

*LSE recommendation -  
no letter. Wz*

December 23, 1968

KISSINGER/ALLEN

DEC 26 1968

Mr. W. A. Kelley  
5415 Duvall Drive  
Washington, D. C. 20016

Dear Spike:

Merci for the thoughtful study on the Okinawan problem. It is in the right hands -- those of Dr. Kissinger, to be exact -- and I'm sure it will receive the close attention it deserves.

I have also your December 10 note with the copy of your letter to Mr. Knudsen; still there is nothing definite to report, but then in the chaos of transition, progress is slow!

The best to you and yours in these holiday times.

Warmly,

Bryce N. Harlow  
Assistant to the  
President-Elect

BNH:ph

*Larry - make  
note this is considered  
by our Japan-Okinawa  
man!*

5415 Duvall Drive  
Washington, D. C. 20016  
December 2, 1968

Mr. Bryce N. Harlow  
Assistant to the President-Elect  
Pierre Hotel  
61 Street and Fifth Avenue  
New York, New York 10022

Dear Bryce:

Many thanks for your letter of November 19 that unaccountably was received after my letter to you of November 25.

I realize that the top jobs must be decided upon before any thought is given to the lower positions. Meanwhile, in an effort to be helpful, I have prepared staff studies of several sensitive areas that you can hand on to whoever is assigned responsibility for the areas.

The first of these on "Okinawa" is attached. It is one of the most important bases we have in the world. However, unless some decisive action is taken shortly, we not only will lose Okinawa, but our bases in Japan.

I am leaving here Tuesday for Washington and will be staying with J. D. Burrus, Jr., 5415 Duvall Drive, Washington, D. C. 20016 Telephone 202 Oliver 4 - 6030. You may remember Jeff as one of the best tennis players in Washington. He is in the Legislative Division of the Bureau of the Budget.

With kindest regards and best wishes,

Sincerely yours,

  
W. A. Kelley

## OKINAWA

A Staff Study by W. A. Kelley, Former  
Assistant Civil Administrator of Okinawa

The Ryukyu Islands, including Okinawa, the largest island, is administered by the United States under provisions of Section III of the U. S. - Japanese Peace Treaty of 1952. As the most heavily fortified base in the world, it is the key to the U. S. position in the Far East and it is the only base on foreign soil where a status of forces agreement is not necessary, permitting us complete freedom of action.

However, we are on the point of being forced out of Okinawa. The Okinawa legislature has sent petitions to the Japanese Diet, to the United Nations, and to the U. S. Congress. Last week the Ryukyuan people elected Chobyō Yara as Chief Executive. He ran on a platform of immediate reversion to Japan. His defeated opponent ran on a platform of gradual reversion. This is more galling when it is realized that the Ryukyuan people were never happy under the Japanese rule. There was a highly developed Okinawan culture long before there was a Japanese Empire. Over four hundred years ago under the Okinawa kings a flourishing trade was carried on all over the Pacific and Indian Oceans and particularly with the great Chinese empire.

Japanese war lords coveted this trade and moved in gangster style to control it. Finally, the Japanese Government in 1879 took

captive the King of Okinawa at the point of the sword and placed him under house arrest in Tokyo. At the same time they filled all of the administrative jobs in Okinawa with Japanese and the Okinawa people were forced to accept second class status. The Ryukyu Islands became a Prefecture of Japan.

The Okinawa people attempted to stay out of World War II and begged the Japanese not to fortify Okinawa. When the Japanese did fortify the island, no provision was made for civil defense for the inhabitants. On the contrary, they were exposed to the heavy gunfire in the war's bloodiest battle, so that there were 147,000 casualties among the civilians.

Consequently with the end of hostilities there was rejoicing among the Ryukyuan people that the United States was victorious. The feeling of friendship was increased by the Americans providing food and shelter and medical assistance to attempt to alleviate the desperate condition of the people. Every building in Naha, the capital, had been razed by bombing and gunfire.

