

# TELEGRAM

Foreign Service of the  
United States of America

OUTGOING AMEMBASSY DJAKARTA

*POL Rels*

*Indo/Malaysia*

FILES  
COMM  
CHRON  
AMB  
DCM  
RF  
POL  
POL  
ECON

Charge:

~~CONFIDENTIAL~~

CONFIDENTIAL  
Classification

Control: 787A

Date: 8/21/65  
1 PM

FILE

ACTION: SEC STATE WASHINGTON 3388

INFO: AMEMBASSY CANBERRA 25

CINCPAC UNN

AMEMBASSY KUALA LUMPUR 69

AMEMBASSY LONDON 41

AMEMBASSY WELLINGTON 13

AMCONSUL SINGAPORE 49

DECLASSIFIED  
Authority *NND 67285*

CINCPAC FOR POLAD

1. With perspective of recent Indo national day, and <sup>speech</sup> almost two weeks which have passed since separation of Singapore from Malaysia, we believe it pertinent reassess Indonesian stance and probable short-run confrontation tactics.

2. GOI has assumed wait and see attitude toward Singapore, which leaves it flexibility to move toward later recognition, limited trade or renewed denunciation and confrontation. Continuation of British military base in Singapore is anathema to Indonesian policy. In short <sup>run</sup> ~~run~~, however, basic challenge for GOI is to utilize opportunities which have arisen to further process of dissolution of Malaysia Federation. Therefore, believe ~~EX~~ GOI sees as its first problem, the inducement of Sabah and Sarawak to follow Singapore's example and opt out of Malaysia.

~~CONFIDENTIAL~~  
Classification

UNLESS "UNCLASSIFIED" REPRODUCTION  
FROM THIS COPY IS NOT AUTHORIZED

# TELEGRAM

Foreign Service of the  
United States of America

OUTGOING

Charge:

CONFIDENTIAL

Classification

Control:

-2-

Date:

3. Indos are convinced that Singapore separation vindicates GOI analysis of situation and previous confrontation tactics. Therefore it very unlikely that any basic change of policy will be forthcoming. Continued and "intensified" confrontation of Malaysia has already been declared.

4. As shock waves of Singapore secession have traveled across Sabah and Sarawak and reports reach Jakarta of movements underway in both states to readjust their status, there is certainly some optimism that process of Malaysian dissolution will now be self-sustaining. Until dust begins to settle, we expect GOI will continue to avoid any outright condemnation of Singapore (despite British base) and ~~cessation~~ <sup>suspension</sup> of terror and sabotage bombings in Singapore will probably continue. Benign Indo gaze toward Singapore will be intended to show Borneo states that they can avoid further rigors of confrontation warfare by following Singapore example.

5. If initial political flux in Borneo states begins to settle down without major move for secession, GOI may launch cross border raids in Borneo to serve as reminder of hazards of continued Malaysian affiliation.

6. In short run, therefore, odds are for GOI to play carrot and stick game in effort to tip scales in Borneo

CONFIDENTIAL

Classification

UNLESS "UNCLASSIFIED" REPRODUCTION  
FROM THIS COPY IS NOT AUTHORIZED

DECLASSIFIED  
Authority: NND 67285



# TELEGRAM

Foreign Service, of the  
United States of America

OUTGOING

Charge:

CONFIDENTIAL

Classification

Control:

-3-

Date:

states against Malaysia. In view of continued Singapore cooperation with British and Malaysia in defense matters, however, no further overt moves for recognition of Singapore appear likely.

8. If Malaysian Federation and Singapore stabilize along present lines, there is then good prospect for renewal of Indo propaganda offensive and confrontation against Singapore as well as Malaysia. Decision as to when to do this will probably hinge on evaluation of extent to which continued Indo restraint <sup>is</sup> increasing Singapore's disruptive ~~an~~ influence on Tunku's leadership of Federation. Sukarno has carried his NEFO vs OLDEFO <sup>dialectic</sup> ~~isolationist~~ to point, however, where it virtually certain that eventually he will have to resume frontal attack on British presence in Singapore.

9. There are powerful Indonesian pressures for resumption of some kind of economic contacts with Singapore and it is possible that some limited travel and trade may be resumed.

Politically, the odds are against it, however, and <sup>At same time,</sup> politics has thus far always overruled economics in Djakarta. <sup>GOI may</sup> ~~publicly~~ avoid/closing door completely on prospect for renewed trade,

*may even turn bland eye to smuggling,*  
/ ~~XXXXXXXXXX~~ in order to woo Singapore Chinese into believing that may even turn bland eye to smuggling

RE

CONFIDENTIAL

Classification

UNLESS "UNCLASSIFIED" REPRODUCTION  
FROM THIS COPY IS NOT AUTHORIZED

# TELEGRAM

Foreign Service of the  
United States of America

OUTGOING

Charge:

CONFIDENTIAL

Classification

Control:

-4-

Date:

rewards possible from more open Singapore policy to Indonesia.  
In any case, all segments of Indo leadership are unanimous  
that Singapore must not again be permitted to dominate  
Indonesian trade or become the primary processor of Indonesian  
raw materials and estate products such as tin, smallholder  
rubber, and coffee.

10. As Sukarno himself has frequently said in past,  
tactics may change, but Indo goal to crush Malaysia and  
drive ~~ECONOMY~~ <sup>NEKOLIM</sup> out of SEAsia is unchanging.

GP-3

GREEN  
109

POL:EE Masters *lin*

*PR +89*  
POL:RGRichJr/ac  
August 20, 1965

Cleared in draft: ECON-Mr. McCusker *PR*  
Mr. Donald

DECLASSIFIED  
Authority *NND 67285*

CONFIDENTIAL

Classification

UNLESS "UNCLASSIFIED" REPRODUCTION  
FROM THIS COPY IS NOT AUTHORIZED