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G. LAOS

United States concern over and involvement in Laos is basically connected with our engagement in the vast drama of Viet-Nam. The Kingdom of Laos is strategically located alongside Viet-Nam in the heart of the Southeast Asian peninsula -- sharing common borders with six nations, two of which, Mainland China and North Viet-Nam, are governed by Communist regimes. Our primary foreign-policy objectives with regard to Laos are those of maintaining reasonable stability in that country, assisting Laos to guard its independence in the face of external and internal Communist pressure, and hindering North Viet-Nam's use of Lao territory for furthering its aggression against South Viet-Nam and its support of insurgency in northeastern Thailand.

1. Genesis of the Lao Question up to 1963

Laos has not been a nation since the 14th century of our era (some would say it was not one even then). Its divisions

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are ethnic, geographic, linguistic, educational, familial, political, and deep.

After World War II, the expansionist North Vietnamese capitalized on this divisiveness to back one faction, the Pathet Lao, which, with heavy North Vietnamese troop and extensive Soviet logistic support, seized the strategic Plain of Jars in North Laos in early 1961 and by the spring of that year appeared capable of taking over the whole country.

The United States was thus faced with three choices: doing nothing and letting the North Vietnamese take over; sending in troops; or negotiating. We chose the third way and participated with 13 other nations, from May 1961 until July 1962, in the conference that resulted in the Geneva agreements of the latter date. These agreements provided international guarantees for Lao independence and neutrality.

Although the agreements achieved the goals of preventing a Communist takeover and of avoiding US troop deployment, the polygamous marriage among the three Lao politico-military factions never made for a happy household. The Pathet Lao,

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attempting to absorb the Neutralists, repeatedly violated the June 1962 cease-fire, and open hostilities broke out in April 1963 which eventually resulted in the realigning of a majority of the Neutralists with the rightists. By late 1963, despite the departure from Vientiane of Neo Lao Hak Xat (NLHS) and left-Neutralist cabinet members, the tripartite government of Prime Minister Prince Souvanna Phouma was still in existence. All parties to the Geneva Agreements and all three Lao factions, despite reduced leftist participation, continued to recognize it as the legitimate government of Laos. The primary task of US policymakers over the next several years was the preservation of this structure and of Souvanna, the only Lao who could make it look as though it were working.

2. Abortive Coup of April 1964

Souvanna visited Hanoi and Peiping in early April 1964, and returned encouraged by what government leaders had told him there about his chances for overcoming Pathet Lao intransigence and moving forward on national reconciliation. He attended a tripartite meeting on the Plain of Jars April 17 but, discouraged by a Pathet Lao ultimatum the following day, returned

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to Vientiane and said he would submit his resignation to the King. Early on the morning of the 19th, extreme rightist generals arrested Souvanna, formed a Revolutionary Committee, and attempted to seize national power.

Fearful that any government that excluded leftists would provoke open civil war, and convinced that Souvanna was essential to all aspects of our policy, the United States refused to recognize the Revolutionary Committee. The Department of State published a statement on April 19 which said in part:

The US Government has fully supported, and we continue fully to support, the Geneva Agreements of 1962 and the Royal Government of National Union. We are therefore categorically opposed to any seizure of power and are urging immediate release of the neutralists as a first step toward restoring the situation.

Ambassador Leonard Unger had returned hurriedly to Vientiane on the 19th from Saigon, where he had been attending a meeting chaired by Secretary of State Rusk. The Assistant Secretary of State for Far Eastern Affairs, William P. Bundy, who had also been at the meeting, accompanied him. The Ambassador gained access to Souvanna's front lawn and carried

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on a Shakesperian dialogue with the Prime Minister, whose guards permitted him to emerge on a second floor balcony. Unger assured Souvanna of US support for him as leader of the government and reaffirmed US opposition to the coup and its perpetrators.^{1/}

Thus fortified, Souvanna flew to Luang Prabang for an audience with the King. Assistant Secretary Bundy analyzed the alternatives as follows: (1) Souvanna remaining as head of a restored tripartite government of national union but with minor portfolio changes; (2) Souvanna heading a neutralist-rightist government with token or no Pathet Lao participation; (3) rightists leading the government without Souvanna but with some neutralist participation; or (4) agreement on the first alternative with rightist hotheads quickly upsetting it so that the third alternative would emerge.^{2/} The first alternative

^{1/} From Vientiane, Telegram 1147, April 20, 1964 (CONFIDENTIAL).

^{2/} From Vientiane, Telegram 1156, April 20, 1964 (SECRET).

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was clearly the best solution from the American standpoint -- it involved the minimum risk of communist hostilities and political disruption. Fortunately, the first alternative proved to be the accepted one.

3. American Military Operations

In mid-May 1964 North Vietnamese and Pathet Lao troops took advantage of discord within Neutralist ranks to attack Kong Le's forces and drive them from the remaining Neutralist positions on the Plain of Jars. The Watch Committee of the United States Intelligence Board met in special session on the 17th and concluded in part that

We believe that the Communists are seeking to regain all of the Plaine des Jarres area and that continuation of their attacks will make the Neutralist position there untenable. The Communist capture of the Plaine des Jarres and other positions in Southeastern Xieng Khouang province will place them in control of almost all of Laos except for the Mekong Valley.^{3/}

This deliberate onslaught prompted Souvanna to seek additional military assistance. Overtly the United States responded by stepping up our supply of military equipment and supplies for the Lao armed forces within the framework of the Geneva

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agreements. Covertly, we responded by loading bombs for Lao-piloted T-28's for air strikes against Communist positions and by inaugurating low-level US jet reconnaissance flights over Laos on May 17.^{4/} After the first US reconnaissance aircraft was shot down on June 6, the United States sent fighter-bomber escorts along with these planes and authorized response to hostile fire. In accordance with Souvanna's wishes, we publicly veiled this authorization in the following manner:

A United States reconnaissance aircraft has been shot down by ground fire in the area of the Plaine des Jarres over Laos... With the agreement of the Royal Laotian Government these flights by US aircraft over Laos will continue. The US Government has consulted with the Government of Laos with respect to measures required for the protection of these flights.^{5/}

Rightist political adventurism had not been permanently stifled by the refusal of the United States and other foreign powers to recognize the efforts of the 1964 coup plotters.

^{4/} Department of State Telegrams to Vientiane, #1011, May 17, 1964 (SECRET-LIMDIS) and #1047, May 21, 1964 (UNCLASSIFIED).

^{5/} Department of State Telegram 1143 to Vientiane, June 6, 1964 (UNCLASSIFIED).

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Deputy Prime Minister Phoumi Nosavan, whose position had been eroding since late 1961, seized upon a protest effort in Vientiane that Colonel Bounleut Saycocie mounted in late January 1965 with two companies of troops. Taking advantage of the confusion in the capital, Phoumi entered into alliance with the Director General of Police, Siho Lamphoutacoul, and the Military Region II Commander, Major General Khamkhong Phouththavong. Some contend that Major General Kouprasith Abhay, Region V Commander, maneuvered him into this alliance. Kouprasith, in contrast with his actions in 1964, sided with Souvanna, probably less because of sympathy with the Prime Minister than out of detestation and fear of Siho and with an opportunistic eye that saw a rare chance to get rid of two enemies at one blow. After heavy firing in Vientiane, mainly between Kouprasith's forces and the police, the Fifth Region won the day for Souvanna, and Phoumi and Siho fled the country.