Although the Okinawans were not consulted when the U. S. - Japan peace treaty was negotiated, they happily accepted the transfer of the Administration of the islands to the United States. They expected to regain their old freedom, to re-establish the old kingdom, and resume the prosperous trade of pre-Japanese years. In this happy, hopeful period we could have negotiated an agreement mutually helpful to both the U. S. and the Ryukyuan people,

by which we would have guaranteed the security, freedom, and political stability of the islands and given economic assistance in return for the right to maintain our bases free of any status of forces limitations or any interference whatever. This relationship could have existed indefinitely and grown stronger with the passage of time. Instead, we are on the verge of losing the base entirely, in spite of the herculean efforts of the last two U. S. High Commissioners.

Before attempting to propose any remedial action, it is necessary to review the causes of the loss of such a priceless opportunity.

Instead of being treated as free, friendly equals, the Ryukyuan people have been treated as conquered subjects. In fact, one recent High Commissioner openly treated them as such and made them grovel for everything they needed. In a speech to their young leaders of the Golden Gate Club, he told them they had neither the intelligence nor the integrity to govern themselves.

Instead of being given the opportunity to set up their own independent government, the Military Government established after the battle of Okinawa has been continued. The name was changed to U. S. Civil Administration of the Ryukyu Islands (USCAR); the military doffed their uniforms for mufti; but nothing else was changed. The military High Commissioner continued to issue ordinances and retained the authority to review and approve all acts of the puppet legislature. Not until this November were

the people allowed to elect their Chief Executive. The local budget had to be approved by the Hicom.

Those United States civilians who staffed the USCAR departments under the military heads used their official authority to their own advantage and looked upon their positions as personal fiefs. Many of them were incompetent and incapable of carrying out their responsibilities.

The control of United States funds appropriated for the local economy was inadequate; this looseness generated misunderstanding.

Congress also contributed to the erosion of the United States position by deciding that funds for the development and operation of the Ryukyus came under Foreign Aid and were subject to the limitations and regulations of that program. Actually such funds were no more Foreign Aid than any expense incurred in the operations of any other base under the United States flag -- Fort Myer, Fort Lewis, Fort Benning or the Presidio. Okinawa is one vast United States base completely under the command of a Lieutenant General acting as High Commissioner. Appropriations for Okinawa should be reviewed by the Armed Services Committees and not by the Foreign Aid Committees.

Over the past twenty-six years under constant pressure from both the Ryukyuan people and the Japanese Government, various concessions have been made by the United States; but each one was granted unwillingly and ungraciously. Consequently the United States became identified as the oppressor and Japan as their savior.

We also have made the mistake of believing that money and jobs in the military installations can buy Ryukyuan cooperation and friendship. More important to them is a loss of face by being forced to be a nation lacking in identity in world affairs and not even allowed to fly their own flag.

### Recommendations

A military base in the Ryukyu Islands is essential for the United States position in the Far East and as an early warning station for any attack on the United States mainland or on the Free World.

Therefore the following actions are recommended:

I. While the United States still retains "the right to exercise all and any powers of administration, legislation, and jurisdiction over the territory and inhabitants of these islands, including their territorial waters" (U. S. - Japanese Peace Treaty), and while we still have the support of the ruling Japan Liberal Democratic Party (JLDP), we should negotiate with the Government of the Ryukyu Islands the agreement that we should have offered twenty-six years ago. This should be done with the help and support of the JLDP.

This agreement should include:

- A. The abolishment of USCAR
- B. The appointment of a Civilian Advisory Staff consisting of competent, qualified, capable specialists on leave from appropriate departments in Washington and headed by a civilian Director.

