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reduction.

3. That you approve continuation of economic and technical assistance, civic action programs, and nonmilitary training and equipment for police and internal security forces, unless and until Indo itself moves to alter these.

Discussion:

Sukarno's recognition of North Viet-Nam on August 10, his strongly anti-American speech of August 17, and Indo landing of August 17 north of Singapore are adverse developments that should compel us to withhold major actions we might otherwise have taken under paragraph one above. At same time we wish to avoid any drastic or highly publicized action that might lead Indo to cut off other assistance programs that we believe to be useful, or that might endanger important U. S. private investments in Indo. Attached memorandum describes situation and proposed action in greater detail.

Secretary of Defense concurs in these recommendations. UNQUOTE

Back-up memorandum mentioned in penultimate paragraph above will be forwarded by pouch.

GP-3.

End.

RISK

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