During the entire confrontation the American Embassy was active behind the scenes (and sometimes in front of the curtain) in trying to hold down the excesses of both sides,

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maintain our clear support for Souvanna and minimize bloodshed. Although several factors were at play, one of the principal reasons the coup did not succeed was that we had taken our stand in support of Souvanna and the Government of National Union during the similar folly of the previous year.

5. The US Aid Program

Our program of aid in Laos has long served a fundamental political purpose. Its three objectives have been economic development to improve living standards, humanitarian relief of war-caused suffering, and stabilization of the economy. Its outstanding achievement has been economic stability in the face of war. The enormous cost of a large military establishment to defend the country against Vietnamese invasion, the departure of much of the agricultural labor force for the army, and the abandonment of fertile but insecure rice paddies, have all contributed to a large annual budget deficit.

Realizing the need to supply funds for a military force far out of proportion to the country's size, the International Monetary Fund urged the establishment in 1963 of a consortium

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of contributors from several friendly countries under the title of a Foreign Exchange Operations Fund (FEOF). Five countries -- Australia, France, Japan, the United Kingdom and the United States -- contribute foreign exchange to FEOF. FEOF then makes dollars available to maintain an open market rate for kip that has stayed close to 500 to the dollar for the last five years. Laos is thus one of the few underdeveloped countries in the world not only with free foreign exchange but also with a stabilized currency. Before FEOF, the value of kip declined regularly and rapidly.

Inspired principally by President Johnson's Baltimore speech of April 1965, our economic aid program in Laos has lately given priority to agricultural expansion. Farmers constitute some 85 percent of the Lao population. Agricultural programs and rising farm incomes will thus advance the standard of living of the majority of the people. The United States has encouraged the development and distribution of higher-yielding varieties of rice and has begun to see results that give promise of eliminating the rice import gap in a few

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years, saving the several million dollars a year we are currently spending for importing rice for Laos from abroad, and offering promise that Laos will eventually be converted into a rice-exporting country.

In keeping with this agricultural priority, we have also encouraged double-cropping and increased irrigation. The United States is the principal contributor among several other nations to the \$30 million Nam Ngum Dam. A contract was let in 1968 for this project, which will eventually irrigate the Vientiane plain and provide electricity to parts of Laos and Northeast Thailand.

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H. THAILAND1. Introduction

In the main, the US interest in Thailand has been part of our concern for the security and stability of all South-east Asia. Geographically and politically, Thailand is a central key to this region.

By the end of 1963 the United States already enjoyed close friendly relations with the Royal Thai Government on the basis of mutual respect and limited economic and military assistance in previous years. Under the Southeast Asia Treaty Organization (SEATO) the two governments had reached an explicit understanding that they would be prepared to carry out their obligations without necessarily waiting upon agreement by other SEATO members. The determination of both countries to carry out this understanding had been demonstrated by the rapid deployment of US and Allied forces to northeast Thailand in May 1962 to meet the threat posed by the Communist violation of the ceasefire in Laos.

A current estimate of our relations with Thailand in 1963 laid down basic future policies designed (1) to maintain that nation's confidence in our ability and determination to defeat Communist infiltration and other forms of aggression

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throughout Southeast Asia; (2) to strengthen relations with our Thai ally by the fullest possible consultation and coordination of our policies and activities; and (3) to adopt and carry out adequate joint programs to preserve Thailand's security and independence.^{1/}

This policy directive concluded that success in these efforts combined with effective demonstration of our desire to foster Thailand's economic and social development, would assure the United States of continued cooperation in our vital security efforts in the area.

On the basis of these guidelines, a general Internal Security Plan (ISP) for Thailand was developed during 1962.^{2/} This plan focused on the threat of Communist subversion and insurgency and the necessary measures for political, economic, and security development that would be needed to cope with this threat. It estimated the amounts of US assistance--in dollar terms--which would be needed in each of these three fields for the next five fiscal years (1963 to 1967). Thus a fairly definite estimate of the problems to be faced in Thailand and the measures necessary to deal with them was

^{1/} Guidelines for Policy and Operations, Thailand (TIM), February 1963, (SECRET).

^{2/} Internal Security Plan, December 28, 1962 (Airgram A-438 from American Embassy, Bangkok) (SECRET); Progress reports on action to carry out the ISP were submitted monthly and/or quarterly throughout the period covered by this history.

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already on hand by November 1963. Subsequent developments required shifts, but the general objectives were unaltered and progress toward those objectives was continual throughout the next five years.

Thailand in 1963 was nearing the end of a period of rule under the strong hand of Marshal Sarit Thanarat, who died in December of that year. Sarit had suspended representative government under the previous Constitution in October 1958, and had instituted a strictly anti-Communist military-dominated regime. He opposed the neutralization of Laos in 1962, and friction with the United States during the early years of his rule was caused by his fear that US policy against Communist aggression in Southeast Asia would not be sufficiently firm. Toward the end of his life such fears were increasingly allayed, and US-Thai cooperation in security planning had become intimate and mutually confident.

2. US-Thai Economic Relations and Assistance

a. Economic Development Programs

By 1963 Thailand had already benefited from an economic aid program totaling about \$350 million in the previous decade,^{3/} and its prospects for continued economic

^{3/} Foreign Assistance to Thailand in Post-World War II Years, AID Congressional Presentation, FY 1969.

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expansion were bright.^{4/} Previous economic aid had been devoted to capital projects aimed at general economic development and were not specifically focused against the threat of Communist insurgency. US aid was declining (from \$50 million in 1962 to \$15.1 million in 1964), reflecting the estimate that Thailand's economy was flourishing and could probably do without aid in the near future.

However, by early 1965 Ambassador Graham Martin, who presented his credentials in September 1963, pointed out that a new economic aid effort specifically focused on counter-insurgency was needed in the immediate future.^{5/} In the ensuing four years, the aid level increased to \$60 million, and the RTG more than matched these increases.^{6/}

Trade between the two countries had expanded several fold since the end of the Thirties, and US investment had come to play a significant role in Thailand's economic

^{4/} Thailand: Economic Fact Sheet, US Embassy, Bangkok, May 28, 1968. (UNCLASSIFIED)

^{5/} US Embassy Bangkok, Telegram 1636, Thailand Country Program Review, April 26, 1965 (SECRET). US Embassy Bangkok, Airgram A-782, Thailand Country Program Review, April 19, 1965 (SECRET).

^{6/} The US/AID Program in Thailand, Context and Emphasis, USIS/USOM Liaison Office, January 1968 (UNCLASSIFIED)

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development. To keep pace with the increasing intricacies of US-Thai relations, especially in economic and financial fields, the Rusk-Thanat Communique in March 1962 included mention that a new treaty of Amity and Economic Relations should be negotiated and this finally culminated in the signing of the new treaty on May 29, 1966. Protocols of ratification were exchanged at the time of Prime Minister Thanom Kittikachorn's official visit to the United States two years later, and the treaty went into effect on June 8, 1968.^{7/}

b. Prcmotion of Regional Economic Development

During the period covered, Thailand played a key role in building regional ties and institutions which may ultimately develop into important elements of economic and political stability in Southeast Asia. Bangkok was already an international center of significance as the locale of the headquarters of a number of UN regional offices. Foreign Minister Thanat Khoman was instrumental in cultivating regionalism in Southeast Asia and President Johnson gave a

^{7/} American Embassy Bangkok Airgram A-1055, Signing of Treaty of Amity and Economic Relations, June 10, 1966, Enclosure 2 (UNCLASSIFIED)

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new impetus to regionalism in the area with his speech at Johns Hopkins University in April 1965 and the appointment of Eugene Black as his Special Assistant to implement US supporting programs.