- C. A Ryukyu Islands Corporation should be established under a Deputy Director to be responsible for and to administer all United States funds used for or by the local people. The Ryukyu Development Loan Corporation, the Ryukyu Water Development Corporation, the Ryukyu Electric Power Corporation, the Ryukyu Tourist Development Board and the Bank of the Ryukyus would be transferred to and become part of the Corporation.
- D. The people of the Ryukyu Islands could proceed to establish their own form of government not antagonistic to the security of Japan or the United States.
- E. The United States could continue indefinitely to maintain and operate military bases in the Islands with the same degree of freedom that exists today.
- F. The civilian Director would be a member of the Area Committee consisting of the Commanders of the Army, Navy and Air Force. The Commanding General of the Army IX Corps would continue to act as the Representative of the Commander in Chief Pacific (CINCPAC) and as such would act as Chairman of the Committee.
- G. Funds appropriated for civil purposes in the Islands should be distributed where possible on a loan basis with reasonable interest except for emergency purposes, such as typhoon damage repair. This should permit a revolving fund to be built up.
- H. Overall plans for economic, political, educational, judicial, and foreign trade development as well as for internal security should be worked out by the local government assisted by the Civilian Advisory Group.

I. The United States would reserve the right to take any necessary action to protect the security of the Islands.

II. As insurance against the possibility of being driven out of Okinawa, the United States should purchase outright from Okinawa the island of Iriomote, solely as a base. It is located 250 miles southwest of Okinawa almost within sight of Taiwan.

In 1962 a study made by the Civil Administration revealed the following facts about Iriomote:

AREA. About 110 square miles.

TOPOGRAPHY. Mountains about 1600 feet high sloping off to the east.

WATER. Ample water throughout the year with two rivers.

CLIMATE. Semi-tropical, much like that of Taiwan.

HARBOR. The finest natural harbor in the Far East, 210 foot depth surrounded by mountains. Large enough to hold the entire Japanese fleet in World War II. The fleet used it when threatened by a typhoon.

POPULATION. Practically unpopulated. Malaria had driven the population away. The U. S. Army cleared the island of mosquitoes and malaria has been eradicated. The former inhabitants, however, never returned.

TRANSPORTATION. Accessible by boat. There is a small grass landing area for small planes at the eastern end. There is enough flat area plus the filling in of shoal water to make runways for large planes. At present there are almost no roads.

INDUSTRY. Fishing and agriculture are the main occupations. A Japanese company does some lumbering under a license granted by the United States.

MILITARY USE. A few troops are trained in jungle warfare on the heavily wooded mountainsides.

RECREATIONAL FACILITIES. Iriomote has some of the finest beaches in the Ryukyus. There is space available for a sporty golf course, tennis, and archery. Taiwan is almost in sight on a clear day, and Ishigaki is only a few minutes away by plane or boat.

The report of the study concluded with a recommendation that the island be purchased and plans initiated for the location of various military installations. The report pointed out that Iriomote could be defended more easily than could Okinawa.

CONCLUSION. There is no middle ground. We either accept one or both of the above recommendations or something similar, or the United States will lose its base in the Ryukyus. If we continue to pursue our present course of making piecemeal concessions without attempting to find an overall, permanent solution, the Japanese Liberal Democratic Party will within three years fall on the issue of Okinawa; then not only will we be forced out of Okinawa, but the U. S. - Japan Mutual Security Pact will not be renewed.

It must be kept in mind that some of our Allies during World War II never concurred in our continued occupation of Okinawa. Our policies and procedures in the Ryukyus during the past twenty-six years have strengthened their doubts.

Head  
EM

UNITED STATES GOVERNMENT

SECRET/EXDIS

# Memorandum

TO : EA - Mr. Bundy  
EA - Ambassador Brown

FROM : EA/J - Richard L. Sneider

DATE: December 24, 1968

SUBJECT: Trip Report: Okinawan Reversion on the Front Burner

The overwhelming impression I have after ten days in Japan and Okinawa is that we have reached the point of no return on the reversion issue. The pressures have built up in both Japan and Okinawa to the point where I can see virtually no hope of stalling off beyond the end of next year a decision on the timing of reversion, although the actual return would take place later. Particularly worrisome is the turn of events in Okinawa since Yara's election. There, our problems could indeed mount up very rapidly. At the same time, there is little indication that we are as yet any closer to a mutually satisfactory solution covering our post-reversion base rights than we were a year ago.

## Japan and the Sato Pledge

Once again, Sato has easily overcome the threats to his power from his rivals within the Party and has put into office a cabinet, which is by far the ablest and most understanding of the vitals of U.S.-Japanese relations. But, the strength of Sato's position can prove to be transitory: he is an acknowledged lame duck and the consequential intra-party maneuvering to succeed him has only now begun. Furthermore, by publicly committing his regime to solution of the Okinawa problem, he has given his rivals within the party and his foes outside the party a major test of success.

