, and remove it from context of confrontation.)

Would be unrealistic hope that all of foregoing can be included in neat package worked out at Bangkok tripartite meeting for ratification subsequent summit. At same time, U.S. has made major effort to bring this meeting about, and that we have committed good deal our influence and prestige in process. Matter has now been placed in hands Asian principals—where it should be—but if they fail achieve enough progress to insure that there is no return to all-out confrontation of past few months, situation will inevitably deteriorate dangerously. We envisage tripartite meeting as forum either to reach firm settlement or to pave way for further negotiations which will result in settlement, and we think it absolutely essential that meeting achieve—at very least—enough success to create real, irreversible momentum toward settlement.

Request immediate reaction of Ambassadors to these views.² Once consensus has been achieved Department believes Ambassadors can usefully employ concerted viewpoint to present uniform U.S. reactions to various proposals or suggestions which may be floated by other parties.

Rusk

² In telegram 676 from Kuala Lumpur, February 3, the Chargé stated "I would go beyond minimum requirements set forth in refel. Not only should assaults in form of guerrilla incursions and terrorist activity be stopped but to preserve sovereignty and territorial integrity Malaysia, Indo military within Malaysia must be withdrawn and Indos must accept right of Malaysian forces deal as they see fit with own nationals in state of revolt." (Ibid.) In telegram 1609, February 3, the Embassy in Djakarta replied that the Department's analysis of minimum acceptable terms for a settlement was "sound." (Ibid.)

29. National Security Action Memorandum No. 278¹

Washington, February 3, 1964.

FOR

The Secretary of State
 The Secretary of Defense
 The Administrator, Agency for International Development

SUBJECT

Presidential Determination re Aid to Indonesia

The President has decided that no determination with respect to aid to Indonesia should be made pending the outcome of the tripartite ministerial conference in Bangkok and the summit conference of the three Asian leaders, which is expected to follow. In the meantime, existing programs of economic and MAP assistance are to continue, subject to continuing review by the Secretaries of State and Defense.

McGeorge Bundy

¹ Source: Johnson Library, National Security File, National Security Action Memorandums, NSAM 278. Confidential. Copies were sent to McGeorge Bundy, Forrestal, and Johnson, presumably Charles E. Johnson of the NSC staff.

30. Telegram From the Department of State to the Embassy in Malaysia¹

Washington, February 18, 1964, 7:59 p.m.

679. Following is summary Dept's understanding of current status of Indonesia-Malaysia dispute:

1) Thanat has accepted observer function in Eastern Malaysia despite SYG's unwillingness designate Thailand. Dept has no evidence, however, that Thais have taken or contemplate action to pre-position observers in Malaysia or Indonesia.

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1, INDON-MALAYSIA. Secret; Priority. Drafted by Cuthell, cleared by Harri-man, and approved by Hilsman. Also sent to Manila, Djakarta, Bangkok, London, Canberra, Wellington, and Singapore and repeated to CINCPAC for POLAD.

2) Sukarno seems agreeable to accepting Bangkok language on disengagement Indo guerrillas (Bangkok's 1288),² but makes it clear he does not in fact intend withdraw them until "political settlement" reached.

3) GOI and GOP expect second round FonMins meeting in Bangkok late February where intend seek "political settlement" which both see as centering on further supervised determination of will of people in Eastern Malaysia. GOM is moving toward refusal participate until Indo guerrillas withdrawn.

4) Tunku-Macapagal meeting less productive than first reported—no real agreement on North Borneo claim and renewed GOP pressure for self-determination.

If foregoing is correct summary, situation may be headed toward new impasse, and further efforts to head it off are necessary. Essential elements in problem are presence Indo guerrillas, need for further meetings, and nature of possible political solution.

In regard guerrillas, Dept's understanding is that there now about 150-200 Indo nationals operating in Eastern Malaysia among some 2,000 locals. Great majority now inactive, and some removing themselves from scene by surrender or return Indonesia. This is very small number, is manageable military threat, and can be substantially eliminated by attrition if HMG-GOM keep up quiet pressure as suggested Deptel 668 to Kuala Lumpur.³ Only real danger from these people lies in possibility their continued unresisted presence might legitimize their status in Malaysian territory, which GOM can avoid by adhering to its "reservation" in Bangkok communiqué or through GOI acceptance disengagement language Bangkok's 1288.

Dept appreciates GOM reluctance meet with Indos until guerrilla problem solved, but believes failure to meet would make situation worse. Present cease fire based on assumption talks in progress, and GOM refusal to meet could be interpreted by Indos as evidenced agreement with Kennedy violated by GOM, position which GOP might well support. Dept and GOM's friends well aware GOM has excellent legal and moral case, but if negotiations fail because GOM has broken them off, Malaysian position would undoubtedly be weakened in eyes much of UN. For this reason Dept believes it important GOM continue participate in meetings. It can continue insist Indos withdraw guerrillas before making broader settlement, but must not allow Indos get upper hand by breaking off talks.

Dept does not wish to be drawn into substance of general settlement, but believes GOM puts itself in no danger by agreeing to further meetings and discussions. GOM not obliged accept proposals re self-

² Dated February 10. (Ibid.)

³ Dated February 13. (Ibid.)

determination which it feels are humiliating or which impugn its sovereignty, can counter current proposals by pointing out that next national elections in Borneo, presumably in four or five years, will inevitably reflect any significant popular disaffection with Malaysia. Dept continues believe that the principals can work out some agreeable formula if they keep talking, while breaking off talks might well cause cease fire to collapse.

For Kuala Lumpur: Bell should discuss foregoing with Razak, suggesting he 1) deal with guerrilla question as outlined Deptel 668, 2) agree attend another round ForMin talks and try to keep discussions going. Bell should emphasize that we do not and will not ask Malaysians buy off Indos by giving up anything important to Malaysia, but are greatly concerned at what likely follow if GOM refuses participate further.

For Djakarta: Ambassador should make further approach to Sukarno on guerrilla withdrawal question. May wish discuss with Subandrio beforehand in view Sukarno's adamant reaction to last approach. With both, Ambassador should emphasize following, making clear you speaking under instructions:

1. Sukarno's agreement with Attorney General did not deal with continuing presence guerrillas on Malaysian soil after Bangkok talks began, and can by no stretch of imagination be construed to sanction this interpretation.

2. GOI cannot expect Malaysians to bargain over withdrawal guerrillas or to offer any concessions in return for their withdrawal, and we would not consider asking them to do so. Presence of guerrillas is not negotiating asset for GOI, but has become serious liability in working toward peaceful settlement. Any effort reinforce or supply guerrillas would, of course, violate Kennedy agreement and be intolerably provocative to GOM.

3. If GOI fears Indonesia would lose prestige by announcing withdrawal these forces, matter could be settled without publicity. GOI could and should simply inform GOM of its acceptance compromise language on disengagement and then proceed withdraw guerrillas without announcing fact to anyone.

For Manila: Ambassador should review above points for Djakarta with Macapagal, emphasize that guerrilla problem must be resolved before real progress can be made in further Bangkok meetings.

For Bangkok: Ambassador should discuss all of foregoing with Thanat and report his views.

London, Canberra and Wellington may discuss above with FonOffs.

Rusk

31. Memorandum From Michael V. Forrestal of the National Security Council Staff to the Assistant Secretary of State for Far Eastern Affairs (Hilsman)¹

Washington, February 19, 1964.

SUBJECT

Indonesia—Malaysia

I am getting concerned that the agreement to negotiate the difference in this dispute is beginning to come unstuck. It seems to me there are two problems:

1. Sukarno is unwilling to give up the bargaining power represented by the continued presence of Indonesian controlled guerrillas in Malaysian territory without simultaneous political concessions from the Malaysians.

2. The Tunku is essentially unwilling to continue the talks until after Sukarno has agreed on a withdrawal. His position is further complicated by the pending election in April, which makes it difficult for him to devise any significant political concessions.

As a result, it is doubtful whether the next Ministerial meeting, scheduled for February 25, will achieve any results; if indeed, it takes place at all. In the meantime, we are still living under the time threat of the Broomfield Amendment.

The situation suggests to me that we must take some initiative between now and the 25th, designed to keep the next meeting from breaking apart, and perhaps getting us through the period of the Malaysian elections. Several thoughts have occurred to me:

1. We might tell Sukarno that time is running out for us for domestic reasons, and that unless there is some progress in the next talks, the administration will find itself in an impossible situation with respect to the Broomfield Amendment. Something has to be found to save the next Foreign Ministers' meeting. One possibility is an agreement by Sukarno to withdraw members of regular Indonesian forces who may be in North Borneo. During the Attorney General's trip we were under the impression that there were no regular forces in North Kalimantan, only native guerrillas. Now it turns out that the British have captured twelve Indonesian marines, although they have kept this quiet. It would be to Sukarno's interest in the eyes of world opinion if he agreed to withdraw his regular people.

¹ Source: Johnson Library, National Security File, Files of Robert W. Komer, Malaysia, Dec. 1964-Mar. 1966. Secret. Copies were sent to Robert Kennedy, Harriman, and Komer.

2. Macapagal's visit to Djakarta gives us an opportunity to use him as a way of speaking bluntly to Sukarno. A draft message from the President to Macapagal to take advantage of this visit is attached.²

3. Simultaneously we should tell the Tunku that his demand for withdrawal of guerrilla units is a step back from the understanding he had with the Attorney General.³ The underlying principle of the Attorney General's transaction was that the parties agreed to stop the fighting and to talk. The questions of the actual withdrawal of guerrillas, recognition of Malaysia, and Maphilindo were to be discussed initially at the Ministerial Conferences, and then at the Summit. We might suggest to the Tunku that he confine his demand to a withdrawal of regular Indonesian personnel. We should ask the Attorney General to get some of these thoughts across either to the Malaysian Ambassador here or by letter to the Tunku.⁴ He or Governor Harriman might talk to the British and Australians.

Michael V. Forrestal⁵

² The attached draft letter was sent to Macapagal in telegram 1219 to Manila, February 20. (National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1, INDON-MALAYSIA)

³ Instructions to this end were included in telegram 691 to Kuala Lumpur, February 20. (Ibid.)

⁴ Telegram 712 to Kuala Lumpur, February 25, contains the text of a letter (drafted by Forrestal and cleared by Harriman, Hilsman, and Cuthell) from Robert Kennedy to the Tunku. In it Kennedy urged the Tunku to call upon Thailand to put observers into the area, to continue negotiations, and not to take the issue to the United Nations. (Ibid.) Hilsman and Forrestal made similar points to Malaysian Ambassador Ong on February 24. (Telegram 709 to Kuala Lumpur, February 25; *ibid.*)

⁵ Printed from a copy that bears this typed signature.

32. Telegram From the Department of State to the Embassy in Indonesia¹

Washington, February 29, 1964, 5:59 p.m.

938. Djakarta's 1802.² On eve Bangkok meeting, prospects major progress not promising in absence any signs acceptable formula on guerrilla question in offing. Seems obvious Indonesians will have to give at least part on this question if meeting not to break down at outset. Main effort all participants obviously must be some forward motion on guerrilla question and at least preliminary discussion other issues to permit negotiations to continue.

For *Djakarta*: Department concurs approach to Subandrio suggested last three numbered paragraphs refel.³ In addition these points, you should also make following:

1. Subandrio must expect and be prepared tackle guerrilla question before going into political matters. Must also be prepared give some ground on this question. GOM knows that most of world will accept logic their position this issue and will have to insist on some rectification to protect their position.

2. Since Attorney General's mission, US has been poised at watershed in relations with Indonesia. Subandrio and Sukarno aware our basic sympathy for Indonesia and our desire to be helpful. Attorney General mission itself ample proof of this. But ball now entirely in Indonesian court. We can be of no further help to them, politically or otherwise, if current cease-fire and talks break down. We now need from Indonesians same degree initiative in moving toward settlement that we took last January. No point asserting that we should put pressure on other side rather than Indonesia. We have already done maxi-

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Confidential; Immediate. Drafted by Ingraham, cleared by Cuthell, and approved by Green. Also sent to Kuala Lumpur and Bangkok and repeated to Manila, London, Canberra, and CINCPAC for POLAD.

² In telegram 1802 from Djakarta, February 28, the Embassy reported that there was very little domestic opposition to Sukarno's "crush Malaysia" campaign and that confrontation enjoyed wide support in Indonesia. Still the Indonesian military was anxious to avoid a direct clash with the British and there were no indications of major military preparations in Kalimantan, just stepped up paramilitary operations. The Embassy suggested steps to induce Indonesia to make a 180 degree turn and accept a peaceful settlement. (Ibid.)

³ In these paragraphs of telegram 1802, the Embassy suggested a pre-conference approach to Subandrio to: 1) reaffirm the importance of progress at the Bangkok talks, 2) emphasize the necessity for a further definition of the cease-fire, and 3) urge that Indonesia make known its position on a political settlement at Bangkok, that is "put cards on table and get negotiating process started." (Ibid.)

mum possible in encouraging others to understand Indonesian position and meet GOI half-way.

For Kuala Lumpur: You should let Razak know we are urging Indonesians (1) to take more responsible position on guerrillas, and (2) to start spelling out what they mean by "sweetening the pill." If Indonesians give any indication at Bangkok that they moving in this direction, we hope he will hear them out fully, explore their proposals and not reject their approaches out of hand. If Indo terms unacceptable, he should either make counter offer or defer discussion to later meeting.

We see minimum objective Bangkok meeting as that of preventing further deterioration and keeping negotiation process going. We recognize that Malaysians, as aggrieved party and with elections coming up, find current situation hard to take. Even though present cease-fire far from satisfactory to Malaysians, however, it is preferable to all-out resumption Indonesian military confrontation—particularly when number of indications suggest time may be working in Malaysia's favor.

Re question Thai observers, we pleased have Razak's assurance (Kuala Lumpur's 773)⁴ that question will be settled prior Bangkok meeting. Leisurely pace and delicate sensitivities demonstrated by Malaysians to date, however, leave impression that they (and perhaps Thais as well) do not really understand why prompt pre-positioning observers so important their position. If you think it will help, suggest you continue express our active interest in getting them moving.

In this connection, we puzzled why Razak feels observers need access Indonesian side border before they can be effective. Understanding on observers was that they are to investigate incidents, which presumably will only occur Malaysian territory. "Seeing what Indonesians up to" is eminently not part their agreed function, and any suggestion it be made part thereof almost sure cause whole observer concept to collapse.

For Bangkok: Suggest you convey to Thanat general outline foregoing prior meeting, emphasizing that minimum objective must be to keep talks going and keep cease-fire reasonably intact. Re his comment that he would welcome any formulae that may occur to us (Bangkok's 1406),⁵ suggest you point out that we feel main thing is to get Indonesians to surface their terms for "sweetening the pill." Once these in sight, we could all start looking for possible formula.

Re Razak compromise language on guerrilla withdrawals (Kuala Lumpur's 773), suggest you mention it to Thanat and suggest he may

⁴ Dated February 28. (Ibid.)

⁵ Dated February 29. (Ibid.)

want discuss it further with Razak. If Thanat thinks any chance Indonesians buying it, he might want to consider tactic of presenting it himself as compromise if Indos reject fifth cease-fire point proposed first Bangkok meeting.

Rusk

33. Telegram From the Department of State to the Embassy in Indonesia¹

Washington, March 3, 1964, 7:44 p.m.

946. Re Djakarta's 1793, 1802 and 1804;² Kuala Lumpur's 787.³ Department is aware that Embassy has in past months kept Sukarno and Subandrio well informed as to our views on where Indo foreign policy and economic problems can lead. Net impact of this regular restatement of our position has been disappointing, although Department believes present situation would be worse in absence of pressures from our side.

Essence of problem seems to be that Sukarno recognizes our refusal to support confrontation, accepts our statements of support for Malaysia although annoyed by them, and is willing to face possible loss of both current and potential U.S. aid. He seems to discount chances that U.S.-Indo relations can deteriorate to breaking point if GOI presses its quarrel with GOM to stage of open hostility, and in general assumes that he can achieve his objectives by methods including continuing guerrilla action without seriously endangering his international position.

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA, Secret; Immediate; Limdis. Drafted by Cuthell and Ingraham, cleared by Hilsman, and approved by Harriman.

² Regarding telegram 1802, see footnote 2, Document 32. In telegram 1793, February 28, the Embassy alerted the Department to intelligence about Indonesian estimates of British and U.S. intentions toward Malaysia and the aggressiveness of the military officials responsible for Indonesian military operations. In telegram 1804 from Djakarta, February 29, Jones suggested that domestic economic considerations and problems would have very little effect on Sukarno's attitude towards compromise with Malaysia. (Both National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA)

³ In telegram 787 from Kuala Lumpur, March 3, the Embassy suggested that Sukarno seemed to have a desire to reach a peaceful settlement with Malaysia, but was being inhibited by the PKI and the Indonesian military. The Embassy suggested that Jones and the Department might consider using its relationship with key army leaders to convince them to support a settlement. (Ibid.)

Problem is accentuated by fact, which emerges in above references, that those who are in position to influence Sukarno toward rational foreign and economic policies particularly military, are not doing so.

In case of PKI, it is obviously in commies' interest to encourage present course toward mounting international tension and domestic economic collapse. Department has noted recent reports that PKI has lured Sukarno into agreement that PKI will not play up current economic troubles if Sukarno will keep up active confrontation, but that PKI is at same time pushing campaign against foreign business interests. PKI undoubtedly wants break with U.S. to permit takeover U.S. investments including oil. PKI is thus ready to profit now from confrontation and be ready with plan based on break with West if economic conditions reach crisis stage.

Indo military on other hand, seems to lack understanding of where Indo policy is leading, and fails to recognize that present combination of confrontation and increasing coldness toward West plays only into hands of PKI and other extremists. Since our efforts influence Sukarno directly and via Subandrio have not succeeded in modifying Indonesian policy, Department believes we should now try to build up pressures on Sukarno from Indonesian military sources in favor of rational settlement with Malaysia and decent relations with free world. In view of attitudes described in references, this would seem to require "educational" program aimed at military leaders. Department would not suggest anything which might get back to Sukarno as U.S. campaign against him, but would expect that if situation is effectively and forcefully described, significant number of Indo military who have some ability effect course of events would understand where present course is leading and would try to change or restrain it.

Department has noted Bell's suggestion (Kuala Lumpur's 787) that time has come to draw on relationship we have built up with Indonesian military in effort head off GOI before it too late. This should be done to maximum extent possible in context this "educational" campaign, since our capital with them will be completely expended in any event should Indo actions force us side openly against them.

Appears to Department that Col. Benson and attachés should see Nasution and such other military leaders as they and Ambassador think useful.

Embassy familiar with most appropriate lines to take with each group, i.e., stressing that present situation playing directly into PKI hands, and will be tailoring them to fit individual targets. In addition the obvious points, should try impress upon them the following overall assessment:

1. If Indo resumes all-out confrontation result can only be (1) complete breach between Indo and free world, with Indo forced either

eke out meager existence in isolation or turn as suppliant to Bloc, which would then respond, if at all, with aid designed to help PKI, or (2) growth of internal pressures within Indo of such magnitude as to threaten both present leadership and internal unity. Whichever one materializes, Indo's prestige and status as nation would be shattered.

2. Indo military must face fact that if they escalate military confrontation they risk war with British, who have capacity knock out Indo offensive ability quickly. Such defeat would end position of control of Indo military leaders.

3. As far as U.S. concerned, we being driven to point at which we recognize growing possibility parting of ways with Indo. For years U.S. Govt has made sustained effort understand Indo aspirations and help attain them. In West Irian case, we went to length of risking strained relations with old and close allies in order encourage peaceful settlement favorable to Indo. Present case bears no relation to West Irian since it involves Indo campaign not against colonial territory to which it has any sort of claim but against sovereign state which U.S. and most of world value as friend. Despite our inability accept Indo position vis-à-vis Malaysia, however, and in face strongly adverse reaction both from U.S. public and from U.S. allies, U.S. Govt has made continuous effort (culminating in Attorney General's mission) to encourage peaceful settlement on terms not adverse to Indo's legitimate interests. Despite this record, we now find U.S. singled out as target by much of Indo press and leadership, and U.S. companies in Indo threatened with seizure or violence. U.S. Govt and people cannot be expected put up with this forever, and must react strongly if our interests damaged by GOI or PKI.

4. Would be naive for Indos to think there are any differences or conflicts in U.S. and UK policies toward Southeast Asia which they can exploit. U.S. and UK are allies. ANZUS Treaty obligations apply if Australian and New Zealand forces involved.

5. In considering implications foregoing, Indos should not be so naive as to think they can find useful alternative support among Western Europeans (French, Dutch), Afro-Asians or Bloc. While certain Western Europeans have pursued policy similar to ours in avoiding taking sides, GOI can be sure none will abandon UK and Malaysia if forced make choice. Nor can real support be found among AA's, most of whom recognize Malaysia, have nothing against British, are preoccupied with own problems and, in any event, have nothing to offer in way tangible support. As far as Bloc concerned, Indos must be aware situation has changed radically since early postwar days of East-West confrontation when foe of one automatically taken up as friend of other.

6. By drying up sources foreign aid and disrupting trade, confrontation has seriously hurt Indo economy and virtually eliminated hopes for economic development in near future. Quite aside from its impact on population as whole, Indo military must realize this directly affects them: However large and well equipped its forces in being, Indo is not and will not be significant military power—able realistically claim capacity to defend country—so long as industrial-technical base to sustain these forces totally absent. At best will take years or decades create this base, but every day confrontation continues pushes that goal farther in future.

Department realizes carrying out foregoing will be delicate task, but believes that time for such an effort has arrived. Request Embassy reaction.⁴

Rusk

⁴ In telegram 1832 from Djakarta, March 4, the Embassy agreed with the Department's thinking and reported that Jones had already made an appointment with Nasution and would see Yani and other military figures as appropriate. (Ibid.) In telegram 1854 from Djakarta, March 6, Jones reported on an hour and 10 minute meeting he had with Nasution on the morning of March 6. The discussion suggested to Jones that the Indonesia military were determined to continue confrontation, but not to the point of large scale conflict, were aware of the threat of the PKI, and were unprepared to deal with Indonesia's economic problems. Jones reported that Nasution, "avoided like the plague any discussion of possible military takeover, even though this hovered in the air throughout the talk, and at no time did he pick up obvious hints of US support in time of crisis." (Ibid.)

34. Memorandum for the Record¹

Washington, March 4, 1964.

SUBJECT

Daily White House Staff Meeting, 4 March 1964

1. Mr. Bundy presided over a meeting much more reflective in tone than is normally the case.

¹ Source: National Defense University, Taylor Papers, Chairman's Staff Group, White House Daily Staff Meetings, Box 25. Secret; Eyes Only. Drafted by Colonel William Y. Smith of the NSC staff.

[Here follows discussion of an upcoming NSC meeting and Cyprus.]

4. *Indonesia/Malaysia*. There are reports that discussions between Sukarno and the Tunku have been broken off. The reports may be exaggerated, but they did bring to Bundy's mind the question of whether we can much longer put off the Presidential determination of whether Indonesia should continue to receive economic assistance. He felt it was inevitable that we would have to cut off aid.² He raised several questions on the matter, however. First, he wondered whether the Attorney General would be of the same mind, or whether the Attorney General would say that the Tunku has behaved as badly as Sukarno. Komer affirmed that the AG would say the latter, and with some justification. The argument was that the Tunku could afford to be statesmanlike but wasn't. He is evidently up for election and, although Komer said there is no competition, Bundy responded by saying that high level officials running for re-election do not like to hear what "shoo-ins" they were. This discussion closed with Bundy commenting that the aid determination would have to be dealt with soon.

[Here follows discussion of an OAS resolution and Presidential visits.]

WYS

² Smith recounted the following discussion at the February 24 White House staff meeting: "Bundy commented that he thought it was about time we took some action against Sukarno, and that we should initiate steps to cut off our economic aid from him. He realized that this was an unpopular position, that the Attorney General probably did not agree with it, and that he (Bundy) perhaps could be talked out of his present thinking. Nevertheless, he felt that we could not continue to support Sukarno if he continues to behave as he now is." (Ibid.) On February 25 Komer wrote Bundy a 2-page note explaining why it was the wrong time for a "showdown" with Indonesia. (Johnson Library, National Security File, Country File, Indonesia, Vol. I, Memos 11/63-4/64)

35. Memorandum From Michael V. Forrestal of the National Security Council Staff to the President's Special Assistant for National Security Affairs (Bundy)¹

Washington, March 5, 1964.

SUBJECT

Indonesia/Malaysia Recapitulation

Herewith a run-down on the last twenty-four hours:

The four Ministers met in Bangkok the day before yesterday for two hours. At the end of the meeting the Malaysians announced that since the Indonesians refused to agree to an effective withdrawal of Indonesian-supported guerrillas in North Borneo, the conferences were terminated.

After desperate efforts by Thanat and Lopez (reported in Bangkok's 1471)² Razak was persuaded to get off the airplane at the Bangkok airport and return to the city, where he is presumably waiting for the next development. No further conferences have been scheduled, although the parties remain in Bangkok.

Yesterday Mr. Renouf, Beale's DCM, came to see me, after having seen the Department, to tell us that Sir Garfield Barwick had told the Tunku he agreed that there could be no meeting of the three Chiefs of State until the Indonesian guerrillas had been withdrawn, and that there was at present no cease-fire. We do not know what advice, if any, the British had given the Tunku before the meeting; but we are trying to find out.

According to Thanat, Subandrio said he was prepared to go along with the principle that guerrillas should be withdrawn, such withdrawal to start as soon as political discussions start, and to be paced according to the progress of the discussions. His position is apparently unacceptable to the Malaysians.

Yesterday the Malaysians issued a communiqué³ which charged Indonesia with breaking the cease-fire arranged by the Attorney General. The communiqué ended by saying, "Since the cease-fire has been repeatedly violated by the Indonesians, it would be futile to regard the cease-fire as operative." As of the moment, the Malaysians have not

¹ Source: Johnson Library, National Security File, Country File, Malaysia, Vol. I, Memos, 11/63-3/64, Secret.

² Dated March 5. (National Archives and Records Administration, RG 59, Central Files 1964-66, POL 3 MAPHILINDO)

³ The text was transmitted in telegram 1464 from Kuala Lumpur, March 5. (Ibid., POL 32-1 INDON-MALAYSIA)

yet requested the Thais to send any observers to North Borneo to observe and report on the alleged violations.

I have learned this morning that Ambassador Beale has requested an appointment with Governor Harriman for tomorrow (Harriman is in Denver today). We have been told very informally (and this knowledge must be protected) that Beale intends to present an Australian paper on what should be done in the case of an escalation of the dispute between Indonesia and Malaysia.

Comment: It does not seem to me to be in the interest of the United States to see a breakdown of the cease-fire negotiated by the Attorney General, nor to permit our British and Australian friends to believe that we will participate in planning for an escalation of this conflict. I don't understand how we can fail to use every lever at our command to prevent the outbreak of another ugly war behind our backs while we are fighting in South Vietnam. I do not see how we can avoid being drawn into such a conflict in view of our relations with the parties, relations which are based both on politics and, in the case of Australia, on a treaty.

We should also not forget that the Philippine attitude toward our bases there would be equivocal, to say the least if such a conflict started.

In the longer range, I don't see how there is any hope of maintaining a Western presence in Asia if we cannot somehow avoid having one of the three most powerful non-Chinese countries become actively hostile to the West. The surest way to have this happen would be for us to stand idly by and let events take their course. That is what we are now doing.

We should tell the Malaysians, British and Australians that in our view the cease-fire must be maintained, the Thais must be asked to go to North Borneo and the conference should break up in an atmosphere in which another conference is still possible. We should say publicly that we hope the cease-fire will remain in effect.⁴

MVF

⁴In the margin next to the last paragraph Bundy wrote: "Cuthell."

36. Memorandum From Robert W. Komer of the National Security Council Staff to the President's Special Assistant for National Security Affairs (Bundy)¹

Washington, March 11, 1964.

McGB—

We're slowly nursing Indo-Malaysian talks along (with Thai and Phil help), not because of any great optimism but in hopes something may turn up.²

Indos and Malays still growling at each other, but neither seems disposed yet to make a definite break. I'm fascinated that Indos, though continuing infiltration, seem more defensive and unsure of selves.

Talk now is about Lopez formula: (a) disengagement, i.e. gradual withdrawal; (b) simultaneous renewal political discussions; (c) agreement in principle to Summit after Malaysia 25 April elections. Indos boggling at withdrawal w/o clear understanding Malays will talk; Malays adamant against talking w/o substantial Indo withdrawals.

I'm urging State find quiet ways to clue Indos we're getting fed up, as just about last lever *we* have on Sukarno (it ain't much). Somehow we haven't gotten through to the Bung that he can no longer count on us. But as long as this pot just simmers, let's not stir it up.

RWK

¹ Source: Johnson Library, National Security File, Country File, Malaysia, Vol. I, Memos, 11/63-3/64. Secret.

² Reports of the Maphilindo Ministerial meeting and on the respective attitudes of the leaders of the governments participating are in telegrams 1496 from Bangkok, March 6; 795 from Kuala Lumpur, March 6; and 1855 from Djakarta, March 7. (All National Archives and Records Administration, RG 59, Central Files 1964-66, POL 3 MAPHILINDO)

37. Telegram From the Embassy in Indonesia to the Department of State¹

Djakarta, March 12, 1964, 4 p.m.

1890. Deptel 946 sent KL 741,² Embtel 1832.³ Further comments to second reftel follow:

1. I and other members of my staff in contact with key members GOI and military leaders have for past several months been using most of arguments presented in first reftel and we will continue use them. Difficult to say what effect our argumentation has had. Our representations have not perceptibly succeeded slowing down confrontation. There even may be danger that, given Indo psychology, our showing too much worry about their problems counter-productive. Subandrio recently quipped to diplomatic group in my presence: "Americans are more worried about ceasefire than we are." Nevertheless believe we should continue try deflect them through reminder several adverse consequences their current policies and actions lest they tend brush these under rug.

2. We do not believe that Sukarno either going down road of confrontation alone with support dragging its feet or that he primarily responding to pressure from military or others (although PKI is of course trying its best to push him). Sukarno is calling shots.

3. Re attitude of military, we believe following are salient aspects. Military leaders:

(a) Want to stay ahead of PKI and assert leadership on emotional national issue (remembering they nearly lost leadership to PKI in case West Irian);

(b) Have no intention letting confrontation develop into real war. Even threats resupply to guerrillas probably more for propagandea reasons than otherwise. High ranking officer just last day or two told Col. Benson "They can take care of themselves;"

(c) Think that in carefully muted and orchestrated guerrilla effort (not "all out" confrontation) Indo has winning proposition (we believe that in long run, subject of course to unpredictable actions others, they may be right);

(d) Are prepared to react to PKI moves which they are confident they can handle but have no other plans for taking over and improving nation;

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret; Limdis. Repeated to Kuala Lumpur.

² Document 33.

³ See footnote 4, Document 33.

(e) Like civilian leaders, support Sukarno because they feel they have no choice but to keep their position and wait for something to turn up;

(f) Are aware that economic situation is tough but do not believe it involves political risks they cannot contain or that will seriously limit their actions; besides, they themselves as privileged elite do not feel effect and pinch to extent most other Indos do;

(g) Have, together with some civilian leaders, keen recollection way situations have developed in Korea, Vietnam, Laos, Cuba and West Irian and their reading of these situations leads them to believe that advantage lies with guerrillas rather than with defenders. They regard gambles of escalation and economic hardship as minimal and worth taking.

4. Any promotion by us of crisis psychology here in respect to US-Indo relations plays into hands PKI whose objective is to cause rupture there. Granted pressures necessary to attempt to keep Sukarno from running wild, they should be calculated, low-key ones.

5. Specifically on numbered paragraphs of first reftel we offer seriatim following comments;

(1) We should avoid overestimating as well as underestimating effects on Indonesia (as well as on Malaysia) of confrontation. We are not convinced that Indo will be entirely strapped for aid. There have been reports credit offers presently in Indo hands of nearly \$500 million (admittedly, mostly for capital projects). Sov \$250 million credit of 1960, although earmarked for capital projects, could if USSR agrees be shifted to more pressing Indo needs. Sovs have given no recent indication of any intention to permit significant shift. Japan, Netherlands, Germany and France in descending order have given evidence willingness extend commercial credits which will establish them in potential Indo market. In recent talk here on TV, Sov Amb expanded on availability Sov aid and trade. Thus far Sov aid has been intended and has operated to strengthen GOI and has had little effect on PKI one way or other. Parenthetically there have probably never been more private foreign commercial representatives in Indo than at present time.