Though most of the regional meetings and organizations organized during this period were concerned primarily with economic and cultural matters--Association for Southeast Asia (ASA), Association of Southeast Asian Nations (ASEAN), Southeast Asian Ministers of Education Secretariat (SEAMES), the Asian Development Bank (ADB), etc.--some included political matters within their scope, e.g. Asian and Pacific Council (ASPAC).

The role of US diplomacy in encouraging these developments was a delicate one as it was essential that the initiatives be genuinely Asian. The United States, once asked, has given AID assistance to projects sponsored by these regional organizations. American success in playing this quietly helpful but self-effacing role in Thai and Southeast Asian regional affairs deserves to be counted as one of the diplomatic achievements of the period.

3. Mutual Security Problems and Programs

a. Communist-Instigated Insurgency, and Counter-Insurgency

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for training Thai insurgents had already been established in Hoa Binh, near Hanoi in North Viet-Nam. This school, and similar training courses in Communist China and Laos, are estimated to have graduated well over 1,000 armed insurgents by the end of 1967.^{8/}

As demonstrated by the Internal Security Plan adopted in 1962, efforts to strengthen Thailand against Communist subversion and insurgency got an early start. Outbreak of the Communist-instigated insurgency in mid-1965 showed that previous precautionary efforts had begun none too soon.

By January 1966 the beginning of Communist insurgent attacks on Thai police and security forces in northeastern Thailand and increases in assassinations and other terrorist actions proved the correctness of intelligence reports that Thai Communist Party cadres were being ordered to "take the offensive". Reacting to this situation, Ambassador Martin addressed a series of urgent messages to Washington emphasizing the need for immediate increases in counter-insurgency

^{8/} For a detailed listing of events pertinent to Communist attempts to infiltrate and subvert Thailand, see The Communist Threat to Thailand (a compilation by the SEATO Secretariat, Bangkok, 1967). A summary of The Insurgency in Thailand was prepared for the Advisory Panel on East Asia in May 1968. NIE - Insurgency in Thailand (SECRET) May 9, 1968, provided an estimate of the situation near the end of this period.

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assistance.^{9/}

In response to these warnings the Special Group (Counter-Insurgency) chaired by Ambassador Harriman, and later the Inter-Departmental Regional Group (EA), met to determine actions needed to meet these requirements. During a visit by Vice President Humphrey, in February 1966, in discussions with Thai leaders the most urgent needs of the RTG were agreed on and assistance promised.^{10/} Two months later an on-the-spot survey for the IRG provided a full evaluation of developmental and suppressive programs already under way in Thailand and measures needed to improve them and/or speed up their progress.^{11/}

As a result of these measures, there was a notable increase in the volume of RTG counter-insurgency efforts

^{9/} US Embassy Bangkok, Telegrams 1303, January 4, 1966; 1428 and 1429, January 20; 1731 and 1732, February 22; and 1757, February 24 (SECRET). Department of State Telegram 1500, February 21, 1966 (SECRET).

^{10/} Memoranda of Conversation with King and Prime Minister of Thailand, February 12, 1966, US Embassy Bangkok; US Embassy Telegram 1882, March 4, 1966; Department of State Telegram 1581, March 4, 1966; Memorandum, Pickering to Stearns, Action on Recommendations for Thailand Considered by Special Group, July 27, 1966 (SECRET).

^{11/} Insurgency in Thailand, 1966 - Report to Interdepartmental Regional Group, Far East, April 1966 (SECRET).

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during 1966. Though RTG responses to insurgent violence included some mistakes and errors identifiable by hindsight, the RTG showed a commendable ability to learn from experience and a willingness to try new ideas and significant improvements were achieved. One of the most tangible was the construction of feeder roads connecting main highways to isolated villages which brought local government officials into face-to-face contact with villagers with increasing frequency, provided mobility for security forces and transformed the economic life of the villagers through a market economy. Practically all these improvements were made possible by US AID-supported advisers and material.

In security terms Thai provincial and special police forces increased by about 10,000 men by the end of 1968. About 210 township police stations were built in sensitive northeastern areas, and many villages set up Village Defense Corps units composed of local villagers. These forces had been given special US AID-supported training designed to teach them the importance of gaining the friendship of the villagers as well as the latest special warfare tactics.

Coordination of CI forces greatly improved, and beginning in October 1967, overall direction of CI activities

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in the northeast was placed under command of the Second Army. This led to concern that there might be overemphasis on suppression to the neglect of "other war" programs of civilian agencies designed to win the loyalty of rural villagers. However, in its first year of bearing this responsibility, the Second Army command displayed a reassuring awareness of the importance of maintaining the civilian side of the CI effort.^{12/}

Because of these improvements in the RTG counter-insurgency program, insurgent activities in the northeast--which remained at a relatively high level throughout 1966 and the first half of 1967--began to decline during the last half of 1967.^{13/} Though the estimated number of armed insurgents did not decrease, there was evidence that they were suffering hardships, and might be re-evaluating their methods and avoiding clashes with RTG security forces while trying to increase their following in the villages by secret recruitment.

^{12/} US Embassy Bangkok Telegram 7147, December 8, 1967; Second Army Forward Headquarters Briefing for Mr. deSilva, December 1, 1967 (CONFIDENTIAL)

^{13/} Statistical Table of Incidents in Thailand, August 30, 1968, DOD/OASD Systems Analysis.

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While the insurgency seemed to be on the decline in northeast Thailand, there was a sharp flare-up in north Thailand in the fall of 1967 and into 1968. This was at first interpreted as a diversionary effort by Communist forces, but evidence from captured documents and personnel soon proved that this effort was long-planned, and included insurgents recruited from hill tribes and other local groups trained in North Viet-Nam, Communist China, and Laos. Embassy evaluations rated these insurgency efforts as serious but manageable if the RTG continued to receive the vigorous backing which the United States had given counter-insurgency efforts in the northeast.^{14/}

b. Encouragement of Political and Social Development

A delicate aspect of US-Thai relations during this period was Thailand's transition from military rule toward political liberalization. Thai insistence on their own sovereignty demanded that the US Government refrain from pressing unwanted advice on Thai leaders and allow Thai leaders to choose their own pace in moving in the direction of democratic institutions.

^{14/} US Embassy Bangkok Airgram A-1346, Study of Insurgency in North Thailand, August 7, 1968 (SECRET).

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Because the educated and elite groups of Thailand already shared common Free World views of what constituted progressive and good government, it was possible to leave progress in the direction of democratic forms up to the Thais themselves. Throughout the period covered in this history, discussions of a new constitution (which was promulgated in June 1968)^{15/} kept the topic of popular government in the headlines of the Bangkok press. Municipal and Provincial Councils were elected in December 1967, January 1968, and September 1968 and nationwide parliamentary elections are scheduled for February 1969.