With the onset of 1969, there is no doubt that Okinawa is the number one national issue in Japan. It may be argued

SECRET/EXDIS

that Sato placed his bet in his own prediction of needing an agreement with the U.S. during 1969 by stressing the issue over the next few years. However, for better or worse, he does so. I think his political judgment was probably sound and that any effort to play the international attack card at this opposition against the U.S. ally could well be at stake in the effort to solve the Okinawa problem.

to continue to proceed slowly in working out plans on Okinawa. Neither the State Department nor the Foreign Office has reached any conclusion on the policy towards the reversion of base rights. Although the U.S. has long held the view that an offer of continued storage facilities is a political suicide. The Foreign Office is tending towards some concept of a convention for the free use of bases through the details, particularly how they will be used to the Japanese public. In fact, there appears to be a conscious effort to avoid deciding the U.S. position until the new U.S. Administration is thoroughly tested. Ambassador Johnson keeps reminding the GOJ, on the other hand, that the first thing through its policies in terms of national security needs of Japan is vital to the security of Japan.

In the meantime, the Sato administration is trying to clear the decks on all other U.S. Japan issues and develop a package of "helpful" actions in Asia which will be presented to the Okinawan package for discussion. Typically, a package by Ambassador Johnson to the Ministry of Foreign Affairs (MOFA) and the GOJ might give considerable thought to how it should be presented in the defense of the Ryukyus after reversion. The Japanese officials immediately carrying on to Okinawa to study the problem.

The Japanese, therefore, in the preparatory phase of policy making and moving precipitously. Their immediate calls for careful findings throughout the spring and summer, to be followed by a summit meeting in Washington in the fall. They have accepted the wisdom of not pushing the

SECRET/EXDIS

3.

new Administration for an immediate decision on the Ryukyus, but are worried lest it be put off too far and bring them into 1970 without an agreement.

Okinawa, a Potential Trigger

The new factor in the Okinawa reversion equation is the pressures developing within Okinawa on reversion. In the past, it has been the implicit assumption of both ourselves and the Japanese that the big boys (the U.S. and Japan) will settle the problem and the Okinawans will docilely accept our joint decision. This assumption can no longer be counted upon. The Okinawan intrusion into the reversion negotiations can come in two ways, through agitation leading to open incidents with U.S. forces, and through the evangelistic pressures for action on the part of the new Chief Executive, Yara.

The potential for an incident involving an open clash between demonstrators and American military forces protecting our bases is much higher today than ever before. Given the limited capabilities of the Ryukyuan police, such an incident has always been possible. The odds have been considerably shortened in recent weeks by three factors:

- (1) The increased militancy and radicalism of the students who are beginning to mimic the tactics of their Japanese brethren;
- (2) the ambiguous position of Yara who at the same time is the accepted leader and spokesman of the anti-base movement and is now responsible for controlling it -- nobody knows how he will react when the crunch comes; and,
- (3) the development of an issue that binds almost all Okinawans and strikes a sympathetic, emotional chord -- the B-52 operations at Kadena and the danger of another incident.

SECRET/EXDIS

In this climate, our insistence upon exercising our unrestricted rights for B-52 operations, SSN visits, etc. becomes not only a focal point for potentially dangerous demonstrations, but further an incentive to seek as soon as possible reversion of Okinawa at the "homeland level" where the Japanese Government will "protect" the Okinawans against the U.S. General Unger is making every effort to reach a modus vivendi with Yara without making serious concessions on base rights. But it is a precarious task given the pressures Yara is under from his left-wing coalition and the inherent desire of the conservative opposition to see him fail.

Yara, moreover, has cast himself as the confirmed and authentic spokesman of Okinawan reversion sentiments. In his grand tour of Japan, he constantly pushed the theme of early reversion. But, of even more concern to us is his effort at the same time to inject himself into the debate on the conditions for reversion. Yara has publicly urged not only "homeland level" but a thinning out of U.S. bases. He has made it clear that he, as Okinawa's elected leader, is going to resist efforts to ignore the Okinawan view on post-reversion U.S. base rights.

