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February 22, 1962

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FOR ATTORNEY GENERAL FROM PRESIDENT

We are all greatly impressed by skill and forcefulness your handling of WNG issue with Sukarno and others. You have helped buy us time. Even though Indos will not yet agree to formal meeting under U Thant auspices, you have moved them perceptibly toward acceptance of negotiations. We here agree with Jones (Djakarta 21 to Berlin) that you now in position to tell Dutch that Indos will negotiate formally a peaceful settlement without preconditions, provided agreement reached on agenda secretly first.

Crucial need at this juncture is to get Dutch to agree to include transfer of administration to Indonesia as one of agenda items. We hope you can press on Dutch at highest level that we regard this as indispensable, since it clear this rock-bottom Indo price. You should argue that we do not repeat not regard this as a precondition; it merely Indo insistence that Dutch be willing discuss inter alia solution Indos desire. While Indos would almost certainly like make agenda public, thus undermining Dutch bargaining position, we confident agenda formula can be worked out which will forestall this result.

We feel entitled to say, on basis of what Schurman and Van Roijen have told us that Dutch quite willing to discuss transfer once formal talks begin. FYI, however, we are not yet sure whether Dutch willingness to get out with honor in fact means they willing to negotiate some solution satisfactory to Indoes or whether they still stick on point that any form of Indo administration

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will inevitably prevent a fair plebiscite at some future date.

You will want to avoid either getting into extended discussion merits of Dutch vs. Indo cases (on which Dutch accomplished debaters), or arguing specifics of any solution at this point (thus putting us in middle). Therefore, I think best way in which you can bring pressure on Dutch is rather by indirect means of explaining forcefully why US, and I personally, gravely concerned about WNG issue and regard peaceful compromise as so urgent.

In a nutshell we fear Dutch are focussing too much on WNG issue while we are most concerned with broader question of Indonesia itself and risk of a nasty blow-up which can't help but redound to West's disadvantage. So we anxious to make Dutch face up to potential consequences of latter course, as best means of getting them to be reasonable. We also want inter alia to disabuse Dutch of any idea we are indulging in sheer anti-colonialism, instead of basing our position on a careful calculation of West's strategic interests.

~~Therefore~~, will you talk directly with Prime Minister DeQuay as well as Lans along following lines:

(1) You did not rise to Indo bait and discuss any specific solution in Djakarta. Main burden of your song was imperative necessity of a negotiated settlement, as only alternative seemed war (use your own judgment on how much of Indo position you wish to pass to Dutch; stress on extent to which Indos seem determined to press issue to a conclusion one way or other might be helpful).

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(2) US pressure on both sides for peaceful compromise not based on pros or cons of WNG issue or on supposed anti-colonial bias; it hinges rather on our acute concern over further undermining of Western position in Indonesia, which in turn could affect whole Free World strategic position in FE. US, as ally which bears brunt of Free World defense in FE theater, is presently fighting an undeclared war to hold on to mainland SEA. Yet this position would be outflanked if Indo brought within Bloc orbit. So we greatly disturbed by drift Indonesia into closer relations with Bloc which actively exploiting WNG issue to this end. Massive nature of Bloc aid to Indo plus great strength of Indo CP, amply demonstrate Bloc regards Indo as prime target. Hence West too must focus on larger problems; we cannot afford to let WNG become an East-West issue, with Bloc backing Indos while (as Moscow/Peking obviously hope), we back Dutch.

(3) We also fearful WNG will escalate into another major crisis in SEA, at a time when we pre-occupied with Laos and South Vietnam. While US well aware of how Sukarno has blown up WNG issue for his own reasons, we think he has pushed past point of no return. Some denouement in 1962 seem inevitable. We not reassured by any estimates of unreadiness Indo forces to mount full-scale attack before end of 1962. Indos could take many harassing actions short of this to precipitate shooting incidents in manner designed to force a UN vote or other outcome in their favor. Indeed Indo strategy may be aimed primarily in this direction.

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(4) Thus we see good chance of further military action and counter-action following torpedo boat incident; risks of escalation high in this situation, even if neither side intends to let things get out of hand. Do Dutch really wish to run such risks, or jeopardize Western position in Indonesia, particularly in view of way WNG issue already narrowed down almost to point of settlement.

(5) On other hand, we under no illusions that peaceful resolution WNG issue will automatically recoup West's competitive position in Indonesia. What we fear is the reverse, i. e., that Sukarno has let his momentum carry him to point where failure to reach peaceful compromise will almost inevitably drive him into even closer ties with Bloc. This particularly likely if crisis erupts into military confrontation in which Bloc backs Indies.

(6) Moreover, irrespective of merits Dutch vs. Indo case, where do Dutch expect to come out eventually on WNG? Is a viable WNG feasible even over time and with continued substantial Dutch aid? Or is it going against the stream of history to assume that Indies won't one way or another, at one time or another, get some title to WNG? Indo efforts unlikely to stop, for example, just because WNG became a UN trusteeship; indeed this prospect would only egg them on to forestall it.

(7) So how far are Dutch prepared to go in alienating Indonesians and risking military confrontation over a possession they have already decided to give up? We share Dutch view that adequate provision should be made for

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self-determination, and Indos seem agreeable (though we too realize they might not carry out their promises). We convinced that compromise settlement can be reached which will permit Dutch to disengage with honor, while resolving WNG issue in a way which enhances Western position vis-a-vis Communists in Indo.

(8) Indeed, it important that Dutch, with their long experience and past ties to Indonesia, reassume a major role in maintaining this Western position. Therefore, we anxious to see Dutch use WNG settlement as leverage for re-establishing Dutch presence in Indo. Sukarno seems quite willing to re-establish diplomatic relations, and may go further if this made part of bargain. Thus Dutch may have real opportunity here.

Your use of above arguments should help put US position in proper perspective, and hopefully bring home to Dutch importance of statesmanlike approach to WNG disengagement. We would expect to follow this softening-up process with discreet suggestions as to how and where two parties might get together on agenda.

Purpose in your talking directly to DeQuay is to make sure US view gotten directly to top level of GON without being filtered through Luns. We of course assume Luns may be present; be careful about getting into slanging match with him. My hunch is that by sticking to the big picture and getting Dutch to face up to the grave risks if they are too sticky you can do a great deal to move things along.

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Thus best to avoid hassle over arms sales or transit rights, although if Dutch insist on raising them arguments in State to Hague 685 of 12 February most helpful.

Finally, find some occasion to warn (on basis your Djakarta talks) Dutch that any moves to reinforce WNG garrison (e.g. sending Karel Doorman) or further steps toward giving WNG autonomy or independence will be red flag to Indones and almost certainly trigger violent counteraction. Neither US nor Dutch can afford to let promising movement toward negotiated solution this emotion-charged issue erupt into crisis this way.