Directly related to the Communist insurgency threat was the matter of bringing the Thai Government into closer contact with its rural people. Consequently, a vigorous program of USIS-supported Mobile Information Teams was pushed during this period, and with RTG agreement local and provincial officials were prevailed upon to sponsor and lead the teams.^{16/} Personnel on these MIT's were usually Thai officials.

^{15/} US Embassy Bangkok, Airgram A-867, March 11, 1968, Amended Draft of the Thai Constitution.

^{16/} See discussion of Mobile Information Teams in the Internal Security Plan (Footnote 2 above), page 21. (SECRET)

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Visits to rural villages at the approximate rate of 500 per month were taking place during 1965-1968. By mid-1968 the RTG had begun carrying out a substantial number of such projects on its own, and USIS was preparing a phased turn-over of these programs as the RTG found it possible to carry them on its own.^{17/}

4. US-Thai Military Cooperation

As a result of the defeat of pro-Western forces in Laos, the renewal of Communist aggression in South Viet-Nam, and concern that stepped-up Communist insurgency in Northeast Thailand might lead to a situation similar to that in South Viet-Nam, President Kennedy sent then Vice President Johnson to Thailand in the spring of 1961 to discuss with Thai leaders a greatly increased program of US aid, particularly military assistance. Concern over the situation was heightened in 1962 by further Communist advances which led to the deployment on an emergency basis of US combat troops to Thailand in Joint Task Force 116 (JTF 116); other allies also sent small units. These steps were intended as (1) a clear signal to the Communists of US determination to resist aggression, and (2)

^{17/} Observations on the USIS Program in Thailand, OM from USIS Bangkok, September 1, 1967. Part I of the Country Plan Program Memorandum, USIA, June 4, 1968 (CONFIDENTIAL).

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tangible evidence for the Royal Thai Government of US support with the idea that timely provision of increased aid to Thailand would ultimately save the United States tremendous costs such as we are now paying in South Viet-Nam.

a. US-Thai Cooperation in the War in Southeast Asia

(1) Logistics

The logistical difficulties encountered in supporting JTF 116 led to a SEATO study of Thailand's logistic infra-structure, which highlighted the need for improvement. One result was the March 19, 1963 classified bilateral Agreement for Strengthening Logistic Facilities Within Thailand (SLAT).^{18/} It provided for joint US-Thai development of logistical facilities, including airfields, railroads, POL storage and transportation, and the prepositioning construction supplies and the heavy equipment for an army brigade. Over the years the SLAT Agreement provided the basis under which RTG approval was secured for the United States to construct extensive improvements to existing airfields, roads and military bases as well as for the construction of the port and airbase complex at Sattahip/U-Tapao.

Because of the close relation between the construction and use of Thai facilities on the one hand and RTG

^{18/} US Embassy Bangkok, Airgram A-757, April 5, 1963, Text of the Agreement for Strengthening Logistic Facilities Within Thailand (CONFIDENTIAL).

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approval of US activity on or from those facilities on the other, it was necessary to proceed with meticulous awareness of their political implications. Prime Minister Thanom maintained a very close personal control over those Thai officials who could deal with the United States in these matters, and all major arrangements for the military construction program and US military forces in Thailand were made personally by the Ambassador with the Prime Minister in his capacity as Minister of Defense, or with Deputy Minister of Defense, Air Chief Marshal Dawee Chulasap.

(2) Air Operations -- Over Laos, Over Viet-Nam

Following the withdrawal of Joint Task Force 116 the two governments agreed to the stationing of a USAF fighter squadron at Korat Royal Thai Air Force Base. In July 1963 the Ambassador obtained RTG agreement for a USAF Special Air Warfare unit to train [] Lao [] pilots for the operations in Laos. Its aircraft also provided a pool of additional T-28's that were available for use in Laos as needed.

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When Communist troops took over the entire Plaine des Jarres in Northeastern Laos during May 1964, the

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RTG agreed to the use of Thai bases for US photo reconnaissance flights and search and rescue operations over Laos, and a month later for the armed escort of both. There was also agreement on the use of Thai-based US aircraft against any hostile intrusion into Thai air space.

The 1964 Communist victory in the Plaine des Jarres caused concern about the ability of the Lao Neutralist forces to hold the western anchor at Muong Soui.

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All these projects continue to the present day. US involvement in organizing and assisting them continues to be a highly sensitive matter in view of the Geneva Accords.

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19/ US Embassy Bangkok, Telegram 441, October 5, 1964
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Gulf incidents in August, he had obtained a temporary removal of Thai restrictions to allow the use of Thai-based US aircraft to react to a possible ChiCom or North Vietnamese attack.

In February 1965 the RTG agreed under its SEATO commitment to allow US use of Thai bases for retaliatory air strikes against North Viet-Nam following the attack against US installations at Pleiku. As the United States increased its air war against targets in North Viet-Nam and the infiltration routes in Laos, the United States sought approval for many additional USAF fighter squadrons and supporting units in Thailand and the necessary military construction on Thai bases.

The Ambassador consistently discussed with the RTG major changes in US air war strategy and tactics prior to employing Thai-based US aircraft in such operations. In addition he arranged for intelligence briefings of the top Thai leadership on the results of the air strikes. These extensive efforts to provide timely information about US policies and actions convinced the RTG of US steadfastness in meeting Communist aggression in Southeast Asia and provided a receptive climate for obtaining approval for US military deployments.

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The RTG insisted that no publicity be given to these operations from Thai bases. Thus the US Diplomatic Mission at Bangkok was constrained to keep US military deployments down to the minimum necessary to do the job and to ensure that no publicity be given these activities. Eventually, in early 1967 the RTG, in a major development in its role in the Viet-Nam war, agreed to allow the mounting of B-52 strikes from U-Tapao. Public acknowledgment of the use of Thai bases for US air strikes followed in March 1967.

(3) Thai Contributions of Combat Forces for Viet-Nam

Increasingly persuaded that the war in South Viet-Nam affected Thai security interests, the RTG sent a small air force transport unit to South Viet-Nam in 1964 and began to provide jet training for Vietnamese pilots in Thailand. After thorough discussions with the Ambassador, the RTG agreed to man an LST and a PGM patrol craft, which arrived in South Viet-Nam in December 1966 to participate in "Market Time" operations.

Thailand's first major commitment of ground forces to the support of South Viet-Nam was the despatch in September 1967 of a 2,200-man regimental combat team, the "Queen's Cobras". The deployment of a division of 10,000 men

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was announced in November 1967, of which 5,500 men arrived in Viet-Nam in August 1968. Both decisions were preceded by extensive negotiations. The United States provided equipment, training and overseas costs for the Thai forces for South Viet-Nam. President Johnson participated personally in these discussions when he exchanged State visits with the King of Thailand in October 1966 and June 1967^{20/} and when Prime Minister Thanom Kittikachorn of Thailand paid an official visit to the United States in May 1968.^{21/} Ambassador Leonard Unger, who succeeded Ambassador Martin in September 1967, was particularly involved in follow-up negotiations leading to US reassurances to the RTG that sending some of its crack troops to South Viet-Nam would not be allowed to degrade its capability to meet its security needs at home. Recognizing that Thai security capabilities had to be maintained, the United States agreed to provide the increased assistance and the MAP levels were, therefore, raised to

^{20/} US Embassy Bangkok, Airgram A-586, January 11, 1967, Visit of President and Mrs. Johnson to Thailand, October 27-30, 1966 (LIMITED OFFICIAL USE); Department of State Memorandum for the Record, Visit of the King and Queen of Thailand, June 1967 (CONFIDENTIAL).