Thus, it is not impossible that the pace of events in Okinawa could press the Japanese Government to accelerate its current timetable. Certainly, an incident involving a clash between demonstrators and U.S. military guards around bases will put the Japanese Government on a very difficult spot. The spectre of such a development constantly plagues the Foreign Office and other Japanese officials.

#### The General State of Health of U.S.-Japan Relations

Outside the Okinawan issue, there are some encouraging notes of progress in resolving current U.S.-Japan problems, particularly with respect to trade restrictions against U.S. imports, and the reasonably quiet visit of the nuclear sub. In very large part these actions taken by the

Japanese are in their own self-interest and cued to clearing the decks for a favorable decision on reversion. But, they also reflect the dedication of the current leadership to maintaining a close relationship with us. Symptomatically, after lengthy consideration, the Japanese Government has accepted our offer for space cooperation rather than going it alone.

However, below the surface there are bubblings of serious discontent from within the ranks of the next generation of leaders about the character of the U.S.-Japan alliance and Japan's great dependence on the U.S. These younger men are not necessarily dissatisfied with a partnership with the U.S. but are concerned that the present relationship gives too little freedom to the new Japanese nationalism -- a vague and still far from well-defined concept. They are not now seeking or even necessarily desirous of a break with the U.S. and embarking on a deGaulist path. They do look for a new relationship with the U.S. by 1980 which meets their principal criterion of "equality" with us. In the context of this new nationalism, Okinawa has become a serious test of U.S. willingness to treat Japan on more equal terms.

25  
EA/J:RLSneider/pmhSECRET/EXDIS



DEPARTMENT OF STATE  
WASHINGTON

IN REPLY REFER TO:

SECRET

January 11, 1969

MEMORANDUM FOR: Mr. Kissinger  
FROM : Richard L. Sneider  
SUBJECT : Policy Issues for NSC Consideration

Short-term (within the next two months)

1. U.S. policy on Okinawan reversion in the context of a full review of U.S.-Japanese relations.
2. Review of Indonesian policy. (Our current policy is basically sound but needs review and confirmation.)
3. U.S. policy towards the Philippines. This should cover both U.S.-Philippine relations and the potential for major internal upheaval in the Philippines.

Mid-term (four to five months)

1. China policy.
2. U.S. policy towards Cambodia and Laos in the context of a Viet-Nam settlement.
3. U.S. policy towards Thailand.
4. U.S. policy towards Korea. (SIG has a major study of Korean policy under consideration but no decisions have been made.)

Long-term (The problems below are essential starting points for any reframing of our Asian policy but have less operational urgency than the problems set forth above.)

SECRET

SECRET

2.

1. U.S. interests, commitments and role in Asia.
2. The future structure of regional associations in Asia and the U.S. role therein.

SECRET



DEPARTMENT OF STATE  
WASHINGTON

IN REPLY REFER TO:

SECRET

January 11, 1969

MEMORANDUM FOR: Mr. Kissinger

FROM : Richard L. Sneider

SUBJECT : Major Issues Anticipated During the  
Next Six Weeks in East Asia -- Addendum

You have my previous memorandum of January 7 listing the major anticipated issues. Set forth below is a further elaboration on the options available, the status of current policy consideration and my recommendations.

1. Issue: Korea - Pueblo

Problem: With the return of the Pueblo crew there remains the requirement to register a formal protest on the treatment of the crew for the record at Panmunjom and the UN and to come to a decision on what we do about the ship. Our protest on the treatment of the crew presents no problems. However, the Navy is disposed to take punitive action (e.g. seizure of a North Korean ship) if the Pueblo is not returned. The State Department feels we should protest at Panmunjom and the UN but go no further.

Status: The Korean Task Force is developing plans for next steps on both problems.

Recommendation: Punitive action would be very risky and is not likely to get the Pueblo back. The State Department line makes more sense, particularly since they would combine this with an occasional show of Naval force outside North Korean territorial waters.

