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SAN CLEMENTE PLEASE PASS FOR SECRETARY ROGERS FROM PEDERSEN

RE: SOUTHEAST ASIAN SPEECH

Attached is a draft Southeast Asian speech prepared by EA. Marshall asked me to tell you he thought it was a workmanlike job but needed a press interest theme. He has in mind doing a section on major power interest in stability in Southeast Asia (US, USSR, China, Japan) and will be working on it this weekend.

I have not yet been able to reach Whalen but will ask him to do work on EA's next draft on Monday. I have done nothing on this text at all.

Any views you can provide by Monday would facilitate the process of preparing a good text.

Alex Johnson has looked at this text and does not believe

DRAFTED BY:	DRAFTING DATE	TEL. EXT.	APPROVED BY:
C:RFPedersen:emb	7/9/71	20968	C - Mr. Pedersen

CLEARANCES:

S/S - Mr. Miller

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it was what you were really looking for. He will be working with Marshall on it this weekend also.

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Draft Speech for Secretary Rogers

I would like to talk this evening about Southeast Asia. Not about its problems -- we hear far too much about them. But about its promise for the future. About the positive developments that have been obscured by preoccupation with the terrible war in Vietnam.

Now that war is winding down, we have withdrawn more than half our military personnel and will take out the remainder just as rapidly as possible, consistent with the two objectives laid down by President Nixon: We will not abandon our prisoners of war, who have suffered so long in captivity, and we will not be a party to imposing on the people of South Vietnam a government not of their own free choice. If the other side wants a quick solution, but not a sell-out, they will find us more than ready to enter into real negotiations.

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Southeast Asia: Historical Difficulties

Meanwhile, the changing nature of the war and the progress being achieved throughout Southeast Asia make it possible, and in fact essential, for us to step back a pace and take a fresh look at this important region. In doing so we must bear in mind that the progress we envisage will not be rapid, nor will it

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necessarily be easy, for it grows out of the troubled history of the past.

Long afflicted by colonial rule, the nations of Southeast Asia, except for Thailand, had little or no experience in self-government prior to World War II. Many were obliged to take on the responsibilities of local rule while still in the process of recovering from the devastation and disruption of that war. The economic development of Southeast Asia has long lagged behind that of many other areas of the world and has only recently broken the bonds of centuries-old traditions of primitive agricultural methods. Because of their differing backgrounds and colonial histories the nations of Southeast Asia have until quite recently felt little common identity. All too often they have wasted their energies and resources bickering among themselves rather than tackling their problems in concert.

The process of modernization has until recently been a slow and largely superficial one, bringing with it such problems as over-crowded urban areas and related health and social difficulties. And over-lying all else is the fact that this small corner of the world has for a generation been traditionally a major target for communist aggression.

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The Era of Transition

Now this is changing. The isolation of these nations from one another and dissipation of their resources in idle sloganeering is giving way to a sense of pragmatism; an awareness of the need to seek common solutions to common problems. A new generation of leaders is emerging in the region who bring a new determination and a new spirit to the task of coping with the problems facing their countries. A new sense of national identity and national pride is emerging which makes these nations less susceptible to outside blandishments from any source.

Economic progress, although spotty, is beginning to accelerate. Thailand, Malaysia and Singapore have doubled their Gross National Product in the last decade. Under sound leadership, Indonesia is ~~emerging from~~ overcoming the economic stagnation of the previous regime, and the Philippines has achieved a significant breakthrough in agricultural production and in other areas.

At the same time modern democratic institutions of government are being established and strengthened. After many years, national elections have been reinstituted in Vietnam, Indonesia and Thailand, and take place with regularity in most of the other nations of the region.

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Constitutional government has now become the respected standard of the region rather than the exception.

Indonesia: Half the Land and People

Several examples help illustrate my point. Indonesia comprises roughly half of Southeast Asia in both area and population, and may hold an even greater share of the region's natural wealth. An effective and stable development of its resources, both human and natural, would significantly improve the strength of non-communist Asia and add to the security of the Pacific region.

The present government, under President Suharto, has adopted a pragmatic, non-doctrinaire approach to modernization through a free market economy and in cooperation with neighboring nations. In contrast to the policies of the previous regime, Indonesia's independent non-aligned policy of cooperation with all of its neighbors has made it a significant stabilizing influence in Southeast Asia.