^{21/} Department of State Telegram 162762, May 12, 1968, Joint Communique Between President Johnson and Prime Minister Thanom Kittikachorn of Thailand (UNCLASSIFIED).

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\$75 million for FY 1968 and FY 1969.

b. US Military Assistance to Thailand

For several years prior to the beginning of the period, the stated purposes of US military assistance to Thailand were cast largely in terms of meeting an all-out invasion by North Vietnamese and Chinese Communist forces through Laos. But from a high of \$81.0 million in 1962 when Communist moves threatening Thakhek in Laos had triggered the deployment of JTF 116 to Thailand, the MAP level began to decline, reflecting the US view that Thailand faced little real threat of a conventional Communist invasion, that MAP should, therefore, be handled on a more "business-as-usual" basis, and that Thailand should spend more of its own revenues on defense.

However, with the Ambassador's approval, JUSMAG in 1964 did an intensive study of the capabilities of the Thai armed forces. This Force Objectives Study clearly showed the need to modernize the Thai armed forces in order to provide them the mobility and fire power necessary to contain the insurgency as well as to improve their ability to fight a limited holding action in case of a large-scale Communist invasion. As units of the Royal Thai Army (RTA) were actually sent into the field in the Northeast against the insurgents,

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the RTA itself became even more conscious of its pressing needs. Deputy Prime Minister Praphat, therefore, asked the United States to deploy temporarily a US Army helicopter company to support the RTA as well as to provide through MAP considerable quantities of additional modern equipment.

This request posed an important issue because both governments were determined that CI operations should remain a Thai responsibility and that no foreign troops should participate in them. Recognizing, however, that the Thai armed forces' mobility could not be provided in other ways, the Secretary of Defense on June 14, 1966 agreed, at the urging of the Department of State, to deploy 15 US-manned helicopters to support Thai CI operations until January 31, 1967 while Thai pilots and maintenance personnel were trained to take over the job.

Even at this time, however, there was not agreement within the US Government to increase Thai MAP for FY 67 above the \$35 million then planned. Through considerable efforts involving the Ambassador, the Special Group (CI) and the Secretary, this matter was sent to the President for decision. In late fall 1966 the President approved the recommendation that the Thai FY 67 MAP level be raised to \$60 million, a

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decision that became public during the President's visit to Thailand in October of that year.

c. US Military Presence in Thailand

At the beginning of the period covered the number of American military officials in Thailand was relatively small. But as the air war over Laos and North Viet-Nam grew in intensity, the number of American military in Thailand increased from 6500 in January 1965 to 13,500 in January 1966, 34,500 in January 1967, 44,500 in January 1968, and approximately 48,000 in October 1968.

Although the RTG had tabled a draft multilateral SOFA for the SEATO countries in early 1964, the matter lay essentially dormant until 1966. Despite the rapid build-up of US forces in Thailand and the inevitable accompanying minor incidents, energetic actions by military commands and the Embassy kept the incident level low. Nevertheless, the increase in incidents eventually caused the RTG to press for the opening of negotiations for a Status of Forces Agreement (SOFA). During private conversations at the SEATO Council meeting in early 1966 the Secretary of State agreed in principle to start negotiations.

In November 1966 the United States tabled a draft SOFA, and beginning in April 1967 Draft Agreed Minutes

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affecting many of the articles were tabled. Upon completion of the first review of all the articles of the draft on November 3, 1967, the Thai Delegation stated they did not wish to continue negotiations until the United States withdrew its Draft Agreed Minutes.

Consequently, on February 1, 1968 the United States tabled a much shortened, revised draft containing only the basic essentials of a SOFA. Matters of detail and implementation were reserved for the negotiating record which would be initialed by both parties and represent the understanding of the two governments.

The United States was well served over the years by a few agreements--the SEATO treaty, the 1950 agreement on military assistance and the 1963 SLAT agreement--that constituted basic understandings between the US and Thailand and provided a legal basis for the military cooperation between the two governments. It was this constructive political attitude on the part of the Thai regarding their commitment to a common objective that permitted the evolution of a US military structure in Thailand without the complications, rigidity and delay of negotiating formally additional agreements beforehand.

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5. Summation

During the period covered, US-Thai relations improved almost constantly in spite of a series of difficult problems and occasional disagreements regarding means which should be used in coping with them. However, the basic agreement of both countries on the necessity of a firm stand against Communist aggression in Southeast Asia outweighed such disagreements and kept both countries working in close collaboration. Essential to the maintenance of this favorable political climate was a combination of careful consideration of Thai sensitivities, intimate consultation in advance with RTG leaders, scrupulous adherence to commitments, and close, centralized coordination of all US activities in Thailand.

At the end of the period covered by this history Thailand was experiencing rapid economic expansion and its insurgency problems--though serious because of external Communist support--seemed of manageable proportions. Given a continuation of an approximately similar international environment, its prospects for continued political and social stability seemed good.

One question of great importance was the Paris negotiations on Viet-Nam. It was evident that the outcome of those

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negotiations would have far reaching consequences for the future of all countries of Southeast Asia, and Thai observers of the international scene--foremost of whom was Foreign Minister Tharat--were watching for evidence of the degree of US determination to resist further Communist aggression in Southeast Asia while pressing (in meetings such as ASEAN) for regional security based on larger contributions from SEA nations.

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I. CAMBODIA

The Viet-Nam War involved the United States in difficult issues with adjacent Cambodia.

The Kingdom of Cambodia has been struggling to preserve what remains, in modern times, of the once-vast Khmer empire, which formerly extended across much of southeastern Asia. It is, of course, the policy of the United States to respect Cambodian sovereignty, independence and territorial integrity. Nevertheless, during the years covered by this history we were deeply concerned over the use of Cambodian territory bordering South Viet-Nam by the Viet Cong and the North Vietnamese Army to support their aggression against South Viet-Nam.

Cambodian policy during this period responded primarily to the country's geopolitical situation and to the developments in the Viet-Nam conflict. The increasing capability of North Viet-Nam and the Viet Cong of threatening Cambodia directly, and US cooperation with Thailand and the Republic of Viet Nam --

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Cambodia's traditional enemies -- caused Cambodia's posture of non-alignment to take on an increasingly anti-US appearance. Prince Sihanouk's Government terminated US economic and military aid in November 1963.^{1/} Denunciations of US policy continued in 1964; Cambodia declined to receive a new US ambassador,^{2/} and bilateral conversations in New Delhi in December 1964 led to no concrete results.^{3/} Cambodian protests, alleging border violations by South Vietnamese troops, had long been common, and in 1964 they became increasingly frequent and shrill. The Cambodian Government also began to make clear that it held the United States "jointly responsible" with the Government of Viet-Nam for such incidents.^{4/} In April

^{1/} Department of State Telegram to Phnom Penh 252, November 20, 1963 (CONFIDENTIAL).

^{2/} From Phnom Penh Airgram A-80, September 18, 1964 (CONFIDENTIAL).

^{3/} Memorandum to Governor Harriman from Philip Bonsal and Henry L. T. Koren, "US-Cambodian Talks at New Delhi," January 4, 1965 (CONFIDENTIAL).