SECRET

2. Issue: North Korean provocation

Problem: There is a possibility that the North Koreans may intensify guerrilla warfare or otherwise take provocative actions in the next months.

Status: There are contingency plans available and North Korean actions are under close watch.

Recommendation: I suggest these contingency plans be checked out at an early date.

3. Issue: Warsaw talks

Problem: The Chinese Communists have opened the door slightly for the February 20 Warsaw talks, indicating they would like to talk about peaceful co-existence and Taiwan. They may be prepared to give us further signals and/or test out the new Administration.

Status: EA has under consideration several options ranging from a willingness to hear out any Chicom proposals along with a restatement of our Taiwan policy to a more positive offer of sounding out the Chinese on normalization of relations.

Recommendation: At this stage I would be inclined to move very cautiously with the Chinese and put the monkey on their backs to come up with any specific proposals for peaceful co-existence but leaving the door open for reconsideration of our policies with the exception of our commitment to Taiwan.

4. Issue: Japanese trade talks

Problem: The U.S. has been pushing the Japanese to ease their restriction on American imports. Favorable Japanese action will be quite useful in dealing with Congressional pressures for protectionist legislation.

Status: Further negotiations are underway with some hope of getting a satisfactory Japanese offer.

Recommendation: An early statement from the new Administration spokesman stressing its concern about this problem will be necessary.

5. Issue: B-52s on Okinawa

Problem: Since an accident in late November, there has been continued and widespread agitation in Okinawa against the stationing of B-52s for Viet-Nam operations. So far, the agitation has been limited to peaceful demonstrations and protests but a general strike is planned in early February. If these demonstrations lead to any bloodshed and the involvement of U.S. troops, our reversion timetable and negotiating position could be upset.

Status: EA is planning to raise this issue with the Secretary-designate after January 20.

Recommendation: My inclination is to move the B-52s in a carefully prepared scenario to Thailand where additional facilities will be available in early February.

6. Issue: Laos

Problem: The North Vietnamese offensive in Laos has already begun in earnest, but the level of military activity is not yet above previous years.

Status: The situation is under close watch and options are under consideration for escalating U.S. countermoves in case the NVN raises the ante.

Recommendation: No additional U.S. measures would seem to be required at the present level of North Vietnamese activity.

7. Issue: Cambodia

Problem: Recent signals from Sihanouk indicate greater interest in resuming relations with us. At the same time, Cambodia remains a major infiltration route and supply area for the NVN -- a matter of erratic concern to Sihanouk.

Status: The State Department has under consideration a possible U.S. border declaration, a necessary first step to resumption of relations. The JCS is likely to seek authorization for more extended military action against the NVN in Cambodia.

Recommendation: I would be inclined to let Sihanouk set the pace of any move to resume relations but leave the door ajar for him. Any move in this direction should not involve restraints upon our present level of military action against VC use of Cambodia and hopefully additional restraints on the VC. I would not go along with additional U.S. military measures against the VC inside Cambodia.

8. Issue: Philippines

Problem: In recent weeks, particularly since Romulo took over as Foreign Minister, the Filipinos have been on a rampage. They have focused on the base rights issues. They will inevitably make an early effort -- outside normal diplomatic channels probably -- to test their credentials and leverage with the new Administration. They may also raise the Laurel-Langley problem.

Status: The Department is watching this closely but proposes no immediate ameliorating action.

Recommendation: I would play it cool and somewhat distant with the Filipinos until an urgent review of the Philippines package is completed.

9. Issue: Outer Mongolian recognition

Problem: The question of recognizing the Mongolian Peoples' Republic has been pending for some time but held up largely due to anticipated GRC strenuous objections.

Status: A recommendation for recognition has been prepared but held over for the new Administration.

Recommendation: There is no compelling reason to move on this one quickly. But, it makes generally good sense although any action should be checked for its bearing on broader China policy.