(2) Indos aware of risk escalation (which they assume, however, would throw conflict onto world level). Military leaders intend keep operations involving British in low gear and in jungles where they think they can in time win. They think they have initiative and can make it as hot or cold as they want and in this way safeguard against escalation.

(3) We assume these statements envisage major conflict and US involvement, such as meeting ANZUS commitments. Otherwise we believe GOI will try avoid break with us and we think US should also try to avoid break with Indo, unless provocation becomes intolerable.

(4) Indos probably believe and hope US and UK will see situation here in terms their individual interests and that this will work to divide them. We have emphasized, and confident they fully aware of, US commitments to ANZUS.

(5) In addition comment on possible material support above, we assume reluctance by USUN and others to see Malaysia issue thrown into UN indicates some potential A-A and Bloc support for GOI.

(6) With their theories "territorial warfare" Indo leaders probably see situation differently and very likely think that major assault by major power is unlikely because of fear by such power of escalation. In extreme circumstances they also apparently assume that Sov Bloc would come to their assistance. CAS has reports of informal offers of unspecified aid from ChiComs. They aware of and apparently willing take this risk, if forced into it, although will make every effort avoid escalation.

Additional and concluding comments and recommendations:

(a) US objective in Western Pacific of keeping Indo in free world orbit or at least denying area to Bloc seems to us to be overriding consideration in our approach to Malaysia problem, subject only to US policy interest in creation of secure, stable and viable Malaysia.

(b) We would think that reasons which have led US AID complete break with Cambodia despite Sihanouk's provocations would apply in even more important and convincing way in case of Indonesia, up to point of intolerability.

(c) US should insofar as possible avoid quarreling directly with Indo on Malaysia, continue to urge ceasefire and talks seeking political settlement; and preserve US presence Indo.

(d) US should at same time avoid both becoming involved militarily or in being trapped into sponsoring particular compromise or being drawn directly into the negotiating picture in any manner which would give Indos further advantage.

(e) So long as present Malaysian crisis continues, US should, with certain exceptions which are clearly in our interest, respond to Indo requests for additional economic and military assistance with expressions of regret that we must await settlement Malaysian problem (exception to this would be US support for relief of hunger through shipment surplus agricultural products under Titles II and II [III] of PL 480⁴ and, to extent possible, support for civic action and permissible military training).

⁴ Public Law 480, Agricultural Trade and Development Assistance Act of 1954 ("Food for Peace"), enacted July 10, 1954, 68 Stat 454. Section II is entitled "Famine Relief and Other Assistance," Section III is "General Provisions."

(f) In tune with many key Indos who would prefer policies more acceptable to us, we should wait with patience and forbearance until new leadership appears.

Jones

38. Letter From Secretary of State Rusk to Secretary of State for Foreign Affairs Butler¹

Washington, March 13, 1964.

Dear Rab:

I appreciate your March 6 letter,² succinctly setting forth the dilemma we all face in trying to ease the situation between Indonesia and Malaysia.

Prospects for a negotiated settlement certainly are not particularly bright at the moment, although I do feel there is still a chance that our continued efforts can eventually bridge the gap between them. The second Bangkok meeting was disappointing in many respects. It did, however, produce Lopez' three-point formula which, if the Indonesians can be induced to accept it, may still serve to keep negotiations alive and to lead to the withdrawal of the Indonesian guerrillas. As you know, we have been pressing Sukarno hard to accept this formula. Although the results are still inconclusive, we believe—perhaps over-optimistically—that we can detect some slight movement in the hitherto intransigent Indonesian position. We will continue our efforts.

In this connection, I am happy to see that your efforts to dissuade the Tunku from declaring "general mobilization" have so far been successful. A gesture of this sort could only have exacerbated the situation to Malaysia's disadvantage while adding little to Malaysia's strength. Although the limited call up actually proclaimed by the Ma-

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret. No drafting information appears on the memorandum, but the covering memorandum from Hilsman to Rusk was drafted by Ingraham and cleared in draft with Willis Armstrong (EUR/BNA) and William Buffum (IO/UNP).

² Attached, but not printed. In this letter Butler put forward three possible actions: (1) a Malaysian request, backed by all the Western Powers, for an early meeting of the Security Council; (2) an unmistakable warning from the United States to Sukarno that failure to withdraw Indonesian guerrillas and resume negotiations would entail full U.S. support for Malaysia; or (3) joint representations by such Asian Powers as Japan, the Philippines, Thailand, and others to Indonesia.

laysians may evoke some noise from Djakarta, it should have considerably less impact than would a general mobilization call.

If our current efforts to make some use of the Lopez formula should fail, a fresh initiative of some sort may be possible to maintain the hope of a peaceful settlement. The precise form such initiative should take, however, will probably have to be determined pretty much on an ad hoc basis in the light of the precise positions of each side at the moment the failure becomes apparent.

It may be, however, that we will eventually be forced to the conclusion that further negotiations between the principals have no chance of success. This could come about if it became certain beyond doubt that Sukarno was unwilling to call off his military confrontation without concessions that would threaten Malaysia's basic interests. I do not think we have come to that point yet, however, and I doubt that detailed contingency planning to meet it would be profitable at this stage.

Since the need for a fresh initiative may shortly arise, I have examined with interest the three specific possibilities you suggest.

As you know, we would be reluctant to see the dispute brought before the Security Council at the present moment. Our delegations in New York have examined this possibility and concluded that a referral to Security Council at this time would not be in Malaysia's interest. We by no means preclude resort to the Security Council if all prospects for direct negotiations are foreclosed or if the Indonesians intensify the scale of their military activities, but we doubt that the time is yet ripe for this. I believe that the contingency planning carried out by our delegations in New York will permit us to move into the Security Council with minimum delay once the decision is taken.

As to your second suggestion, you know that we have been putting sustained direct pressure on Sukarno to modify his position. In the process, we have made clear to him that we have reached a watershed in our relations with Indonesia and that the future course of these relations depends on his actions in the dispute. Our aid has already been cut to the point at which it will soon consist of little more than training—actually more beneficial to us in terms of influencing the next generation than it is to Sukarno. He has been put on notice that even this aid may well be cut off unless the situation eases. Beyond this, we have made sure that he is fully aware of the ANZUS implications in the situation.

As you can see, we have in effect already warned Sukarno that the friendship of the United States and any prospect of future support from the United States will be lost to him unless he modifies his position. We will repeat this warning as often as seems useful, and if it fails to move him we will implement it.

As to your third point, there may be merit in examining the possibility of bringing other Asian powers into the scene, either individually or jointly. On the other hand, two of the countries you mentioned—Thailand and the Philippines—are already in the thick of it, and we would not want to supersede their current efforts until they have run their course.

You can be sure that, from our side, we do not wish to see things drift in this dangerous situation. Our officials and yours are in close contact at a number of levels, and we will continue to explore, jointly, every opening we can detect.³

With warm regards,
Sincerely,

Dean Rusk⁴

³ On March 19 Butler responded to this letter by expressing skepticism about Sukarno's qualified acceptance of the Lopez formula. Butler wondered how the Tunku, who was facing an election, could accept a secret assurance in the face of public Indonesian statements that the cease-fire was over and intensified military operations were about to begin. Butler would not try to influence Malaysia against the formula, but he doubted much would happen until after the Malaysian elections. (Letter from Butler to Rusk, March 19; Johnson Library, National Security File, Country File, Malaysia, Vol. I, Memos, 11/63-3/64) For a summary of the Lopez formula, see Document 36. Rusk responded to Butler in a March 27 letter basically agreeing with him, but suggesting that Indonesia's internal troubles were best exploited by "continuing to hold open to him the door through which he can beat a diplomatic retreat rather than by shutting it in his face." (National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA)

⁴ Printed from a copy that indicates Rusk signed the original.

39. Telegram From the Department of State to the Embassy in Malaysia¹

Washington, March 17, 1964, 7:52 p.m.

794. Djakarta's 1920.² Sukarno's conditional acceptance Lopez formula could be significant step in breaking current impasse if all parties prepared follow it up. As we see situation, our immediate objectives are (a) to halt further Indo guerrilla buildup in East Malaysia and to start process of withdrawal, and (b) to provide forum for continuing tripartite talks to fill gap until Malaysian elections and, hopefully, to start preliminary discussion political settlement. Sukarno's agreement seems offer hope of achieving both.

Most obvious hazards in next few days would seem include following: Actual wording of conditions attached to GOI acceptance could deviate so widely from that stated in reftel or could be couched in such offensive language as to preclude Malaysian acceptance. Even if wording follows that specified in reftel, Malaysians may still back off from position stated by Razak in Bangkok or insist on further clarification Indo position. Tunku might also yield to temptation and start crowing publicly about Malaysian victory. Or Lopez could decide cap his success by leaking whole story to press.

We would appreciate posts' suggestions on how best exploit situation and avoid hazards. Not much can be done, of course, until we see what Thanat actually gets from GOI.

One problem to be faced if Indos accept formula is that of publicity. While desirable that Sukarno's strict injunction against publicizing arrangement be observed, record for secrecy in past somewhat similar circumstances very poor. Formal public reference of some sort to effect discussions being resumed would probably be necessary to minimize press speculation when becomes known Ambassadors getting together in Bangkok. Difficult to see how Malaysians could agree to any publicity on talks, however, unless they could tell their people GOI had agreed

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Confidential; Immediate. Drafted by Ingraham, cleared with Cuthell, and approved by Green. Also sent to Manila and Bangkok and repeated to Djakarta, London, Canberra, and CINCPAC for POLAD.

² In telegram 1920 from Djakarta, March 17, Jones reported that after a meeting with Subandrio and Sukarno, they agreed to accept the Lopez formula provided all parties agreed that Malaysia was prepared to commence high-level talks on a political settlement when actual disengagement began and would not be rigid on timing for withdrawals. For the time being Indonesia would continue ambassadorial talks with the same understanding on disengagement as would be applied to ministerial talks. Furthermore, there could be no publicity about the Lopez formula agreement. If the Lopez formula was made public, Indonesia would deny it had agreed to it. (Ibid.)

start withdrawals. Might be possible resolve this problem if Thanat would make brief non-committal public statement along following lines after clearing it with all three principals: "As result diplomatic conversations carried on at second Bangkok meeting, Indos, Malaysians and Phils have agreed take certain measures to relieve tensions in area. Further exploratory talks between Ambassadors of the three countries in Bangkok will be taking place in coming weeks." Would appreciate posts' reactions.

Pending promised GOI message to Thanat, we believe it best not discuss Indo acceptance with anyone except Thanat, UK and Austraians. British and Australian Embassies Washington given summary *reflet today and will inform their governments we prefer no discussion with GOM or GOP until Indos act.*

For Bangkok: Thanat should be given full summary Jones-Sukarno meeting soonest. Should briefly outline what we foresee in way hazards and stimulate his thinking on ways to make most of situation. FYI. One important objective is to keep him actively involved and forestall any tendency phase himself out. End FYI. Should point out that this development obviously supersedes current exchange between Lopez and GOM through RTG on question timing of withdrawals and summit (Bangkok's 1575),³ and express hope he can keep this unprofitable exchange from jeopardizing chances of exploiting Indo acceptance Lopez formula.

For Kuala Lumpur and Manila: For time being you should limit selves to telling govts that Ambassador Jones making progress with GOI in terms Lopez formula, that we believe there good possibility of constructive GOI action soon, and that we suggest this be given chance to develop by few days of quiet.

Rusk

³ Dated March 17. (Ibid.)

40. Telegram From the Embassy in Indonesia to the Department of State¹

Djakarta, March 19, 1964.

1943. Embtel 1854.² Gen Nasution recently indicated interest in follow-up of talk reported reftel and I spent hour and half with him yesterday morning. Highlights of this conversation follow:

1. Regardless of how Malaysian dispute develops, Nasution is concerned with preservation long range relationship with US Govt. To that end, he considers it vital for US to maintain some continuing link with Indo army. He recognizes current strains in relationships but armed forces are strongly pro-US and anti-PKI. It is of vital importance to US and to Indonesia that certain programs in support of armed forces continue. Appreciating political limitations we face, he said training of military officers in US and civic action program in Indonesia must continue as investment in future. He felt so strongly about this he asked me if I could arrange to send a personal message from him to Secy Harriman, Gen Maxwell Taylor and Robert Kennedy. I said I would be glad to do so and will transmit message as soon as received.

2. I explained difficulties which faced US in continuing aid to Indonesia and spelled out implications of amendments to aid bill. I pointed out that if Indo army continues to be involved in sponsoring "aggression" in Borneo, it would be next to impossible for US to help, even though we too were concerned about long range relationships.

3. Nasution felt that no real solution to Malaysia dispute was possible within immediate future because of hard positions on both sides. He wants talks to continue because there is always hope that solution will be found but he is not optimistic. He understands Tunku's position ("I have never criticized the Tunku even though I disagree with him," he pointed out) and his political problems. He also indicated frankly that in his view Sukarno needed to continue confrontation policy in order to induce his people to accept hardships of current economic situation. To this I retorted that way to solve economic situation was to end confrontation—economic situation did not have to be "accepted."

4. Expanding on his reasons for pessimism over likelihood of settlement, Nasution said Sukarno was still holding to position that, pur-

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret; Limdis; Noform. Repeated to Kuala Lumpur, Manila, and CINCPAC for POLAD. There was no time of dispatch on the telegram, which was received at the Department of State at 6:59 a.m., March 19.

² See footnote 4, Document 33.

suant to agreement reached in Manila, some form of plebiscite or referendum must be held to confirm public opinion in Sarawak and Sabah favored joining Malaysia. Nasution did not think, even after April election that Tunku would consider this. Therefore, he expected talks to break down, cease fire to break down. If this happened, he would do his utmost to prevent escalation of struggle and believed it could be kept within confines of small guerrilla action. He said he still had officer friends in Malaysian army with whom he was in quiet communication and that they too were anxious to avoid open conflict. I pointed out seriousness of Indo position internationally if "aggression" in form of insertion new guerrillas into Borneo continued, also inconsistency in his expecting US to support Indo army in any way when same army was responsible for these actions. Nasution took me up on word "responsible." He said his govt was responsible for whatever decisions might be made, that army was forced to carry out decisions of govt. He appeared to be saying that time would come when situation might be different and meanwhile it was vital to our mutual interests not to destroy confidence and communication which presently existed between Indo army, particularly, and US army.

5. As to resolution of impasse over Malaysia Nasution thought political changes in either Kuala Lumpur or Djakarta might be required before real solution to Malaysian dispute would be possible. He added caveat which I did not ask him to explain "unless God intervenes."

6. In response my question as to how much control Indo army actually had over guerrillas, Nasution replied, "Complete control over Indo volunteers" but probably very little control over remainder.

7. I asked Nasution whether army would take action against PKI if party attempted exploit current economic difficulties through strikes, riots, etc. He said PKI was still supporting Sukarno and would not go so far as to adopt tactics directed at Sukarno. If PKI did, however, Madiun (1948 crushing of PKI attempted coup) would be mild compared with army crackdown today. He said Sukarno had personally ordered PKI recently to stop aggravating economic difficulties and food situation by exploiting it for propaganda purposes.

8. What about PKI in important executive posts in cabinet, I asked in recent meeting. Following PKI report on seriousness of economic and food situation, Nasution said Sukarno had offered cabinet post to anyone who would guarantee to solve problems. There were no takers. Army was still against PKI in executive cabinet, he said. But important thing was not formal structure of cabinet. Thus Justice Min and Education Min were leftists if not actually PKI members, but neither were in small power group which made decisions. Nasution implied Sukarno's continuing tactic was to subordinate PKI in ways which resulted in dilution PKI influence in conduct of govt.

9. Situation in Sarawak and Sabah, according to Nasution, could be summarized about as follows: There were 1,000 trained guerrillas in area of which one-third were native to area, one-third were youth volunteers from Indo army and veterans. These men were trained to expand their influence so that presumably six to ten times their number could be counted upon.³

Col George Benson and Gen Marjadi were present during conversation.

Jones

³ The CIA estimated that there were 400-500 Indonesian reinforcements on the Malaysian Borneo border ready to cross into Malaysia at any time. They estimated that there were 800-870 guerrillas in Borneo and 1,600 Indonesian guerrillas committed to confrontation with Malaysia. (Memorandum from McCafferty to McGeorge Bundy, March 11; Johnson Library, National Security File, Country File, Indonesia, Vol. IV, Memos, 3/65-9/65)

41. Telegram From the Embassy in Indonesia to the Department of State¹

Djakarta, April 10, 1964, 11 a.m.

2119. Deptel 1093.² I had hour and half talk with Sukarno alone this morning, at least half of time being devoted to discussion of problems connected with possibility of peaceful settlement of Malaysia dispute.

Despite absence of Subandrio who was tied up with preparatory AA conference, I decided to make all points in ref tel as I concluded I would not have another opportunity until after AA conference. In

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDO-MALAYSIA. Confidential; Priority. Repeated to Bangkok, Canberra, Kuala Lumpur, Manila, London, Singapore, CINCPAC for POLAD, and USUN.

² In telegram 1093, April 8, the Department instructed Jones to meet with Sukarno and Subandrio and "steer them back toward tolerable position" by stressing that it seemed that Indonesia had retreated from its acceptance on the Lopez formula; was taking a new hard line on guerrilla withdrawals and, in fact, was intensifying its campaign; and seemed to be trying to force Tunku to accept a summit without prior guerrilla withdrawals. Jones was to state that if Indonesia sincerely wanted a peaceful settlement, it must "(a) cease equivocations and accept Lopez formula in accordance procedure agreed to at March 17 meeting, and (b) call immediate halt to guerrilla reinforcements and terrorist activities." (Ibid.)

doing so, however, I told Sukarno I hoped that he and I and Subandrio could hold meeting together in near future to clarify issues in connection this question once and for all.

Sukarno denied flatly that Indos had changed their position since March 17 understanding had been reached (Embtel 1920 to Dept)³ except with regard to continuing tripartite talks at Ambassadorial instead Min level. In all other respects he reconfirmed position as reported reftel—indeed I read him excerpt from reftel which he confirmed as representing his attitude. He had reconsidered question of Ambassadorial talks he said because he was convinced they would not get anywhere and he preferred Ministerial talks, although he repeated he was quite prepared to enter summit talks without preparatory talks. I pointed out difficulties of this in view of fact that Tunku could not be expected to enter summit talks unless guerrillas had been withdrawn.

I felt Ministerial talks would be necessary to accomplish dual purpose of withdrawal of guerrillas and achieving progress toward political formula for settlement. Sukarno indicated he was agreeable to this, "We have not shifted our position," he repeated.

During course of discussion I bore down heavily on Yani's public statement that cease fire means legalization guerrilla pockets and of Indo moves to reinforce Borneo guerrillas and mount terrorist campaign in mainland Malaysia. Sukarno denied flatly that Yani's statement meant what I implied. He said it was simply a matter of semantics and not intention to distort cease fire understanding reached with Attorney General. It was he said simply another way of saying "standfast." He then repeated what he understood cease fire to mean: (1) no shooting; (2) standfast; (3) no mopping up; (4) no withdrawal. He admitted cease fire had been only partially successful, then accused British troops of "bestiality, not merely atrocity" in decapitating captured guerrilla by putting rope around his neck attached to a helicopter.

My comment on terrorist campaign in mainland drew fire. Sukarno denied these were Indo guerrillas, said I must remember there were many Malays on mainland whose sympathies did not lie with Malaysia. Then accused British-Malaysians of planning bombings and ambush in south Sulawesi. When I pressed him for evidence, he said GOI had this week arrested two Malaysians in Djakarta who confessed. He assured me with some heat that foreign support of recent troubles in Sulawesi had been established.

Reverting to peaceful settlement of Malaysia dispute, Sukarno said he could not understand why everybody seemed to think that it was so difficult a problem. "The whole mess can be cleared up by one

³ See footnote 2, Document 39.

simple act" he said—then referred in general terms to some method of implementing Manila agreement by ascertainment of public opinion in Kalimantan. "My position is clear" Sukarno said, "I prefer Sarawak and Sabah as free nations to join other free nations within framework of Maphilindo" but he insisted "if they stick to Malaysia, if Kalimantan people prefer to join Malaysia, I will also recognize Malaysia." He then repeated earlier statement that said he had felt "insulted and humiliated" over establishment of Malaysia on Sept 16 before the UN survey had been completed. This was "real tearing up of Manila agreement" he said hotly.

In commenting on the Washington-Bangkok feeling that Indos had shifted their position, Sukarno revealed that Gen Yani had had frank talk with Thai General who was here to discuss sending observers to Kalimantan and had outlined Indo position as I had reported it.

At another point, Sukarno revealed his intention to wage vigorous campaign to get second AA conference to condemn Malaysia. I pointed out conference was long way off, probably would not be held until next fall—did he mean he had no intention to reach political settlement in interim? "Tell the Tunku to put a little water in the wine," he said in indicating clearly that he did want a settlement but that as Subandrio had put it, GOM should "sweeten the pill."

Jones

42. Telegram From the Department of State to the Embassy in Indonesia¹

Washington, April 14, 1964, 7:24 p.m.

1120. Post-SEATO Ambassadors' meeting in Manila² should provide opportunity for thoroughgoing assessment current status Indonesia-Malaysia dispute, prognosis, and critique our current policies.

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret; Priority. Drafted by Ingraham, Ballantyne, and Moscotti, cleared by Cuthell, Barnett, and Frazier Meade (EUR/BNA). Also sent to Kuala Lumpur, Manila also for Bundy, and Bangkok and repeated to London, Canberra, and CINCPAC also for POLAD.

² The Ninth SEATO Ministerial meeting in Manila was held April 13-15. Secretary Rusk discussed the Indonesia-Malaysia dispute with President Macapagal on April 12 and the Malaysian military situation with British Minister without portfolio, Lord Carrington, on April 13. Accounts of these discussions are in US/MC/4 part IV, April 12, and US/MC/6, part IX, April 13. (Ibid., POL SEATO 3 and POL 32-1 INDON-MALAYSIA, respectively) A complete set of Rusk's memoranda of conversation at the SEATO meeting in Manila is *ibid.*, S/S-Conference Files: Lot 66 D 110, CF 2379.

As Department sees it, present situation approximately as follows:

1. Indonesia: Re immediate situation, Sukarno apparently either (a) believes that he has made offer to Malaysians which should permit resumption negotiations and that ball now in Tunku's court, or (b) has done no such thing but wants us think he has. Thus he has just reiterated to Ambassador Jones his acceptance Lopez formula along lines he agreed to on March 17 and has ended his April 13 speech with call for Tunku reply to his remarks. Discrepancy between his comments and Subandrio's hard line in Bangkok (Bangkok's 1718)³ still unexplained. Basic fact is that he has not communicated acceptance to Thanat.

In wider context, direction Sukarno now heading particularly hard to fathom, perhaps because it reflects uncertainty among Indos themselves. As far as Sukarno has coherent policy, would seem be along lines suggested Deptel 1093 to Djakarta,⁴ i.e. stepped up military and subversive pressure to force early unconditional summit. Still open question what he hopes get from summit, although his comments to Ambassador Jones (Djakarta's 2119)⁵ indicate he still pushing plebiscite, possibly as "face-saver" but possibly also to permit further disruptive tactics in Borneo.

Meanwhile, all indications are that Indo economy heading toward severe crisis by next fall which could seriously shake even Sukarno regime, hitherto immune to internal economic pressures.

2. Malaysia: All parties to dispute seem to agree no real progress toward settlement possible prior April 25 elections. Meanwhile Tunku's energetic defiance Indonesia, while understandable, not making things any easier. Even after elections little chance Malaysians will be prepared to budge on principle of no negotiations until guerrillas start withdrawing and no summit until they substantially withdrawn. They see nothing to convince them that Indos not bent on implementation "crush Malaysia" policy and are reacting accordingly. Presumably they deriving comfort from obvious plight Indo economy and latest reports Sulawesi dissidence, which they take as strengthening their hopes for removal Indo threat by breakup of Indonesia.

On military side, stepped up Indo guerrilla and terrorist activity is building up pressure for active British-Malaysian retaliation despite damage this could do to Malaysian position before world.

³ In telegram 1718 from Bangkok, April 8, the Embassy reported that Thanat, after an extended conversation with Subandrio, was convinced that the Indonesians were not prepared to withdraw prior to political talks or a summit; there was no chance of progress until after the elections in Malaysia; and the Indonesians were not going to be pinned down as to interpretations of the Lopez formula. (Ibid., Central Files 1964-66, POL 3 MAPHILINDO)

⁴ See footnote 2, Document 41.

⁵ Document 41.

3. Philippines: Since his trip to Indonesia and in atmosphere of increasing domestic criticism for following in wake of Indos, Macapagal has made tangible moves to bring Phil position onto more truly middle ground between prime disputants, establishing space between himself and Sukarno's hard line. While this has had no apparent restraining influence on Sukarno, it has served to improve somewhat GOP relations with Malaysia. Basically, Macapagal has kept Phil policy in harmony with U.S. approach to Sukarno and will be watching for any changes in this respect on our part.

4. United States: Tactics we have used to date—quiet pressure on all sides toward moderation, encouraging negotiations within "Asian" context, continuing but limiting aid to Indo, refraining from taking sides openly despite overwhelming U.S. public sympathy for Malaysia—may have prevented more serious blowup but have not yet brought settlement within sight. Our current efforts revolve around Lopez formula which, despite ambiguities, is only proposal now afloat that promises channel for resumption direct negotiations. Time available to us for generating progress toward settlement, however, is running out. With fiscal year nearing end, Presidential Determination cannot long be withheld. Unless Indos stop escalating guerrilla activities and resume negotiations, will be almost impossible expect decision favorable to Indo.

With foregoing analysis in mind, would be most helpful to Department if Ambassadors could examine situation both from immediate tactical viewpoint and in wider context broad U.S. policy.⁶ We must of course take British interests and current intentions into account. Among questions in former category which you might consider are following (list is by no means all-inclusive):

1. Current efforts to revive negotiations: Does Lopez formula still hold any real promise in getting negotiations resumed? If so, how can we encourage its implementation? If not, are there any alternative ways of getting parties together? Is this desirable objective prior elections or should we sit it out until after April 25?

2. Observers: We continue think it highly desirable get Thai observers deployed soonest. Do Ambassadors agree? What are present prospects getting Thai observers moving, and is there anything we can do speed process? If we must write off Thai observers, are there any other ways by which neutral entities can be placed in position to police ceasefire and build up record Indo violations for possible later use?

3. Phil-Malaysian relations: How can we speed up lagging process of establishing consular relations?

⁶ See Document 43.

4. Military situation: What is most likely Indo objective in stepping up guerrilla incursions and mainland terrorism, and how much farther do they intend go? How close are British and Malaysians to decision on border-crossing retaliation? How effective are contemplated retaliatory measures likely to be and what would be Indo reaction? Assuming retaliation undesirable, what alternatives have British and Malaysians to discourage Indo buildup? Do we have any remaining leverage that might get Indos to taper off, and if so, how do we apply it?

5. Internal dissidence in Sulawesi: How serious is it and how much will it limit Indo escalation military confrontation? Any chance it spreading other areas? Any indications outside encouragement and support for dissidents?

6. Political settlement: Assuming (a) Sukarno must have some sort "pill-sweetener" and (b) Malaysians cannot accept formal Borneo plebiscite or similar arrangement which would cast their sovereignty or prestige in doubt, is there some middle ground where both could meet if they were brought together? What appear to be rock-bottom Indo conditions for settlement? What are maximum conditions Malaysians could be expected accept?

In addition foregoing tactical questions, we are suggesting Ambassadors also take wider look at current U.S. strategy. You should consider, for example, whether our present policy of active but indirect and relatively disinterested involvement should be continued or whether alternative might better meet our interests. Among possible alternatives are (a) disengagement, tapering off our mediatory efforts, attempting maintain minimum foothold in Indo, and waiting for economic attrition to bring Sukarno to knees; (b) increasing scope of our mediatory efforts, calling plays from quarterback slot rather than sidelines; (c) expending our remaining leverage on all-out effort deflect Sukarno, recognizing that we are out of Indonesia if we fail. This by no means inclusive list. Others, or mix of several, may occur to you. For example, you might consider possibility of encouraging larger role in Indonesia by other countries such as Dutch.

Ball

43. Telegram From the Embassy in the Philippines to the Department of State¹

Manila, April 17, 1964, 6 p.m.

1609. Reference: Deptel 1605 to Manila.² Ambassadors held two meetings, one Wednesday³ evening attended by Asst. Secy. Bundy and for a time by Secretary, and second on Thursday morning. Greatly appreciated having ref Deptel which gave central focus to discussions.

Following is summary of talks as they related to six questions set forth reftel. This not cleared by all participants and they may wish forward comments. Statements attributed to Secretary uncleared by him.

1. Ambs concluded they really don't know at present whether Lopez formula still holds any real promise in getting negotiations resumed. Amb. Jones reported that Sukarno has said he would begin withdrawal his troops with beginning political talks and would continue withdrawal in conformity progress of such talks. Amb. Bell said Malaysians have had no official notification of GOI position. Amb. Jones plans ask Sukarno at meeting scheduled for April 21 whether his March 17 position still stands and if so urge Sukarno to inform Tunku through Thais. Said would be helpful if he could tell Sukarno that Tunku still prepared accept Sukarno interpretation of Lopez formula. Amb. Bell said Tunku had been prepared accept it on March 18 and probably still prepared do so. Outcome Jones meeting with Sukarno on 21st should give some indication whether Lopez formula can be useful.

Prospect for Ministerial meeting seems dim. Best bet probably to try for summit. President Macapagal thinks there some chance for summit meeting after April 25 elections in Malaysia. He regards this as last chance. Appears have some reasons, not fully revealed to us, for believing he can bring it about. Ambs agreed that we should sit it out until after April 25.

2. Ambs not at all sure it continues be highly desirable get Thai observers deployed soonest because: (1) Malaysians and Indonesians have failed agree on any clear terms of reference for the observers; (2) as a result Thais are fed up with the idea of their prospective observer

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret; Priority; Limdis. Repeated to Djakarta, Kuala Lumpur, Saigon also for Bundy, CINCPAC for POLAD, Canberra, London, and Tokyo.

² Same as telegram 1120 to Djakarta, Document 42.

³ April 15.

role and apprehensive their friendly relationship with parties concerned could become prejudiced or misunderstood; (3) if Brits are contemplating step-up of their actions to include possible hot pursuit, Thais could be placed in embarrassing position should Indos call upon observers to investigate a British action. One reason for pushing observer idea is to build up evidence against Indos for possible use in case issue brought to UN. Observer citations against Brits would work against us. Moreover, we reluctant have issue brought into UN because desire avoid getting into UN Charter Article 19 matter.

Ambs concluded that while we might be able pressure Thais into taking up observer role, it not worth the political cost in terms our relations with Thais, unless some clearcut advantage to be gained, which doubtful. Ambs thought careful consideration should be given to questions of what would be responsibilities of observers, and what would result from observer system if Brits step up level their activities.

Only possible alternative to Thai observers appeared be Japanese, who have been anxious to play constructive role; but Ambs believe Japanese involvement inadvisable.

3. Ambs reviewed current status of process establishing consular relations between Malaysians and Phils. Agreed Phils wanted to have Consul General level in order carry on diplomatic communications through consular relations, whereas Malaysians desire limit consuls to purely consular functions in order keep pressure on Phils establish normal diplomatic relations. Ambs have no specific recommendation how to speed up process establishing consular relations. Believe we should stand aside and problem will be resolved bilaterally.

4. Re Military Situation. Agreed there certainly is a build-up on Indonesian side of border which is alarming. Some of the Indo regulars are in on Malaysian side. Indos can keep this up indefinitely, and have capability step up considerably. Amb. Jones said he thought Sukarno genuinely wants some kind of settlement and that he does not want to exacerbate already deteriorating relations with U.S. Indonesian intention probably is to put maximum pressure on Malaysians to obtain a face-saving formula for settlement, after which military actions could be terminated and Indos would thereafter pursue their policies in the political domain. Nasution has said Indo objectives re Malaysia are long-term proposition. Regards Malaysia as unnatural structure which will ultimately collapse; but once a settlement of some kind reached, the military phase presumably would be finished at least for time being.

