

THE WHITE HOUSE

SECRET/NODIS/XGDS

WASHINGTON

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E.O. 12958 Sec. 3.6

MEMORANDUM OF CONVERSATION

*MR 01-34, #6; pt. EW, 6/20/01*By dal NARA, Date 7/2/01

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

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

PLACE: Laurel Cabin, Camp David, Maryland

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

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

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

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

CLASSIFIED BY Henry A. Kissinger
 EXEMPT FROM GENERAL DECLASSIFICATION
 SCHEDULE OF EXECUTIVE ORDER 11652
 EXEMPTION CATEGORY 5 (b)(3)
 AUTOMATICALLY DECLASSIFIED ON Imp. to Det.

SECRET/NODIS/XGDS

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

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

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

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

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

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

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

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

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

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

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

President: Are all the Communists working together?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

I would like to mention OPEC.

[Secretary Kissinger enters.]

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

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

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

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

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

President: Lunch is ready.

MEMORANDUM

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MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Ford
President Suharto, of Indonesia
Dr. Henry A. Kissinger, Secretary of State
and Assistant to the President for National
Security Affairs (joined at 1:44)
Lt. General Brent Scowcroft, Deputy Assistant
to the President for National Security Affairs
Mr. Widodo, Indonesian Interpreter

DATE AND TIME: Saturday, July 5, 1975
12:40 - 2:00 p.m.

PLACE: Laurel Cabin
Camp David

SUBJECTS: Indochina; military assistance; economic
assistance; Law of the Sea; Timor; OPEC;
special channel

President: Let me reiterate how pleased we are to have you visit here, Mr. President. Secretary Kissinger told me you were here in 1970 when President Nixon was in office. I want to emphasize that we are just as concerned to maintain our good relations with Indonesia as we were in previous administrations.

Indochina

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

Classified by Henry A. Kissinger
Exempt from General Declassification
Schedule of Executive Order 11652
Exemption Category 5 (b) (3)
Automatically Declassified on Imp. to Det.

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DECLASSIFIED
E.O. 12958 Sec. 3.8

Virtually the same as PR01-37

By KBH, NARA, Date 7/3/01

We are committed to detente with the Soviet Union, but it has to be a mutual relationship. We will not let them have a bigger piece of the benefits. We will continue it as long as it is mutually beneficial. We recognize that the Soviet Union keeps assisting and strengthening its friends, just as we do. But they cannot take advantage of us. On my trip to Brussels in May, I told my NATO allies that we were committed to them completely, and I want you and the countries in your area to feel the same way.

We want to continue our assistance programs. As you know, that depends on the Congress, which has been cutting our program in recent years. This Congress is difficult, but it is my intention to increase the aid to Indonesia. We are able to make available some military equipment items to help you in your situation. We can make available four naval vessels -- which may not be in tip-top condition-- plus some tanks, aircraft such as C-47's, and four C-123 transports.

Suharto: May I first convey my appreciation and gratitude, Mr. President, for your invitation to visit the United States. And on behalf of the Government and people of Indonesia, may I convey our heartfelt congratulations for the 4th of July.

I would like to take this valuable opportunity to discuss the problems that affect not only Indonesia but all of Southeast Asia in light of recent changes which have swept the peninsula. I had already obtained valuable information from Mr. Habib and from you with respect to furthering American responsibility to its allies in the Southeast Asia region. After obtaining that information and that valuable assessment, we have no fear that the United States will abandon its responsibility toward peace in the Southeast Asia region. Considering the bitter and sad experience of the American people in Vietnam, the United States has given such great help, and to have it turn out so, it is necessary to assess why it happened to come out so very badly after such American sacrifice.

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

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

What will happen after Vietnam? There are two possibilities: Whether they will apply Communism just within their borders in order to improve the conditions of their peoples. If that is what they will do, we will be all right. Ho Chi Minh has always wanted to unify all of Vietnam. We don't know yet what is going on and whether they will unify or whether there will be two separate Vietnams.

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

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

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

Suharto: Let me explain. As far as Cambodia is concerned, they recognize the GRUNK and Sihanouk -- although he is still in exile. I asked Tito why he didn't support Sihanouk's return, and he said it would take some time. Tito's reply was that due to prevailing conditions in Phnom Penh, it is not safe for Sihanouk to return. There are still some dangerous elements.

But my personal opinion is that they don't want him back yet. My information is that it will take Cambodia about five years to consolidate, so it will be similar to Vietnam. Considering that the time for consolidation is so long -- five years -- they might want two Vietnams and one Cambodia, all three joining a non-aligned world. So they may want to stay separate but with their policies aligned.

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

President: Are all the Communists working together?