Domestically, Indonesia faces serious economic difficulties. The economic infrastructure deteriorated during that period in which the government neglected the economy in favor of foreign adventurism. Now, however, the government has managed to cut inflation from the rampant 635% of 1966 to less than 9% in 1970 and has adopted a policy of offering attractive incentives to foreign investment.

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Indonesia's exports have increased, its foreign exchange holdings have gone up, and rice production has improved.

Despite this progress, Indonesia still needs large inputs of aid from other nations, but it has demonstrated that it can use this aid effectively. The ten-nation donor group, the Inter-Governmental Group for Indonesia (IGGI), has been described as a model of multilateralism. This body meets twice yearly, together with representatives of Indonesia and various international organizations, to determine Indonesia's aid requirements for the period ahead so that foreign aid can be related directly to top priority national requirements. Assistance from the IGGI and other international agencies to Indonesia totaled over $1.8 billion between 1967 and 1970. This assistance, combined with the Indonesian Government's own determined efforts, has enabled Indonesia to stabilize its economy and embark on economic development.

The IGGI estimates that Indonesia's aid requirements in FY-1971-72 will total some $640 million. The U.S. has pledged to provide one-third of the $375 million in bilateral, non-food aid and a fair share of the $160 million food aid requirement.

Indonesia's first national election in 16 years was held successfully on July 3, an event which clearly demonstrates that Indonesia is moving away from the totalitarianism of the past regime.

Successful Democratic Institutions

The Philippines is a nation beset with many serious problems, but

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there are at the same time encouraging indications that these will be dealt with successfully. The democratic process in the Philippines has sometimes been rough (and free-wheeling) but it has always been workable. Except for the period of the Japanese occupation, the Philippine constitution has been in effect for 35 years without being suspended by a coup d'etat or rewritten by a military strongman. Philippine institutions have repeatedly survived the test which makes them a system: the peaceful transfer of power.

In November the Philippines will hold local elections throughout the nation and on the basis of past elections there should be some 40,000 candidates competing for nearly 14,000 public offices. It is expected that nearly 80% of the registered voters will go to the polls.

On the economic side, the Philippines has been a leader in the "green revolution" in Southeast Asia. The miracle rice developed in the Philippines has been harnessed to a coordinated program to attain self-sufficiency in rice production. This is also proving successful in other nations of the region.

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~~V. Malaysia and Singapore~~

Both Malaysia and Singapore have enjoyed outstanding economic progress in recent years. As I ~~stated~~ mentioned earlier their Gross National Products have both doubled in the last ten years. Foreign investment is increasing rapidly, particularly in Singapore, and that nation is becoming a major regional center of trade and manufacturing.

In 1970 Malaysia's Government underwent a smooth transition of power when Tun Razak succeeded Tunku Abdul Rahman as Prime Minister, additional evidence of a solid commitment to the constitutional processes of government. Racial tensions in Malaysia, which erupted in communal disorders in 1969, have now been substantially reduced.

~~VI. Thailand~~

Thailand is another nation which has been making rapid strides in the economic field. The decade of the 1960's saw a solid economic growth of about 8% per year, with virtually no inflation. The Thai are naturally deeply concerned by communist threats to their neighbors and to their own internal security through insurgency and subversion, but despite the pressures for increased expenditures for security purposes, Thailand continues to devote a larger percentage of its budget to development and education programs than any other field.

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The Thai continue to emphasize the importance of maintaining their freedom and their own national values. While Thailand will need U.S. ~~material~~ assistance for some time to preserve this freedom, the Thai Government has consistently maintained that countering communist insurgency in Thailand is their own responsibility, which they are seeking to discharge by strengthening their efforts in the field of rural development with particular emphasis on roads and educational facilities.

South Vietnam: Keen Interest in Election

VII - Indochina

The ~~confusing~~ flood of information and misinformation concerning the situation in Indochina which constantly assails us so often deals with dramatic and unpleasant events evidence that we often lose sight of the very real ~~if~~ undramatic progress ~~that is~~ being made by the South Vietnamese. South Vietnam has taken major steps to establish a more effective and responsive government. In addition to the more publicized national elections, today approximately 95% of the hamlets and villages in South Vietnam have elected officials. In the 1970 election for the Upper House, approximately 65% of those registered voted, and interest is already high in the 1971 Presidential and Lower House elections.