^{4/} From Phnom Penh Telegram 1020, March 25, 1964 (CONFIDENTIAL).

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1965 another border incident provided Cambodia with what it felt to be grounds for a break in diplomatic relations with the United States. The severance occurred on May 3. The United States declined a Cambodian proposal to maintain relations at the consular level,^{5/} in view of the likelihood that a consulate in Phnom Penh would continue to be a target for violent hostility. The Australian Embassy in Phnom Penh assumed charge of US interests.

The Cambodian Head of State, Prince Norodom Sihanouk, had quite evidently been reckoning during this period (1963-65) on an eventual US disengagement from Southeast Asia. The Cambodians expected a US military or political defeat in Viet-Nam, but even in case of US success they reasoned that a withdrawal could only be postponed. Thereafter, in their view, Cambodia's security would depend upon North Vietnamese and Chinese Communist good will. Accordingly, the Cambodian Government espoused the North Vietnamese-Viet Cong position more and more

^{5/} Department of State Telegram 483 to Phnom Penh, May 6, 1965 (LIMITED OFFICIAL USE).

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openly, and at the same time sought closer relations with Communist China.^{6/}

Meanwhile, Cambodia continued to seek widespread international recognition or guarantees of Cambodia's frontiers and of its neutrality. On November 24, 1963, it asked Great Britain and the Soviet Union, as co-chairmen of the 1954 Geneva Conference, to convene an international conference for this purpose. The United States expressed its willingness to attend such a conference,^{7/} but the Cambodian Government withdrew its proposal after characterizing US draft declarations on Cambodian neutrality as "definitely unacceptable."^{8/} Cambodia renewed its call for a conference in March 1965; the United States again announced its willingness to participate.^{9/} The

^{6/} Department of State, Director of Intelligence and Research, Intelligence Note No. 631, December 15, 1965 (CONFIDENTIAL).

^{7/} Department of State Telegram 611 to Phnom Penh, March 5, 1964 (CONFIDENTIAL).

^{8/} From Phnom Penh, Telegrams 902, March 10, 1964 (CONFIDENTIAL) and 951, March 17, 1964 (CONFIDENTIAL).

^{9/} Department of State Circular Telegram 2041, April 25, 1965 (CONFIDENTIAL).

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US acceptance surprised Communist China and the Soviet Union, who evidently feared that a conference of the kind proposed might lead to direct talks between the United States and North Viet-Nam. On April 24, under Chinese and Soviet pressure, Sihanouk rejected use of the conference for such purposes and demanded that the United States and South Viet-Nam be excluded.^{10/} Although he later modified this position somewhat, Cambodia and the Soviets continued to procrastinate on British proposals for a conference. In June, the Cambodian Government announced that the conference idea had been "overtaken" by a new plan to secure individually from interested states declarations recognizing and promising to respect Cambodia's frontiers.^{11/}

This plan began to be actively pushed after September 1966 when President de Gaulle, visiting Phnom Penh, issued a statement of "respect" for Cambodia's existing frontiers. At

^{10/} From Phnom Penh, Telegram 631, April 24, 1965
(CONFIDENTIAL).

^{11/} Department of State Telegram 2508, June 15, 1965
(Circular) (CONFIDENTIAL).

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Cambodia's urging, by September 1968 a total of 41 countries plus Communist China and the so-called National Liberation Front of South Viet-Nam had issued declarations, nearly all in the format preferred by the Cambodian Government (i.e., "respect and recognition for the sovereignty, independence, and territorial integrity of Cambodia within its present frontiers"). The United States, which had often declared its respect for Cambodia's sovereignty, independence, neutrality, and territorial integrity, had no legal objection to the reference to "frontiers" in the form preferred by Cambodia.^{12/} It did, however, have to bear in mind the interpretation which its Thai, Lao, and Vietnamese allies might place upon a border declaration, and it saw no advantage in making such a statement

^{12/} Memorandum to Assistant Secretary of State William P. Bundy from George H. Aldrich, Office of the Legal Adviser, "Statements Recognizing and Respecting the Present Borders of Cambodia," December 30, 1967 (SECRET).

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in the absence of clear indications that this would lead to a permanent improvement in US-Cambodian relations.^{13/}

From 1966 on, our most important problem with Cambodia was the abuse of that country's neutrality by Viet Cong and North Vietnamese forces. They used areas of Cambodian territory both as routes for supplying their forces in South Viet-Nam and as restaging and regrouping areas.^{14/} The problem became increasingly serious during 1967 and early 1968, as other supply lines were hampered by US air and naval power, and as the Viet Cong threat to Saigon in 1968 came to be based in part on the Cambodian province of Svay Rieng, only 35 miles away.

The United States emphasized to the Cambodian Government its concern over the situation, notably during the visits to

^{13/} Department of State Circular Telegram 11564, July 21, 1967 (CONFIDENTIAL); Summary of Instructions for Mr. Eugene Black's Visit to Cambodia, undated (September 1968) (CONFIDENTIAL).

^{14/} Message Conveyed to the Royal Cambodian Government by the Australian Embassy, Phnom Penh, December 4, 1967; Talking Paper for Mr. Eugene Black's Visit to Cambodia, "VC/NVA Use of Cambodia" undated (September 1968) (SECRET).

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Phnom Penh of Ambassador Chester Bowles in January 1968^{15/} and of Eugene J. Black, the President's Special Advisor for Asian Economic Development, in September 1968.^{16/} As a result of the Bowles mission, the Cambodian Government began accepting US presentations of evidence on specific aspects of Viet Cong and North Vietnamese Army violations of Cambodian neutrality.^{17/} Cambodian efforts to prevent or control such violations, however, were limited and largely ineffective.

In spite of the lack of Cambodian cooperation, the United States sought to avoid extending the war into Cambodia. Rules of engagement were formulated to reduce the likelihood of inadvertent intrusions into Cambodian territory, and proposals to authorize air strikes or "hot pursuit" were rejected.^{18/}

^{15/} Department of State Telegram 93030 to New Delhi, January 4, 1968 (SECRET); Joint Communique, Phnom Penh, January 12, 1968.

^{16/} Summary of Instructions for Mr. Eugene Black's Visit to Cambodia, undated (September 1968) (SECRET).

^{17/} Department of State Instruction CA-10460, August 27, 1968 (CONFIDENTIAL).

^{18/} Memorandum to Assistant Secretary of State Bundy from Martin Herz, Office of the Legal Adviser, "Proposed Arclight Strikes in Cambodia," May 15, 1968 (TOP SECRET).

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The United States also announced its support for proposals by Prince Sihanouk that the International Commission for Supervision and Control (created by the 1954 Geneva agreements) be strengthened. The US was willing, for example, to supply helicopters for the purpose of increasing the mobility of the Commission,^{19/} but all such proposals failed in the light of opposition by the Polish delegate to the Commission and by the Indian chairman.

^{19/} Department of State Telegram 93030 to American Embassy New Delhi, January 4, 1968 (SECRET).

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J. MALAYSIA/SINGAPORE

1. Looking to the United States

US involvement and influence in Malaysia and Singapore historically have been limited, the two Asian countries having emerged from their colonial periods as elements of the British Commonwealth and looking primarily to the United Kingdom as their channel to the West. Thus, in late 1963 the US presence in Malaysia and Singapore was in low profile and of limited significance.