Malaysians and Australians consider very important that Sukarno not gain benefits from aggressive action. They do not believe Indos will step up the level of their action much, even though they unable achieve benefits they contemplate. British view is that Indos should be given "bloody nose." Amb. Jones said Indo military leaders had told

him they would do everything possible to avoid escalation. However, Amb. Jones thought Indos would react pretty violently to attacks into Indo territory.

British fear situation approaching point where Communist Chinese cadres will begin coming into Malaysia and taking over guerrilla operations. Perhaps British would like to see military situation escalate to point where would have war and ANZUS commitments could be invoked and burden thus passed to U.S.

Amb. Jones outlined two related conceptions of way British say they see military problem. At border there are a number of main access trails. Guerrillas crossing from Indonesia must use these. Once across into Sarawak, the trails fairly quickly begin to bifurcate and branch out. Therefore essential stop guerrillas as they come across and before they get into belt where trails branch out and enable guerrillas to melt into countryside. Other version is that on Indonesian side there are number of military groups. They have good lateral communications. These groups can carry out feints at various points, while infiltrating group is pushed across elsewhere. What is required, Brits reason, is to break up these bilateral communications, or attack concentrations on Indo side. Amb. Jones said if Brits did that, it would probably mean real war.

5. Amb. Jones said Sukarno convinced British are involved in Sulawesi insurrection. No hard evidence of this, but there has been some recent increase in intensity of uprisings there and some rather sophisticated weapons being used.

6. Re political settlement, collective view was that Sukarno may well be seeking some kind of face-saving settlement. "Fill sweetener" would probably have to be some kind of ascertainment formula. Subandrio has said Indos want a plebiscite. Know they won't win, but this would give them something. Question arose as to why, if Sukarno really wants a political settlement he continues support volunteers and CCO and putting in regulars. Answer may be that this is pressure to get a settlement. Sukarno fears that if he pulls these out, Malaysians would say there is nothing more to talk about.

On Malaysian side, question is what could they give.

British have been against Tunku's trying for political settlement, because they don't think there is anything he could give. British think he might nonetheless give away his shirt if he went to a summit. It is possible that after elections, if Tunku had won by healthy margin, he might feel in strong enough position domestically to give something, perhaps ascertainment. However, a wide margin of victory in elections might have just opposite effect on Tunku, and increased UK and Australian military support might also be a factor.

Amb. Jones concluded that important thing was to get resumption of negotiations, presumably at a summit meeting in Tokyo after Malaysian

elections. Question of just what formula might possibly emerge was one which the three Asian nations would have to figure out. Secretary, who was present during discussion of this point, agreed. Observed that Asians might ultimately agree on a "pill sweetener" which to U.S. would look more like a pickle. Secretary said he thought we ought to stay out of this until end of month and see how it goes.

In taking a wider look at current U.S. strategy, Ambs indicated no patience with Indonesian position. However, if Indos really are looking for a face-saving device to end military actions and would plan confine themselves to working out their objectives politically over long term, then we should continue our efforts to channel course of events so that Indos will have no other choice but to adhere to some kind of peaceful formula.

Best chance, perhaps last chance, lies in Macapagal's effort to get a summit at Tokyo after April 25; and this is something we may have to leave pretty much to Macapagal to bring off. We should stay on sidelines and not try to call plays from quarterback slot.

To achieve settlement, it necessary for Malaysians to agree to some kind of formula. Malaysians take position that it must be demonstrated to Sukarno that he can't gain advantage from show of force. Question is, who is going to demonstrate it? U.S. not interested in getting into this. Have hands full in South Vietnam, etc. Secretary observed during first meeting that he had told Barwick we not going to put in boys from Nebraska and Kansas just because Tunku won't go to a meeting. Extremely important that British do not initiate any cross-border actions at this time which would ruin chances for summit. They should continue exercise restraint little while longer until clearly apparent there is no hope of summit and settlement.

Stevenson

44. Memorandum From Michael V. Forrestal of the National Security Council Staff to the President's Special Assistant for National Security Affairs (Bundy)¹

Washington, April 17, 1964.

SUBJECT

Indonesia

I have asked Cuthell in the Department of State and Poats in the AID Agency to prepare recommendations from their departments to the President, through the NSC, with respect to our policy in Indonesia.² When Bill Bundy and the Secretary return, they will review these recommendations, so that we should be able to have a meeting on the subject late Wednesday or Thursday of next week.³

I have in mind two principal matters for the meeting:

1. The President's approval of a telegram to Jones (a working draft of which is attached⁴), giving Jones guidance with respect to Sukarno's anticipated visit to the World's Fair on May 16th and a brief visit to the White House.

2. Consideration of the State/DOD/AID recommendations for continuance of limited assistance to Indonesia, subject to continuing review by the Secretaries of State and Defense in light of the diplomatic and military developments in the dispute between Malaysia and Indonesia. These recommendations will be supported by a political justification from State and a description of the current assistance programs to be prepared by Defense and AID.

¹ Source: Johnson Library, National Security File, Country File, Indonesia, Vol. I, Memos, 11/63-4/64. Secret.

² Apparent reference to Document 48.

³ No record of this meeting has been found. Rusk's Appointment Book does not indicate that he met on Wednesday, April 22 or Thursday, April 23 to discuss Indonesia. (Johnson Library)

⁴ Attached, but not printed. The draft was sent as telegram 1163 to Djakarta, April 25, in which the Department stated that given the present atmosphere in the United States, President Johnson could not formally invite Sukarno to visit Washington in conjunction with his projected visit to the New York World's Fair. If Sukarno came to New York, the President would be prepared to receive him in Washington for a short, informal, and quiet visit on a time available basis. (National Archives and Records Administration, RG 59, Central Files 1964-66, POL 7 INDON) When Jones broached the question of the visit on April 29, Sukarno interrupted him to say that he appreciated the offer, but would not be able to come to the United States because of the uncertainties of the upcoming summit meeting on Malaysia. Sukarno subsequently designated Chaerul Saleh to represent Indonesia at the World's Fair. (Telegrams 1163 to Djakarta, April 25; 2248 from Djakarta, April 28; and 1187 to Djakarta, May 4; *ibid.*)

I would expect that from the meeting would emerge a Record of Action, showing the President's approval of the recommendations, which would be classified, but would be drafted in such a way that it could be made available to the Congress in compliance with the Broomfield Amendment.

Mike

45. . Telegram From the Department of State to the Embassy in Indonesia¹

Washington, April 29, 1964, 6:38 p.m.

1175. With Malaysian elections out of way, next phase in efforts develop solution to Indo-Malaysia dispute presumably will involve maneuvers to convene early summit meeting. As Department understands picture, Sukarno is evincing increasing anxiety to firm up summit for early May, with Tokyo preferred site. Reasons his anxiety include desire start world tour culminating at World Fair, and probably his growing awareness things going badly for Indo in confrontation as well (burgeoning economic troubles, Tunku's election triumph,² growing impatience with Indo shown by various Afro-Asians at Bandung II preparatory conference, Sulawesi dissidence, failure guerrilla-sabotage campaign weaken Malaysia, growing estrangement from West and drying up foreign aid, etc.). Macapagal, increasingly disenchanted with Sukarno and anxious score diplomatic triumph to hush internal critics, also strongly favors early summit and appears believe some as yet undefined basis for agreement at summit exists.

Tunku's attitude following unexpectedly decisive victory not yet clear. He may now regard his position as so strong he can afford meet Sukarno without fear repercussions at home. On other hand, confidence

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret; Priority. Drafted by Ingraham, cleared by Cuthell, Green, and Buffum, and approved by William Bundy. Also sent to Kuala Lumpur and Manila and repeated to London, Canberra, Bangkok, CINCPAC, and USUN.

² In a memorandum to McGeorge Bundy, April 27, Forrestal noted that the Tunku's victory was a "landslide" and had elections been country-wide (i.e., including Singapore and Borneo) the Tunku would have had a clear majority. Forrestal hoped that the victory "will make the Tunku feel braver about meeting with Sukarno; but we do not intend to press for such a meeting ourselves." Forrestal noted that Macapagal was trying to organize another summit. (Johnson Library, National Security File, Country File, Malaysia, Vol. II, Memos, 4/64-7/64)

generated by victory plus fact he won it on hard anti-Indo platform may stiffen him against any accommodation with Sukarno.

We see number of risks in early summit, particularly in absence any real indications grounds for settlement exist (see separate telegram this subject). If any such grounds exist we inclined favor summit, since (a) as shown during Manila summit last summer, principals can display unexpected flexibility on occasion and (b) summit would at least provide conclusive test Sukarno intentions.

We do not, however, feel USG should play direct role in promoting summit, as Sukarno has requested we do (Djakarta's 2225).³ Latter appears as transparent maneuver designed generate US pressure on Tunku for early summit, put us in position of committing our prestige to its success, and avoid loss face and tactical disadvantage Indos fear they would accrue if they showed selves overly eager for summit by promoting it directly. Rather than play this sort of game, we believe our role should be limited to encouraging principals themselves to take necessary initiative.

In Sukarno's case, we think best tactic at this point would be to dispel any illusion that he can engineer summit painlessly by having us do work for him. This could bring him face to face with hard decision as to how much he prepared pay for summit, with world tour plans adding to his sense of urgency.

For Djakarta: Ambassador should see Sukarno, preferably in presence Subandrio, and draw on following points:

1. Department has considered his request USG explore possibility convening summit meeting and has decided we not in position do so. This decision based on number factors, including our continuing conviction Asians themselves must take initiative in solving their problems (as Sukarno himself constantly proclaims in public). We somewhat surprised, in fact, that Sukarno would ask us become involved in view prolonged GOI-encouraged anti-US campaign throughout Indo, in which alleged US interference Indo affairs has been constant theme.

2. If Sukarno truly interested in resuming negotiations, we urge him consider following: Major obstacle to progress in negotiations to date has been consistent Indo failure put forth concrete proposals or even make clear to others what they want. As one example, Subandrio April 7 offered provide Thanat with specific examples of what GOI meant by "pill-sweeteners" but to date we understand Thanat has received nothing. Same evasiveness and lack frankness apparent in Indo reaction to Lopez formula. If Sukarno now wishes determine

³ Dated April 22. (National Archives and Records Administration, RG 59, Central Files 1964-66, POL 3 MAPHILINDO)

Malaysian attitude to summit, he would lose nothing and gain respect by sounding out GOM openly, either through regularly established channel which both he and GOM have accepted, i.e., Thanat, or alternately through Macapagal.

3. Tunku, of course, is repeatedly on record that he will not attend summit while pistol pointed at head. Should not be unexpected if he now insists that guerrillas be out of Malaysia before agreeing to summit. Only way find out, however, is to make direct offer or inquiry.

4. Whatever Tunku's decision in matter, we would not consider urging him show greater flexibility on guerrilla question. As Sukarno aware, we have consistently maintained that continued presence guerrillas on Malaysian soil not only inexcusable on legal-moral grounds but entirely contrary Indo's own interests. So far these guerrillas have seriously tarnished Indo image before world; poisoned GOI friendship with US, Australia and other countries; cost Indo substantial foreign aid; helped Tunku win elections; and insured indefinite continuance British forces in area. Other side of ledger empty. As Sukarno should realize, Malaysia is stronger, not weaker, than before confrontation.

5. Assuming Sukarno will initiate new contacts with Malaysians, we hope he will be realistically aware of extent to which April 25 election has strengthened Tunku's position. No question that Indo confrontation was great help to Tunku. He ran on strong anti-Indo platform and Malaysian electorate overwhelmingly endorsed him. Any Indo attempt to assert that victory resulted from British intimidation certain to fall flat before world and damage Indo credibility, since election carried out in full view world press and foreign diplomatic community Kuala Lumpur. Rather than attempting challenge or downgrade results, which would make Indo laughing-stock, we hope Sukarno will be able see it as potential watershed in Indo-Malaysia relations and make real effort forget past excesses and come to terms with country which, whether he likes it or not, will be his neighbor indefinitely.

For Manila: Ambassador should see Macapagal, summarize substance Ambassador Jones' April 22 conversation with Sukarno (Jakarta's 2225) except numbered paragraphs one and five, and briefly outline foregoing five-point reply we intend make to Sukarno request for US initiative in convening early summit. Should note that completion Malaysian elections, coupled with recent relatively calm on Borneo border and Sukarno's desire for summit, suggests time approaching for new initiative to break Indo-Malaysian impasse. We know from Macapagal's comments during SEATO meeting that he has been giving matter good deal of thought, and we would appreciate his current views on situation.

For Kuala Lumpur: Whether there will be summit or other meetings depends largely on willingness of Tunku to participate. As stated para-

graph two above we have no clear picture of his post-election attitude and we therefore need your opinion this subject soonest. In talking to Tunku suggest at this stage you avoid specific suggestions but attempt convince him that he should regard his new political strength as giving him ability to negotiate on basis any reasonable suggestion which may be produced by Phils, Thais or others.

Rusk

46. Telephone Conversation Between President Johnson and the President's Special Assistant for National Security Affairs (Bundy)¹

Washington, May 1, 1964, 12:01 p.m.

[Here follows discussion unrelated to Indonesia.]

President Johnson [reading a newspaper account]: "Sukarno says he'll issue orders for action Sunday to a million Indonesians who volunteered to aid his efforts to crush Malaysia."

McGeorge Bundy: You'll be glad to know he's not coming to the U.S. right now.

LBJ [paraphrasing the newspaper account]: "In a May Day speech to 12,000, the President said the volunteers had been instructed to mass outside his place to hear his orders. Said foreign countries which intervene in Asian affairs are blamed for the continual trouble in the Far East. Said foreign countries, especially the United States, oppose him, and cited as proof the fact that American magazine, *Whisper*, printed a picture of him with a nude woman to show how bad I [Sukarno] am."

Bundy: Laughter.

LBJ: Never heard of *Whisper*.

Bundy: Never heard of *Whisper*. Laughter. Well, I think it's better for us to have him sounding off at a safe distance and the only question is how gradually we disengage, I think. We've still got that problem of that determination, hanging over us on that business, and we're trying to get it so that it will go to bed.

¹Source: Johnson Library, Telephone Recordings and Transcripts, Recording of a conversation between the President and McGeorge Bundy, Tape F64.26, Side A, PNO 1. No classification marking. This transcript was prepared by the Office of the Historian specifically for this volume.

LBJ: Did we ever get a legal opinion on that?

Bundy: We have a legal opinion under which we're protected, but it's stretching a little thin. We've got another way of doing it, which is to get the NSC to advise you that we ought to go on where we are, and this, we think, would give you perfectly good political cover without engaging you in something you, yourself, would sign. I think we can do that, if you think that would be worth doing. You see, you're stuck between these two things now.

LBJ: Okay, all right, bye, do that!

47. Telegram From the Embassy in Indonesia to the Department of State¹

Djakarta, May 9, 1964, 1540Z.

2323. During nearly two-hour meeting with Sukarno and Subandrio at Bogor Palace today, tour d'horizon of where we stood on Malaysia issue, U.S.-Indo relations, aid to Indonesia, anti-American campaign and internal economic situation brought forth following major points:

1. Cancellation of U.S. Aid and U.S.-Indo Relations. After we had discussed new Philippine initiative re Malaysia, reported below, Subandrio said he wished to direct attention to whole question of relations between our two countries which he felt were approaching a new all time low. He referred to Bundy's threat to withdraw U.S. aid unless Indonesia changed its policy on Malaysia,² said GOI would have to react strongly to this, suggested that perhaps in interest of both parties most satisfactory reaction would be for GOI to announce it would no

¹Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL INDON-US. Secret; Immediate; Limdis; Noforn. Repeated to Kuala Lumpur, Manila, Singapore, Bangkok, CINCPAC for POLAD, and Canberra. Passed to the White House.

²William Bundy made this statement in a speech on May 5 to the Conference of the Advertising Council in Washington, and the speech was reported in *The New York Times*. Bundy stated that although the United States would like to help Indonesia economically, it was not able to do so. He continued, "We have been forced to cut back our aid programs very sharply and we may have to eliminate them entirely if Indonesia should continue a policy called confrontation against Malaysia—if it continues or is enlarged—to something that could only be characterized as aggression. That must be met." Bundy's full remarks relating to Indonesia are in telegram 1193 to Djakarta, May 5. (Ibid.) In a memorandum to William Bundy, May 8, Forrestal suggested that Bundy's remarks in the speech were not in the long-term interest of U.S. policy. (Johnson Library, National Security File, Files of Robert W. Komer, Indonesia, Nov. 63-Mar. 66 [3 of 3])

longer accept any American assistance. This would relieve U.S. as well as GOI of irritant. His govt was being embarrassed by repeated U.S. official public statements designed to bring pressure on Indonesia. I was fully aware, he noted, of how sensitive Indonesians were on subject of being told what to do. If aid programs could not survive unless GOI changed its policy, perhaps best thing would be to cut it off now; relations between our two countries might be more harmonious without present small aid program than with it.

(As Embtel 2322 reported,³ I had been anticipating something of this sort and had tried to head it off by series of moves yesterday afternoon and last night. Moves did not go unnoticed; indeed Subandrio referred to Yani's inquiry.) I responded by saying that, as I had repeatedly made clear, I recognized that time might come when our aid program to Indonesia must come to a halt. However, I felt that now was not the time. I pointed out patience of USG in this matter in face of growing Congressional pressures and public opinion in U.S., and endeavored to convince them that Bundy statement was not to be interpreted as a threat but merely factual statement of situation which we faced. I said it would seem bad timing for either of us to cancel U.S. aid program on threshold of new Philippine initiative which might remove some of the difficulties we now faced. If we had any hope of summit meeting and peaceful settlement of Malaysian dispute, surely it was in Indo's interest to await outcome of these efforts. For our part, we were not contemplating any sudden step of this kind (I trust I was correct) because we sincerely desired peaceful settlement of dispute by Asian nations concerned and we had no intention of introducing new element which might add to current friction between us.

Sukarno and Subandrio both reverted to Bundy statement and asked me direct question as to whether it represented, as they had concluded, major change of direction in U.S. policy. Bundy was new appointee, this was his first public statement, it had more than ordinary significance. People were saying it represented a new and harder line against Indonesia on part of new administration in Washington. Subandrio added that some of his Embassy people in Washington had asked to come home because they could no longer talk to people in Washington.

I replied that there had been no change in U.S. policy. Bundy was making informal speech before Advertising Club of NY. At same time, it must be recognized that Bundy was stating facts of life. I pointed out I had said same thing time and time again. It turned out it was not so much substance of Bundy remarks to which Indos objected as fact that they were made publicly. They hoisted me on my own petard

³ Dated May 8. (National Archives and Records Administration, RG 59, Central Files 1964-66, AID (US) INDON)

by suggesting desirability of keeping comments of this sort in diplomatic channels. Subandrio referred to considerable improvement in Indo-Australian relations in past couple of weeks as result of fact that case was no longer being tried in newspapers. "This is a very difficult period for us," he said. "If we want to help U.S.-Indo relations on present level of friendship, it will help very much if your people will not make public threats against us."

I said I would relay this message to Washington but that there were two sides to this, and suggested anti-American campaign here might be tamped down. But in final analysis I thought best hope for improvement in relations lay in possibility of peaceful settlement of Malaysia dispute. So long as Indonesia appeared in role of aggressor, things would continue difficult. Many people in U.S. and elsewhere were convinced that Sukarno was engaged in a drive for territorial expansion and I suggested his actions had done little to dispel this suspicion. If peaceful settlement of Malaysia dispute were achieved as result of summit meeting, not only would Sukarno's image improve with this and accompanying withdrawal of his guerrillas but he would be able to concentrate on his increasingly serious economic problem with the possibility of renewed friendly assistance from outside world.

2. Economic Situation. Subandrio used above as springboard to charge that principal reason for GOI economic difficulties was failure of U.S. to fulfill its promises re balance of payments assistance. I took grim satisfaction in demolishing this accusation in Sukarno's presence for I am confident this was first time he had ever heard full story. Subandrio beat a hasty retreat after I had made clear way in which GOI had cut its own throat by trade blockade at critical moment in implementation of stabilization plan.

Sukarno then asked me what I meant by "increasingly serious economic problem." I outlined economic situation as we see it in simplest terms. He asked me if people were going hungry. I pointed out that so far as subsistence was concerned, situation was temporarily better with harvest of new rice crop. But I predicted that beginning October, Indonesia would face real economic and financial crisis unless steps were taken.

"Do you mean collapse" Sukarno asked. I told him I did not mean collapse because Indonesian economy was resilient and not that sophisticated—but I did mean real trouble. I outlined foreign exchange position of GOI, unsatisfactory exports, financial requirements for spare parts and raw materials, debt service and rice and demonstrated how GOI could not possibly make ends meet without outside assistance.

Subandrio said Indonesians had tightened their belts before and could do so again and he added that Pres Sukarno did not want to borrow money from outside. Sukarno looked black as a thundercloud

during this exchange. He may have been angry with me or possibly as result sudden realization his people had never painted so dark a picture and might have been misleading him.

3. Malaysia Dispute. I opened conversation after usual pleasantries by reviewing U.S. position with respect to this subject, pointed out we continued (a) to favor tripartite meeting ending in summit, (b) to consider peaceful settlement vital to interests of all concerned as well as free world, (c) to feel strongly that any settlement to be successful must be reached by Asian nations concerned. Consequently, we welcomed new Philippine initiative and hoped that it would achieve success. I urged Sukarno and Subandrio to make every effort to help bring this initiative to successful conclusion and emphasized importance of keeping discussion in diplomatic channels.

It appeared that Sukarno had not been briefed by Subandrio re Lopez visit because ForMin picked up ball at that point and explained to Sukarno what I was talking about. Sukarno seemed pleased by news but immediately turned to me and asked whether I thought the Tunku would cooperate. He had had no indication from anyone, certainly not from press, that Tunku would come to summit. Both Tunku and Razak continued to make anti-Sukarno statements. I said I thought that Tunku would come to summit, provided all parties gave appearance of being reasonable and approaching meeting in spirit of good will. Withdrawal of Sukarno's guerrillas was an important element in establishing latter.

Sukarno again repeated his position had not changed. It was up to Tunku. Both he and Subandrio said they looked forward to visit of Lopez as special emissary from Macapagal.

4. ANZUS Treaty. Sukarno asked whether Bundy statement meant that U.S. was now defending Malaysia. I said if he meant by this militarily defending Malaysia, the answer of course was negative, although, I cautioned, escalation of the conflict could result in ANZUS Treaty being invoked. If he meant politically supporting Malaysia, he was aware that we recognized Malaysia and that we had welcomed its formation. But if he meant were we openly taking sides in Malaysia dispute, answer again was negative. Robert Kennedy had made amply clear that we considered solution of Malaysian dispute to be an Asian problem, that we were keeping hands off in the sense of attempting to dictate a formula, although we would do everything possible to help bring disputants to conference table. We were prepared to accept any solution upon which all parties to dispute agreed.

5. U.S. Press and Anti-American Campaign. Sukarno complained again about treatment by American press, said Soviet and Chinese press never did this to him, asked if there was not something Dean Rusk could do to tone down anti-Sukarno articles. I reminded him we have free press. I noted Chinese and Soviet press 100 percent controlled:

He cited example of Adenauer who had called in certain editors and asked them not to vilify Sukarno, that they were hurting relations with Indonesia. I said I would pass on his comments but best remedy would be settlement of Malaysia dispute. I noted that I felt I had more right to complain to him of treatment in Indonesia where press was controlled, yet anti-American, anti-Jones articles were being published daily. I was not convinced these did not represent government policy or tactics. For example, I said, I was certain that resolutions by numerous organizations declaring me persona non grata would not have been passed and publicized without the specific blessing of the Foreign Minister. So long as these statements solely represented PKI opinion, I considered them compliment. But if they had the blessing of the govt, this was another matter. Subandrio was somewhat taken aback. Sukarno responded saying the day would never come when such actions would represent the opinion of the government.

Comment: Conversation, as foregoing report indicates, was full and frank, with occasional heated exchanges. I think net result was probably constructive.

As for Indo cancellation of U.S. aid, I believe we have headed that off for time being. I recommend that, so far as possible, we not exacerbate situation by further public statements on subject of aid withdrawal. Indos clearly recognize loss of aid as inevitable unless peaceful settlement of Malaysia dispute is achieved but it would be far preferable to let aid die natural death than to provoke Indos into pulling a Prince Sihanouk. PKI of course is calling for this action and I urge that we not play into their hands.

Jones

48. Memorandum From the Executive Secretary of the Department of State (Read) to the President's Special Assistant for National Security Affairs (Bundy)¹

Washington, May 12, 1964.

SUBJECT

Paper for NSC Discussion of Indonesia

Enclosed is a paper on Indonesia and the Indonesia-Malaysia dispute for consideration at the National Security Council meeting originally scheduled for May 12 and now scheduled for 12:30 p.m. Friday, May 15.² Should circumstances warrant, a brief supplemental paper covering last-minute developments will be submitted later. This paper makes the following salient points:

Indonesian *guerrilla activity* in Malaysian Borneo is continuing, although there has been a marked lull in recent weeks. Sukarno may be planning a substantial step-up shortly, however, to force the Tunku into an early summit meeting on Sukarno's terms. Sukarno's real intentions are not clear, but there is a possibility he actually wants a peaceful settlement. Both the Army and the PKI would probably oppose a settlement but it is unlikely that either could block it if Sukarno accepts it. Sukarno's terms for settlement have not been spelled out but probably include, as a minimum, some sort of pro-forma reascertainment of popular opinion toward Malaysia in Sabah and Sarawak which he could claim as a victory for internal consumption.

Internally *Indonesia is in major difficulty*. The *economy* is in bad shape and *continues to deteriorate*. A regional *revolt in Sulawesi* is causing additional strain. *Neither, however, is likely to shake Sukarno's hold on the country*.

We have been exerting diplomatic and (through aid) economic pressure on Sukarno to abandon confrontation and work out a peaceful settlement. The most promising current initiative has been taken by Macapagal, who has contacted Sukarno and the Tunku to urge an early summit meeting of the three.

¹ Source: Johnson Library, National Security File, Country File, Indonesia, Vol. II, Cables and Memos, 6/64-8/64, [2 of 2]. Secret. No drafting information appears on the memorandum, but a covering memorandum to another copy indicates that the paper had "internal State and AID clearances" and Harriman and Bell approved its transmittal to the White House. (National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA)

² Discussion of Indonesia at the NSC meeting of May 15 was canceled; see *Foreign Relations, 1964-1968*, vol. I, Document 156.

No change is recommended in U.S. aid policy. We should continue to refrain from a formal Presidential Determination, at least until early June.

Benjamin H. Read

Attachment

Washington, May 9, 1964.

PAPER FOR CONSIDERATION AT THE NATIONAL SECURITY COUNCIL MEETING, MAY 12, 1964

SUBJECT

Indonesia and the Indonesia-Malaysia Dispute

Situation

Indonesia is currently pursuing a two-sided policy in its dispute with Malaysia. On the one hand it is continuing its military, political and economic confrontation against Malaysia with the proclaimed objective of "crushing" the state. On the other hand Sukarno is asserting both publicly and privately his desire to settle the dispute peacefully.

Armed *Indonesian-led guerrilla units* are continuing their depredations in Malaysian Borneo, and *Indonesian terrorists* are continuing to operate in mainland Malaysia and Singapore. Estimates about a month ago showed some 4-600 Indonesian guerrillas in Malaysian Borneo and an indeterminate number of terrorists on the mainland. On both fronts, however, there has been a *marked lull over the past few weeks*. Reasons for the lull are unclear. It could have been brought about by the increased effectiveness of British-Malaysian countermeasures, by voluntary withdrawals for regrouping preparatory to further assaults, by a change in Indonesian tactics from hit-and-run moves to the establishment of permanent guerrilla pockets in remote areas, by a combination of the foregoing, or, conceivably, by an unadmitted change in Indonesian policy.

In the political field, Sukarno has been pushing for an *early summit meeting* with the Tunku and Macapagal without "preconditions" (i.e., the withdrawal of Indonesian guerrillas from Malaysian soil, which the Tunku has publicly insisted on before sitting down with Sukarno). He has, however, expressed his willingness to begin voluntary withdrawals simultaneously with the convening of a summit meeting or pre-summit ministerial meeting, obviously intending to control the pace of withdrawals as a bargaining counter.

There have been some recent indications that Sukarno, despite the serious risks involved, may be preparing for a *substantial step-up in covert military activities in the near future* as a means of frightening the Tunku into agreeing to an early and unconditional summit.

Indonesian Intentions

The sincerity of Sukarno's alleged desire for a peaceful settlement can be doubted but has not yet been fully tested. Conceivably his professed willingness to negotiate is no more than a blind behind which he is pursuing a calculated plan to dismember Malaysia and pick up the pieces. The British incline toward this estimate. We think it more likely, however, that—as far as Sukarno himself is concerned—his main goal is less that of bringing about Malaysia's downfall than that of avenging the fancied humiliation he suffered when Malaysia was formed and scoring what he can claim as a major diplomatic victory before the world.

The objectives of Foreign Minister *Subandrio* and Sukarno's *other civilian advisers* seem to consist of little more than getting Sukarno what he wants.

The Indonesian Army, however, appears to be genuinely obsessed with the long-range Chinese threat it professes to see in Malaysia and to be committed to a long, hard campaign to avert that threat by bringing Malaysia under Indonesian hegemony. It is doubtful that the Army would stand against Sukarno if he accepted a peaceful settlement, but it would probably accept the settlement reluctantly and might even continue, independent of Sukarno, a low-level campaign of subversion against Malaysia.

For entirely different reasons—basically a desire to bring about a complete break with the West—the *PKI* is totally committed to an anti-Malaysia policy, and will use all the influence it can muster to block a peaceful settlement.

Possible Settlement Terms

Assuming Sukarno honestly does want a settlement, the shape of a settlement acceptable to him is not clear—perhaps even to Sukarno himself. He is on record as (a) wanting separate “independence” for Sabah and Sarawak and for Singapore as well, (b) being willing to accept Malaysia as now constituted if the people of Sabah and Sarawak really want it, and (c) demanding the reascertainment in Sabah and Sarawak of popular opinion toward Malaysia to replace what he claims to have been the faulty UN ascertainment of September 1963.

Privately Foreign Minister *Subandrio* has indicated that Sukarno is willing to recognize Malaysia as a fact if he can be given a “pill sweetener” to erase the humiliation and permit him a victory for internal consumption. *Subandrio* has not, however, spelled out what an

acceptable pill-sweetener would be—presumably it would have to be a device offering at least the form of, or substituting for, a reascertainment in Malaysian Borneo.

It is entirely possible that a summit meeting would not produce a firm agreement in concrete terms but would, at best, leave numerous ends dangling. In this event, the test would continue to be the actions taken by the parties, i.e., a reduction in guerrilla activity by the Indonesians and some form of ascertainment in Borneo on the part of the Malaysians.

Internal Developments in Indonesia

Internally the Sukarno regime is in major difficulty on a number of fronts, although its manifold problems have not yet reached the stage of seriously threatening its hold on the country.

The economy continues to deteriorate. Industrial output is declining in the face of severe shortages of imported parts and raw materials. Export earnings, hit by the confrontation against Malaysia, are insufficient to finance an adequate flow of imports, and the regime can no longer rely on foreign aid to fill the gap. Servicing of the huge foreign debt load may consume 40 percent or more of anticipated earnings, and defaulting on payments reportedly is already beginning.

Unable to feed itself or to finance adequate food imports, the country has suffered from *severe food shortages* in various areas over the past few months, which, although temporarily relieved by the April-May rice harvest, are expected to recur on a larger scale next fall. The regime has done little to counteract this rapid deterioration beyond exhorting the populace and introducing a few ineffective monetary measures.

Although Sukarno is notoriously indifferent to economics, there is no doubt that even he is dimly aware of the country's plight, and may be worried at its political implications. Other members of the hierarchy are clearly disturbed by it. At the same time, there are no signs that popular discontent over declining living standards has reached, or will soon reach, such proportions as to constitute a real danger to the regime.

In the security field, the regime is plagued by a fairly widespread regional revolt in Southwest Sulawesi and by a few scattered indications of unrest elsewhere (such as a recent series of army desertions in Sumatra). There is no evidence, however, that internal dissidence is likely to spread significantly as long as Sukarno keeps both the Army and the PKI tied to his regime.

