

SUBJECT:

Weekly No Objection To Declassification in Full 2010/08/30 : HIA-R JONES HOWARD P

-2D-60-191-7

9-27-68

1. Sabah

On Thursday President Suharto dispatched one of his special assistants, Brigadier General Ali Murtopo, to Manila with a personal message for Marcos in an attempt to de-escalate the Sabah crisis. Suharto reportedly has offered Indonesia's good offices and recommended a renewed cooling-off period, perhaps to be followed by a summit meeting between Marcos and the Tunku. The GOI would be prepared for the latter to be held in Indonesia. Suharto would reportedly not wish to act as mediator or arbitrator of the dispute but only as a friendly intermediary between the two sides.

DOS REVIEWED 01-Apr-2008: DECLASSIFIED FOR RELEASE IN FULL

Foreign Minister Malik arrived in New York Wednesday, and we anticipate that he will be consulting with Thanat and Ramos while at the U.N.

2. Indonesian Economists in Washington

Discussions with Indonesia's leading economists, led by Dr. Widjojo (who are currently in Washington to consult with the IMF and IBRD), indicate that they are generally satisfied with the implementation of our 1968 aid to Indonesia. However, they are definitely concerned that the international community will not be able to mobilize sufficient resources for Indonesia's larger foreign aid requirements in 1969. We have received similar expressions of concern from IMF officials, who point out the importance of finally halting Indonesia's excessive inflation in the coming year while simultaneously making a demonstrable start on the development program.



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