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That the South Vietnamese are matter-of factly preparing for these major elections in the midst of war attests to their confidence in their insitutions.

It cannot be denied that there is some lag in the development of democratic institutions and practices in South Vietnam, but this is not unexpected in view of their long history of mandarin administrative tradition, a long period under French colonial rule, the absence until recently of a constitutional system with an independent legislature and judiciary, and above all the prolonged state of war.

The Government of South Vietnam has undertaken important social and economic reforms. Land tenancy is being abolished and former tenants are being given the land they till. In 1970, Vietnam's rice production reached the level of self-sufficiency for the first time since 1964. The government has organized a People's Self-Defense Force which now numbers about 2 million people and has distributed more than 400,000 weapons to its neighbors, a significant expression of mutual confidence between government and citizenry.

The concept of Vietnamization has received wide acceptance in South Vietnam, including the recognition that Vietnamization will result in the South Vietnamese continually standing alone in the struggle against Hanoi.

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Additional encouraging signs are the increased ability, aggressiveness and morale of the Vietnamese armed forces and the significant improvement in their leadership.

As President Nixon announced in April: "... the the American involvement in Viet-Nam is coming to an end. The day the South Vietnamese can take over their own defense is in sight. Our goal is a total American withdrawal from Viet-Nam. We can and we will reach that goal..."

Our guiding principle both in our negotiations and in the process of Vietnamization is to preserve the opportunity for the South Vietnamese people to determine their own political future without outside interference. We have made and we will continue to make the strongest efforts to achieve a negotiated solution with the other side in Vietnam, but we cannot impose a political future on South Vietnam at the Conference table.

The Seven Point proposal announced by Madame Binh in the Paris talks on July 1 appears to contain positive as well as clearly unacceptable arrangements, and it will be most carefully studied. We hope that serious negotiations, which we have long sought, can now begin. While we are flexible, we cannot accept an arrange-

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ment that would have the effect of turning some 17 million South Vietnamese over to the Communists.

At the same time we believe that the policy of withdrawing our forces as the South Vietnamese become more capable of assuming the burden of their own defense, coupled with the statement by the President that our forces will not be completely withdrawn until American prisoners of war are released, provides the best hope of bringing all of our men out of Vietnam in such a way that the South Vietnamese have a reasonable chance to survive as a free people.

~~VIII.~~ Outlook for the Future

The struggle to achieve a lasting peace for Southeast Asia and an atmosphere in which the economic development of the region can proceed rapidly without outside interference is far from over, but there are encouraging signs that we will eventually arrive at such a point. While it is too early to predict what may happen in the next few years there is at least reason for hope that Peking, the People's Republic of China, may move toward a more amicable relationship with the states of Southeast Asia, thereby greatly decreasing regional tensions. There is also the growing assertiveness of the Southeast Asian states themselves as they become increasingly anxious to take their own initiatives and apply their own solutions

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to the problems facing them.

A good example of this new spirit can be found in Cambodia, where Khmer nationalism has been activated and is the strongest force working to preserve that nation's freedom. Cambodia's armed forces have been rapidly expanded by volunteers from its own population, and while Cambodia has requested and received material aid from outside sources, the Khmer people have supplied their own incentive and desire to maintain their independence.

What I have outlined is the other side of the coin; the reasons why we believe a new era is at hand in Southeast Asia. The adjustment, while welcome, will not be easy for any of us. The nations of Southeast Asia will almost certainly become more assertive. Even though this may complicate somewhat our relations with them, this trend can have only a most salutary effect on the stability and independent development of Southeast Asia.

Its major impact will fall on those who seek to impose their will on the people of the region -- who seek to change their governments, alter their institutions and reorient their concepts. How much better it would be if those who seek to disrupt the area would get in step with the new nationalism of Southeast Asia; if they would join in constructive efforts to remove this area from the arena of great power conflict and create conditions under which the free Southeast Asians themselves can at long last determine their own destinies free from outside interference. This is the spirit of the new Southeast Asia. It is a spirit we share and support. IRWIN

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