

SECRET

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Carl -

< As we get closer and closer to a dangerous impasse over that bit of colonial debris called West New Guinea, we have simply got to keep our eye on the object of the exercise--which is Indonesia, not WNG. >

Here is by far the largest, most populous, wealthiest country in SEA--and the one to which we pay the least attention. By contrast, it is the one to which the Soviets pay the most. No need to recap the hundreds of millions in military and economic aid; Soviets are not investing all this dough for nothing. With Indo CP already the largest and best organized in Free Asia, they have real expectations here.

Meanwhile, we don't even have a policy, at any rate one commensurate with the risks and opportunities. Why do we spend billions on neutralists like Tito and play the same game vis-a-vis another major neutralist leader with small change?

A pro-Indo policy on WNG won't solve all our problems. But it will at least keep our foot in the door so we can compete. Otherwise, we may be heading for a really major defeat in SEA--one which would dwarf the loss of Laos.

cc: McGB

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RWK