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

The second possibility is that the Vietnamese may not stay within their borders but will seek to Communize the region and the world. If so, we have to find out whether they will support the Soviet Union or China. Right now, I think Vietnam won't take sides because then it would become a target between the two. Instead it will work for independent national Communist movements.

But in any case these events will have more than brief impact on the neighboring countries. The question is how to counter it. Knowing well the Communist tactics -- infiltration, fanaticism, etc. -- it is essential for each country to have a strong national ideology, to strengthen itself in the political, economic and military areas.

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

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

Suharto: The principal factor is creating national stability, principally in the economic and monetary fields. The role of the United States in her responsibility toward this is very important. The U.S. won't

abandon her role, but the American assistance role should be reviewed, both in relation to Indonesia and all of Southeast Asia, particularly in assisting and supporting those countries in establishing national resilience. That would help in creating a regional resilience and help keep out Communism. But we are running against time, because the Communists are working very hard in these countries to convert them to Communism.

Military Assistance

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

We are in a better condition to do this than other Southeast Asian nations. With American assistance, we have built a national resilience and we are working hard at building it further.

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

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

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

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

Economic Assistance

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

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

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

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

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

Law of the Sea

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

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

Suharto: Talks have been conducted bilaterally between us already.

Timor

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

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

OPEC

I would like to mention OPEC

[Secretary Kissinger enters the meeting at 1:44 p. m.]

We appreciate your not joining the embargo in 1973 and 1974, We are concerned about OPEC raising prices in the fall meeting coming up. We are concerned about the effect this will have on the economic recovery of the United States, the industrial world, and the Third World. I know you feel badly about the Trade Act and its penalties against OPEC members. We are trying to get the Congress to change the Act to make the penalties selective, not comprehensive.

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

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Special Channel

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President: Lunch is ready, Mr. President. Why don't we go in?

[The party went into lunch.]

for your information to visit a US. Based on behalf
 of Govt + people of India, may I convey our
 heartfelt congrats for 4 July. I would
 take this valuable oppurt. to ~~express~~
 expressing not only India but all SEA in light
 of recent changes which have swept a
 peninsula. I had already obtained valuable
 info from Hanik + from you in respect
 to functioning of resp. to its allies in SEA
 region. After getting that info + valuable
 assessment, we have no ~~idea~~ fear that US
 will abandon its esp. toward you in SEA
 region. Consequently - batman and Hyman
 of US people in VN, a US has given such
 great help + to have it turn out as it is
 necessary to assess why it happened to come out
 so very badly after such US sacrifice. If you
 would allow me, I will revisit in India for
 in our struggle for independence against crusade,
 it will help us understand. It is not the
 moral strength of a crast but their foundation
 which is a principle element of their strength.
 To counter this, each country in a area needs
 an ideology fits even w/ which to counter a crast.
 But with ideology not used by itself. The
 well being of a people can't be improved so
 that it strengthens or supports a moral ideology.
 From experience of Laos + VN in past, they
 seems to have forgotten this moral ideology

to get support of a people despite their suggestions of arms in fighting a war, a human factor was not there. They lacked these moral ideology to rally a people to fight war. In this spirit that Indo has been unifying & mobilizing a people to prepare to fight a threats which event will be made against our independence. So we are highly engaged in discouraging & consolidating in Sen the moral ideology & empowering of others in the areas of intellect, & etc. This of course to prepare for any eventuality of an Indian ^{which} independently dominated by Indo.

What will happen after VN - there are 2 possibilities: whether they will apply even just as in their leaders to inspire in others of their people. If so, we are ok. Ho Chi Minh has always wanted to unify all VN. We don't know yet what you are & whether they will merge into 2 separate VN's

P How long, ^{does it take} will it take for them to decide this?

S I've been trying to find out from Indo + Tito + judgement is consolidation will take 5 yrs, but by then, they will be unified

P How about relations bet VN, Cambodia & Laos

S Let me explain. As far as Cambodia, they recognize Gromek + Schomok - tho he is still in exile.

I asked Tito why he didn't support Schomok when return & he said it would take some time. Tito's reply was that due to poor conditions in P.P., it not safe for Schomok

engaged in a unifying coalition. Question
 is how to monitor the Kennedy well known
 tactics - infiltration, fanaticism, etc. - it is essential
 for each country to have strong national ideology - to
 strengthen itself in pol., econ. & military areas.
 We furthermore we already have this world's ideology - Portugalista / Portuguese
Question is is it strong enough. It must be important
 that we strengthen ourselves so we can support
 Portugalista - i.e. if we fail in our efforts it
 could create lack of any global ideology & create doubts
 in a people & leave them susceptible to other
 ideologies.

P: You have done very well in controlling inflation.
 We have had problems in that regard, but we
 are now making progress. Understood if
 you don't make even any choice will be period
 of instability in sub.