In the intervening years, changing circumstances have caused Malaysia and Singapore to broaden their horizons and to develop a fuller appreciation for the role which the United States plays in Southeast Asia. The United States continues to maintain a relatively low profile in the two countries but its influence with the two governments was significantly greater in late 1968 than it was in late 1963. Key factors in the growth of Malaysia's and Singapore's appreciation of the United States have been the United Kingdom's announcement

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of its intention to withdraw its military forces from South-east Asia by the end of 1971, the United States' honoring of its commitment to the Republic of Viet-Nam, US encouragement of and assistance to regional economic cooperation, and the increased interest of the American investment community in both Malaysia and Singapore. Increasing involvement in world affairs following independence and events in neighboring countries have also affected the outlook of these two South-east Asian states.

2. The Setting and Background

In November 1963, Malaysia had been in being for two months as an independent state. It had been created by amalgamation of the former Federation of Malaya, the self-governing British colony of Singapore and the British crown colonies of Sarawak and North Borneo (Sabah). Malaysia's creation was objected to by Indonesia and the Philippines. Indonesia, whatever its real motivation, chose to object on the grounds that the creation of Malaysia was a British-sponsored neo-colonialist plot directed toward encirclement of Indonesia and designed to maintain neo-colonialist influence

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in the region under the facade of independence. The Philippines objected to the creation of Malaysia on the grounds that North Borneo was, in fact, Philippine territory, having originally been a part of the Sultanate of Sulu (then a part of the Philippines) which had never relinquished its sovereignty over the territory.

Despite ascertainment by the British Cobbold Commission in 1962 and the United Nations Secretary General in 1963 that the people of Sabah and Sarawak desired to become a part of Malaysia, Indonesia and the Philippines resisted its formation and refused to recognize its existence. Indonesia engaged in a policy of "confrontation" against Malaysia which included armed aggression against its territory, and the Philippines simply refused to extend diplomatic recognition to the new state. Indonesian confrontation met with no success primarily because the United Kingdom, Australia and New Zealand provided military forces to assist Malaysia in resisting Indonesian aggression. In addition, responsible world opinion, including that of the United States, never sanctioned the Indonesian action. Ultimately, following the

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formation of the Suharto Government, Indonesia realized the fruitlessness of its confrontation policy and negotiated (with Malaysia) its end in August 1966. Although the United States was never actively involved in "confrontation" nor any of the negotiations or discussions stemming therefrom, our disapproval of the Indonesian posture was made known to all concerned parties, and we recognized Malaysia immediately upon its formation.

In early 1966, following the inauguration of Ferdinand Marcos, the Philippines agreed to the establishment of diplomatic relations with Malaysia. However, in so doing the Philippines did not relinquish its claim on Sabah, an issue which remains a major irritant between the two countries. The United States has encouraged both governments to work for amicable settlement.

The original Malaysia became two states when Singapore became an independent state on August 9, 1965. United States recognition of the new state was prompt, although our first Ambassador to Singapore did not arrive there until November 1966. The first Singapore Ambassador to the United States arrived in Washington in March 1967.

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3. Our Bilateral Relations with Malaysia

US relations with Malaysia since initial Malayan independence in 1957 have been cordial and warm, but the United States had not been a dominant influence there because of Malaysia's ties with the Commonwealth, particularly the United Kingdom. However, beginning at about the time of the British announcement of intended military withdrawal from the area, the Government of Malaysia showed signs of desiring closer, though informal, association with the United States. We indicated to Malaysia that the United States had no desire to fulfill the role which the United Kingdom was relinquishing, but that to the extent our capabilities would permit, we would try to be of assistance to Malaysia in its efforts to achieve strength, stability and economic growth for itself and the Southeast Asian region.

There have been few significant bilateral problems between Malaysia and the United States; those that arose have been primarily economic.

a. Economic Assistance

The Government of Malaysia has hoped that the United

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States would be a significant contributor to its economic development program through grants and concessional development loans. The US position has been that Malaysia does not qualify for these types of US assistance because of its relatively good economic health and its ability to acquire development funds from international institutions, other governments (particularly the Commonwealth states), and other external sources, public and private.^{1/} However, we have told the Malaysians that should the economy encounter serious deterioration and needed development funds not be forthcoming from non-US Government sources, the United States would be willing to consider grant and concessional loan assistance within the limits of our then existing capabilities. In the meantime, in demonstration of our interest in and concern for

^{1/} Memorandum "Possible Bilateral Aid to Malaysia and Singapore," July 10, 1968, from AID Deputy Assistant Administrator (East Asia) Robert H. Nooter to Deputy Assistant Secretary of State G. McMurtrie Godley; Memorandum of Conversation, Eugene Black et al. at Fraser's Hill, Malaysia, November 6, 1966.

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Malaysia's development aspirations, we offered Malaysia access to US Export-Import Bank credits in May 1966, an offer which was reiterated and expanded in February 1967. Up to the latter part of 1968, Malaysia had only taken advantage of this offer to the extent of one commercial aircraft purchase. The United States continued its Peace Corps program, begun in 1961, which grew during the 1963-68 period to be one of the largest and most effective in the world. In early 1968 we offered, and Malaysia accepted, a modest PL 480 Title II program (Food for Work), intended to contribute to several Malaysian economic development projects.^{2/} Malaysia is also benefitting from US contributions to regional economic development activities implemented during the past five years.

^{2/} Diplomatic Note #225 from the American Embassy, Kuala Lumpur, to the Malaysian Ministry of Foreign Affairs, April 9, 1968; Diplomatic Note #CU 79/68 from the Malaysian Ministry of Foreign Affairs to the American Embassy, Kuala Lumpur, July 1, 1968.

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b. Primary Commodities

Malaysia is one of the world's major producers of natural rubber and tin and, therefore, has been consistently concerned with US policy regarding disposal of these commodities from our strategic stockpile. When the world market prices in these commodities weakened, beginning in 1966, Malaysia attributed to our disposal program a significant share of the blame, particularly with regard to rubber. Reduction of our rate of disposal of rubber in October 1966, and later (July 1967) restriction to disposal for US Government uses only, eliminated this area of friction. Moreover, since the world price of rubber did not recover following these actions, it was demonstrated that our disposal program was not having a significant effect on the price of rubber. Similarly, the United States consistently handled its disposal of tin in such manner as to avoid its having a disruptive effect upon the world price of tin.

c. Cotton Textiles

During 1967-68 Malaysia showed interest in negotiating a cotton textile trade agreement with the United States.

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Negotiations were problematic because the negotiating positions of the US and Malaysian sides were widely separated.^{3/} Malaysia sought a quota limitation approximately twice that to which the United States was prepared to agree. Negotiations were recessed in 1968, and until they are resumed and completed this issue will obviously remain a problem area in US-Malaysian relations.

d. Official Visits

The Prime Minister of Malaysia paid an official visit to the United States in August 1964. President Johnson visited Malaysia in October 1966^{4/} and Vice President Humphrey visited Malaysia in November 1967. The visits were uniformly successful and contributed to the strengthening of Malaysian-American relations.

^{3/} From Kuala Lumpur, Telegrams 3299, February 24, 1967; 3331, February 27, 1967; and 2629, January 17, 1968; Department of State Telegram 118841, February 21, 1968.