In the context of its anti-Malaysia policy, the Sukarno government has permitted and apparently sometimes abetted a fairly intense propaganda campaign against the United States by the PKI, left-wing national-

ists and the controlled press. A form of creeping nationalization is slowly squeezing British investment out of the country (with the major exception of Shell), and an increasing volume of threats are being leveled at American enterprises. On the other hand, despite signs of approaching trouble over certain financial provisions in the 1963 contracts, the foreign oil companies are currently enjoying generally satisfactory treatment by the government.

United States Position

We have made entirely clear to the Indonesians *our lack of sympathy* with their anti-Malaysia policy and *our opposition to their use of force* in pursuing that policy. The appreciable but limited leverage we have in Indonesia has been brought to bear on the Sukarno government in a continuing attempt to induce an abandonment of confrontation and the negotiation of a peaceful settlement. We have not tried to suggest the form such a settlement should take (although we have indirectly floated a few proposals) but have stressed to all parties that the formula for settling this Asian dispute must come from the Asians themselves.

Our pressure on the Indonesians has been exerted directly, both in the form of Ambassador Jones' continuing dialogue with Sukarno and Subandrio and through such wider efforts as the Attorney General's mission, Presidential messages, etc. It has been exerted indirectly by the progressive *scaling down of our economic and military aid*, which has contributed to the economic strain felt by the regime and has served graphically to demonstrate the growing estrangement that Indonesia's policies are forcing on us.

The success of our tactics has been mixed. We have not succeeded in ending confrontation, and we have brought about a heightening of the regime's anti-American orientation. Growing isolation from the United States has probably contributed somewhat to closer Indonesian ties with Communist China, although—significantly—not with the Soviet Union. On the other hand, our efforts have probably been the main contributing factor in bringing about such negotiations as have taken place and in keeping the door open for further negotiation. In addition, our efforts have probably been an important element in restraining the Indonesians from even more rash tactics.

Current United States Activities

Ambassador Jones is continuing to press our views on Sukarno at every opportunity. His current efforts are directed particularly at inducing the Indonesians (a) to enter into communications with the Malaysians through Thai diplomatic channels rather than relying on provocative public speeches to convey offers of resumed negotiations, and (b) to spell out for the other principals what they mean by "pill-

sweeteners" rather than reiterating vague demands for reascertainment.

We are also *encouraging Macapagal* in his current effort to get negotiations restarted and have instructed Ambassador Martin to hold a thoroughgoing *exchange with Thai Foreign Minister Thanat*, with the idea of getting him ready to resume an active mediatory role if Macapagal's efforts succeed. As an alternative should these moves fail, we have asked our UN mission to sound out U Thanat on the possibility of his taking a more active part in the dispute if necessary.

Chaerul Saleh, Third Deputy Prime Minister and one of Sukarno's more influential advisers, is scheduled to visit Washington briefly during the period May 18-20. This will give us a further opportunity to present our views, and we intend to do so forcefully.

In the aid field, we have been bringing home to Nasution and the Army the fact that Indonesia's confrontation policy unavoidably affects our relations with the military as well as the civilian government, and disabusing them of the hope that close Indonesian Army ties with the Pentagon can be retained despite the cooling of other government-to-government relations. Continuing limited military, economic and technical aid is being kept under constant review to maintain psychological pressure on the regime and to insure that it adds nothing to Indonesia's confrontation capabilities.

In connection with our aid strategy, the question arises of the Presidential Determination called for by Section 620(j) of the Foreign Assistance Act. We are continuing to operate in Indonesia under a Presidential decision that the Determination be withheld pending the outcome of negotiations which would give us a clearer picture of Indonesia's intentions. Our programs are being carried on under a decision by the Attorney General that the President has a reasonable length of time in which to analyze the situation and frame his conclusions.

It may, however, be difficult to maintain this position to the end of the fiscal year, and we may well have to bring this matter to the President by early June.

Third Country Activities

The Philippines: Until the past few months the Philippine role in the dispute was not a helpful one. Inhibited by their own claim in Sabah, wary of offending their huge Indonesian neighbor and anxious to display a more "Asian" image, the Philippines were less of an independent third party to the dispute than a less-virulent junior partner of the Indonesians. This position has changed substantially since last February, however, as Macapagal has become increasingly disenchanted with Indonesia's rashness and intransigence. Macapagal has begun a rapprochement with Malaysia by moving to re-establish con-

sular relations on May 18, and has told us that he will make one last all-out effort to bring about a peaceful settlement—failing which, he presumably will be prepared to part company with Sukarno.

Macapagal has already started this effort by sending messages to Sukarno and the Tunku proposing an early summit to be accompanied by guerrilla withdrawals. He intends to follow this up by sending former Foreign Secretary Lopez to both capitals during the week of May 10. The substance of Macapagal's proposals has not yet been fully spelled out, but among the measures he reportedly is considering is that of mediation by outside Asian powers.

The Tunku has already responded favorably to Macapagal's initiative. In a May 9 letter to President Johnson thanking him for a congratulatory message on the outcome of the recent elections, the Tunku stated that he agreed with Macapagal's terms for reopening talks but "with a slight change, i.e., as affecting the withdrawal of guerrillas".

Thailand: Thanat, despite a basic sympathy for Malaysia and impatience with Indonesia, played a most effective role as mediator during the two Bangkok ministerial meetings earlier this year and seems to have gained the confidence of all three parties. Although inactive during the prolonged impasse that has followed the second Bangkok meeting, he has continued to serve as a channel of communication between the disputants (particularly in the re-establishing of Malaysian-Philippine consular relations) and has expressed to us his willingness to take part in further negotiations.

The U.K.: The British have been Sukarno's main propaganda target since early in the dispute and have, of course, borne the brunt of the guerrilla fighting. Although not willing to foreclose entirely the possibility of a negotiated settlement, they have been particularly skeptical of Sukarno's intentions and have advocated a generally stiff line with him.

The British have frequently used their influence with the Tunku to urge moderation in his public statements, with mixed results. They have, however, been sensitive to any hint that they use their increasingly limited leverage in Kuala Lumpur to press for substantive Malaysian concessions in the interest of a settlement. In general, the British position has been a rather rigid one. While understandable under the circumstances, this position at times has unquestionably exacerbated the situation.

Butler's visit to Manila at the beginning of May, however, seems to have been accompanied by a noticeable shift toward greater flexibility, at least in Britain's public position. Butler endorsed the concept of an "Asian solution", actively encouraged Macapagal's initiative, and even indicated publicly—as far as we are aware, for the first time—that the U.K. has no objection to Maphilindo. On the other hand, shortly

before the visit the British government authorized several new retaliatory measures against the guerrillas in Borneo, including limited hot pursuit into Indonesia. We are informed that these will begin after May 15.

The United Nations: There remains the question of a possible UN role in the dispute. Although the Secretary General's formal involvement ended with his report of the UN ascertainment in September 1963, he has continued periodically to express his interest in developments and has recently indicated his willingness to provide good offices. Apart from the Secretary General, there has been a rather unclear series of exchanges between the British and the Malaysians over the possibility of bringing the matter to the Security Council. The British have told us that they believe an approach to the UN should, for the present, be limited to the submission of Malaysia's case by letter to the Security Council President for information and distribution to members. There are, however, some indications that the British may have gone beyond this at one time by suggesting that the Malaysians seek Security Council action. Our latest information is that both sides are now agreed on an informational letter to the Security Council President and that the text is now being drafted.

We have engaged in informal contingency discussions in New York with the British, Australians and New Zealanders over a possible approach to the Security Council should the situation require it. The consensus has been, however, that the time for resort to the Security Council has not yet arrived.

Conclusion

At the moment, prospects for a summit meeting within the next month or less, perhaps preceded by lower-level talks, seem fairly bright. It is still an open question whether a summit can produce a formula for settlement acceptable to both sides, and indeed whether Sukarno really wants a settlement. Proposals which might lead to a settlement, however, are beginning to emerge (i.e., Afro-Asian mediation). In addition, the very act of attending a summit meeting has on past occasions instilled in the principals a greater flexibility than they normally display.

The dispute unquestionably remains a most serious one, and chances for a peaceful resolution are still very much in doubt. There does appear to be some promise in the situation, however. As long as it persists, our interests would seem to require that we continue our efforts to encourage current moves to convene a summit meeting.

49. Note From the Assistant Secretary of State for Far Eastern Affairs (Bundy) to Secretary of State Rusk¹

Washington, May 15, 1964.

*For your luncheon with the President*² I have the following points:1. *Indonesia/Malaysia.*

a. Lopez hits Kuala Lumpur Saturday (tonight) and this is obviously virtually a make-or-break stage on the summit. Jones is urging a Presidential or Secretary statement of encouragement tomorrow (Lopez sees the Tunku Sunday afternoon). We clearly oppose a Presidential statement at this point, but it would be highly useful if you yourself were going to be holding a press conference today or tomorrow. Failing that, we would put a rather full statement out through the Department spokesman.³

b. We have in the White House a request for a Presidential invitation for the Tunku to come on an official visit in July after the Commonwealth Prime Ministers. If the President could agree to this (even without necessarily specifying dates) it would give Bell a superb handle to talk further to the Malaysians tomorrow—which he should do in any event—and would give a most useful fillip to the Malaysian state of mind at this point. I urge strongly that you try to clear this with the President at or around the luncheon.⁴ I attach the paper as it went over.⁵

c. The Malaysians are definitely delaying their letter to the President of the SC until after the Lopez visit. I think they should be persuaded to hold off on it until we see finally whether or not the summit can be put together. We cabled you on this in The Hague, and it would be helpful to know whether you had a chance to talk with Butler. We

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret. Attached, but not printed, was a draft memorandum to the President recommending that he invite Tunku to visit the United States, July 8-15. There is an indication on the note that Rusk saw it.

² The President met for lunch with McNamara, Rusk, Senator William Fulbright, and McGeorge Bundy at 1:20 p.m. (Johnson Library, President's Daily Diary) There is no indication in the President's Diary when the meeting ended, but Rusk's next appointment at the Department of State was at 2:38 p.m. (Ibid., Rusk Appointment Book) No other record of this meeting has been found.

³ Rusk did not hold a press conference on May 15 or 16 and no statement by the spokesman has been found.

⁴ A note in the margin apparently in Bundy's hand reads: "Macapagal has scrubbed, so there is a hole he can move into."

⁵ Attached, but not printed.

would like to make the point to the British today and need to know the state of the bidding.

[Here follow 2 paragraphs on Vietnam.]

WPB

50. Telegram From the Department of State to the Embassy in Indonesia¹

Washington, June 2, 1964, 8:21 p.m.

1284. Embtel 2491.² As you know, US does not intend play any role in Tokyo meetings which hopefully will take place later this month, and does not wish create impression in anyone's mind that we are doing so. At same time, we regard these meetings as only foreseeable chance of real progress toward settling Indo-Malaysia dispute, and willing consider any related actions which might help create right atmosphere.

We are aware that visit to US is something Sukarno wants, that he has been aware adverse US public attitude toward GOI and that net result may be to make him more reasonable in Tokyo in hope successful US visit. We also aware Sukarno's capacity for backsliding after returning home in face PKI and other Indo domestic pressures, and for this reason we are reluctant to recommend to President that he give Sukarno written invitation to visit Washington.

Problem, therefore, is to help move Sukarno toward constructive attitude in Tokyo by holding out carrot of US visit without committing President to receive him as honored guest regardless of outcome of summit meetings. While situation might change if summit dramatically successful, suggest that for present you discuss with Sukarno along following lines:

As Sukarno knows, President regards resolution of dangerous problems in area by negotiation between Asian principals as essential,

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret; Immediate; Limdis. Drafted by Cuthell, cleared by Green and Komer, and approved by Harriman.

² In telegram 2491 from Djakarta, June 2, Jones suggested that "as an additional inducement for Sukarno to be reasonable at summit," the President should send him a message expressing hope for a peaceful settlement of the dispute with Malaysia and suggesting a date for a Sukarno visit to Washington. (Ibid.)

and hopes that summit meetings will make tangible progress. President also understands that Sukarno wishes make visit to World's Fair this year, and that he may come to US for this purpose after Tokyo. If he does so, US public reaction to events of past year will undoubtedly cause his public reception to be less friendly than on former visits. But if Sukarno does come, President would receive him in Washington for informal meeting before or after New York visit for discussion US-Indo relations and other problems of common interest. Temper of visit would of course depend on situation at the time. FYI. You should make clear that whole question of Washington phase of visit and to some extent nature of his reception will depend on outcome of talks in Tokyo.

We would anticipate that Washington visit would be handled as outlined paragraph two Deptel 1163.³ We will suggest timing later. End FYI.

Ball

³ In the second paragraph of telegram 1163 to Djakarta, April 25, the Department suggested that Sukarno's visit would have to be "short, informal, and quiet" and on a time available basis. The Department envisioned a stay of no more than 1½ or 1 day with a working lunch. Although the Department might be willing to consider a brief communiqué at the conclusion of the visit, it could not imply U.S. patience with Sukarno's anti-Malaysia policies. (Ibid., POL 7 INDON)

51. Telegram From the Department of State to the Embassy in Indonesia¹

Washington, June 24, 1964, 9:16 p.m.

1366.

A. Assessment of Tokyo Maphilindo Summit:

1. In retrospect, Dept sees Tokyo summit as having produced very mixed result. Parties made no progress in halting military confrontation (immediate result, in fact, may be to intensify it dangerously) or otherwise bridging gap between Indo and Malaysian positions. Tokyo

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL3 MAPHILINDO. Confidential; Priority. Drafted by Ingraham, cleared by Cuthell, Green, and Thomas M. Judd, Officer in Charge of United Kingdom Affairs, and cleared by Bundy. Also sent to Manila, Kuala Lumpur, London, and Canberra, and repeated to Tokyo, Bangkok, CINCPAC for POLAD, and USUN.

atmosphere also failed produce hoped-for diminution of mutual distrust and antipathy between Indo and Malaysian leadership. Instead, it sharpened them.

2. On other hand, summit did result in several potentially significant gains. While parties scarcely touched on thorny problem of political settlement—particularly Indo demand for Borneo reascertainment—they did reach agreement in principle on machinery to bring about political settlement (Afro-Asian conciliation commission) and on steps to set up machinery, i.e., further contacts between FonMins followed by another summit. This achievement admittedly a tenuous one, however, since Malaysians accepted commission proposal reluctantly and with little real faith in it.

3. Further achievement was clear emergence Macapagal and Lopez as genuinely impartial third party in eyes Indos and Malaysians. Both delegations indicated publicly and privately their faith in Phil bona fides. This achievement, however, somewhat clouded by Phil exasperation at Malaysians for their rigid position at summit and their "evasive" handling Phil Sabah claim in concurrent bilateral talks (Tokyo's 3867).²

B. Reasons for Impasse:

1. Controversy over relationship of guerrilla withdrawals to political settlement was crux of difficulty. Malaysian attitude throughout was one of injured righteousness which, although justified, tended to foreclose chances real progress. Understandably they concentrated almost exclusively on short-term goal of getting Indo forces off their soil and halting other forms confrontation. They refused recognize any direct connection between this objective and political settlement sought by Indos, seeing latter as Indo-contrived artificial issue to be disposed of after confrontation terminated. They could recognize hypothetical Sukarno need for face-saving device if he honestly wanted end confrontation, but they rejected basic premise that he wanted do so. In their view, what Sukarno wanted at most was brief pause to enable him prepare for renewed onslaught. This deep mistrust Indo motives led them to insist that elaborate minuet of verified withdrawal through designated checkpoints be carried to conclusion even after it had become clear that pressure of time was making it no more than farce; it prevented them from making any effort exploit Sukarno personality traits to their advantage as suggested in Djakarta's 2506;³ and, in final analysis, it kept them from making real test Sukarno intentions by

² Dated June 20. (Ibid.)

³ Dated June 4. (Ibid.)

failing offer him course of action which, in context his own prestige and his internal situation, he could reasonably be expected accept.

2. Contributing to impasse reached during final June 20 summit session was fact that Malaysian position throughout preceding week had been anything but clear and had left others unprepared for final rigidity. For example, during prolonged wrangle over checkpoints Malaysians made at least one concession—agreeing to first FonMin meeting before beginning of withdrawal—which suggested greater flexibility on Malaysian side than ultimately demonstrated. In this context, both US and UK observers noted signs of tension within Malaysian delegation, with Ghazali and other hard-liners ranged against others who seemed to favor more flexible position.

3. Indos contributed their bit to final impasse by poisoning already tense atmosphere with arrogant and meretricious press release June 14 (Tokyo's 3732),⁴ which hit Malaysians hard and sparked sporadic crossfire of public statements during rest of meeting. Aside from this, however, Indos handled selves fairly well and managed convey general impression they were genuinely seeking way out. (Malaysian EmbOff, however, told Dept that June 19 attack in Sarawak by guerrillas crossing from Indo had completely destroyed Malaysian hopes that Indos were sincere in their presummit undertakings.)

4. As emphasized by Lopez (Tokyo's 3867), final and probably conclusive reason for impasse was that time ran out before real effort could be made to bridge gap between positions taken by Indos and Malaysians at June 20 afternoon session. Lopez expressed personal belief that, had he and Macapagal been given day or two to work on both sides, they could have hammered out acceptable compromise linking withdrawals to commission proposal. Alternately, had Malaysians made clear to Macapagal earlier in week that they intended demand end to confrontation before activation commission, Macapagal might have been able work out something. (Fact that they did not do so reinforces our suspicion that Malaysians did not actually decide on their position until last minute.)

C. Future Prospects:

1. Most immediate hazard is that Indos will respond to summit failure by promptly stepping up border warfare in Borneo and terrorism on mainland, reasoning that lull in hostilities in month preceding summit had made Malaysians overconfident and that what they now need is period of softening up before next round negotiations. (Press reports of major clash in Borneo this week suggests this has already begun.) British and Malaysians may respond with cross-border operations.

⁴ The press release is summarized in telegram 3732 from Tokyo, June 14. (Ibid.)

Quite apart from obvious danger of escalation hostilities, Indo step up in military confrontation likely be taken by Malaysians as confirming their belief Indos have no intention seeking real settlement, thereby further dimming chances for negotiated settlement.

2. Since Malaysians have long had their eyes on UN and their initial position at Tokyo was to take issue to Security Council, there will undoubtedly be strong move in Kuala Lumpur to go to SC now, either in response increased Indo military activity or as result summit failure itself.

3. If above two obstacles to further negotiations can be surmounted—and chances not too promising—prospects for peaceful settlement might improve substantially now that device for settlement has been surfaced in Macapagal's commission proposal. While commission at first glance may seem little more than gimmick, it could prove good deal more in practice. Phils do not appear to see commission as quasi-judicial body, taking evidence and retiring from scene to draw up recommendations in isolation. Instead, it would operate as genuine conciliatory body, working out its recommendations through process of consultation and negotiations with both parties. It could, in effect, operate in same manner as did Lopez in hammering out May 27 summit agreement but with much greater authority. Commission could also play highly useful role in inducing both sides to exercise restraint while it seized with issue and could serve as channel of appeal by either side against mistreatment by other during this period. Moreover, commission would seem precisely that sort of device which Sukarno likely find most palatable as pill-sweetener, in that he could (a) make great point of bowing to its will as munificent contribution to Afro-Asian unity and (b) avoid giving any appearance giving in directly to "neo-colonialist" Malaysians.

Would appreciate post comments foregoing analysis.⁵

Rusk

⁵ In telegram 21 from Djakarta, July 2, the Embassy suggested that Indonesian policy was aimed at a negotiated settlement as close as possible to its terms and without a withdrawal of its guerrillas. (Ibid.) In telegram 1317 from Kuala Lumpur, June 27, the Embassy suggested that Malaysia had accepted the commission proposal reluctantly and would only implement it if Indonesian military confrontation ceased. The Embassy did not accept that Malaysia was responsible for the impasse at the summit and suggested that Malaysia viewed withdrawal of Indonesia forces seriously. (Ibid.) In telegram 28 from Manila, July 4, the Embassy suggested that although it agreed with the assessment of what happened and why, the estimate of future prospects was wrong in certain respects. The Embassy suggested continued efforts at urging moderation, caution towards more summit or ministerial meetings, not becoming too closely identified with the Afro-Asian Commission, resolving the Philippine claim to Sabah with Malaysia first, and encouraging Malaysia to deal with the Borneo guerrillas on their own rather than relying completely on the British. (Ibid.)

52. Memorandum From Secretary of State Rusk to President Johnson¹

Washington, June 29, 1964.

SUBJECT

Status Report on Relations with Indonesia

Recommendation:

I recommend, with the concurrence of Secretary McNamara and AID Administrator Bell, that you approve continuation of carefully selected economic and military assistance to Indonesia, of the types now being provided, as originally approved in NSAM 278 of February 3, 1964.²

Discussion:

1. The "Summit Meeting" of President Sukarno of Indonesia, Prime Minister Rahman of Malaysia, and President Macapagal of the Philippines took place in Tokyo recently. I believe the results represent limited progress and there is still a basis for further negotiation. The three heads of state agreed on a communiqué³ accepting in principle the designation of an "Afro-Asian Conciliation Commission" to assist the parties in resolving their differences. They also agreed to instruct their Foreign Ministers to continue to study the proposal for a conciliation commission with a view to a further meeting of the heads of Government.

Personal relations between Sukarno and the Tunku were poor at the conference and both returned home issuing angry statements. We are apprehensive that the guerrilla activity in Borneo may now increase again. Our efforts and those of President Macapagal continue to be directed to attempts to restrain violent speech and action. Our effort will be to keep the attention of Sukarno and the Tunku focused on the fact that there is an agreement which must be carried out, starting with a meeting of the Foreign Ministers.

¹ Source: Johnson Library, National Security File, Country File, Indonesia, Vol. IX. Secret. The Department of State copy of this memorandum indicates it was drafted by Cuthell with clearances from Bell and Poats (AID), William Bundy, Harriman, Solbert (DOD/ISA), McNamara, and Arthur Wexler (H). (National Archives and Records Administration, RG 59, Central Files 1964-66, AID (US) INDON)

² Document 29. There is no indication of the President's approval, but see Document 53.

³ The text of the communiqué is printed in *American Foreign Policy: Current Documents, 1964*, pp. 898-899.

2. As you know, our limited programs of economic and MAP assistance with Indonesia have continued, in accordance with your decision recorded in NSAM 278 of February 3, 1964, pending the outcome of the "Summit Meeting." In my judgment, concurred in by the Secretary of Defense and the Administrator of AID, it is essential to the national interest to continue carefully selected economic and military assistance to Indonesia of the types now being provided. We should not, however, make a formal public announcement of continued assistance for this might give unwarranted encouragement to President Sukarno. If you approve the above recommendation, we will routinely and confidentially notify the Congress of the current status of assistance to Indonesia, as required by Section 620 (j), without reference to a renewed Presidential decision.

Dean Rusk

Enclosure

Paper Prepared by the Bureau of Far Eastern Affairs

Washington, June 22, 1964.

STATEMENT OF REASONS FOR CONTINUATION OF LIMITED
ASSISTANCE TO INDONESIA

Indonesia, in terms of size, natural resources and strategic location, is a key country of Asia. In the midst of a convulsive transition from the colonial past, it has become a major target of the Communist powers and is itself a source of tension in Southeast Asia. For the past nine months it has been pursuing a policy of political, economic and military "confrontation" against Malaysia.

Our Indonesia policy requirements are two-fold: (1) to halt Indonesia's "confrontation" against Malaysia and restore equilibrium to the area and (2) to influence the course of Indonesia's long-range development in a direction consistent with our security needs.

Our aid programs have been an essential tool in this dual task. Over the years, they have helped us keep open the communications between our two Governments and build up a limited but real leverage with the Sukarno regime, which we are using to prevent a dangerous drift away from the West. Although "confrontation" has not yet been abandoned, our influence has probably helped prevent greater deterior-

ration and encouraged the Indonesian Government to join with Malaysia and the Philippines in seeking a peaceful settlement of their differences.

Those forms of assistance which could help Indonesia maintain "confrontation" against Malaysia have been eliminated, and we do not intend to resume them so long as "confrontation" continues.

The present AID program is limited to technical assistance, including civil leadership training and advisory services, malaria eradication assistance, and police training and equipment. (Arms and ammunition have been and are being withheld.) The present Military Assistance Program is limited to training in those categories which do not contribute to Indonesia's immediate offensive capability. The training is almost entirely confined to operations, logistics and administrative fields. However, no training is being provided in such fields as ranger, pathfinder, airborne, counter-insurgency, parachute packing, in-flight refueling, and landing force staff planning.

The reduced FY 1964 AID program totals approximately \$10 million and the revised FY 1964 MAP is \$1.9 million. All the FY 1964 MAP funds are for training; 90% of the FY 1964 AID funds are for training and malaria eradication. Similar programs at approximately the same level are planned for FY 1965. (See Tab B for details.)⁴

We are currently training 490 civilian technicians, administrators and managers, and 170 military personnel (including 50 officers under the civic action program) who will play an important part in Indonesia's future leadership. In addition, U.S. university faculty teams in Indonesian institutions are reaching thousands of additional key Indonesians. Our training programs give us a unique opportunity to shape the thinking of Indonesia's future civilian police and military leaders. Continuation of the malaria eradication program, benefiting approximately 70,000,000 people of the central islands, is protecting an existing investment of some \$36 million and would demonstrate our continuing concern for the Indonesian people. If we stopped now, malaria—now virtually eradicated in Java and Bali—would almost inevitably recur. The program of assisting the national police has given us valuable influence in this key organization (the country's first line of defense against internal subversion) and has greatly enhanced its effectiveness.

Continuation of these limited programs is essential to achievement of our policy objectives in Indonesia and to the national interest of the

⁴ Attached but not printed was a detailed description entitled "Current Assistance Programs in Indonesia," which had four tabs attached. Tab A was the proposed MAP and AID FY 1964 Program obligation, Tab B was reductions in FY 1964 MAP and AID program, Tab C was a pipeline trend of estimated unexpended balances of all obligations, and Tab D was an outline of the Food for Peace program in Indonesia.

United States. Termination of the remaining programs would have little or no impact on Indonesia's capacity to continue "confrontation." The Indonesian Government would be likely to react to such termination by lashing out in anger, pushing "confrontation" harder, turning for help to the Communist powers, and further widening the gap between Indonesia and the West. In the process, substantial American oil and other private investment in Indonesia might well be expropriated.

All elements of these programs, including pipeline deliveries from previous years, as well as PL 480 programs (which are not controlled by Section 620 (j)), are being kept under continuing review.

53. National Security Action Memorandum No. 309¹

Washington, July 6, 1964.

FOR

The Secretary of State
The Secretary of Defense
The Administrator, Agency for International Development

SUBJECT

Presidential Determination—Aid to Indonesia

On the recommendation of the Secretary of State, the Secretary of Defense, and the Administrator of the Agency for International Development, the President has decided that no public determination with respect to aid to Indonesia should be made at this time, in view of the unsettled conditions in the South Pacific area. The limited programs, however, of economic and MAP assistance which have resulted from the reviews conducted by the Secretaries of State and Defense are essential to the national interest and are to continue. The Secretaries of State and Defense will report to the President on a quarterly basis the results of their continuing review of these programs.

McGeorge Bundy

¹ Source: National Archives and Records Administration, RG 59, S/S-NSAM Files: Lot 72 D 316, NSAM 309. Secret.

54. Telegram From the Department of State to the Embassy in Indonesia¹

Washington, July 11, 1964, 2:13 p.m.

35. Deptels action Djakarta 9, 10 refer.² After further consideration analysis and proposals contained reftels in light responses interested posts,³ believe you should focus in farewell call on Sukarno on effect on US-Indo relation of Malaysian dispute and eschew discussion Conciliation Commission, withdrawals, or other substantive aspects dispute itself. Sukarno should be left with impression we have no intention of advancing further suggestions, that we see problem and current impasse in lapse Asian principals. Main purpose your call should be convey deep sense personal and official concern over deteriorating trend US-Indo relations which far transcend quarrel with Malaysia. Same approach and theme should predominate in other farewell talks with Indo leaders and Phil Amb. Reyes if you see him.

Suggest your remarks to Sukarno follow following lines:

1) You depart with sense disappointment at inconclusive results Tokyo meeting and current impasse in efforts principals find peaceful solution Malaysian problem, but with even stronger conviction that this is Asian problem and that Asian nations involved can and must find way out.

2) More profound and vastly more disturbing however is effect of military confrontation on US-Indonesian relations. Since 1945, US and Indo have differed on occasion, often strongly, on variety of issues. Nevertheless a common dedication to basic ideals and principles embodied in Pantja Sila and Declaration Independence has stood above these differences preserving friendship and understanding and encouraging close US-Indo cooperation in wide range common efforts. Over past six months however Indos' policy re Malaysia has brought in its train progressively more serious deterioration in US-Indo relations, a trend which if unchecked could place basic fabric our relationship in jeopardy. This deterioration marked by series of actions of such evident

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 3 MAPHILINDO. Confidential. Drafted by Underhill, cleared by Cuthell, Harriman, and Green, and approved by William Bundy. Repeated to Kuala Lumpur, Manila, London, Canberra, and CINCPAC for POLAD.

² In telegrams 9 and 10 to Djakarta, both July 4, the Department suggested possible courses of action and presented its assessment of the positions of the parties in the wake of the Tokyo summit. (Both *ibid.*)

³ The principal Embassy comments on telegrams 9 and 10 to Djakarta are in telegrams 70 from London, July 6; 34 from Kuala Lumpur, July 7; and 61 from Djakarta, July 8. (All *ibid.*)

hostility to US as to arouse doubts about Indonesian desires and intentions. To cite specific examples:

a. Intense and growing anti-US propaganda campaign throughout Indo, which obviously being carried on with Sukarno acquiescence. Not only has GOI allowed this campaign reach unprecedented levels but GOI leaders have directly contributed to it by participating in, and in some cases sponsoring, public functions at which US main target.

b. Apparent Indo decision abandon longstanding policy of non-involvement in Viet Nam issue (parting company, incidentally, with mainstream Afro-Asian attitude) in favor increasingly open support communist North Viet Nam and NLF SVN which is its agent. We can only take this as direct affront to US efforts defend South Viet Nam against external aggression—efforts which Sukarno must understand we are utterly determined pursue to successful conclusion.

c. Parallel Indo decision to place selves on communist side in Korea by recognizing Pyongyang regime. In this case, Indo not only offering affront to US but to UN as well.

d. Public statements by GOI leaders clearly portraying US as opponent Indo policies in Southeast Asia, such as Gen Yani's June 22 remarks (Djakarta's 2602) and Abdulgani's June 28 speech (Djakarta's 2638).⁴ FYI. Will leave to Ambassador whether cite these particular examples. We would not want undercut Yani's position by singling him out for criticism and same goes to lesser extent for Abdulgani. On other hand, might even help Yani a bit to express concern at his remarks. End FYI.

3) Malaysian problem and confrontation has also within US tarnished Indonesian image and made it progressively more difficult for Indonesia's friends in Government, Congress, the press, and public at large to understand and explain Indonesia's position. To Sukarno Indo case needs no justification. Indonesia's American friends, however, see South East Asia's only major power, dwarfing all neighbors in area, population, natural resources, military strength, resorting to military force in political dispute with small, militarily weak neighbor, leaving this neighbor no honorable recourse but to draw into dispute European power whose departure from area Indonesia, paradoxically, wishes to accelerate. No one admires a bully.

4) You leave Indonesia with heartfelt hope Sukarno, Tunku, Macapagal, with assistance Asian-African nations can find solution this problem which is poisoning Indo-US friendship. You may wish draw on perspective your ten years close association with Indonesia to observe US has been true friend Indonesia with no other objectives in association

⁴ Dated June 23 and 29. (Ibid., POL ASIA SE-INDON)

than those Sukarno has so often stated for his country: freedom, dignity, prosperity, peace.⁵

Since objective would be to focus Sukarno's attention on US-Indo relations, we would like to avoid encouraging Thai or Phil efforts which might look like US-sponsored follow-up. We would like to give Sukarno and others a week or two to mull over your departing thoughts and speculate on your Moscow visit, and only then would plan approach Phils or Thai along roughly same lines and offer proposal contained Deptel 11.⁶ Luns visit, Tunku's travels hopefully offer prospect brief hiatus for further Asian peacemaking efforts.

