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#87a notes	NSC meeting, 8/9/67 Secret 4 p. [sanitized - placed in open file on 4/25/86] <i>open NLJ/RAC 99-156 12/9/11 + NLJ 99-240 (p. 4)</i>	7/19/67	A

FILE LOCATION

~~Tom Johnson's Notes of Meeting~~

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AUGUST 9, 1967 - 12:20 p.m.

National Security Council

The President	Bromley Smith
The Vice President	George Christian
Secretary McNamara	William Bundy
Secretary Freeman	Ed Hamilton
General Wheeler	Bill Jordan
Under Sec. Katzenbach	Walt Rostow
USIA Director Marks	Tom Johnson
CIA Director Helms	

SERVICE SET

XERO

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

August 9, 1967

6:00 p. m.

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FOR THE PRESIDENT

Tom
FROM: Tom Johnson

Attached are the notes of your meeting with the National Security Council in the Cabinet Room on August 9, 1967.

Those who attended the meeting:

The President
The Vice President
Secretary McNamara
Secretary Freeman
General Wheeler
Under Secretary Katzenbach
USIA Director Marks
CIA Director Helms
Executive Secretary Bromley Smith
George Christian
William Bundy
Ed Hamilton
Bill Jordan
Walt Rostow
Tom Johnson

The meeting started at 12:20 p. m. The meeting ended at 1:16 p. m.

Attachment.

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Author: NLS 32 43
By: CCS, Date: 11-8-63

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NOTES OF THE PRESIDENT'S MEETING
WITH THE
NATIONAL SECURITY COUNCIL

August 9, 1967

All members had been provided a memorandum on Indonesia.

President: Indonesia is a nation which is of great interest to all of us. We want to make whatever contribution we can. I am heartened by what has happened there during the last year. Secretary Katzenbach, would you give us a run-down.

Katzenbach: In the past year, Indonesia has done much

- To consolidate the Suharto government.
- To gain acceptance of the people.
- To face up to the serious problems left by Sukarno.
- To face up to the civilian-military problems.
- To get in economists to assist them.

Now, we must look at the problems of success rather than failure. International institutions have taken the lead with aid and assistance. Our aid has been supportive in nature.

William Bundy: The formation of the Southeast Asian Nations Foundation is very good and promising. This bears very much on the economic situation. I would say that Indonesia is one-third the way up the slope. There has been much promising activity economically. They have some resources of great value. For instance, they have oil of low sulfur content which would be useful for our cities. In terms of their foreign exchange requirements, last year it was met one-third by Japan, one-third by European nations, and one-third by the United States. That was for \$100 million. If, as indicated, it goes up to \$300 million next year I do not see how we handle one-third.

William Gaud: Indonesia has need to do the following things:

- Increase her exports (oil, rubber)
- Increase her agricultural production (rice)
- Develop a broader tax base
- Get continued technical assistance.

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E.O. 12958, Sec. 3.6

NLI/RAC 99-156 & NLI 99-240

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By cb, NARA Date 1-24-01

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President: Should we lend more money? Here is a country which has rejected communism and is pulling itself up by its bootstraps. Should we ask for an additional \$100 million in this year's request?

Katzenbach: No, I do not think so. I do not believe the Congress would give us a net gain. They would probably take it out of some other area such as Latin America.

William Gaud: I think it would be best to ask for it in January in a supplemental.

Richard Helms: We have the best team in Indonesia I've ever known, starting at the Ambassadorial level and going right on down. It's all low key. Our presence is not prominent.

President: What are the primary threats?

Richard Helms: As long as we are in Vietnam, there is no problem in Indonesia. Sukarno and the Communists have had it.

Leonard Marks (USIA): I agree with Dick Helms. We do have a very good team in Indonesia. USIA needs to get some top-flight information specialists in and reopen some of the libraries which were closed.

Secretary Freeman: A good deal more can be done on agricultural production in the country.

President: This is one of the richest countries we can deal with. We can make it a showcase for all the world. We should take some of our ambitious plans which haven't been working in other countries and put them into action in Indonesia.

Vice President: I have had great interest in this country for some time. I know some of the key men around Suharto. They say they could not have done what they did in driving the Communists out without our presence in Vietnam.

I agree with Bill Gaud on the need for \$100 million in January after Congress sees what it did to itself. We need to re-evaluate what we are doing around the world and emphasize those which show results. We must need to take a good look at the whole aid program and see if we can shift anything.

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Secretary Fowler: This paper stresses a central theme which is that everything that has been done there has been multi-national in nature. If we go up to \$100 million, we must do it in conjunction with others. We must ask that they keep their percentage of the burden. Let's not get into the business of picking up the remaining percentage if they fall short. Otherwise, we have a sound and basic strategy.

General Wheeler: We will not get any men out of the Indonesian government for Vietnam. They have an Army which is U. S. -oriented since many of them were trained in the U. S. The Marine Corps is still Sukarto oriented, and the Air Force and Navy are Soviet oriented since much of their equipment is built by the Soviets.

They have the capability for internal security. The last thing they need, however, is sophisticated equipment. There is no outside threat. They do need small quantities of training equipment and material for the civic action programs. Ambassador Green is doing a very good job.

Secretary McNamara: I agree with General Wheeler. But I should point out that I think it is unrealistic to believe that you can get a supplement in January. There are too many considerations, including the fact that it's an election year and that priorities will be given to domestic affairs

The best thing to do is to plan our aid on the assumption that we will not get it. Frankly, I think we are wasting aid in Thailand and the Philippines. We possibly can think of transferring military aid to civilian aid and trim from other aid allowances to add on to Indonesia. We should give Indonesia top priority.

William Gaud: We are going to have to sit down after Congress finishes with the AID authorization and see how we are going to share what is becoming a rather small pie.

Then Mr. Gaud listed the aid allotments for various countries and contrasted that with the amounts allocated last year. These included Indonesia, Pakistan, India, Turkey, Korea, and Africa.

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President: What's the situation in Turkey?

Leonard Marks: Based on my information, relatively quiet.

William Gaud: In my opinion, they are doing a fine job -- particularly in the agriculture field.

Secretary Fowler: I only wish they would stop growing opium.

Vice President: I want to point out that the Indonesians have a terrible transport problem and a bad problem with spare parts. They need these to move crops. We should urge other countries to provide this, especially the Italians.

President: Tell Gene Rostow to include that on his shopping list when he is in that area.

President: What about the planes in the Congo?

Katzenbach: It has been tentatively agreed that the last plane would be pulled out of the Congo on the 10th. There are problems, however. Mercenaries could double back to Katanga and we would be in trouble. They might blame the pullout of the U.S. planes for their actions. If we pull out the last C-130, they might turn on Katanga. What they need there is one good company of troops. They do not have them.

General Wheeler: I have issued orders for the plane to pull out tomorrow. I'd need to know by mid-afternoon if a decision is made not to pull it out. We have three loads of men and equipment on the ground we would be taking with us. This includes ground crews and ground gear.

President: Was our action in Congo desirable, in retrospect?

Leonard Marks: Psychologically, it was a great thing. Three or four more days could make the difference.

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