DEPARTMENT OF STATE

Washington, D.C. 20520

SECRET

January 7, 1968

MEMORANDUM FOR: Mr. Kissinger

FROM : Richard L. Sneider

SUBJECT : Major Issues Anticipated During  
the Next Six Weeks in East Asia

1. Viet-Nam Negotiations: Obviously the key issue requiring immediate decision is the U. S. posture in the Viet-Nam negotiations. I assume you are already seized with the details of this one.
2. Other Potential Crisis Possibilities: EA has prepared the attached memorandum for Secretary-designate Rogers covering the major crisis possibilities. I would only add two footnotes: (1) the latest reports from Laos indicate that the North Vietnamese dry season offensive has already begun in earnest with activity in three out of the four military regions; (2) the current pressure point in Okinawa is general agitation over the stationing of B-52s for Viet-Nam operations, resulting from one B-52 accident and one near miss.
3. Other Policy Issues:
  - a. Korea: A series of actions will be required to finish up on the Pueblo incident.
  - b. China: (1) Warsaw talks with Chinese Communists are scheduled for February 20, providing the first clear opportunity for the new Administration to sound out Peking and signal its own policy. (2) Italian recognition of Peking: Foreign Minister Nenni has indicated his Government's intention to move toward recognition of Communist China with the timing and other details still left vague.

SECRET

- c. Japan: (1) Trade talks: We are in mid-stream in discussions with the Japanese on trade liberalization. The first round was only partially satisfactory and more discussions are scheduled. An early signal from the new Administration on this issue will be looked for by the Japanese and required. (2) Meeting schedule: The Japanese have been sounding us out on a schedule for top level meetings, both unofficial and official and including a joint cabinet session during the summer and a Prime Minister visit in the fall. Much of this relates to the Japanese desire for reaching an Okinawan settlement by the end of the year, but there are other key problems to be faced. An early decision on the cabinet level meeting will be desirable. We shall also have to begin hacking away at the fundamental policy issues involved in an Okinawan agreement.
- d. Cambodia: The question of a possible U.S. border declaration leading to a resumption of relations with Cambodia could come up in the early weeks.
- e. Outer Mongolia: The question of recognizing the Mongolian People's Republic has been pending for some time and could be given an early look.
- f. Philippines: The Filipinos will inevitably be nosing around very early in the new Administration to test their credentials and leverage. They may raise their desire to negotiate a new bilateral trade agreement with us, which they have been pressing for.
- g. Burma: U.S. military assistance to Burma, which has been at modest levels, ran out in 1968. There are hints the Burmese want to continue this program but a decision has been left to the new Administration.

SECRET

3.

4. Future of AID: The bulk of our aid resources are expended in Asia. The future of U.S. assistance programs and AID is very shaky. There is a vital need for very early resuscitation and restructuring if we are to avoid serious damage to our interests in Asia.

Attachment:

Memorandum on Crisis Possibilities

SECRET

SECRET-EXDIS

Crisis Possibilities in First Two Weeks of the New Administration

EAST ASIA

1. Possible crises arising from deliberate, provocative acts designed to embarrass the new administration:
  - a. South Viet-Nam - Major VC/NLF attacks on the cities.
  - b. Laos - Communist drive against key souther towns of PAR strongpoints in the north; NLHX campaign to try captured U.S. pilots for "war crimes".
  - c. North Korea - Intensified guerrilla warfare against South Korea; terrorist attacks in major cities, violations of DMZ, inserting guerrilla parties by sea. These might be so provocative as to trigger South Korean retaliation.
  - d. Communist China - We expect no deliberate provocations, particularly in view of the CPR's decision to meet with us in Warsaw on February 20.
  
2. "Coincidental crises" not aimed at the U.S. but potentially embarrassing to the new administration:
  - a. Sabah - Outbreak of terrorist activities, air or naval "incidents" between the Philippines and Malaysia.
  - b. Okinawa - Anti-base demonstrations which get out of control and require the use of U.S. forces to contain them.
  - c. South Viet-Nam - Domestic political crisis arising from factionalism and rivalries in the GVN.
  - d. Cambodia - A serious border incident possibly involving capture of U.S. personnel.

EA: RWDuenling

January 6, 1969

SECRET-EXDIS