^{4/} Talking Paper, prepared for President Johnson's meeting with Prime Minister Tunku Abdul Rahman, October 1966.

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4. Singapore-US Relations

Immediately following Singapore's sudden achievement of independence in August 1965, Prime Minister Lee felt the need to take dramatic steps to safeguard the security of the small island republic and to assure its economic viability. These motivations led him, against a background of suspicion of the United States, into two measures directly affecting Singapore's relations with the US. The first was an abrasive personal attack on the United States, apparently designed in large part to accentuate Singapore's newly proclaimed neutralist foreign policy and to bring pressure on the United Kingdom to delay the withdrawal of its security installations in Singapore, by suggesting that the British did not have the option of abdicating their role in favor of the United States. The second of Lee's measures followed soon after--a demand that the United States, in recognition of Singapore's strategic importance, assure the economic viability of the city-state by giving preferential US access to its products.

Patient and understanding US diplomacy overcame this unpromising beginning of our relations. Within a short period

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the relationship had been sorted out to the point where we and Singapore had signed an Investment Guaranty Agreement, an agreement for the use of Singapore as a rest and recuperation site for Viet-Nam based military forces and ships of the 7th Fleet, and an agreement on textile exports to the United States. Other mutually advantageous programs contributing to the economic health of Singapore included important US procurement and other uses of the efficient labor and installations of Singapore.

Following the arrival of the first US Ambassador in the fall of 1966, a dialogue was begun with Prime Minister Lee that helped bring about a warming trend in relations.^{5/} No doubt a contributing factor was Lee's realization that the impending British withdrawal was likely to leave the United States as the only major free world power in Southeast Asia, and hence potential protector of Singapore; and his desire to attract American investment to Singapore as well as gain access

^{5/} Singapore Airgram A-374, April 28, 1967, "US Policy Assessment for Singapore" (SECRET).

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to American markets for Singapore products. In the ensuing period the Prime Minister showed a continuing willingness to make public statements supporting the US presence in Viet-Nam although he also continued to question the wisdom of our having gotten involved there as and when we did. Other marks of improved relations included Lee's useful visit to the United States in October 1967 as well as his continuing readiness to receive our Ambassador and senior US Government officials visiting Singapore.

5. British Withdrawal

The British decision to withdraw all forces from Malaysia and Singapore by the end of 1971 created several problems for those two countries. The most important of these problems were the security implications and the economic effect. Both of the latter had ramifications for the United States, not so much because we had a direct and immediate interest, but because it was clear that both Malaysia and Singapore were likely to turn to us, seeking an American substitute for the British presence. During the period prior to the British announcement the United States, in concert with Australia and New Zealand, tried to

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dissuade the British Government from taking any final irrevocable decisions.^{6/} We did not succeed in this effort, though the British promised that they would maintain a military capability in Europe capable of being utilized in Southeast Asia, should circumstances so warrant in Britain's view. (The British have not precisely defined what this capability might be.) Britain has likewise indicated--though also without precise definition--that it will maintain an interest in the region. Thus many uncertainties remain concerning the situation in which Malaysia and Singapore will find themselves after 1971.

Insofar as the defense and security of the region is concerned, the US view has been that we should not assume additional security commitments in Southeast Asia. We recognize that the stability of that region is of more than passing interest to us, in view of the negative effect that an unstable Southeast Asia could have upon the stability of Asia as

^{6/} See Chapter III, Europe, Section D-1, Great Britain, above.

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a whole. In the US view, however, the security of the area is the direct responsibility of the indigenous nations, with the traditional support of Britain and the Commonwealth nations with direct interests there. On this basis the United States has tried to encourage the development of a cooperative security arrangement involving Malaysia, Singapore, Australia and New Zealand with possibly limited British support for the immediate post-1971 period.

The long-range development which we would like to see occur is the assumption of basic security responsibility by the Southeast Asian nations themselves, based possibly upon an expanded ASEAN or other regional arrangement. We are working primarily with Australia to achieve the short-range goal, but as opportunities present themselves we encourage Malaysia and Singapore to cooperate with one another to this end. Pursuit of the long-range goal is currently limited because the nations most directly concerned are concentrating on the more immediate aspects of the problem.

The economic effects of British withdrawal have a rather dramatic immediacy for the two countries, particularly

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Singapore. The British military presence in Singapore has accounted for approximately 20 percent of Singapore's GNP and some 40,000 jobs, all of which will disappear unless substitute industry and employment are developed. The significance is that Singapore already has an unemployment rate, variously estimated at 9 to 15 percent of the labor force, which is substantially added to each year by school-leavers who cannot find employment. While some 30,000 Malaysians may become unemployed as a result of British withdrawal, the effect will not be as deep as in Singapore since Malaysia's unemployment rate is lower and a number of surplus workers could return to family farms for subsistence, should alternative employment not be available--an alternative that most Singaporeans do not have.

The United States can play only a limited role in assisting Malaysia and Singapore to deal with the economic problems stemming from British withdrawal. We have encouraged both countries to seek out new investment from the United States. Where possible, we have made use of income-producing facilities in both countries, for example, some of our naval

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craft in the West Pacific have been repaired in Singapore since April 1968, and we plan to continue to use such facilities so long as the need for them exists. We have also made known to both governments that US Export-Import Bank credits are available to them.

6. Regional Cooperation

Despite a rather slow start, Malaysia and Singapore have played an increasingly active role in regional economic and cultural cooperation. Both are members of the Asian Development Bank (ADB) and both are founding members of the Association of Southeast Asian Nations (ASEAN) as well as the Southeast Asia Ministers of Education Secretariat (SEAMES). Malaysia organized and hosted (1967), and Singapore participated in, a regional conference on transportation and communications which resulted in a coordinated approach to some of the major transportation and communications problems of Southeast Asia. Malaysia is also a member of the Asia and Pacific Council (ASPAC). Both countries are members of the regional bodies and affiliates of the United Nations.

The United States, as an important contributor to the

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ADB and SEAMES, has assisted in the financing of the regional transportation and communications conference. We have also undertaken to assist in financing some of the early projects arising out of the conference. Thus, while we are not involved in bilateral assistance to them, Malaysia and Singapore are beneficiaries of the President's Program for the New Asia.

7. Viet-Nam

Neither Malaysia nor Singapore was actively involved in the Viet-Nam hostilities, nor were they likely to be. Singapore leaders tended to be critical of the manner in which the United States became militarily involved in Viet-Nam; but during 1967-68 they became increasingly vocal in urging the United States not to withdraw before achieving an honorable settlement. Prime Minister Lee stated several times that, by fulfilling its commitment in Viet-Nam, the United States was in effect "buying time" for the other nations of Southeast Asia, permitting them to strengthen their own defenses and economies.

The Government of Malaysia has been a continuous and forthright supporter of the US policy in Viet-Nam. Its

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leaders have likened our presence there to the military assistance given to Malaysia by the United Kingdom, Australia and New Zealand during the communist-directed insurgency of 1948-60 in Malaysia. Although Malaysia has consistently maintained that it could not involve itself militarily in Viet-Nam, it has, since 1964, provided counterinsurgency training for more than 3,000 Vietnamese military and police personnel. It has also donated considerable military supplies and equipment and refugee relief supplies to Viet-Nam.

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