Ball

⁵ In telegram 94 from Djakarta, July 14, Jones reported on his final farewell talk with Sukarno in which Jones made all the points outlined in telegram 35 to Djakarta. Jones described the conversation as "whole unsatisfactory" with an impatient and irritable Sukarno countering every point made by Jones with criticism of the United States. Jones admitted that the meeting had been "discouraging and sobering." (Ibid., POL INDON-US)

⁶ Dated July 4. (Ibid., POL 3 MAPHILINDO)

55. Memorandum From Robert W. Komer of the National Security Council Staff to President Johnson¹

Washington, July 17, 1964.

Malaysia-Indonesia Dispute. For your background prior to the Tunku's visit next week, this pot is still simmering and could rapidly heat up.

So far we've managed (with help from Philippines and Thais) to keep it damped down by a series of time-buying maneuvers. But the long awaited Tokyo summit meeting in late June failed to bridge the gap. The Indos did pull out a few guerrillas from Malaysian Borneo, but they evaded full scale withdrawal. The one thing Tokyo did produce was acceptance—most reluctantly by the Malaysians—of Macapagal's

¹ Source: Johnson Library, National Security File, Country File, Malaysia, Vol. II, Memos, 4/64-7/64. Attached to this memorandum was a July 17 note from Komer to McGeorge Bundy in which Komer wrote: "Here's the Malaysia round-up I promised you, for weekend reading I presume. RWK." There is no indication that the President saw it.

proposal for the creation of a *four-nation Afro-Asian conciliation commission*. The Foreign Ministers are to meet in due course to study this proposal and to work toward another summit. This is a thin reed to lean on, but we're trying.

The Indos evidently anticipate a new Foreign Ministers' meeting in August. They've also suggested that the Thais re-inject themselves as an intermediary in place of the Filipinos. But Indonesian guerrillas continue sporadically active in Borneo, and an incident any time could wreck the chances of a meeting.

At present both parties are seeking to line up international support—the Tunku at the Commonwealth Prime Minister's Conference and next week in Washington, the Indonesians in Bangkok and Moscow. The Indos claim they're getting a lot more Soviet arms, but we suspect these may just be a speeding up of previous orders.

The big uncertainty is Indonesia's real intentions. Sukarno is heavily committed to "confrontation", both by his words and by pressures from the Indo Communists and the Army. Yet there is evidence that the results of "confrontation" have disappointed him to date, and that he might step back from over-commitment for the time being if a face-saving device could be found.

The Afro-Asian Conciliation Commission may well serve this purpose. Through the process of negotiation leading up to such a commission, and the inevitably lengthy process of conciliation by the commission, we could hope that hostilities would be kept damped down.

To keep the parties talking rather than fighting, we'll have to continue using the carrot and stick on both the Indonesians and the Malaysians (and their Commonwealth allies). This is no time to give the Indos many goodies, but we do want to keep dangling the prospect of renewed Western aid if Sukarno would only stop acting up.

It would be easy for us to join the UK in all-out support for Malaysia and to dare Sukarno to up the ante. This might scare off the Bung for now, but more likely just push him closer to Peking and Moscow and into more reliance on the Communists at home. Our aim is not just to turn off the jungle fighting in Borneo, but to do it in a way that doesn't lose Indonesia to us. Rather a neutralist Sukarno than a Communist running the country. So it still makes sense for us to lean over backwards (without sacrificing Malaysia), so long as there's even a reasonable chance that we can keep the lid from blowing off.

R.W. Komer

56. National Intelligence Estimate¹

NIE 55-64

Washington, July 22, 1964.

PROSPECTS FOR INDONESIA

The Problem

To examine the major trends in Indonesia and to estimate probable developments, taking into account implications of the campaign against Malaysia.²

Conclusions

A. President Sukarno remains virtually all-powerful in Indonesia and there is almost no chance that his rule or his policies will be effectively challenged by any group, movement, or individual during his lifetime. Neither increased economic stringency nor dissidence in the outer islands is likely to threaten Sukarno's position seriously. (Para. 3)

B. Over the past year Sukarno has tended to reinforce the position of the Indonesian Communist Party (PKI) and reduce the political influence of the military. Although PKI influence in the government remains relatively limited, it is likely to continue growing as long as Sukarno remains in power. Sukarno does not seek to establish PKI dominance but, over the long term, to fuse it with other radical and nationalist elements that he has slowly drawn into supporting his objectives. The PKI, well aware of his tactic, will probably continue ostensibly to support Sukarno, in the belief that in the long run the Communist cause will be the chief beneficiary of the economic, social, and political disarray he will bequeath to Indonesia. (Paras. 2-14)

¹ Source: Department of State, INR/EAP Files: Lot 90 D 165, NIE 55-64. Secret; Controlled Dissem. This estimate was prepared by the Central Intelligence Agency and the intelligence organizations of the Departments of State and Defense and NSA. All members of the U.S. Intelligence Board concurred with it on July 22 with the exception of the representatives of the FBI and AEC who abstained on the grounds that the topic was outside their jurisdiction.

² See also NIE 55-63, "Indonesia's International Orientation," dated April 10, 1963; and NIE 54/55-63, "The Malaysia-Indonesia Conflict," dated 30 October 1963. The judgments in both estimates remain essentially valid. [Footnote in the source text. NIE 55-63's essential conclusion was that Sukarno's "foreign policy actions are in some measure influenced by a desire to remain on good terms with both East and West." (Johnson Library, National Security File, National Security Estimates, 55, Indonesia) The summary portion of NIE 54/55-63 is printed in *Foreign Relations, 1961-1963*, vol. XXIII, Document 346.

C. Sukarno's campaign to disrupt Malaysia—"confrontation"—has helped accelerate the drift toward the radical left and will do so further if, as seems likely, the campaign continues. Sukarno will probably continue to seek to avoid open hostilities with British Commonwealth forces, because of the uncertainty of victory. A decisive trend in the struggle in South Vietnam, either way, would have some effect upon political forces in Indonesia and upon the pitch of the anti-Malaysia campaign. But, in any case, the mainsprings of Sukarno's foreign policy actions will continue to be found primarily in purely Indonesian considerations. (Paras. 1, 33, 36)

D. Confrontation has speeded the deterioration of the Indonesian economy. The most serious short-term problems are growing shortages of foodstuffs and other consumer necessities, and a heavy balance of payments deficit; prospects for improvement are not bright. The political impact has thus far been slight, but if food shortages persist, the problem of maintaining public order in urban areas could become serious. (Paras. 17-32)

E. These developments will probably not lead to any marked changes in Indonesian foreign policy over the next few years. Indonesia's growing cordiality with Communist China will probably continue, based on a near identity of short-term interests in the Afro-Asian world. The USSR, clearly disappointed by its failure to achieve predominant influence in Indonesia, even in the PKI, possesses only limited influence with Sukarno despite its vast military assistance to confrontation. (Paras. 34-35)

F. The road ahead for Indonesia is a troubled one of domestic deterioration, external aggression, and overall Communist profit. This prospect will not brighten until and unless Indonesia's energies are turned from foreign ambitions, which probably include Portuguese Timor and, in due course, the rest of New Guinea, and are devoted to the development of this potentially rich country. It is unlikely that such a shift will occur so long as Sukarno dominates Indonesia. (Para. 37)

[Here follows the Discussion section of the estimate.]

57. Memorandum of Conversation¹

Washington, July 23, 1964, 5 p.m.

SUBJECT

President's Second Meeting with the Prime Minister of Malaysia²

PARTICIPANTS

Tunku Abdul Rahman, Prime Minister of Malaysia
Dato Ong Yoke Lin, Ambassador of Malaysia
Dato Muhammed Ghazali bin Shafie, Permanent Secretary for External Affairs
The President
William F. Bundy, Assistant Secretary of State for Far Eastern Affairs
James D. Bell, American Ambassador to Malaysia
R.W. Komer, the White House

The President greeted the Tunku warmly and asked him if he approved the communiqué. The President and the Tunku each read the draft communiqué³ after which each expressed approval.

The President then told the Tunku that he hoped he returned to Malaysia with a clear sense of our support and admiration for him and for his country. The Tunku expressed his appreciation and thanks for all the kindness shown him on this visit.

The President reminded the Tunku of their conversation of July 22 about U.S. policy and said he hoped he understood our views. We thought it wise to be careful not to antagonize Sukarno unnecessarily. We applauded the Tunku's restraint and urged him to continue to play his statesmanlike role. Patience and restraint were important; "if we can be patient enough, the other fellow will make the errors". The Tunku nodded assent and indicated that he agreed with the President's position. The President then expressed his hope that Malaysia could

¹ Source: Johnson Library, National Security File, Country File, Malaysia, Vol. II. Secret. Drafted by Komer.

² Johnson and Tunku Abdul Rahman met alone on July 22. No record of their conversation was made, but for a second-hand account of their meeting, see Document 265. In a memorandum to the President, July 23, Komer suggested that this meeting "seemed free of knotty problems." Komer thought that the Tunku's visit had been smooth, his mood was good, he was pleased with overt signs of U.S. support, but Komer feared that the Prime Minister was using his Washington visit as a platform for "tough anti-Indo talk." Komer suggested the problem was that the Tunku might get "too-cocky towards Sukarno because he thinks he's got us in his hip pocket." Komer suggested that the President emphasize to the Tunku the need for care and restraint in relations with Sukarno—"let the other guy make the mistakes"—lowering the rhetoric, mending fences with the Philippines, and not to let the Tunku think he has a "blank check" for U.S. credit sales and training. (Johnson Library, National Security File, Files of Robert W. Komer, Malaysia, Dec. 63-Mar 66)

³ Printed in *American Foreign Policy: Current Documents, 1964*, pp. 899-900.

solve its troubles with the Philippines. Dissension between Malaysia and the Philippines was only "water on the paddle of the Indonesian extremists."

We looked forward, the President indicated, to further talks in regard to Malaysia's desire for credits and military training. We would be glad to have the Malaysian Chief of Staff come here or to talk with other Malaysian defense people on this matter.

On the question of relations with the Philippines, the Tunku said, the Filipino attitude was disappointing. When he and Macapagal had met in Cambodia, the Tunku had asked the latter if there were any problems and suggested that these could easily be resolved. He was willing to let the Filipino claim go to a bilateral group, but the Filipinos didn't seem much interested in better relations. As the Tunku put it, "they were with us in the ASA but now they seem to take sides with Sukarno." This was a great disappointment. The Filipinos were unlike the Thais who had been with Malaysia from the beginning.

The President asked the Tunku about the riots in Singapore, saying that we had our own problems in New York. He hoped the Tunku was more successful than he had been in stopping this sort of trouble. The Prime Minister replied that the situation in Singapore was still tense. There had been three more deaths but the situation seemed to be quieting down. The President hoped the Tunku wouldn't have to cut his visit short and go back early. The Tunku said he was considering this but hoped to be able to go on to Canada.

As the meeting ended the Tunku invited the President to visit Malaysia at some early and convenient time.

58. Telegram From the Department of State to the Embassy in Thailand¹

Washington, August 13, 1964, 5:46 p.m.

226. Depcirtel 252.² From replies to reftel³ following appears consensus on current status Malaysian dispute:

1. Neither principal appears interested in continuing formal direct negotiations in absence clear exits from Tokyo impasse. Current level guerrilla activity is low, and Indos engaged in diplomatic activity to develop further support from Soviet Union, North Korea, and North Viet-Nam. GOM preoccupied with internal problems, and attention likely to be focused inward in first weeks following Tunku's return.

2. Thanat initiative for resort to salutary secret preparatory diplomacy appears best and perhaps only way to avoid creating in AACC another imposing but empty negotiating mechanism.

3. Phils are committed to publicized direct negotiations and, in view foregoing, their role for present essentially unconstructive. Macapagal and Lopez for personal and domestic political reasons appear determined however to pursue role of mediator and probably cannot be diverted.

Under circumstances Dept feels that, while approach outlined cirtel 252 as modified by posts' comments still valid, time for pursuing it does not seem to have arrived. Agree with Kuala Lumpur 150 that Thai participation in AACC is essential and therefore Phils must be committed to naming Thais as their rep on AACC before Malaysians announce choice Nigerians. Prior and secret Phil agreement is therefore necessary first step in implementing plan, but difficult to accomplish in context current Phil efforts. As Phils run up against GOI-GOM footdragging on resumption formal talks opportunity may then arise for essential Lopez-Thanat liaison. In absence such liaison Lopez likely conclude Thanat working against him.

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret; Priority. Drafted by Underhill and Cuthell and approved by Green. Repeated to Manila, Djakarta, and Kuala Lumpur.

² In circular telegram 252, August 7, the Department presented its views on prospects for the Indon-Malaysian dispute. It believed that the Afro-Asian Conciliation Commission (AACC) must be pursued and not rejected by Malaysia. The basic obstacle to peace remained Indonesian guerrillas in East Malaysia and the Department suggested that the AACC might be able to convince Sukarno to withdraw them. Such a plan would require careful prearrangement and prior acceptance. (Ibid.)

³ The major replies are in telegrams 165 from Bangkok, August 9; 150 from Kuala Lumpur, August 10; 273 from Manila, August 11; and 249 from Djakarta, August 11. (All *ibid.*)

For Bangkok: Department believes that at this stage best procedure would be for you to review current situation with Thanat, drawing on cirtel 252, Manila, Djakarta and Kuala Lumpur responses thereto, and this telegram in order ascertain Thanat's views. Would be preferable if you could do this before Thanat meets Razak, but would like to avoid having Thanat cite any ideas or problems raised as originating with USG. Request you emphasize importance some sort of liaison with Phils and suggest time may have come for Thanat to invite Lopez to Bangkok for strategy session. If Thanat prefers, we would undertake to tell Macapagal we believe his and Thanat's efforts should be coordinated, suggesting Macapagal send Lopez to Bangkok.

Rusk

59. Telegram From the Department of State to the Embassy in Indonesia¹

Washington, August 17, 1964, 6:45 p.m.

174. Department gravely concerned by developments of past few days, specifically:

1. Landing of Indo troops in Malaya.
2. Sukarno's speech. As summarized your 312,² speech contains little that is new, but is summary of current Indonesian view of world which is in conflict with our interests at almost every point.
3. Recent presumably PKI-organized actions against US private properties in fields rubber, petroleum and civil aviation.
4. Seizure Djogjakarta library.³

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL INDON-US. Confidential; Immediate. Drafted by Cuthell and approved by Green. Repeated to Kuala Lumpur.

² Sukarno's Independence Day speech of August 17. In telegram 312 from Djakarta, August 17, the Embassy suggested that "Sukarno went far toward denouncing the USG as main enemy of Indo revolution and aligning Indo psychologically with Asian Communist regimes." (Ibid., POL 15-1 INDON) For CIA and Embassy later assessments of the speech, see Document 62 and footnote 2 thereto.

³ The Jefferson Library of the USIS in Djogjakarata was taken over by an anti-American mob on August 15.

On other hand we have also noted Indo temperance so far in reacting news Tower amendment⁴ and a few minor GOI actions such as granting permission for EmbOffs travel to West Irian.

Above numbered developments will obviously make much more difficult administration's efforts to secure modification or deletion of Tower amendment from aid bill. They also lead Department to wonder whether, either as conscious program or as result unwillingness face down PKI, GOI is in process making rapid readjustment in its foreign policy toward break with US. While we realize difficulty of doing so in present confused situation, Department urgently requests your views on present situation and where it is trending as well as any recommendations you may have on US actions to meet situation.⁵

Rusk

⁴ An amendment by Senator John Tower of Texas to the Foreign Assistance bill banning U.S. assistance to Indonesia and military training of Indonesian nationals in the United States. In a telephone call to Ball on August 17 at 5:45 p.m., President Johnson asked him to talk to Dirksen and Fulbright to see if the Tower amendment could be eliminated or made discretionary. (Johnson Library, Ball Papers, Telephone Conversations, Indonesia, [4/12/64-11/10/65])

⁵ See Document 63 for Galbraith's long-range assessment.

60. Memorandum From the Deputy Assistant Secretary of State for Far Eastern Affairs (Green) to Secretary of State Rusk¹

Washington, August 19, 1964.

SUBJECT

Your Lunch with the President Today²—Current Indonesian Developments

On the assumption that Indonesia is likely to be discussed at your lunch with the President, I thought it might be useful for you to have a brief summary of our current view of the situation, and my preliminary estimate as to how we may have to react to it. I must emphasize that

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, AID (US) INDON. Secret. Drafted by Green and Cuthell.

² President Johnson met with Rusk, Ball, Vance, and McGeorge Bundy at 1:33 p.m. in the White House. (Johnson Library, President's Daily Diary) No other record of this meeting has been found.

these conclusions about future developments are still very tentative, and have not been cleared or discussed in detail outside this Bureau. I thought, however, you might wish to have them for your conversation with the President.

Sukarno's August 17 speech³ (full text not yet available) was a catalogue of specific points in Indonesian foreign policy in direct opposition to ours, and included lengthy sections on domestic affairs in which Sukarno set forth views identical with or very close to the PKI. During the period immediately preceding the speech various Indonesian groups with or without Government blessing seized our USIS Library in Djogjakarta, threatened take-overs or boycotts of several American private businesses, and increased the tempo of the current anti-American campaign. We assume that the stridency of the August 17 period will now give way to relative calm, but believe we are faced with an Indonesian Government which is increasingly moving away from the United States both internally and externally. That is also our Embassy's judgment.

During the same recent period we have had a new amendment on Indonesian aid passed by the Senate.⁴ As we understand it, the present hope is that the final bill will contain the Tower amendment as written, further amended to give the President discretionary authority to continue such aid as he considers in the national interest. The practical effect of this would seem to be that shortly after the bill becomes law the President will be faced with the necessity of making a publicized formal determination on aid to Indonesia.

Bearing in mind both the difficulty of making a favorable determination in the light of Indonesia's recent conduct and the undesirability of giving Sukarno a pat on the back by doing so at this point, I am considering areas in which the current Indonesian program could be contracted, both to get the lesson home to Sukarno and to reduce pressures in the United States. Specifically I believe that the time may have come when we should terminate aid to Indonesian military and paramilitary organizations, but that we should attempt to maintain over the next years as much of a program of educational exchange and support for Indonesian educational institutions as we can. If possible, it would seem desirable to continue the Peace Corps program and the program for malaria eradication.

If the United States should announce termination of aid to the Indonesian military as a unilateral action we would expect a strong and perhaps violent Indonesian reaction. We would expect abrogation

³ See footnote 2, Document 59.

⁴ See footnote 4, Document 59.

of the agreement protecting our oil properties and loss of other American investments, and would anticipate violence against Government installations and perhaps people, a situation which would obviously create a new major problem to us in Southeast Asia in the months ahead.

If we decide to terminate military aid we believe there is a good chance that we could exit with minimum adverse reaction from the present situation by pointing out to the Indonesians that the Tower amendment and their own policies are leading toward the ending of such aid, and suggesting to them that, in the interests of removing irritants to our relations, we agree to immediate termination of our military assistance program, and that the Indonesian Government issue an announcement to this effect. On the basis of discussions which Ambassador Jones had with Sukarno and Subandrio last spring we believe that the Indonesians might find this an attractive and face-saving approach to the problem. (Subandrio at that time spoke of such Indonesian action as a useful way of removing programs which were becoming irritations in our relations rather than contributing to them.) From our point of view, encouraging Indonesia to take this course would stand a better chance of relieving us of increasingly embarrassing programs without creating the long-range obstacle to the resumption of good relations with any Indonesian Government which would undoubtedly result from unilateral American action.

For the foregoing plan to work, it would be necessary to discuss the subject quietly with Sukarno and Subandrio soon, as the Indonesians would have to act before the aid bill becomes law. I plan, therefore, to make a detailed recommendation to you on this subject as soon as the status of the Tower amendment becomes more clear, but thought you might wish to go over the subject in general terms with the President.

61. Memorandum From Robert W. Komer of the National Security Council Staff to President Johnson¹

Washington, August 19, 1964.

The more we look at it, the more all of us working on Asia fear that *Tower's amendment*, even with discretionary language, not only

¹Source: Johnson Library, National Security File, Country File, Indonesia, Vol. II, Cables and Memos, 5/64-8/64, [2 of 2]. Secret.

puts you on the spot but moves us dangerously close to a final break with Indonesia. Sukarno's speech, irresponsible though it was, is a clear signal that he may have decided there's no hope of keeping open a bridge to us.

A. The foreign policy case for not giving Sukarno new grounds to react is a powerful one. We've strung him along for years (with our eyes open), on the basic premise that if he swung too far left we'd lose the third largest country in Asia—whose strategic location and 100 million people make it a far greater prize than Vietnam. To leave Sukarno no opening toward us multiplies the odds that he'll end up the prisoner of his powerful CP (largest in Free Asia and Peking-oriented).

B. Since Tower's language calls for *immediately* stopping all aid and training, he or others could press for an immediate determination under the discretionary language—thus putting on you the burden of going against the will of Congress (before the election). So it's worse than the Broomfield amendment, with which we've lived for many months.

Though I passed word to Gaud and Ball that you left the issue to their judgment and that your main objective was to dispose of Tower, Ball had already moved to offer discretionary language to Fulbright and Dirksen. Rusk, Ball and Gaud apparently hesitate now to re-open the issue without a signal from you.

I'd argue, however, that we've met any obligation to Dirksen by State giving him the discretionary language, and that we could now try to kill Tower outright in conference. If not we could always retreat.

State/AID experts propose we quietly tell Indos pronto we're suspending all military aid (aside from completing the training of Indo officers already here—to send them packing would be an insult), and continuing only the minor AID technical assistance. Then we could clue conferees quietly that we've done most of what Congress wants, so please drop Tower amendment and not box you in.² I'd endorse this too. What's essential is not to force on you the impossible choice of either defying the will of Congress in an unpopular cause or letting the break with Indonesia move further to the point of no return.

R.W. Komer

² Ball telephoned Senator Everett Dirksen at 6:35 p.m. on August 18. Dirksen stated that discretionary language did not do any good. This was a "difficult parliamentary situation" and the Tower amendment could not be amended nor could it be vacated because of opposition. Dirksen talked to Fulbright and Mansfield and they thought it best to let it go to the House where "Tom Morgan and his boys would stand fast and take it." Dirksen said there would not be "too much ruckus from our side. There is a matter of pride." (Ibid., Ball Papers, Telephone Conversations, Indonesia, [4/12/64-11/10/65])

62. Current Intelligence Memorandum¹

OCI No. 2217/64

Washington, August 20, 1964.

SUBJECT

Sukarno's Independence Day Speech

1. Sukarno's independence day speech on 17 August explicitly confirms his accelerated swing to the left during the past 18 months.² It charts a course—both international and domestic—which is close to the immediate objectives of the Indonesian Communist Party. The speech precludes any real relaxation of the intensified anti-Americanism in Indonesia of the last few months. Although the anti-American campaign may ebb and flow to suit the purposes of Sukarno or the Communist Party, the long-range intent will remain unchanged: get the US out of Southeast Asia.

2. Sukarno declared that non-Asians must leave all of Asia, that South Korea and South Vietnam are "not yet free," and that Laos will be "truly neutral, united, and democratic" only if the imperialists withdraw their troops from the area. He announced that "we condemn as strongly as possible the American attack on North Vietnam." He castigated Malaysia intermittently throughout the speech, referring to it variously as a "barking dog," a "watchdog," and a "puppet" of imperialism.

3. Regarding relations with the United States, Sukarno said that despite repeated evidence of US Government hostility toward Indonesia over the years, he had tried to remain friendly toward America. US support of Malaysia, however, he said was "too much." The US was pretending to be friendly with both Indonesia and Malaysia; friendship with both, according to Sukarno, is impossible, and Indonesia will not accept such a pretense.

4. On the subject of cultural relations with the West and particularly with the US, Sukarno said he was no longer able to consider America the "center of an idea." He strongly criticized those Indone-

¹ Source: Johnson Library, National Security File, Country File, Indonesia, Vol. II, Cables and Memos, 5/64-8/64 [2 of 2]. Confidential. Prepared in the Office of Current Intelligence of the CIA.

² In telegram 317 from Djakarta, August 18, the Embassy stated that Sukarno's speech "cannot be shrugged off as more of the same." As he had in previously prepared major speeches, Sukarno declared "Indonesia in the camp of Asian Communists and opposed to US—opposed not only on issues of the day like Vietnam and Malaysia, but fundamentally opposed to our thought, our influence and our leadership." (National Archives and Records Administration, RG 59, Central Files 1964-66, POL 15-1 INDON)

sians who copy Western ways and ridiculed Western efforts to influence Indonesia through libraries, films, and other forms of propaganda.

5. On foreign investment, Sukarno made it clear that American interests eventually would be taken over. "I wish to confirm that basically and eventually there will be no imperialist capital operating on Indonesian soil." He said British businesses will be completely taken over by the government and that compensation will depend upon the UK's stand toward the liquidation of Malaysia.

6. Regarding domestic policy, Sukarno emphasized that the "re-tooling" of reactionaries would be carried on at all levels without letup. He reiterated his long-standing concept of NASAKOM—the fusion of nationalist, religious, and Communist elements in Indonesian society and government—and said that whoever opposes NASAKOM opposes the Indonesian revolution. Sukarno endorsed the Communist concept of two stages of revolution, noting that the present bourgeois democratic stage would be succeeded in due course by a socialist stage.

7. He implied support of recent Communist land seizures, saying that the "unilateral action" of farmers was understandable in view of the slow implementation of land reform. He announced that land reform courts—a Communist demand—will be established. He lavished praise on North Korean agricultural successes and spoke of "freeing the productive power" of Indonesian villages—possibly pointing toward a plan for agricultural collectivism.

8. Sukarno did not indicate any specific moves against US interests in the immediate future. Considering the content of his speech, however, the seizure of the USIS library at Jogjakarta on 15 August was probably coordinated with Djakarta. Other threatened seizures have not materialized, nor have there been further demonstrations against US estates in North Sumatra. Rumored action against a US tire factory in Bogor, West Java, also has not developed. In both areas, the army and police have taken steps to protect American persons and property.

9. The Communist Party (PKI) moved immediately to identify itself with Sukarno's speech and to prepare to exploit it in furthering its own program wherever possible. A special statement by party chairman Aidit on 18 August welcomed the speech as "fully in line" with the struggle of the Indonesian and Southeast Asian peoples "at present." Aidit has instructed PKI provincial officials and party members to study the speech so that it may be used to "guide the Indonesian people in their activities."

10. The speech raises the question whether the position assumed by Sukarno is fully his own or whether it has been imposed upon him, at least in part, by the large and highly effective Communist Party. Over the years, the Sukarno-Communist relationship has appeared to be one of mutual exploitation. It seems highly unlikely that Sukarno

has long been a Communist and is simply gradually surfacing his convictions now, but his predilection for Marxist patterns of thought, his spirit of opportunism, and his faith in his superb ability to manipulate individuals and groups may have carried him too far. It would appear at this time that Sukarno has deliberately chosen, on his own, to stand internationally with the anti-Western Asian world. Domestically, however, it seems likely that because he lacks administrative blueprints of his own and needs an effective organized political instrument, he has allowed too much influence to slip into Communist hands, and that he is well on his way to becoming a captive of the Communists.

63. **Telegram From the Embassy in Indonesia to the Department of State¹**

Djakarta, August 24, 1967, 7 p.m.

359. Deptel 188.² Following is my assessment and recommendations on Indonesia in light most recent events but with background Sukarno's words and their implementation in action over last 15 years. Admittedly crystal ball murky in this atmosphere but seems necessary try use it anyway.

A. Assessment:

1. Although zigzag tactics Sukarno regime difficult predict the at least vague outlines of its course just ahead seems set and short-term effect on US official position here reasonably clear. US is in for harassment and trouble from PKI and other leftists and government will only half-heartedly apply brakes to them under best of circumstances we can expect. How far this will be allowed to affect operations under private American investment here, particularly in oil, not yet clear.

2. Malaysia, immediate cause rapid deterioration US-Indo relations over last year, is not subject meaningful settlement so long as Indos, as now, pursue negotiations as tactic to destroy Malaysia with objective dominating territory, under one pretext or another.

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 1 INDON-US. Top Secret; Immediate; Limited Distribution. Passed to the White House.

² In telegram 188 to Djakarta, August 21, the Department informed Galbraith of the "high-level reappraisal of U.S. policy towards Indonesia with special reference to military assistance" and asked for his assessment. (Ibid.)

3. PKI will continue to spearhead confrontation against Malaysia and lead popular support for most other Sukarno causes. Its pressure on government in turn to espouse PKI causes will be unrelenting but so measured as to be at same time irresistible to Sukarno.

4. PNI under present leadership too sycophantic to other than follow Sukarno's lead. NU has weak leadership and organization and is unable do much but mute enthusiasm with which it says "me too" to Sukarno. Other parties either inconsequential or subject Sukarno's manipulation or both.

5. Army will try to keep its unity and its correct attitude vis-à-vis Sukarno. Pressures on army leadership for conformity will increase, however, and its strength and unity of purpose under non-Communist leadership will inevitably erode. Army will try to salvage as much as it can in way training and keep its special relations with US military but this is likely to be reduced soon to trickle or hiatus. Air force and navy have virtually written off US assistance.

6. Indonesia's domestic and foreign posture will be dominated by Sukarno's growing megalomania. And whether as result decision made long ago by him or as consequence his predilection for and training in revolution, Sukarno will lead Indonesia in way which will strengthen hand PKI and take Indonesia further into Communist camp.

7. Sukarno will continue his drive for Asian-African leadership generally through espousing anti-imperialism, etc. and particularly through promoting as many A-A conferences as possible here in Indonesia. He will also make special effort to exert leadership with North Korea, North Vietnam and Cambodia and this will lead him to beat anti-US drum and echo Peking. Conscious of Indo reliance on Soviets for arms and other support, Indonesia will point effort to effect reconciliation of USSR and CPR.

8. Sukarno and his closest advisers like Subandrio speak of passing through stages of revolution advancing to socialism (communism). Although this process has at times appeared and now appears to be moving rapidly, it has actually not gone very far. Army, most of governing class (despite heavy Communist influence some Ministries such as Basic Education, Information, Sports and Justice), larger part of Moslem, mainly peasant population, is still unprepared and "revolutionary" changes remain largely at verbal level or confined to central authorities Djakarta. PKI still has much to do, as party itself seems aware (FND 7069)³ although PKI dedication, energy and drive and financial backing should not be underestimated.

³ Not further identified.

9. Drive by Sukarno to take Indonesia into Socialist camp is therefore race by him with Father Time in which odds are against Sukarno. Sukarno's fellow revolutionaries have been dying off fast last few years. New generation is coming on fast. Many of them can be counted on to put their educations to work on Indonesia's real problems of sagging economy and social backwardness, if and when they get the chance. Need for US aid would then be magnet drawing them toward us.

10. There is much discontent with economic waste and corruption and with Sukarno's arbitrary disposition of Indonesia's financial resources on his pet projects. Price of rice has reportedly doubled since Aug 17 speech. Sukarno's rice policy could well be his Achilles heel with hitherto compliant population. There is some dissidence and potential dissidence in outer islands like Sulawesi and Sumatra. However, leadership and organization to make discontent and dissidence effective in revolt is much less strong than in 1958. There is some stirring in NU and among what is left of Masjumi but it is still too inchoate to be meaningful.

11. Although Sukarno's bluster gives verbal aid and comfort to enemies of US in Far East, Indonesia has little real power to put in balance. It will tie down some British and perhaps eventually Australian and New Zealand forces but will itself be tied down in process.

B. Recommendations:

1. In anticipation further deterioration US-Indo relations US should reduce American presence subject to harassment here. It may actually relieve situation to close out some less meaningful projects. Specifically, where AID and MILTAG projects are completed or when Indonesians request US to end them, we should repatriate personnel with least possible fanfare and publicity.

2. On basis foregoing, Congress should be persuaded not to include in AID bill any additional restrictions on US aid to Indonesia to that contained in Presidential determination provision.

3. To extent possible maintain those aid, civic action and military and police assistance programs meaningful in terms of continuing contact and future influence. Keeping our commitments on some non-tactical items equipment will almost certainly be necessary to accommodate this.