S: Principal factor is creating national stability
 principally in economic monetary fields. Role
 of US in her esp toward this area. US
 want economic her role, but US assist role
 should be renewed, both in relation to
land & sea. Particularly in assistance &
 supporting these countries in establish national
resilience. That would help in creating regional
resilience & help buy art crisis. But we
 are seeing against time economic crisis
 are working very hard in these countries
 to convert them to crisis.

Best way of fighting subversion is intell + technical operations so we can detect com activity when it 1st arises. In carrying these out when people are participating, we rely heavily on communications. i.e. communication net does is very important to knowing when jets emerge so we can deal w/ them immedi. If longer becomes quarter & rising because quarter we will require mobile units to send to these areas to squelch subversion - to supply & inter this mobility we will need both sea & air transport so we can put down emergency before it becomes too big to stop. Esp in many field we need to improve condition of many not big ships but to be able to transport more materials to be able to carry out these ops. Patrol ships which can fight ~~about~~ any attempt to interfere w/ these ops to sup w/ emergency. India has many islands so we will need many of these ships w/ great mobility. Esp at this moment, intell & technical ops very important. We in better condition to do this than other sea nations - We US crisis we have built most usefulness & we ~~have~~ working hardest building it further

- P. How big navy you have & how big needed
- B. We have many capable navy men prepared to man our ships gathered to handle w/ I mean these ships are ~~more~~ not trained & useless

8
remains so far industry which requires heavy
capital input. Examples of these huge
projects are: LNA (500 mil), Michel (900 mil)
Cognac, & others. These will require access of other
countries to get credits. We regard these efforts
& strengthen world relations, I want to mention
a principle. This principle has been
followed by Indo people for years. The purpose
is to form ourselves in as a unified nation
w/o any territorial ambition. From various
countries we have gotten favorable response but
I see some hostility in US about this
principle. Indo doesn't want to create dif
with other countries in establishing this principle in
its territory.

11 We were encouraged at prog of LOS conf &
hope for further prog. We do understand
your prob. We do have reservation & be happy
to consult your people to work it out. We must
have broad compatibility if we are to carry out our
role in a world. I assure you we will
rely on your people to try to work out mutual
understanding.

5 Talks have been conducted bilaterally but no checks.
3rd point I want to raise is Portuguese
decolonization. Study of our basic principle,
our Const. of 1945, * Indo will not count
aggression & has no territorial ambition against
other countries. So Indo will not use force

against territory of other countries. If we go to Timor, we support carrying out decentralization thru process of self-deter. In ascertaining views of Timor people there are 3 pos: indpdm, stay w/ Port, or join Indo. W/ such a small territory & no resources, indpdm country would hardly be viable. W/ Port it would be a big burden w/ Port so far away. If they want to integrate into Indo as indpdm nation that not possible because Indo is 1 unitary state. So only way is to integrate into Indo.

- P. Have Port set a date yet for allowing Timor people to make their choice.
- S. We set date yet but agreed in principle that ~~any~~ wishes of people will be respected. Prob is those who want indpdm are ^{those who} must be explained. Those wanting Indo integration are being subjected to heavy pressure by those who care about Indo. The Indo elements practically sabotaged recent vote in Macao. Want to assert that Indo doesn't want to accept itself into Timor self deter, but prob to how to manage the self deter process as w/ a majority wanting unity of Timor. These are some of the prob I mentioned & raise as this was previous mtg w/ you.

I hope greatly appreciate your views, esp on events in Macao they consolidate - that it would take 5 yrs to consolidate. I would like to mention OPEC.

(K enters)

We represent your not going embargo
73-74. We are concerned about oil raising
prices in Fall entry. We are concerned about
effect on recovery of US, & world, & 3rd
world. I know you feel badly about Trade
Bill penalties. We trying to get Cong to change that
to make penalties selective not comprehensive

S We share ^{with the states} view that we should not export
Crude oil in this energy crisis. We also
among some producers have taken long stand.
We a small producer, but others still listen to
us. The Dept entry I don't think will focus
on price & but how ~~to buy~~ ^{to buy} purchasing power
of producers from falling. ∴ Indo oil states are
studying jobs seriously so that oil revenue
will ~~be~~ benefit people despite inflation &
massive which have hurt world.

P We have been there a lot times & now coming
out of it. Oil price ↑ would have injurious
effect on our recovery & this our ability to
help world ~~to~~ recover.
In past you have sent a special mission
to extract Sec K. on occasion. I would
like that arrangement to continue unless
and if you agree

S I fully share a reputation of over sending
mission to contact K. Haven't done it so
much recently because of ~~domestic~~ ^{domestic} prob

both our countries have been ~~from~~ fairly
recently. I would also agree to increasing
these contacts so we can enter similarity
of views on probs, like w/ Japan, Australia
P lunch is ready