4. On short notice be prepared to respond to emergency requests by responsible Indonesian leaders for food, riot control equipment and internal security items. This might entail stockpiling in areas close by such as Philippines and/or Australia.

5. By covert and overt means increase volume and effectiveness with which US version world events is provided Indonesians (this will require injection funds and people—this is field where US has been losing heaviest to ChiComs, Soviets and PKI).

6. Avoid insofar as possible communication to press, American or foreign, that any particular changes taking place in our policy toward Indonesia. Our public posture should be as in past: (a) continue ongoing programs as possible, (b) avoid taking position on substance Malaysian dispute, (c) oppose use of force to settle Malaysian disputes, (d) desire by US maintain friendship both Indonesia and Malaysia.

7. Keep contact open with NU and other elements opposed to Sukarno's anti-US policies (*[less than 1 line of source text not declassified]*) I am preparing assessment these contacts which will send shortly.

8. Be alert to development potential for meaningful dissidence, especially in outer islands and West Java, and be prepared move rapidly in support army should Sukarno-PKI pressures on army leaders or other occurrences precipitate army revolt against Sukarno.

To extent Department finds any above suggestions helpful, Embassy will submit detailed recommendation.

Galbraith

64. Memorandum From James C. Thomson, Jr., of the National Security Council Staff to the President's Special Assistant for National Security Affairs (Bundy)¹

Washington, August 25, 1964.

SUBJECT

Indonesia and the Tuesday² Lunch

We assume that the problem of Indonesia will and should be raised anew at the Tuesday lunch this week. Here is a run-down on current thinking in the U.S. Government:

1. Since Sukarno's August 17 speech and the "invasion" of Malaysia in the wake of the Tower Amendment, State and Defense had been assuming a firm Presidential decision to cut off all military assistance to Indonesia. Now that the air has cleared a bit with little coverage of the Sukarno speech in this country and with the apparent death of the Tower Amendment, there is a faint but growing disposition to move less rapidly on this subject.

¹ Source: Johnson Library, National Security File, Country File, Indonesia, Vol. II. Cables and Memos, 5/64-8/64, [2 of 2]. Secret.

² August 28.

2. State plans to review with Jones a proposed approach to Sukarno on his return to Djakarta next week. These instructions would involve his telling Sukarno in the next ten days or so that inasmuch as U.S. military assistance has become an irritant to U.S.-Indonesian relations both in Washington and in Djakarta, we should jointly agree to end this program. State proposes this move in order to take the heat off the Administration at home and in order to lay the ground for a continuation of economic assistance on a mutually acceptable basis. (The Indos are already taking action to suspend or cancel substantial portions of our military training arrangements.)

3. At the working level in Defense, however, it is suggested that it might be wise, before we bring about a Jones-Sukarno confrontation, to have our military people in Djakarta (Colonels Harvey and Benson) go to Nasution and Jani for a candid "where-the-hell-do-we-go-from-here" session in which they might obtain a better reading on the military's real hopes and needs. After all, it is argued, our military training program has been regarded as the most vital part of our Indonesian assistance in terms of future pay-off. If Nasution and Co. were to ask us to lie low for a while, it would be quite possible to taper off on military aid while continuing the civic action programs with considerably reduced staff under the wing of AID. (This proposal has been discussed with AID, and Poats is favorably inclined.)

4. As between these two courses, I would push for the Defense alternative. In terms of priorities, I would assume that our No. 1 objective is to keep our foot in the door for the long term stakes, but that a close second is to keep up our relationship with the Indo military if at all possible.³ In this regard, then, any fast motion toward a cut-off would be a foolish waste of 15 years' investment. Far better to play it cool, as long as the issue is reasonably quiescent in this country, and to make a fast pitch to our real pals, the Indo military—and then to determine what line, if any, Jones should take with Sukarno.

I would hope that the Tuesday luncheon might produce a Presidential assurance to State and Defense that our objective remains the continuation of as much U.S. involvement as our Indo friends will permit us.

JCT Jr.

³ On August 24 Komer informed Bundy that, "McNaughton is urging McNamara to put a plug for not burning our bridges to Indo military unless US freight becomes too much to bear." What was really needed at the Tuesday lunch, according to Komer, was "for LBJ simply to say 'let's not let things go from bad to worse with Indonesia. We don't want another crisis right now. If we can sink Tower amendment, let's continue those few piddling programs which keep our lines open to Indos.' This will do the trick, let Rusk off the hook, and let us stay loose." (Johnson Library, National Security File, Country File, Indonesia, Vol. II, Cables and Memos, 5/64-8/64, [2 of 2])

65. Memorandum From the Joint Chiefs of Staff to Secretary of Defense McNamara¹

JCSM-734-64

Washington, August 26, 1964.

SUBJECT

US Policy Towards Indonesia (U)

1. Reference is made to a memorandum by the Assistant Secretary of Defense (ISA), I-12, 723/64, dated 21 August 1964,² subject as above, which requested the comments of the Joint Chiefs of Staff on a Department of State draft memorandum regarding the future course of US policy towards Indonesia.³

2. The Joint Chiefs of Staff concur generally in the substance of the draft memorandum. However, they do not consider that Indonesian [*less than 1 line of source text not declassified*] should be terminated completely at this time. In spite of President Sukarno's Malaysian policy, the United States has maintained close ties with members of the Indonesian Armed Forces. Provision of arms and ammunition has been suspended, but [*1 line of source text not declassified*]*—serves to preserve this US contact as a source of intelligence and possible future influence without indicating support for Sukarno's Malaysian policy.*

3. In reviewing the draft memorandum, the Joint Chiefs of Staff took into consideration the following:

a. Contacts maintained between US and Indonesian military personnel have been beneficial from an intelligence gathering aspect, as well as for maintaining US influence among the Indonesian military leaders. Desirably, this link should be continued insofar as practicable.

b. The major military implications which might be associated with further deterioration of US/Indonesian relations are set forth in the Appendix hereto.⁴ Briefly, the principal military implication for the United States is the adverse effect on US military posture in Southeast Asia which could result from Indonesian reaction to a change in US policy. This could require the United States to undertake deterrent action or emergency evacuation of US citizens and certain allied nation-

¹ Source: Washington National Records Center, RG 330, OSD Files: FRC 69 A 7425, Indonesia. Secret.

² Not found, but summarized here.

³ The copy of the draft memorandum is attached to an August 25 memorandum from McNaughton to McNamara in which McNaughton stated that he agreed with the JCS view that the intelligence sources and contacts with the Indonesian military that would be preserved by [*text not declassified*] could be valuable. (Washington National Records Center, RG 330, OSD Files: FRC 69 A 7425, Indonesia) For the Department of State memorandum as sent to the President, see the attachments to Document 67.

⁴ Attached but not printed.

als. Even if such actions involved minimum force deployments, resources committed could affect other deployments, including those being considered to meet the situation on the Southeast Asian mainland.

4. It is recommended that the Department of State be advised:

a. That the Joint Chiefs of Staff concur generally in the substance of the draft memorandum. The proposed course of action might prevent an open diplomatic break in the face of deteriorating US/Indonesian relations.

b. That the Joint Chiefs of Staff consider that a closely monitored Indonesian [1 line of source text not declassified]—should be continued for intelligence purposes and for possible future influence upon key Indonesian leaders.

c. Of the military implications in paragraphs 13 through 15 of the Appendix.

d. That consideration should be given to the timely notification of SEATO and ANZUS Allies of any impending change in US policy towards Indonesia.

For the Joint Chiefs of Staff:
Curtis E. LeMay
Acting Chairman
Joint Chiefs of Staff

66. Memorandum From James C. Thomson, Jr., of the National Security Council Staff to the President's Special Assistant for National Security Affairs (Bundy)¹

Washington, August 26, 1964.

SUBJECT

Your phone call to Rusk regarding Indonesia

The purpose of a phone call to Rusk regarding Indonesia would be to urge that we play this one coolly and pragmatically, delaying any firm decision on termination of military aid until we get a better sense of (1) the outlook of our friends in the Indo military establishment, and (2) the evolving shape of the currently fluid Indo political structure.

¹ Source: Johnson Library, National Security File, Country File, Indonesia, Vol. II, Cables and Memos, 5/64-8/64, [2 of 2]. Secret. Komer's initials appear on the memorandum with the comment, "Amen."

As matters now stand, State (FE) still proposes that we send Jones back to tell Sukarno of our decision to terminate all military assistance. The program effects would actually be minimal inasmuch as our MAP is already pretty dormant: we have suspended the flow of virtually all military hardware to Indonesia, and the Indos, on their part are postponing further plans for military training in the U.S. What State is proposing, then, is to remove the lingering ambiguity of our MAP relationship by formally terminating the works.

Defense (including McNamara) now argues that MAP in Indonesia should be kept on the books pending a full and candid discussion between our military people (Colonels Benson and Harvey) and General Nasution and Jani. There is no point, Defense says, in ending our most important Indo relationship because of pique over Sukarno's speech—at least not until we have a clearer view of where the present process of political upheaval in Indonesia will take our friends. (CIA agrees with Defense for reasons that involve significant intelligence activities.)

Komer and I strongly concur in the Defense position. It seems to me that as long as the domestic political heat here is not intense, there is a lot to be said for "creative ambiguity" in our relations with as freakish and unpredictable an animal as Indonesia.

An inter-agency meeting to review this question with Howard Jones is scheduled tomorrow morning under Bill Bundy's chairmanship.²

JCT Jr.

² No other record of this meeting has been found, but in a memorandum to Komer, August 28, Thomson noted that "the guts of the matter—our approach to the military training program (pages 3 to 4, No. 2. [of the second attachment to Document 67]) is very deftly handled. This represents our victory at yesterday's meeting. (Johnson Library, National Security File, Country File, Indonesia, Vol. II, Cables and Memos, 5/64-8/64, [2 of 2])

67. Memorandum From the President's Special Assistant for National Security Affairs (Bundy) to President Johnson¹

Washington, August 31, 1964.

SUBJECT

Assistance Programs for Indonesia

Attached memo from Rusk (McNamara concurs) gives joint State/AID/DOD recommendation that we *suspend certain remaining aid to Indonesia*, chiefly military, but continue a few minor projects (most civilian) in order to keep the door open. No new aid commitments are involved, and no public determination is needed.

We are on a sharp downward curve in US/Indo relations, largely because of the continued threat to "crush" Malaysia and our necessary opposition to it. Sukarno has now adopted a far more overtly anti-US line, which makes holding up further aid essential.

At the same time, the very fact that we're on a slippery slope makes it all the more important not to burn all our bridges to Indonesia: (1) with Vietnam and Laos already on our Southeast Asia plate, we can ill afford a major crisis with Indonesia too just now; (2) we ought to keep a few links, however tenuous, to the Indo military, still the chief hope of blocking a Communist takeover; (3) there's still a slim chance of Sukarno drawing back from a full-fledged push on Malaysia, and we want to keep dangling the prospect of renewed aid; and (4) we do not want to be the ones who trigger a major attack on U.S. investments there. So we urge you approve Rusk's proposals.²

McG. B.

¹ Source: Johnson Library, National Security File, Country File, Indonesia, Vol. II, Cables and Memos, 5/64-8/64, [2 of 2]. Secret.

² A check mark on the approval line indicates that the President approved. Bundy wrote the following note at the top of the memorandum: "tell Komer & State."

Attachment

Memorandum From Secretary of State Rusk to President Johnson³

Washington, August 30, 1964.

SUBJECT

Assistance Programs for Indonesia

*Action Recommendations*⁴

1. That you approve certain moderate negative decisions, specifically deferral of delivery of military assistance major communications equipment and suspension of deliveries of all military-type equipment for the Indonesian police and internal security forces.

2. That, with respect to the military training program, our Embassy explore whether the Indonesians are going to reduce or eliminate this, and work toward a quiet mutual agreement that will probably entail at least some reduction.

3. That you approve continuation of economic and technical assistance, civic action programs, and nonmilitary training and equipment for police and internal security forces, unless and until Indonesia itself moves to alter these.

Discussion

Sukarno's recognition of North Viet-Nam on August 10, his strongly anti-American anniversary speech of August 17, and the Indonesian landing of August 17 north of Singapore are adverse developments that should compel us to withhold major actions we might otherwise have taken under paragraph 1 above. At the same time we wish to avoid any drastic or highly publicized action that might lead Indonesia to cut off other assistance programs that we believe to be useful, or that might endanger important American private investments in Indonesia. The attached memorandum describes the situation and the proposed action in greater detail.

The Secretary of Defense concurs in these recommendations.

Dean Rusk

³ The Department of State copy of this memorandum and its attachments indicate that they were drafted by William Bundy on August 29. (National Archives and Records Administration, RG 59, Central Files 1964-66, AID (US) INDON)

⁴ The approval lines for all three recommendations are checked.

Attachment

SUBJECT

Assistance Programs for Indonesia

This memorandum provides the rationale for a number of decisions tending to reduce our assistance programs for Indonesia but seeking to retain the programs still regarded as useful. These decisions can be carried out without any formal determination under the Foreign Assistance Act, which we continue to believe should be avoided.

Facts Bearing on the Situation

1. Sukarno recognized North Viet-Nam on August 10. On August 17, Indonesia stepped up confrontation of Malaysia with a small (and apparently ineffectual) landing on the mainland north of Singapore. Most basically, Sukarno's August 17 anniversary speech was strongly and explicitly anti-American and placed Indonesia on the side of the Asian Communists in a series of issues. It represented the most systematic, although not the most strident, expression of our growing differences with Indonesia.

2. These Indonesian actions, as a matter of foreign policy alone, would make it wise to adjust our aid policy. The Indonesians have interpreted our statements of support for Malaysia as expressions of hostility towards Indonesia, and this has undoubtedly been one reason for their behavior. However, its roots go deeper, and the fact is that we are, at least for the time being, moving toward a different and lower level of relationships with Indonesia.

3. From the domestic standpoint, the Tower Amendment cutting off aid to Indonesia, with no Presidential discretion, will probably be dropped if and when the foreign aid bill goes to conference. We would not plan to disclose the present decisions to Congressional leaders as it now looks, but it might become useful to have the story available if it were required.

4. At the same time, we should seek to avoid drastic or highly publicized actions. These would tend to stimulate possibly violent Indonesian reactions that would go much further than we now wish to go in cutting off our aid programs, and more specifically, that would seriously endanger our major oil and rubber private investments in Indonesia. Basically, our programs are now largely at the point where they maintain valuable ties with key Indonesian groups but do not bolster Sukarno or his Malaysian policy. Moreover, despite his recent actions, Sukarno has not gone over to any sustained military offensive against Malaysia and there is still a possibility of a negotiated settlement probably through an Afro-Asian commission. Thus, we believe we can continue to sustain to Congressional leaders the argument that it is not

in our interest to make a Presidential determination one way or the other as to our aid programs as a whole.

Aid Actions Proposed

1. We can now take the following definitive negative actions:

a. Decide not to ship any further major military assistance equipment, at least for the present. Arms and ammunition had already been eliminated last fall, and the major pending item affected would be about \$8 million already funded to buy communications equipment for a basic army network connecting the major islands. This equipment would have been supplied under a longstanding commitment and would not have contributed to Indonesian capabilities in Borneo. We would now tell the Indonesians that delivery was being deferred, and—which is true—that we may well have a valid US operational requirement to ship it to Thailand instead. The shutdown would then be complete in this area except for about \$100,000 per quarter of spare parts for automotive and other equipment that we believe is playing no significant part in Borneo or other anti-Malaysian operations.

b. Decide not to ship any further military-type equipment and supplies to the National Police, including the Mobile Brigade. We have since October 1963 cut off arms and ammunition to these units also, but limited quantities of vehicles and communications equipment had remained in the program. These would now be completely withheld.

c. Decide not to furnish any further overhaul for the Indonesian C-130's purchased commercially under a license granted in 1960. We are now overhauling one C-130 in Georgia, and the effect of this decision would be to stop the overhaul program with the completion of this aircraft, with the result that the C-130's would become progressively useless. They are clearly relevant to Indonesian military capabilities against Malaysia, and the British have been particularly sensitive to our actions in this area.

d. Consider no new PL 480 Title I and Title IV commitments.

2. The military training program is a particularly sensitive problem and was singled out for attack in the Senate debate on the Tower Amendment. We have felt that it was an important link to the Indonesian military, and this long-term asset value is still considerable. On the other hand, there are strong signs that Indonesia is slowing down, if not stopping, the nomination of candidates for the coming year. We would propose to find out what the Indonesian reaction is to this problem and how they plan to handle it. If they are in fact shutting down or eliminating it, we would necessarily go along and let the program find its own level through quiet mutual agreement. At the same time, we would try to avoid any categorical "do you or don't you" approach to Sukarno himself or any senior civilian official since

to do so might invite wider Indonesian action affecting programs below that we wish to keep.

3. In addition to whatever military training would be preserved under paragraph 2, we would be continuing, and would wish to continue unless the Indonesians say otherwise, the following programs.

a. Non-military training and support for the Indonesian armed forces under the civic action program conducted by AID.

b. Continuation of the malaria eradication program, which is basically humanitarian and also affects the health of neighboring areas.

c. Continuation of technical assistance, non-military training, and supply of non-sensitive equipment for the National Police including the Mobile Brigade, to preserve US influence in this important power center.

d. Provision of instrument landing equipment for Djakarta's airfield, *provided that* Indonesia permits continued US flag use at the field. This is a valid form of assistance to international civilian air traffic. However, Indonesia would have to terminate the current union boycott of Pan American.

e. Civilian technical assistance and training programs at roughly current (and fairly extensive) levels.

f. Completion of existing Eximbank loans for thermal and fertilizer plants, and granting of a pending \$5 million credit for cotton purchases.

g. Continued *availability* of PL 480 Title I sales covered by the general existing 3-year commitment, *provided that* Indonesia can meet the criteria of normal market purchases and an acceptable exchange rate. In practice, there is no possibility of Indonesia meeting these conditions except—and even this is remote for the rest of the year—with respect to \$8 million of cotton.

h. Continue to negotiate terms of PL 480 local currency loan agreements under previous sales agreements, but delay signature pending further political appraisal; and Title II and Title III PL 480 assistance where it provides for humanitarian programs of disaster relief and voluntary agency programs for children and the needy.

i. Continuation of present gradual phasing out of air transport, maritime training, and navigational aid programs through AID. These are small in scale.

j. Continuation of Peace Corps activity.

68. Telegram From the Department of State to the Embassy in the United Kingdom¹

Washington, September 2, 1964, 8:48 p.m.

1590. For Ambassador from Secretary. You will have seen another telegram about our reaction to Indonesian paratroop drop on Malaysia and our readiness to support Malaysia in the Security Council² but it is my impression that if the Malaysians come in with a strong case and good evidence, including such things as interrogation results, it will be hard for Security Council members to accept Indonesian action.

I am somewhat concerned about nature of British discussion of retaliation in the event that Security Council action is unsatisfactory. I am not now referring to Mountbatten's³ suggestion of a small commando-type raid to capture some prisoners but rather Duncan Sandys' discussion of air strikes, etc. A cooling off period would make it more difficult to get support internationally for such retaliation. Further, Thorneycroft's⁴ comment to Acheson⁵ that British will wish to avoid anything that might escalate would seem to impose very severe limitations upon the nature of any such retaliation.

There is one point you should be very clear about in your discussions of such matters with British Ministers. We cannot give them a blank check and pick up the tab for escalation by the use of US forces without the fullest and most precise understanding between Heads of Government. If this is what they have in mind, they must not take anything for granted in an area where we have our hands full and with a minimum of allied participation. I would suppose that if the British are contemplating overt retaliation involving such things as air strikes or the shelling of shore installation in Indonesia that would necessarily mean the movement of substantial additional British forces into the area. Even though the Gulf of Tonkin is not a parallel to this particular problem, I remind you for use with British Ministers that the US immediately sent powerful reinforcements to the Far East to

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret; Immediate; Exdis. Drafted and approved by Rusk and cleared by Ball, William Bundy, and Cleveland.

² In telegram 200 to Kuala Lumpur, September 2, repeated to London, the Department suggested that, if the reports of Indonesia paratroopers landings in Johore and five sites on the west coast between Malacca and Singapore were confirmed, such action would meet the prerequisite of markedly stepped up hostilities necessary for a successful initiative by Malaysia with the UN Security Council. These actions were not the "ambiguous, desultory infiltrations in North Borneo" of the past. (Ibid.)

³ Earl Mountbatten of Burma, Chief of the British Defense Staff.

⁴ Peter Thorneycroft, British Minister of Defense.

⁵ Dean Acheson, former Secretary of State, January 1949-January 1953.

deal with the consequences of any effort by Hanoi or Peiping to escalate. In other words, the US cannot accept the idea that the British handling of this problem is on the basis of a limited liability. They must back up their actions with a readiness on their part to meet the consequences. If they want us involved, they must find out whether that is possible and, again, take nothing for granted.⁶

Rusk

⁶ In telegram 1082 from London, September 3, Bruce reported that he talked to British Secretary of State for Commonwealth Affairs, Duncan Sandys, who appreciated U.S. support of Malaysia in the Security Council, did not expect a blank check from the United States, and was not thinking of retaliation unless there was another aggression by Indonesia. Sandys stated that even if there was retaliation, it would be limited. Sandys suggested that it was hardly necessary for the United States to warn him not to take the United States for granted since it always took Britain for granted. (National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA)

69. Memorandum From Robert W. Komer of the National Security Council Staff to President Johnson¹

Washington, September 3, 1964.

No need for more than a moment with Jones, unless you want to hear from our greatest Sukarno expert.² Chief purpose is so the Indos will know he's seen you before he returns to Djakarta (Sukarno reportedly complained that he used to hear from Kennedy all the time, but hasn't had any direct word from you).

The Indo-Malaysian affair is heating up. At UK urging, the Tunku is going to the SC for a condemnatory resolution. We've promised our

¹ Source: Johnson Library, National Security File, Country File, Indonesia, Vol. III, Memos, 9/64-2/65, [2 of 2]. Secret.

² In a memorandum to the President, September 2, McGeorge Bundy with Rusk's support urged that the President see Jones. Bundy stated, "Sukarno is unreliable and dangerous as he can be, but he is susceptible to personal Presidential influence and Jones will be able to do a stronger job for U.S. interests if 'Sukarno has clear evidence that he comes from you and speaks for you.'" Bundy noted this was even more important because since President Kennedy's death, "Sukarno has persuaded himself that he had a close personal relationship with JFK." (Ibid., Memos to the President, McGeorge Bundy, Vol. 6, July-Sept. 1964) Johnson met with Jones and Komer from 6:45 to 6:52 p.m. on September 3. (Ibid., President's Daily Diary) No other record of this conversation has been found.

support. The British, however, also talk about *retaliatory action*. Here we're more dubious, since if this affair escalates we'll probably have to bail them out. We have enough wars already in Southeast Asia, so you might seek to cool Sukarno down via Jones:

1. He should impress on Sukarno that you cannot quite understand why the Indos have suddenly taken the tack they have. We've tried ever since Indonesia's independence in 1947 to be as helpful as we can. Indeed no country has done more.

2. Thus you were deeply disturbed by Sukarno's speech of August 17. He and other Indo leaders have told us for years that the ultimate threat to Indonesia was from China. So it's doubly hard for us to grasp why, at the very time when we're carrying the whole burden of protecting Southeast Asia from the Chicoms, Sukarno should seem to embrace the Chicoms and declare war on the US. Surely you said nothing when the Tunku was here comparable to Sukarno's outburst.

3. We tried in every quiet way to explain to Sukarno that he'd lose our support if he decided to beat up Malaysia. You personally sent the Attorney General to help promote a peaceful solution.

4. You still hope for a peaceful settlement. It is better to talk than fight. You also are just as anxious to have good relations with a key country like Indonesia and a key leader like Sukarno as was President Kennedy. But Sukarno must realize where we stand in event Malaysia is attacked.

Bob Komer

70. **Telegram From the Department of State to the Embassy in the United Kingdom¹**

Washington, September 4, 1964, 3:58 p.m.

1648. Following is text of message from FonSec Butler delivered to Secretary this morning:

"As you know, we have been urgently considering with the Malaysian Government how best they should react to the landing of Indonesian

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret; Immediate. Drafted by Ingraham, cleared in substance by Frank M. Tucker, Jr., of the Office of British Commonwealth Affairs, and approved by William Bundy.

parachutists in Johore. It was our conviction, which I am glad to say is now shared by the Tunku, that the first step must be to raise the matter urgently in the Security Council.² When this was discussed in the Malaysian Cabinet, however, a strong and understandable demand emerged that as a condition of Malaysia referring her difficulties to the Security Council we should give an assurance of our agreement in principle to take some kind of action against Indonesia on Indonesian soil.³

Since our major concern was to persuade Malaysia to go to the Security Council without delay, we had no option but to agree to some assurance, if not exactly on the lines requested, and the High Commissioner has accordingly informed the Tunku that the British Government agree in principle that any further act of aggression by Indonesia upon the territory of Malaya or Singapore (i.e. excluding confrontation operations in Borneo), should be met by a counter attack against some appropriate objective on Indonesian territory. He added that we consider it absolutely essential that, before any such counter attack is made, the Malaysian Government should take the matter to the Security Council and seek their moral support against Indonesian aggression, and went on to say that, having once raised the matter in the Security Council it would probably not be necessary to do so again in the event of a fresh act of aggression, when counter action could follow.

You will observe that although this message sets out in unequivocal terms our willingness and determination to defend Malaya and Singapore in the only practicable way open to us against further attacks of this kind, we have insisted on a reference to the Security Council first. We are not thinking about tactics for this debate and, as you know, our officials are in close touch."

Rusk

² Komer wrote McGeorge Bundy a note on September 4 indicating that "in light of new Indo-Malaysian flap," there was "real merit in getting Jones back to Djakarta soonest, but perhaps with some strong words from here." Komer suggested that "the British sound just as hysterical as Sukarno," and he stated, "we can't stop UK and Malaysia going to SC if 30-man paradrop proves to be fact. Indeed SC would be a good safety valve to get Brits off talk of Tonkin Gulf-style retaliation." (Johnson Library, National Security File, Country File, Indonesia, Vol. II, Memos, 9/64-2/65)

³ Also on September 4, Australian Ambassador Waller informed William Bundy and Cleveland of Malaysia's request for support of "armed defensive measures on Indonesian soil" in the event the action in the Security Council failed. Waller stated he was consulting the United States in view of the ANZUS treaty. Bundy stressed the need for close consultation, especially in light of the ANZUS relationship, but warned Waller that Australia should not assume that the United States would become involved if the escalation took place. (Circular telegram 441, September 4; National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA)

71. Note From Robert W. Komer of the National Security Council Staff to the President's Special Assistant for National Security Affairs (Bundy)¹

Washington, September 4, 1964.

Mac—

Am keeping a close eye on likely UK/Malaysian countermoves to Indo para-drop. This affair could easily escalate. Brits, even Sandys, seem calmer but now Malays are all excited. Razak says (KL246)² that UK has "agreed" to Malay request for a retaliatory strike against an Indo base if Indos make another aggressive move.

Meanwhile *pattern of UK naval movements* looks like a most provocative show of force. First UK move through Sunda Strait was well *before* para-drop. Now we hear another carrier and seven destroyers just went through. Now Brits (who have 3 CVAs in FE) say their first squadron will return through Sunda straits on 12 September. The Indos are obviously at sixes and sevens, and we fear a Sukarno-type reaction any time. UNSC session is also likely to produce some Indo fireworks.

M. Green thinks Brits would like to provoke a nice mess, into which we'd necessarily be sucked. I too regard this as likely, though I grant alternative explanation that Brits think a show of force will deter Indos. If they're operating on latter assumption, however, I think they're wrong again. The reaction of a Nasser or Sukarno has always been to escalate rather than back down.

Key point is that we don't really know what Brits have in mind. Since our oil and other assets in Indonesia are inevitably at stake, we ought to buy a seat at this table. More important yet, how many wars do we want in SEA just now. FE is sending alarmed cables to London, but this isn't good enough. It may even be worth using LBJ to Home circuit, or at least Rusk to Butler. I've made this point, but you might reinforce.³

RWK

¹ Source: Johnson Library, National Security File, Country File, Malaysia, Vol. III, Cables and Memos, 7/64-11/64. Secret.

² Telegram 246 from Kuala Lumpur, September 4. (National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDO-MALAYSIA)

³ Komer added the following handwritten note above his initials: "Note to N.Y. 576 attached on tricky UN angles in which we might get involved this weekend or soon thereafter." (Telegram 576 to USUN, September 3; *ibid.*)

72. Editorial Note

On September 9, 1964, the National Security Council held its 542d meeting from 12:45 to 1:15 p.m. to discuss Cyprus and receive a "global briefing." President Johnson chaired the meeting, which was attended by Secretary Rusk and Under Secretary Ball for the Department of State, Secretary McNamara, Deputy Secretary Vance, General Wheeler, and Assistant Secretary of Defense McNaughton for the Department of Defense, McGeorge Bundy and Bromley Smith of the White House, Director McCone and Deputy Director for Intelligence Cline for the Central Intelligence Agency, Secretary of the Treasury Dillon, Director of the U.S. Information Agency Rowan, Director of the Agency for International Development Bell, and Director of the Office of Emergency Preparedness McDermott.

The President invited McCone to provide a global intelligence briefing which included a brief report on Indonesia. According to a memorandum of the record by Cline, McCone stated that the trend in Indonesia was adverse and he cited as evidence Sukarno's speech of August 17. Later in the meeting, Rusk reported that Ambassador Jones was returning to Indonesia "still hopeful of finding some way to mediate with Sukarno so as to let him escape from the Malaysia confrontation policy if he is willing to do so." Smith also made a record of the meeting which he stated that Rusk reported that Jones would have a "frank talk with Sukarno," and noted that Nasution was still in the Indonesia Cabinet. (Memorandum for the record by Cline, September 1; Central Intelligence Agency, DCI (McCone) Files: Job 80-B01285A, Meetings with the President, 1 May-31 Oct. 1964, and summary notes of the 542nd NSC meeting by Smith, September 1; Johnson Library, National Security File, NSC Meetings, Vol. 3, Tab 24)

73. Telegram From the Department of State to the Embassy in the United Kingdom¹

Washington, September 11, 1964, 8:15 p.m.

1825. Following based on uncleared memorandum of Waller call on Secretary today. Subject to review and FYI only.

Waller delivered to Secretary message stating in effect that PM Menzies had said it would be calamity if British took action against Indonesia involving Australia on which US had not been consulted in advance, and therefore suggesting that US propose "combined military contingency consultations" to British, "believing as we do that proposal would not be rejected."

Waller stated that Australians had been talking very directly with British in London to ascertain what action they might have in mind in reference Malaysia, and that it seemed urgently necessary there be ways to find out and share British thinking, both with US and Australia, as well as New Zealand. At later point he made clear that American suggestion to British would be to "share our thinking" and did not envisage actual joint military planning.²

Secretary responded he saw no real danger, in light Indonesian actions and attitudes expressed in SC debate, that there would be any sharp public difference in attitude between US and other nations involved. However, he did think there could be grave difficulty if UK started something on assumption US would step in. We could not accept residual responsibility in situation where others had taken action on basis of limited liability. He had therefore been glad to see that British were taking reinforcing steps in Far East, and, although he would not say so publicly, we in fact approved withdrawal of some UK troops from NATO for this purpose.

Waller responded that ANZUS Treaty in fact did commit US to measure of residual liability where Australian and New Zealand forces were involved.

Secretary answered this was not what he meant by residual responsibility—our respective obligations under ANZUS Treaty were the same

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret; Exdis. Drafted and cleared by William Bundy. Also sent to Canberra and Wellington and repeated to CINCPAC.

² In telegram 1837 to London, September 12, the Department reported to the Embassy that the British Embassy had informed the Department that the British Far East command had produced a tentative list of seven potential targets for retaliation based on four criteria. Those criteria were that the target must be related to the Indonesia attack, must be militarily useful, would produce minimum casualties, and be least likely to produce escalation. (Ibid.)

and we had need to consider under treaty just what Australians had done to carry out their obligations. As an example of what he meant by "residual" responsibility, Secretary cited Dutch attempt have us commit our forces in West New Guinea dispute even though Dutch themselves were not prepared send additional forces. He also alluded to Congo case, where Spaak's effort enlist participation of six Common Market nations had met with "colossal indifference." He said US simply could not accept such situations where others did not take strong measures to carry out their share of responsibility. He said this was his main point and that it must be clearly understood by Australians and others.

Secretary then noted that conflict with Indonesia could become major shooting war, and that we for our part, once serious shooting started in such case, would consider it necessary to make substantial deployments and possibly even mobilization. Waller thought it unlikely Indonesian situation would reach point of major conflict, but did believe it possible that more "acts of folly" on Indonesian side could lead to degree escalation that would involve Australians and thus bring into question US involvement.

Secretary then referred to message just received from London that Peck of British FonOff was proposing early conference between US, UK, Australia, and New Zealand, and that Peck had specifically suggested Bundy's visit to London next week might be appropriate occasion for this. Bundy noted his schedule would bring him to London Friday, 18th, but might conceivably be advanced to Thurs, 17th, and this might be good timing. He threw out suggestion any such talks should be held only on basis no publicity whatever and in lowest possible key.³ We were in fact in position where British had primary action responsibility and we in US were being more nearly informed than consulted, although Australians were perhaps nearer to being consulted than informed and—as Waller noted—had clear obligation consult us before any action involving their forces. Bundy noted danger that any publicized consultation might both have undesirable effect on Sukarno and, perhaps even more serious, appear to bind participants to whatever British might then decide to do, whether or not others had in fact agreed to it.

³ In telegram 1909 to London, September 15, the Department indicated that "any identifiable four-power meeting" by Bundy during his London visit would inevitably lead to distorted leaks and would associate the United States with subsequent British action. Instead Bundy should meet with British Foreign Office officials and then have a "quiet drink" with Australian and New Zealand representatives. (Ibid.) Reports of Bundy's meetings in London are in telegrams 1308 and 1309 from London, both September 18, and memoranda of conversation are in airgram A-721 from London, September 24. (Ibid.) See also Document 77.

Secretary noted that apart from any such specific consultation, there was continuing problem of obtaining adequate information on British thinking about additional military moves. He said we had in mind assigning appropriate Embassy officer in London to this function and that this might be worked out at same time, or perhaps even prior to any actual meeting.

It was left that US side would consider further just how to take up Australian suggestion, but that we recognized need for machinery that would give us clear understanding of British thinking but that would not involve actual participation in anything like joint military planning.

Request addressee comments.

Rusk

74. Telegram From the Department of State to the Embassy in Indonesia¹

Washington, September 12, 1964, 2:36 p.m.

278. Department believes Sukarno position reported your 518² indicates he unable or unwilling recognize that existing situation is different from and far more serious than situation before Indos put forces into Malaya and publicly boasted they had done so. In Bogor meeting with Sukarno or soonest thereafter you should make following points, stating you doing so on instruction if you think this desirable:

1) By using force against Malaya, boasting about it and anticipating that they would continue (as Sudjarwo had done in SC) Indos have created new situation which they must recognize as such.

2) Sukarno must be aware that GOM and HMG cannot indefinitely tolerate Indo military action against Malaysia and that Indo actions, if continued, may lead to situation where Sukarno finds himself in real hostilities with Commonwealth. If this happens, given history of situa-

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret; Immediate; Limdis. Drafted by Cuthell, cleared by William Bundy and Tyler, and approved by Harriman. Repeated to Kuala Lumpur, London, Canberra, Wellington, and CINCPAC for POLAD.

² In telegram 518, September 11, Jones reported that Sukarno told him that he wanted a peaceful settlement to Malaysia dispute and would seek to revive quadripartite commission proposal and would again pledge publicly to agree to accept whatever recommendations it made. Sukarno also expressed a willingness to attend another summit if it would be useful. (Ibid., POL 15-1 INDON)

tion, he cannot expect USG to help him. (FYI: If you think Sukarno believes we can or will restrain British, he should be disabused of any such idea. End FYI.)

3) We are glad he is willing resume negotiations, but believe it totally unrealistic expect GOM will be willing or able negotiate in present atmosphere. First essential is that Indos stop military action, and we cannot work to encourage further negotiation until this happens.

4) On other hand, if Sukarno genuinely wants to settle this issue peacefully he must find way to stop military action. If he does so, we will be glad to resume our previous policy of encouraging solution through negotiation.³

Rusk

³ In telegram 542 from Djakarta, September 15, Jones reported that Subandrio told him that there would be no further escalation, there were no plans for additional paratrooper drops, and "it's up to the British." (Ibid., POL 32-1 INDON-MALAYSIA) In telegram 549, September 16, Jones reported that Sukarno informed him that, "unless the British start something," Indonesia had no plans for further military action, and there would be no action against American persons or property during his forthcoming East European trip. (Ibid.)

75. Special National Intelligence Estimate¹

SNIE 54/55-64

Washington, September 16, 1964.

SHORT-TERM PROSPECTS IN THE MALAYSIA/INDONESIA CONFLICT²

The Problem

To estimate Indonesian objectives in the Malaysia/Indonesia conflict and the likelihood of hostilities between Indonesia and the UK.

¹ Source: Department of State, INR/EAP Files: Lot 90 D 165. Secret. Prepared by the Central Intelligence Agency and the intelligence organizations of the Departments of State and Defense, and the NSA. The U.S. Intelligence Board concurred on September 16 except the representatives of AEC and FBI who abstained on the grounds that the topic was outside their jurisdiction.

² For more detailed consideration, see: NIE 54/55-63: "The Malaysian-Indonesian Conflict," dated 30 October 1963; and NIE 55/-64 "Prospects for Indonesia," dated 22 July 1964. [Footnote in the source text. For text of NIE 55/64, see Document 56; and regarding NIE 54/55-63, see footnote 2 thereto.]

Discussion

1. *Indonesian Objectives.* Recent Indonesian paramilitary landings in Malaya are part of Sukarno's long-range campaign to break up Malaysia and oust the British from their military bases there. The mission of the 150 or so infiltrators includes sabotage and terrorism, guerrilla recruitment and training, and the setting up of guerrilla redoubts in Malaya's jungles and highlands. Such raids will almost certainly continue. In the long run, through repeated infiltrations of this sort, Sukarno hopes to build up a revolutionary potential sufficient to overthrow the moderate, pro-Western government of Tunku Abdul Rahman.

2. In the short run, the infiltrations are designed to heighten local insecurity, shake the faith of the Malaysian people in their government, weaken their determination to resist Indonesia, and thus to increase the pressures on the Tunku to negotiate the dispute on Indonesian terms. Sukarno hopes that by forcing the UK and its Commonwealth allies to spread their available forces ever more thinly he will wear down their ability and determination to carry on the struggle. He also seeks to undermine Malaysian confidence in the British will and ability to provide protection.

3. *The British Response.* Commonwealth forces have responded to the Indonesian moves defensively, attempting to round up the infiltrators; about one-half have been killed or captured to date. Both the UK and Australia are deploying additional army, navy, and air units to the general area. The Malaysians and British have also taken the issue to the UN Security Council, seeking condemnation of Indonesia, but it is unlikely that the UN will act so as to satisfy them or prevent further Indonesian infiltrations. The British are now planning retaliation against any further infiltrations by attacks on the bases from which they are launched. The British are concerned that failure to respond forcefully to the landings in Malaya will only encourage the Indonesians to expand their paramilitary activities. They see the alternatives as either a sharp retaliatory blow or a constantly rising insurgency and unrest in Malaya.

4. It is probable that further Indonesian infiltrations of Malaya or Singapore will precipitate a British retaliatory attack against nearby Indonesian guerrilla bases. The Indonesians would react to such an attack with vehement denunciations, seeking to establish justification for their position—perhaps even in the UN—that the "aggressive" British constitute the real threat to peace in the area. For a time, they would probably be somewhat more cautious in paramilitary operations in Malaya. They would want to show, however, that retaliation had not affected their confrontation policy, and they would not, in our opinion, slow down insurgency operations in Borneo or discontinue them entirely in Malaya. On balance, we believe, however, that they

would probably avoid an overt military response in kind against Malaysia, for fear of triggering a war with the UK which they have long sought to avoid and in which they would suffer great damage. However, what Indonesia would do in this case depends upon the will of one man, Sukarno; we cannot be sure that he would not decide that, in the circumstances, raising the pitch of the war would be to his advantage.

5. Should there be an escalation of overt hostilities between Indonesia and UK/Malaysia, the Soviets and the Chinese Communists would of course support Indonesia with extensive propaganda and diplomatic activity. We think it virtually certain, however, that neither power would intervene with military force.

6. *The Sunda Strait.* The situation was complicated for a time by the passage of a British naval task force southward through the Sunda Strait (between Java and Sumatra) on 27 August without providing the type of prior notification which has long been requested by Indonesia with regard to movement of warships through waters it claims to be territorial. The UK, Australia, and the US normally comply with this procedure "as a courtesy." The same British force—the aircraft carrier *Victorious* and two destroyers—was tentatively scheduled to retransit the Strait northbound, and the Indonesians threatened to oppose its movement with armed force. The Indonesians, however, informed the British that the Sunda Strait area would be closed from 10 September to 10 October for their own "naval maneuvers," and they indicated they would not object if the British proceeded by the Lombok Strait (east of Java, between Bali and Lombok). This the British agreed to do and the threatened crisis subsided. The issue has not been settled, however, and it is almost certain to be revived, since the Indonesian objective clearly is to establish the principle of Indonesian control of all waters within and leading into the Indonesian archipelago.

76. Memorandum Prepared in the Central Intelligence Agency
for the Department of State¹

Washington, September 18, 1964.

PROSPECTS FOR COVERT ACTION

The deterioration in US/Indonesian relations reported in recent Embassy Telegrams (particularly Embtel 317,² 320,³ and 359⁴) evokes a question as to the feasibility of initiating a program of covert action aimed at affecting the current trend of events. In this context the following paragraphs outline a series of action possibilities, together with an analysis of certain problems entailed in their planning and implementation. If in its essence this presentation meets with your approval, it may then appropriately be sent to the Department and the CAS headquarters for further consideration and, hopefully, endorsement.

The Situation

1. During the past two months there has been a steady increasing strain in relations between Indonesia and the U.S. The Indonesian attitude has crystallized in the face of a number of recent developments. These include repeated indications of unilateral withdrawal by the U.S. of our remaining aid program, culminating of course in the passage of the Tower Amendment;⁵ the communiqué released by President Johnson and Tunku Abdul Rachman⁶ which the Indonesians have construed as representing U.S. support for Malaysia; and finally the Tonkin Gulf episode.

2. In his 17 August speech Sukarno⁷ in effect declared the U.S. to be public enemy number one in Asia, and identified himself more explicitly than ever before with the Communist Bloc. Internally the trend to the left has matched Sukarno's international posture. By calling for the re-tooling of "reactionary" officials up to the Menko level, the President virtually invited the PKI to advocate re-tooling of all anti-

¹ Source: Department of State, INR/IL Historical Files, Indonesia, 1963-1965. Secret. This paper, originally CIA telegram [text not declassified], September 5, was sent to the Department of State under cover of a memorandum, FE 716, from Colby to Bundy, September 18.

² See footnote 2, Document 62.

³ Dated August 17. (National Archives and Records Administration, RG 59, Central Files 1964-66, POL 15-1 INDON)

⁴ Document 63.

⁵ See footnote 4, Document 59.

⁶ For text, see *American Foreign Policy: Current Documents, 1964*, pp. 899-900.

⁷ See footnote 2, Document 59.

Communists in the government. While announcing that he would dissolve any reactionary political party, he has at the same time given tacit approval for the PKI's unilateral action campaign. In his speech Sukarno endorsed emphatically the land reform program and the establishment of the land reform courts, which for all practical purposes will be controlled by the PKI thru Astrawinata. He not only proclaimed the ultimate end of "imperialist capital" in Indonesia, a primary objective of the PKI, but declared also that anyone who opposes Nasakom opposes the revolution. Although in his latest cabinet reshuffle (27 August) Sukarno did not go all the way toward Nasakomization, there can be no question that he went a step further in legitimizing the PKI's role in the executive branch of his government. These developments have of course been matched by repeated slaps at the U.S., including the postponement of military and police training, the Pan American boycott, the action against USIS in Djogdjakarta, and the general threat to American property.

3. Notwithstanding this rather grim picture, there are indications that the situation is by no means beyond redress. Words of encouragement continue to be received by various components of the U.S. Mission from close contacts, sources of information, and friends in general. There are good men in government, the armed services and the private sector, who are willing to work for the things they believe in, even if it means endangering their livelihood and personal security. *[less than 1 line of source text not declassified]* continues to find it possible to work effectively with such individuals, and their motivation is by no means confined to the pursuit of money. Among them some have already demonstrated a capability for limited but effective clandestine political action. There have been, moreover, numerous approaches to the Embassy and to other Mission components by individuals—some self-seekers, but others altruistically motivated—who seek assistance to enable them to fight communism in Indonesia.

4. Time, however, is not on the side of these people, as the ground beneath them is being eroded at a rapidly accelerating rate. Perhaps it cannot be stopped. Certainly a covert program alone cannot reverse the trend. The Embassy, in its recommendations to the Department, has posed a number of considerations, which are in effect aimed at maintaining a foothold in Indonesia under conditions that might enable us to outlast Sukarno. Within the context of the basic mission program and as a supplement thereto, *[less than 1 line of source text not declassified]* proposes an intensified covert action program, limited in its objective initially, but designed for expansion if circumstances permit.

5. The objectives of a covert program would entail initially the adoption of an active interest in Indonesian internal political developments. The immediate goal would be to build up strength among

non-communist and anti-communist groups and organizations. The program would be two-pronged, on the one hand designed to flex the muscles of the "good" elements, at the same time encouraging direct action against the PKI as a party. Small scale harassment efforts would be orchestrated and momentum developed. A case can be made to show that Sukarno is susceptible to pressure and sensitive to certain types of public opinion. The unfortunate thing is that the Indonesian right wing has in effect lost its nerve and abandoned the fight to the communists. The PKI has exploited the situation and brainwashed both Sukarno and a large portion of the population. It is necessary therefore to demonstrate to Sukarno the existence of an active anti-communist sector which is clearly not yet willing to be written off.

[Here follow paragraphs 6-14, which contain an outline of a five-phased program and an assessment of *[text not declassified]*.]

15. Present U.S. policy toward Indonesia has been essentially constructive and forward-looking, predicated on the concept of contributing to Indonesia's economic development. In the face of an increasingly leftward drift on the part of the GOI, matched by an increasingly stronger communist voice in Indonesian affairs, we have sought to maintain our equity here until the advent of better times. Within this framework the *[less than 1 line of source text not declassified]* covert action program has been limited. Modest efforts have been made to develop points of contact and influence *[1 line of source text not declassified]*. There has been moderate emphasis on the development *[less than 1 line of source text not declassified]* among potential leader types. And finally, the program has entailed limited harassment of the PKI. There has, of course, been no authorization for direct attacks on Sukarno. The level of permissible risk-taking has naturally been very low and confined almost entirely to the realm of intelligence collection.

16. Certain of the activities suggested in paragraphs 5-11 above could be undertaken in the framework of the existing policy. If, however, a serious effort were to be undertaken along such lines, a number of significant questions would first have to be weighed very carefully. It would have to be understood at the outset that the purpose of the entire exercise is agitation and the instigation of internal strife between communist and non-communist elements. While the pattern of activity proposed is relatively modest in scope, the measure of the success of the program would in effect be the momentum it acquired. This would mean a widening of its scope and an intensification of its pace. Thus even a modest beginning effort would carry within itself the essence of more critical policy questions. Just how far can we go in attempting to split the PKI and, more important, to pit the PKI against non-communist elements, particularly the Army? To what extent, if any, should we attack Sukarno? Is it unthinkable to foment internal tensions such as

gave rise to the Chinese riots of last year, and which under certain conditions might force the Army to assume broad powers in restoring order? We do not wish to appear overly ambitious in this connection. If, however, we are to develop a program entailing forms of *[less than 1 line of source text not declassified]* as a supplement to long-term political development, it is imperative that we know where we are going and that we be able to weigh the possible consequences of our efforts. The time to answer these questions is now, not later. To undertake action even on the modest scale outlined above without first studying these questions and commitments they might entail would result in action for its own sake. It would be far better to stand pat, without the risk of embarrassment or hazard *[less than 1 line of source text not declassified]*.

17. If there appears to be an element of incompatibility in such a melding of destructive action with long-term efforts to breathe life into the nobler elements of Indonesian society, we can only argue that in the long term there may be little left here to save. The current combination of Sukarno's tough dictatorship coupled with an increasingly effective brainwashing of all local population elements, plus the skilled PKI exploitation of legitimate Indonesian nationalism, and lastly the inbred Javanese tradition of acquiescence before authority, will surely result in elimination of the remaining barriers between communists in this country and those who would resist them.

18. Perhaps the most important of all, we believe it essential to make a substantial effort to combat growing PKI domination in the propaganda field (press, radio and TV). Inasmuch as the current PKI propaganda line and that of the Sukarno regime are virtually indistinguishable, this would entail an obvious risk. We believe this risk must be taken.

77. Memorandum of Conversation¹

Washington, September 28, 1964.

SUBJECT

Military Contingency Talk in London on Indonesia

PARTICIPANTS

Mr. Michael Stewart, Minister-Counselor, British Embassy

Mr. Oliver Forster, First Secretary, British Embassy

Mr. William P. Bundy, Assistant Secretary of State for Far Eastern Affairs

Mr. Marshall Green, Deputy Assistant Secretary of State for Far Eastern Affairs

Mr. David C. Cuthell, Director of the Office of Southwest Pacific Affairs

Mr. Thomas F. Conlon, FE/SPA

Discussions in London. Mr. Bundy reviewed the recent discussions he had held in London with United Kingdom, Australian, and New Zealand representatives on military contingency planning in the event of further Indonesian landings of paratroops or seaborne infiltrators in mainland Malaya and Singapore.

Mr. Bundy noted that there had been general agreement among the participants in the London discussions to hold meetings as often as necessary in Washington in the interests of preserving the inconspicuous character of contacts on this subject. We understand that Prime Minister Douglas Home is continuing his exchange of views with Australian Prime Minister Menzies and New Zealand Prime Minister Holyoake on the whole subject of possible action against Indonesia and that these exchanges have not been completed. Mr. Stewart noted that the instructions sent out by the British Government to Lord Head in Singapore were based on a distinction between the initial phase of response to further Indonesian landings, when British and Malaysian forces would take action against Indonesian intruders, and a secondary phase, when Australian and New Zealand units would be required. Mr. Bundy added that he understood plans for British retaliation against Indonesia were also divided into two phases: first, attacks would be directed against selected, nearby bases for infiltrators and, secondly, in the event of Indonesian air strikes against Butterworth or Singapore, for example, against Indonesian air bases from which the attacking aircraft fly. The British military, he continued, told him they have made a careful evaluation of Indonesian offensive action with the resources presently available in Malaysia. Mr. Bundy concluded that he had told the Foreign Office that he thought the British plans were not unreasonable.

¹Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 27 INDON. Drafted by Conlon. Secret.

Internal Situation in Indonesia. Mr. Bundy went on to review the situation in Indonesia as we see it. We think we see at least temporary indications that Sukarno is trying to restrain the Indonesian Communist Party (PKI). Admittedly, we have thought we saw such signs before, but this proved illusory. However, there are some recent indications that the Indonesians realize how close they came to a showdown. Mr. Cuthell said we believe there have been two recent developments of particular importance which encourage the Indonesian Government to adopt a more peaceful stance. The Indonesians were disagreeably surprised by the results of the recent vote in the Security Council, where two African countries (Morocco and Ivory Coast) voted against them. Since the vote Morocco and Ceylon and perhaps other Afro-Asians have told the Indonesians that they cannot agree with the Indonesian contention that Indonesia has a right to attack its neighbors, and Prime Minister Shastri of India has stated much the same thing publicly. We also suspect that the Soviets have had some hard words to say to the Indonesians since the Soviet veto of the Norwegian resolution in the Security Council cut right across current Soviet efforts to condemn the use of military force to settle disputes between nations. Internally, the PKI has been forcing the pace on the Indonesian Government, and this was bringing out a reaction in various forms. In addition, what amounts to martial law has been proclaimed throughout the country, giving the Army authority to hold down strikes and demonstrations. However, we won't know until Sukarno returns from his current trip what his reading of the situation will be or what the Soviet price will be for further support of Indonesia.

Mr. Stewart left a copy of an analysis of the situation prepared by the British Embassy in Djakarta September 23.² The Embassy concluded that Sukarno is undecided about the path to take and is groping his way, acutely worried that he may have to make an irrevocable decision one way or another in the near future.

Mr. Bundy doubted that Sukarno would get anything substantial from his visit to Moscow. The Soviets do not appear ready to move into Southeast Asia in strength, and Sukarno has nothing much to offer them in return. In any case, the argument for positioning Commonwealth forces to deal firmly with further Indonesian incursions into mainland Malaya and Singapore remains untouched, and the existence of these forces in place has had a salutary effect on the Indonesians.

Reascertainment in Malaysian Borneo. Mr. Bundy said that Mr. Peck of the Foreign Office had told him in London that the British have carefully examined the idea reportedly floated by Sukarno that a plebi-

²Not found attached.

scite on the formation of Malaysia might be held in Borneo in the next five years. The British have concluded that this would amount to holding a Sword of Damocles over the Tunku. The situation was not like that in West Irian, where the Indonesians are committed to a referendum before 1969, but where they can manage political activity on the referendum issue. In a more open society like Malaysia the Tunku could not exert the same kind of control.

78. Circular Telegram From the Department of State to Certain Posts¹

Washington, October 22, 1964, 6:56 p.m.

714. Hong Kong for Ambassadors Jones, Bell and Blair.² Our basic objectives with regard Indonesia continue to be to do what we can to keep Indonesia out of communist control, to restrain Indo military and foreign policy excesses so that they do not lead to second major military conflict in SEA, and to get through current period (probably meaning Sukarno regime at least) without open break between US and Indonesia. Over past year tactics employed to do these things have been based on assumption main current problem—Indo-Malaysia dispute—could be negotiated out if right combination found, and we have played active role in encouraging participants and interested Asians to seek negotiating basis. We feel this tactical approach correct. Meanwhile, however, adverse direction Indonesian policies have become more clearly defined, requiring review of our approach. Following is summary of our assessment of situation we now face:

Perspective

For past seven years or more, Sukarno has habitually used hostility to one or another foreign power as dramatic issue to unify country under his rule. His own ideological makeup and historical circumstances have made it inevitable that target has in virtually all cases been Western or pro-Western power (UK, Malaysia, Netherlands, GRC,

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 1 INDON. Secret. Drafted by Ingraham and Cuthell; cleared by Evelyn S. Colbert, Chief of the Southeast Asia Division, Office of Research and Analysis for Far East, INR, and Harriman; and approved by Bundy. Sent to Djakarta, Kuala Lumpur, Manila, Bangkok, Tokyo, London, Canberra, Wellington, CINCPAC for POLAD, and Hong Kong.

² The Ambassadors were in Hong Kong for discussions on Malaysia.

etc.). This strategy, together with internal balancing and manipulation rival forces, has become basic tool in maintaining his regime. Thus when West Irian settlement eliminated Indo's last real grievance against West, GOI flirted briefly with idea of economic development as next dramatic issue before dropping it for confrontation. One result of this strategy has been deepening atmosphere hostility to West throughout much of Indo society; friendly Indos may attempt explain it away as passing phase, but fact remains present Indo environment probably more hostile to West than almost any outside China and its satellites.

Military confrontation of Malaysia has gone through various stages—guerrilla activity in Borneo, negotiations, low-level terrorism on mainland, culminating in Aug-Sept 1964 attacks on mainland—but each has proved more or less dramatically unsuccessful. As of early Sept, GOI faced two crucial problems: (a) they had brought selves to what they saw as brink of open war with UK, which they knew they could not win, and (b) they recognized that despite year of proclaiming their determination to crush Malaysia they had accomplished almost nothing toward that end. In effort find way out of this dilemma, Sukarno sought to mobilize support in Moscow and among AA's at Cairo for development Sukarno-led neutralist anti-imperialist front. Consensus seemed to be that he failed, but it too early to be sure of this.

Current Situation

We have assumed that, when Indos recognized they could not crush Malaysia without unacceptable damage to selves, they would be willing accept tolerable settlement through face-saving device and then turn to other dramatic issue to keep populace keyed up. Have been hopes that this could be internal issue for a change, perhaps even economic development.

Latest developments suggest this assumption may have become erroneous. Rather than cutting losses and turning elsewhere, Indos seem to have decided on (or perhaps drifted into) new confrontation strategy, switching from narrow confrontation of Malaysia to more diffuse political confrontation of entire West (i.e., Old Established Forces). Sukarno Aug 17 speech clearly signaled this switch and Cairo conference³ seems to have formalized it. Indos would expect realize number of advantages from this strategy:

(1) It overshadows Malaysia confrontation and should relieve regime of need to escalate military confrontation to point where it again brings grave threat British retaliation. Malaysia confrontation would continue as essential element this broader confrontation but could be carried out through propaganda, subversion and relatively safe Borneo guerrilla campaigns.

³ The Cairo Conference of Non-Aligned Nations, October 5-10, 1964.

(2) It moves Indo into much greater prominence in world scene, feeds regime's self-esteem and provides much more satisfying dramatic issue than increasingly tired theme of Malaysia confrontation. At same time, it blunts widespread AA disapproval of rash Indo assault on fellow AA member by subordinating it to political assault on white man.

(3) It could even be manipulated into a "third force," bringing together in an Indo-dominated bloc various AA mavericks (Ghana, Cambodia, etc.) plus North Korea and North Viet-Nam, thereby breaking Indo isolation and giving Sukarno real place in sun.

(4) At least in early stages, this strategy should be welcome to Chicoms and should provide some comfort for Russians as they see threat open war recede. Rewards could probably be extracted from both.

Recent developments such as crackdown on PKI anti-US excesses and peace feelers to Tunku and British might be cited as evidence to contrary. This does not appear persuasive. Easing of anti-US excesses more likely stems from (a) GOI fear PKI getting out of hand and (b) desire not to challenge US too directly over relatively trivial issues at this early stage in new game. Noteworthy that, while physical pressure on US properties in Indo is abating somewhat, intense anti-US brainwashing through all Indo information media apparently is continuing in full force. Re peace feelers, demonstration of continued Indo desire for peaceful settlement with Malaysia also compatible with new strategy in that it improves Indo world image and helps woo AA's.

Implications

If this assessment generally correct, we can anticipate following:

(1) Indos will become progressively more hostile to US as chief of "Neokolim Oldefos" and to US interests both in SEA and throughout world, whatever policy we may pursue toward them.

(2) Not wanting to unite Oldefos against them while they unite against us, they may differentiate carefully in their treatment of various Western countries, may increase fire on US in addition to UK while handling Australians more gently and striving maintain fairly cordial (and profitable) relations with Europeans, Japanese and perhaps Philip-pines as long as they can.

(3) While Sukarno will continue assert his willingness settle with Malaysians in AA context and may well go through negotiation motions to create peace-loving image, his real need for settlement will have disappeared. Further Indo participation in negotiations will thus be no more than shadow play as far as GOI concerned. No real settlement short of complete Malaysian capitulation will be seriously considered.

Foregoing does not imply that this new Indo strategy we see emerging will be immutable or necessarily permanent. Indo policy has been subject to wide variations over past 15 years and undoubtedly will change again when combination of internal pressures, outside pressures and rewards produce Indo reassessments. We see this merely as current Indo strategy, to be pursued as were past strategies until failure or changing circumstances call for new one.

Dept views on US tactics necessary to meet this new Indo strategy will be subject separate cable.⁴

Rusk

⁴ See Document 79.

79. Circular Telegram From the Department of State to Certain Posts¹

Washington, October 22, 1964, 6:56 p.m.

715. Hong Kong for Ambassadors Jones, Bell and Blair. In context of assessment Indonesian position contained Depcirtel 714² Malaysian problem becomes one aspect of broader problem of Indonesian hostility towards Western presence and influence in Southeast Asia. Until this basic Indonesian policy changes, Malaysia problem is essentially without "solution," i.e. re-establishment friendly relations, status quo ante, or even peaceful co-existence.

Past negotiations have failed because of absence agreement between GOI and GOM on nature of their difference. For Indonesia, manner of Malaysia's formation, its internal political and social structure, and its relations with UK are completely unacceptable. Malaysia is therefore given Hobson's choice of negotiating its own dissolution or suffering it at hands Indonesian "volunteers." Malaysia, for its part, is prepared to negotiate when Indonesia in fact recognizes its political independence and territorial integrity. This however, as Indonesia has repeatedly and explicitly proclaimed, is basic point at issue.

Under these circumstances, negotiations, "peace feelers", become primarily if not solely maneuver to gain tactical advantage and place opponent in bad light in eyes of world, particularly Asian-African world. Third parties are drawn in to bring pressure on enemy to yield bargaining points in interest "peaceful solution to problem."

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret. Drafted by Underhill, cleared by Cuthell and Harriman, and approved by Bundy. Sent to Djakarta, Tokyo, Kuala Lumpur, Hong Kong, Manila, Bangkok, Canberra, Wellington, London, and CINCPAC for FOLAD.

² Document 78.

Recognizing that "solution" is for present impossible, it is still clearly in our interest to divert confrontation away from dangerous military course and channel it into "negotiations" or, more realistically, contacts, to maximum extent possible. This can be done, however, only against background credible British military deterrent confronting Indonesia with unacceptable consequences of again intensifying military confrontation.

For present following considerations bear on role and tactics of U.S. in this problem:

1. Malaysian situation now surrounded with unusually difficult range of uncertainties: a new British government; interrelation of GOI and new Soviet leadership; an internal political situation in Indonesia where struggle for power between Subandrio and Saleh, and probably others, may be entering new phase and manifesting itself in divergent and uncoordinated approaches to Malaysian problem.

2. We must not sponsor initiatives which Indos can manipulate to their advantage, or urge on Malaysia and UK damaging concessions which GOI can treat as irrevocable commitments and a base from which further concessions are exacted.

3. On other hand, we should encourage HMG and GOM to keep door open to Indo approaches and to be as apparently responsive as is necessary to keep some form of dialogue going in order avoid having Indos feel they frozen into position where only exit from situation is military.

4. We should continue to stress to HMG importance of strong military posture in area, and necessity that GOI be left in no doubt on UK-GOM ability and willingness meet higher levels military activity.

In view foregoing we believe following best course for U.S. at this point:

For Djakarta: You should continue line with Subandrio reported Embtel 734³ that we pleased Indos have ended military attacks against Malaysia, that we are aware of number of Indonesian approaches to UK and GOM, that we understand that responses have not been unfavorable, and that we hope GOI will follow up with specific proposals. Despite mistreatment U.S. is receiving in Indonesia, we continue regard Indonesia as long-term friend and would like to help GOI move itself out of precarious situation in which it now is. For present, however, we see no useful role USG might play.

For Tokyo: In reply to Oda (Embtel 1371)⁴ suggest you summarize approach we intend take in Djakarta, indicating it would be most effective if GOI heard same general line from GOJ, speaking as major Asian power.

³ Dated October 20. (National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA)

⁴ Not found.

For Kuala Lumpur: You should suggest to GOM vital importance of coming to grips with this Indonesian diplomatic offensive, and meeting it with considerable propaganda assets at its disposal. You should also reiterate our view of damaging effect of public supercilious and deprecatory dismissal of Indonesian peace feelers. Recommend you also discuss with your Australian and British colleagues Lee Kuan Yew's proposal for early Borneo plebiscite. We will discuss with GOA and HMG Embassies here.

Rusk

80. Telegram From the Consulate in Hong Kong to the Department of State¹

Hong Kong, October 25, 1964, 1 p.m.

541. Refs: Depcirtels 714, 715.² From Ambs. Jones, Bell and Blair. We agree with broad outline policy Depcirtel 715. Amb. Jones will comment separately on Dept's analysis situation within Indonesia (Depcirtel 714).³ We are in agreement on following specifics:

1) British apparently prepared to hold discussions with Indos and we believe they should accede to Tunku's request that they proceed in such a way as to make clear UK cannot commit GOM, in order to protect GOM from further charges of being neo-colonial puppet. If British appear reluctant believe we should encourage them to proceed on basis of GOM suggestion.

2) US should not take separate initiative until we know results UK-Indo talks.

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret. Repeated to Bangkok, Djakarta, Kuala Lumpur, London, Manila, Tokyo, USUN, and CINCPAC for POLAD.

² Documents 78 and 79.

³ The Embassy in Indonesia commented on this cable in telegram 783 from Djakarta, October 27. The analysis was originally sent to Jones in Hong Kong and was repeated to Washington at his request. While the Embassy believed the arguments in telegram 714 were "cogent and in broad aspects present realistic commentary on current Indonesian scene," the most important factor not taken into consideration was the "depth of the current internal political jockeying in Indonesia" between moderate non-Communists and leftists and the PKI. A highly visible tripartite conference on Malaysia resulting in a tactical success for Sukarno could dissipate unity of the non-Communist coalition. The Embassy stressed the importance of quiet diplomacy. (National Archives and Records Administration, RG 59, Central Files 1964-66, POL 1 INDON)

3) If GOM adamant re determination execute Indo regulars infiltrated or dropped Malaya, believe USG should make approach urging moderation in interest broader political considerations.

4) See no objection to instructions for Djakarta, Tokyo, Kuala Lumpur as contained Deptel 715. Re KL instructions Bell just prior to departure KL spoke with Razak and indicated our view of Tunku's revelation Indo feelers. Although other GOM leaders including Senu had agreed earlier that Tunku's public statement unfortunate, Razak made no comment. There is some speculation in KL that reason for Tunku statement, as in the case of Indonesian approaches to British (which are included in his count of six "feelers"), was GOM fear Indo trap.

5) Following British-Indonesian discussions and assuming improved UK-Indo relations, we inclined believe best bet is still for secret Tunku/Sukarno meeting either with or without third party playing "Bunker" role.⁴ Benefits of third party have been partly spelled out from KL. We also recognize there may be detrimental aspect of inhibiting effect presence of third party might have on willingness of principals to be forthright. As to mechanics of such meeting, we believe Japanese might play useful role particularly as they most anxious to make contribution. If plan for such meeting were held closely by high level Japanese Govt., chances for leak would be minimized. No reason why Sukarno could not openly visit Japan as he has done often in past. Tunku might go secretly, possibly being brought in by Commonwealth military aircraft. Meeting could be held at secluded spot similar to Dutch-Indo discussions West Irian in Virginia. With full support of Japanese arrangements of this kind probably would avoid publicity. Japan might also offer an "Asian Bunker" to act as mediator. Although GOM suspicious of Oda, Tunku might be persuaded accept him. Another possibility would be Zafrulla Khan if were able undertake such a mission while ICJ justice.

Although GOM now suspicious of Pakistanis because of GOP attitude toward Communist China, they might be convinced in view Khan stature as an international figure and fact that he has not been associated with GOP recently.

This scenario illustrative and raises some problems such as willingness Tunku participate in plan which he may view as undignified for chief of govt. There are other possibilities such as meeting in Europe. Tunku in July was told by London eye specialists he should return for further examination in 3 or 4 months. Understand Sukarno may go to Vienna for further medical treatment in January. This could provide

⁴ Ellsworth Bunker's role in facilitating a solution in 1962 to the dispute between Indonesia and the Netherlands over West New Guinea/West Irian.

opportunity unobtrusive meeting. Both principals would have to agree to this plan well in advance to prevent further deterioration in situation based on uncertainty.

6) If bilateral summit proves unobtainable, suggest we then actively revive discussion possibility AACC with Aussies and UK. Believe it would be best for them, if they agree with the proposal, to make first approaches to GOM. We should indicate our willingness to try to get Macapagal to name Thais as Phil representative on AACC. Then GOM could pick reliable AA country, possibly Malagasy. We might also be prepared ask Macapagal to suggest to Thais that Japan should be fourth member of commission. If Indos select Pakistan, quadripartite commission would be in reasonably good shape, from US standpoint. Our approach would include understanding that all parties be urged as first order business to request immediate withdrawal of Indonesian guerrillas from all of Malaysia and seek guarantee complete cessation military activity.

If Tunku can be assured that AACC would make this first order business, Bell believes that US with help of Aussies and UK, could probably sell Tunku on basis that AACC offers best opportunity test Sukarno's real intentions.

Rice

81. Memorandum of Conversation¹

Washington, October 27, 1964, 10 a.m.

SUBJECT

Indonesia and Malaysia

PARTICIPANTS

US
The Secretary
William R. Tyler, Assistant Secretary
for European Affairs
J. Harold Shullaw, Director,
EUR/BNA

UK
Patrick Gordon Walker, Foreign
Secretary
The Lord Harlech, British
Ambassador
Sir Harold Caccia, Permanent
Under-Secretary, Foreign Office

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL INDON-MALAYSIA. Secret. Drafted by Shullaw and approved in 5 on November 9. The meeting was held in the Secretary's office. Gordon Walker was in Washington October 26-27. The most complete record of his visit is *ibid.*, Conference Files: Lot 66 D 110, CF 2440.

In further amplification of the United States position with respect to the Indonesia-Malaysia problem, the Secretary said we did not want to be faced with residual military responsibilities for the consequences of escalation. The United States in this matter is a half pace behind those countries—the United Kingdom, Australia and New Zealand—with direct commitments. The American people are weary of the concept that the United States is to be regarded as the world's gendarmes. We have pointed out to Australia and New Zealand the desirability of increasing their defense budgets. They have been relying too much on ANZUS and too little on their own efforts.

The Secretary noted the apparent interest of some Indonesian leaders in quiet talks with the UK. He regretted the action of the Tunku in unnecessarily complicating the situation by referring at a press conference to these confidential messages from the Indonesians. The Foreign Secretary replied that the British Government was examining these Indonesian feelers but had to keep the Tunku in step and did not wish to get into the position of an intermediary between Indonesia and Malaysia.

The Secretary commented that Sukarno has the mistaken idea that the oil companies operating in Indonesia can be treated as hostages. As a matter of fact if he were to move against the companies, the immediate consequence would be the loss to Indonesia of \$125,000,000 per annum in foreign exchange. Indonesia's foreign exchange position is very bad with the reserves some time ago down to \$25,000,000.

The Foreign Secretary inquired about our assessment of Sukarno's relations with Peking. The Secretary replied that while Sukarno privately speaks of the Chinese Communist threat, the Indonesian Communist Party has swung from Moscow to Peking.

The Secretary explained to the Foreign Secretary that our Joint Chiefs of Staff believe it is important to continue our training contacts to the extent possible with the Indonesian Army. The Foreign Secretary expressed understanding of this policy but indicated concern at public reaction in Britain. Lord Harlech noted that US training of Indonesians in guerrilla warfare was troubling. The Secretary replied that this training was being phased out.

The Secretary suggested, and the Foreign Secretary agreed, that it would be a good idea to leave the Dutch free to play their own hand in dealing with the Indonesians. He noted that the Dutch, whose relations with the Indonesians have shown some improvement, may turn out to be the principal Western influence in Indonesia.

The Secretary expressed understanding of the need for a tart reply to Indonesian parachute drops and landings in Malaysia. He explained that his public assurances of US support for the Philippines made during the recent visit of President Macapagal were prompted by infor-

mation we had received of Indonesian meddling in Mindanao and involvement in Manila demonstrations. The Secretary said we planned naval visits to Philippine ports as a further warning to the Indonesians.

The Secretary concluded discussion of this subject by emphasizing the importance of complete precision in understanding between the President and Prime Minister Wilson so that there is no risk of anything being taken for granted. The Foreign Secretary expressed agreement and added that full information concerning any intended or contemplated action should be exchanged between our two countries even if no action is expected of the other party.

82. Note From Robert W. Komer of the National Security Council Staff to the President's Special Assistant for National Security Affairs (Bundy)¹

Washington, November 5, 1964.

Mac—

Bill B. feels we've got to start rolling on a successor to Howard Jones, who's not in best of health, has been in Djakarta almost *seven* years, and is nibbling at offer to be head of East-West Center in Hawaii.

Bill had hoped to tap Gale McGee (if defeated). Now he has no other candidate than Jake Beam. Jake's a good, solid guy but not man I'd choose to deal with Sukarno. Bill would like Wilson Wyatt, but we recall that the Oval Room put the kibosh on him. Is a rehearing possible?² Wyatt would be great.

I'm quite worried lest, on top of all the other anti-Bung gestures we're making these days, pulling out Howard would be wholly misconstrued by the Bung. Ergo, unless we can find a really good man quick, why not keep Jones there a few months longer while we search.

Bill wants a quick reading on WH sentiment. What's your reaction?³

RWK

¹ Source: Johnson Library, National Security File, Country File, Indonesia, Vol. III, Memos, 9/64-2/65, [2 of 2]. Secret.

² At this point Bundy wrote: "Yes it is. McGB."

³ At this point Bundy wrote: "Let's get a strong rec for Wyatt. McGB." Komer wrote, "Byroade" at the bottom of the text.

83. Telegram From the Embassy in Indonesia to the Department of State¹

Djakarta, November 9, 1964, 6 p.m.

853. For Bundy from Ambassador. In Honolulu I met with President and Board of Regents University of Honolulu, and have been offered Chancellorship of East West Center. This looks like challenging responsibility and I am inclined to accept but have deferred decision pending consultation with you, Governor Harriman and Secretary Rusk.

US-Indonesian relations are at moment as sensitive and delicate as I have known them to be. President Johnson's tremendous victory has been enthusiastically welcomed by leadership here. I have been congratulated personally by all leading Cabinet personalities on Johnson victory which is interpreted here not as meaning any change in US position on Malaysia but as significant in terms progressive approach of USG to fundamental world problems, in particular social and economic advancement of less developed countries. In my opinion, we have in Indo reaction to results of election foundation upon which we can build an effective relationship between our two countries and continue to attempt to exercise intelligent restraint and counsel for moderation. Opportunity to accomplish this, however, is likely to depend upon manner in which transition between Ambassadors is handled.

This situation is well nigh unique. Here we have Indonesian President who, while he is basically opposed to Western influence in his country, has retained a close relationship with the representative of the most powerful Western country with whatever possibility for moderating counsel on our part this may have provided.

The foregoing plus other elements in this situation suggest desirability of personal consultation in Washington. Specifically, the following matters require thoughtful consideration:

1. Timing and manner of my resignation and announcement and of acceptance of Chancellorship.
2. How and when to inform Sukarno who could interpret my resignation as fundamental policy change toward Indonesia on part US Government unless convincingly presented to contrary.
3. Question of timing of my successor's appointment and means to pave way for him. I would, of course, wish to retain for him as much of whatever influence I have on Sukarno and other members of his government as possible.

¹Source: National Archives and Records Administration, RG 59, Central Files 1964-66, PER JONES, HOWARD P. Confidential; Exdis.

Looking forward to my new responsibility, a visit to Washington would also provide opportunity to talk with Assistant Secretary McPherson and others concerned with East West Center which would appear useful at this point.

As to timing, I have impression from President Hamilton of University of Hawaii that, although Regents are anxious for me to reach early decision, there is reasonable flexibility re date of assumption new responsibility, provided announcement is handled expeditiously.

If Department perceives no objection, I would plan to come to Washington for brief consultations within next ten days. Please advise.²

Jones

² In telegram 465 to Djakarta, November 13, Bundy suggested that Jones was needed in Djakarta rather than returning to Washington for consultations. Bundy suggested that since Jones' departure would be traumatic for Sukarno, Jones should "begin withdrawal therapy dropping series carefully graded hints that end of your mission is approaching." (Ibid.) In telegram 923 from Djakarta, November 19, Jones reported that he informed Sukarno of his impending resignation. (Ibid.) In telegram 1183 from Djakarta, December 24, Jones reluctantly reported that Sukarno had insisted that he ask the Department if he could stay at his post 2 years longer since Sukarno said he "found it difficult to think of doing business with anyone else." Jones reported that he told Sukarno it would be impossible to report such a request because it would look like he was "making a bid to stay on." (Ibid.)

84. Telegram From the Department of State to the Embassy in Indonesia¹

Washington, November 19, 1964, 7:53 p.m.

487. Embtel 919.² We concur with your estimate that internal Indonesian political situation injects new element of urgency into continuing

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL/INDON-MALAYSIA. Secret; Priority. Repeated to Kuala Lumpur, London, Bangkok, Manila, Tokyo, and CINCPAC for POLAD. Drafted by Underhill; cleared in draft by Bundy and George W. Jaeger, EUR Staff Assistant; and approved by Cuthell.

² In telegram 919 from Djakarta, November 18, the Embassy suggested that there were domestic reasons why the Malaysia dispute should be removed from the military arena to the conference table. Moderate non-Communist groups were challenging the PKI and Subandrio and the PKI hoped to use the Malaysian dispute "to smother" these forces. In addition, Sukarno naively believed that President Johnson's reelection would result in improved U.S.-Indonesian relations and was therefore more receptive and open minded. Jones recommended initiating efforts to get U.K.-Indonesian talks going, indicating U.S. support for them, moving the dispute to an AACC solution or some other mechanism, and enlisting help from Japan, Thailand, and possibly the Philippines. (Ibid.)

common effort divert Malaysian dispute from military arena into diplomatic contacts and discussions. While continuing hold view expressed Depcirtel 715³ that GOI not interested in "solution" short of accomplishment announced objective crush Malaysia, we believe that as matter of tactics all avenues should be explored which could involve GOI in contacts tending to inhibit continuation at least military aspects of confrontation.

In charting new U.S. initiatives would appreciate further Embassy analysis of their possible effect on internal political situation. Broadening pattern of failure of military confrontation program as presently conducted (landing fiascoes, UN vote, Cairo reaction) appears to be one element encouraging Malik-Saleh group to stand up against Subandrio-PKI. Subandrio-PKI, and to date Sukarno, clearly wedded to concept that military pressure on Malaysia necessary to frighten Tunku to conference table in mood to accept Indo position. Would Sukarno-Subandrio interpret U.S. initiatives to reopen talks at this point as proving validity their thesis, and thus harm rather than assist anti-communist movement? If intensification confrontation is important weapon against Malik-Saleh group, why would Subandrio be disposed deprive himself of this weapon by entering into talks?

Our first problem is establishment specific proposals we would make to Australians and British. Would appreciate therefore expansion points two and three final paragraph of refel to this effect with following points in mind:

1. We cannot expect much progress unless we can get HMG and GOA on board, and they will be unwilling pick up existing peacefeeler and unreceptive new approach until Indonesia has agreed, at least secretly, to terminate attacks on mainland and has in fact done so over a period of time. Considering Sukarno's determination continue military pressure voiced in conversations with you and Shann, what are chances you could persuade him modify this position?

2. What specifically would we suggest to principals as subjects for "meaningful talks"?

3. Would Indonesians be prepared take up GOM gambit on disposition captured infiltrators as opening for broader bilateral talks?

4. What interpretation in context bilateral U.S.-Indonesian relations is GOI likely to place on our initiative bring problem back to conference table? How great is danger that Sukarno/Subandrio would see this as evidence softening U.S. attitude and one more demonstration U.S. preparedness reward intransigence and rescue Indonesia from consequences of its own conduct.

³ Document 79.

Assuming we can work out acceptable and sufficiently detailed proposal, Dept hopes we can be in position start discussion this subject with HMG and GOA in near future.

Kuala Lumpur comments on this and reftel would be appreciated.

Rusk

85. **Note From Robert W. Komer of the National Security Council Staff to the President's Special Assistant for National Security Affairs (Bundy)¹**

Washington, November 19, 1964.

Mac—

FYI we've growing evidence that quite a domestic flap is brewing in Indonesia between PKI and anti-PKI groups, perhaps to a degree the start of jockeying for power in anticipation of Sukarno's demise.

At any rate Jones argues eloquently (Djakarta 919 attached)² that this is all the more reason for renewing our efforts to defuse Malaysia crisis, lest this be used by Subandrio and PKI (with or without Sukarno) as excuse for re-imposing unity.

As you know, I've been badgering FE not to give up on efforts to buy time here.³ We have little to lose, and a lot to gain. But the FE experts seem tired of the game, and tend (probably with some reason) to discount Jones. They keep telling me we've tried all Jones' remedies before, so why mount up again.

However, I'm still playing devil's advocate (the last Sukarno-lover). Even at risk of some caustic response from Bill about my badgering, you might stick in a needle too.

RWK

¹ Source: Johnson Library, National Security File, Country File, Indonesia, Vol. III, 9/64-2/65, [2 of 2]. Secret.

² See footnote 2, Document 84.

³ Most recently in a memorandum to William Bundy, November 17. (Johnson Library, National Security File, Files of Robert W. Komer, Indonesia, Nov. 63-Mar 66, [1 of 3])

86. Political Action Paper¹

Washington, November 19, 1964.

1. *Background:* The fulcrum of political power in Indonesia is sustained by Sukarno through the adroit balancing of power organizations and personal loyalties. The principal identifiable power entities in point are the Indonesian Army and the Partai Kommunis Indonesia (PKI). The status of the PKI has been examined most recently by the Office of Current Intelligence (OCI) in its Special Report of 23 October 1964, entitled "Sukarno and the Communists,"² the high points of which are pertinent to consideration of the future course and emphasis of covert action in Indonesia:

a. *Party Growth:* During the years 1951-1964 the PKI has increased from 12,000 to a claimed membership of three million. This growth has been encouraged and assisted by Sukarno, who has benefited from its highly organized support of his regime and its objectives. OCI observes:

"... Sukarno has largely suppressed political opposition to himself. Because this opposition was invariably anti-Communist as well as anti-Sukarno, its suppression and the failure of non-Communist groups to come forward has had the effect of leaving the field to the Communists."

b. *Party Strength:* The PKI has devised, organized, and guided a variety of specialized front organizations, in such traditional sectors as peasants, labor, youth, and women. Membership probably involves between 10 and 12 million people.

c. *Party Accomplishments:* The cabinet reorganization of August 1964 resulted in the appointment of three PKI members and three PKI sympathizers to ministerial rank (out of 79). The PKI-dominated National Front, functioning as an integrated element of the national government, has gained ascendancy over the administration of the provinces.

¹ Source: Central Intelligence Agency, DDO Files: Job 78-00597R, FE/State Dpt Meetings, 1964. Secret. A draft of this paper, prepared by [text not declassified] and approved by DCM Galbraith, was discussed at a meeting between Department of State and Central Intelligence Agency officials on October 22. Cuthell expressed his view that covert action should be confined at this time to disruptive operations against the PKI. To use non-Communist elements was risky because their positions were not well known, they were under close surveillance by the Indonesian security service, and they might involve longer-range commitments than the United States was prepared to make. Cuthell offered revisions. The revised draft paper, that printed here, was resubmitted at a November 6 meeting of State and CIA officials. At the November 19 meeting of these officials, William Bundy approved the paper in principle and asked that it be sent to Djakarta for Jones and [text not declassified] comments. (Memoranda for the record by Colby, October 22, November 5, and November 20; *ibid.*)

² Johnson Library, National Security File, Country File, Indonesia, Vol. III, Memos, 9/64-2/65, [2 of 2].

d. *Prospects:*

"The PKI still needs Sukarno to protect it while it consolidates its gains, and it probably hopes he will survive a few more years but no longer. Within that time, if present trends continue, PKI infiltration of national and local government and Communist organizations of the peasantry will have become so effective that at Sukarno's death the party can make a bid for power with good chances of success."

The Indonesian Army currently is the only organized entity capable of resisting the trend described above. While Sukarno lives, it will not move effectively to counter the PKI, nor is its leadership by itself sufficiently astute politically to guide such an effort. This in an atmosphere in which the PKI actively influences and participates in government and administration, the Army responds defensively and individually. It is no more of a counter-force than Sukarno wants it to be. The Army is, furthermore, the object of a sustained PKI penetration program. OCI also observes:

"Sukarno, seeking to maintain his own preeminent position, to preserve national unity, and to advance Indonesia internationally at the expense of the West, finds it totally inexpedient to challenge the PKI. His tactics, combined with Communist single-mindedness, seem likely ultimately to bring Indonesia under Communist control.

In essence, therefore, unless extraneous factors intrude, a Communist-oriented Indonesia can be expected within the not too distant future. What is clearly required is a program designed to separate legitimate national aspiration, Sukarno chauvinism and PKI ambitions so that forces inimical to the United States can be distinctly identified and countered.

2. *Assumptions:*

a. That the current trend of events and configuration of forces in Indonesia will result in increasing PKI prestige, influence, and size unless positive as well as negative action measures are taken.

b. That this PKI increase in strength will result in a series of tests of strength.

c. That the prime object of PKI strength-testing will be the United States, its representative institutions and policies. This will be all too conveniently appended to the Indonesian Government's avowed program of eliminating Western influence and power in Southeast Asia, a program of which it is now clear the anti-Malaysian campaign is only one aspect.

d. That on the death or removal from power of Sukarno, a power struggle will ensue, with the PKI and Indonesian Army as principal protagonists.

e. That in terms of succession potential within or without the Government of Indonesia, no individual or group of individuals now

possesses the influence or capability of acquiring without reference to the PKI or the Army.

f. That recent events have shown that elements with strong nationalistic and religious convictions do exist in Indonesia. That these elements, working in tandem with the Army, and supplying an ideological and conceptual base for the Army and allied elements, could constitute a sufficient aggregate strength to forestall PKI victory in the eventual struggle of power elements for succession.

g. That under present and likely future circumstances, insurgency, military dissidence, and other disruptive action against the regime are not desirable, and that a unified, unfragmented Indonesia is a major desideratum.

3. *Objectives:* To counter these trends, a covert action program including the following objectives is stipulated:

a. Through indirect means, take action to create an image of the PKI as an increasingly ambitious, dangerous opponent of Sukarno and legitimate nationalism. The role of the PKI and its associated organizations as instruments of neo-imperialism, especially Chinese neo-imperialism, would be consistently emphasized.

b. Encouragement and coordination of the efforts of, and to the extent securely possible, covert assistance to, individuals and organizations prepared to take obstructive action against the PKI.

c. Development of a broad-gauge ideological common denominator, preferably within the framework of Sukarno's enunciated concepts, to which practically all political groupings in Indonesia except the PKI (and possibly outright dissidents) can adhere, so that the cleavage between the PKI and the residue of Indonesian society can be widened. At the same time, this common denominator can operate to reduce the normal and traditional difference between individual parties, between Right and Left, between non-Communist Marxists and religious nationalists, etc. Recent PKI disclosures suggest that for the Communists, Pantja Sila is only a temporarily satisfactory expedient as an ideology. Possibly adherence to the concepts of Pantja Sila will serve as the required broad-based common denominator.

d. Identification and cultivation and where possible, coordination of potential leaders within the present and future Government of Indonesia, to insure orderly and non-Communist succession upon Sukarno's death or removal from office.

e. Identification and assessment of anti-regime elements, in order to monitor their activities and strength, and be in a position, in the event of a non-Communist successor regime, to influence them to support such a regime.

[Here follows section 4 entitled "Means."]

5. *Concluding Remarks:* The political situation in Indonesia is unusually fluid. The pertinence and feasibility of the means described can be expected to fluctuate regularly. The implementation of these means will be emphasized and de-emphasized to correspond to the political necessities of the moment. Close and continuing contact will be maintained with the Ambassador concerning all aspects of implementing this program.

87. Note Prepared by Robert W. Komer of the National Security Council Staff¹

Washington, November 19, 1964.

1. In principle, I am thoroughly in favor!² As our overt leverage on, and links to, Indonesia decrease, this is all the more needed.

2. We are entering a period of major flux in Indo politics, which could become a struggle for power especially if Sukarno dies. We can't begin too soon to lay groundwork for playing a role in this if we can.

3. Paper focuses on main threat to US interests, which is not really Sukarno or Sukarnoism, *but the PKI*. Indo is too important to lose to PKI, which is most likely prospect at present.

4. I'm not sure how much impact recommended program would have. The brief gives no order of magnitude of effort. But it's worth a try if following question satisfactorily answered.

5. Key question is whether we can do what's proposed really *clandestinely* without burning our fingers. If Bung or PKI really caught us at this game, we'd probably lose more than we'd gain.

6. In sum, I'd fully endorse if those who are closer to Indo scene than I will undertake that this can be launched discreetly and with reasonably low risk of a backlash.

RWK³

¹ Source: Johnson Library, National Security File, Files of Robert W. Komer, Indonesia, Nov 63-Mar 66 [1 of 3]. Secret. There was no recipient of this note, James C. Thomson's initials appear at the top of the page.

² Reference is to Document 86.

³ Printed from a copy that bears these typed initials.

88. Telegram From the Embassy in Indonesia to the Department of State¹

Djakarta, November 25, 1964, 7 a.m.

962. Reference: Department's telegram 487.² Additional talks with key GOI leaders since events reported Embtel 919³ have added weight to need for moving Malaysian dispute to conference table. To date Adam Malik, Chaerul Saleh, General Nasution, General Sukendro and others have made strong pleas for US help in rescuing moderates within Indonesia from what could easily become untenable position.

While I agree with many points in reftel I believe Department may underestimate strength of sentiment here in favor of face-saving way out on Malaysia issue. Important segments Indo military have been embarrassed by obvious failure of efforts against mainland Malaya. Burgeoning non-Communist movement fears dispute will be used to suppress them. As result there seems to be unity of interest among significant elements here which could give us leverage to help defuse dispute.

Regarding specific questions in para 2 reftel, we believe internal issues, especially local concern over growing PKI influence, were key elements in providing motivation for moderate forces. Failure of "confrontation" was also a factor but this was probably secondary. In early stages of non-Communist movement, settlement of Malaysian issue with behind scenes help USG might have lulled newly awakened moderates into false sense of believing everything would soon be all right. However, movement has gained such momentum that I do not believe this is any longer the case. Danger now is one of suppression, since PKI and FAR leftists must be concerned by non-Communist drive and stirring up any issue or tactics to restore status quo, Malik and others believe they are too strong to be stopped except in wave of ultra-nationalistic frenzy which would almost certainly accompany intensification of Malaysian dispute. This is precise issue which helped them gain momentum and could now be turned against them.

We share Dept's view that Subandrio would be most reluctant to deprive himself of weapon which might be used against moderates. However, we believe we could contribute in creating situation where Subandrio would have little choice but to go along with such move.

¹ Source: National Archives and Records Administration, RG 59, Central Files 1964-66, POL 32-1 INDON-MALAYSIA. Secret; Priority. Repeated to Kuala Lumpur, Bangkok, Canberra, London, Manila, Tokyo, and CINCPAC for POLAD.

² Document 84.

³ See footnote 2, Document 84.

His "unprecedented cordiality" with British Amb Gilchrist Nov. 20 (Embtel 943),⁴ may indicate Subandrio sees handwriting on wall and is prepared, whatever his motivation, to be more helpful.

Our comments on numbered paras reftel follow:

(1) We have gained impression here that while Brits going slow on talks with Indos they have definitely not closed door. Results of Gilchrist's latest talk with Subandrio may well encourage additional British moves. Australians, while somewhat pessimistic regarding prospects, give impression here they willing explore any possibility for peaceful settlement.

(2) First objective Indo-UK talks should be merely to restore communications and establish some sort mutual confidence. Only if discussions are started can Brits effectively stress importance of ending Indo military attacks and persuade GOI that Tunku not averse to direct discussions. We believe that such talks, while useful prerequisite, probably would not succeed in settling issue in which so much "face" involved. Talks could however provide opportunity for seriously exploring viewpoints of parties concerned and hopefully moving toward AACC or other impartial device which would actually recommend solution. Sukarno commitment in advance to adhere to AACC decision was opposed by Subandrio but seems indicate Sukarno willing accept impartial judgment which gives him opportunity end unsuccessful military confrontation without appearing to bow to Tunku or Western powers.

Only specific issue impeding direct GOI-GOM discussions PR movement to AACC seems to be Indo guerrillas. Appears to us that Tunku's insistence on withdrawal these guerrillas as prerequisite for talks is not very realistic. It doubtful if GOI still has control over those on Malaysian territory, and prime objective at present should be to prevent further incursions and reduce chances of escalation. If this issue could be bypassed we could move on to solution which would be in interests of all concerned.

(3) Appreciate Amb Bell's view that discussion of captured infiltrators could provide means place GOI and GOM into direct communication (KL's 622),⁵ but I am inclined believe it preferable if subject can be sidetracked for present. On basis past experience by tripartite Foreign Ministerial negotiations in Bangkok earlier this year, and estimate present Indo mood, I believe actual result of bringing two sides together on issue of prisoner status would be that talks never get beyond techni-

⁴ Dated November 21. (National Archives and Records Administration, RG 59, Central Files 1964-66, POL INDON-UK)

⁵ Dated November 23. (Ibid., POL INDON-MALAYSIA)

cal stage, thus actually hamstringing chance for political discussion of broader issues. It will be realized that approach of GOM and GOI to negotiations has consistently been completely different and will likely continue to be. Indos have refused to come to agreement on such aspects as guerrilla withdrawals, supervision of cease-fire, etc., and instead have stated repeatedly that these things can be readily solved if basic political settlement achieved. On Malaysian side, such issues have been consistently viewed as stepping stones to more basic agreement and, in manner almost "more British than the British," GOM has concentrated on legal, technical and moral arguments to secure strict compliance to some such preliminary agreement before proceeding further.

I do not believe that Sukarno will be willing to immerse negotiations again in what GOI considers as side issues, and from our viewpoint such debates could easily offer Subandrio wholesome room for maneuver and influence on President regarding alleged GOM obstructionism. I believe Indo willingness to settle current confrontation can only be tested by procedure which will largely avoid subordinate issues and go to heart of intentions both sides with regard to basic rapprochement. Latter could then create climate of feeling in which two important steps can be taken: (1) Halt of Indo military attacks, and (2) formation of some such mechanism as AACC which can give Sukarno political excuse to call off policy which has become ingrained in political fabric of Indo. This all presumes, of course, that prisoner issue will not suddenly come to head and that GOM able and willing to let issue vegetate quietly in legal channels for some time. This has been our impression here on basis Embassy KL and CAS reports.

(4) If US initiative used in carefully controlled fashion here and in KL, I do not believe this would be viewed as indication that "US prepared reward intransigence." Sukarno feels USG has abandoned neutral stand and is actively supporting GOM. US initiative now would in his eyes help restore balance and increase our credibility. If Dept agrees to proposal that we take advantage this opportunity I would plan make absolutely clear to Sukarno that we will not do for them in Malaysia confrontation what we did in West Irian dispute. Situations are totally different and US policies in no way similar. Instead of smoothing way for GOI achievement of main objective as in settlement of dispute with Dutch over West Irian, our initiative this time will essentially be for purpose of allowing Sukarno graceful way to step back without achieving stated objective of "crushing Malaysia."

I would also propose outline to Sukarno dangers of Malaysian confrontation as we see it and our concern over state US-Indo relations which stems in large part from confrontation. I would hope be authorized to tell him new administration wants to help GOI explore possible

ways of ending present dilemma, making point, as I have so often in past, that we recognize Malaysia, disagree with GOI current activities against Malaysia, but that we wish to be helpful in achieving peaceful solution to thorny question between two neighbors. We are not concerned with substance of solution but in bringing parties concerned together so that mutually satisfactory solution can be found. We hope GOI will seriously pursue discussions with British and make every effort move on to AACC or other device. Would be most useful also to be able tell him we have good evidence Tunku shares this view.

I believe we might begin by strongly encouraging British to follow up promptly on encouraging beginning made by Gilchrist-Subandrio conversation November 20. If results are encouraging we should be prepared to quickly follow up with approaches in Djakarta and KL to really get issue moving toward solution. I get impression Department of opinion that time working on our side. While this may have been case at one time, I believe time now running out for us and for Indo moderates who need our help.⁶

Jones

⁶ In telegram 502 to Djakarta, November 25, the Department suggested there was no prospect that the United Kingdom and Malaysia would resume talks with Indonesia while Indonesia continued to introduce new troops into the conflict. The Department stated that it was not a problem of Indonesian forces on Malaysia soil, but "these unrelenting low-level forays of small bodies of troops and saboteur forces which are the obstacle." The only approach the Department could see succeeding was for Sukarno to stop military activity for a month or so to allow Tunku and the British to make secret contacts for an Asian-African Conciliation Commission or some other mechanism. (Ibid., POL INDON-MALAYSIA) Jones responded in telegram 984, November 26, that he was not proposing to bypass a cessation of Indonesian military activity, but looking for a tacit cessation of hostilities. The issue he proposed to bypass was the Indonesian guerrillas on Malaysian territory. (Ibid.)