

# || CHAPTER SIXTEEN

## DOMINOES: EAST ASIA

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AN AMERICAN takes his daughters, nine and ten, to China. The night before they are to enter Beijing, they stop at a hotel nestled in verdant hills outside Tokyo. The hotel patio is adorned with grass huts, and luau music is being piped in, to simulate the atmosphere of the South Pacific islands where World War II was fought. One wonders how many people know or even care what is on those islands now—except for the ghosts of the best young men that the United States and Japan had to offer.

It occurs to the father to explain to his daughters that their country was once at war with these people they have been talking to all day, and who are now serving them drinks. That was the war their grandfather went to. The idea seems so strange to the ten-year-old that she responds only with a quizzical look.

She has often expressed a naive misunderstanding of war, as if it were some single ongoing event that moves from place to place, like a scary carnival. She has seen war on the television news, usually, each day, in a country different from the one that had been shot up the day before. And she knows that her father reported on war in Afghanistan for his newspaper. “Will the war ever come here?” she sometimes asks. She is genuinely afraid.

Feeling committed now to amplify his original statement, the father says that the United States once dropped terrible bombs on Japan. Then, in fairness, he has to add that the Japanese had started it all by dropping bombs

on Hawaii. This only elicits more quizzical looks. Why would anybody want to bomb Hawaii? People *live* there. You go *swimming* there.

How, then, to explain that twice in her father's lifetime—once even in the brief span of hers—the United States has sent its young men to Asia to fight the Chinese (or, in Vietnam, a threat that was perceived to be Chinese)? Fourteen-and-a-half million U.S. servicemen went to Korea and Vietnam to fight China; 112,901 died, another 258,703 were wounded. And the other side lost more.

How can a couple of American kids now go to China on their summer vacation—unarmed? Why have the Chinese been so friendly in extending an invitation? Why is the U.S. government now selling high-tech equipment of potential military use to China? Unlike Japan, China never surrendered, or turned over its government to the U.S. for redesign. The U.S. and China do have a common antagonist in the Soviet Union, but that was true the whole time U.S. troops were fighting in Vietnam. So what has changed so quickly, and so dramatically, as to warrant this reversal of attitude toward China? Them? Us?

“ASIAN Communism,” or the new “Yellow Peril” (racial mystery made it appear more potent), was a misperception rooted in a time of unexpected fear. Sociologists, psychologists, and historians could probably find all sorts of explanations for this misperception, but certainly one explanation was the need for a scapegoat. Barely past the euphoria of winning World War II, we suddenly found ourselves, as never before in U.S. history, exposed to a danger we could not escape or control: Soviet nuclear power. After all the sacrifice and victory, we were worse off than before. We were just minutes from death. So frightening and unjust was this situation that great irrationality was inspired.

In panic, we sought ways to distill the danger into something containable—one evil, small enough that we could grasp it and snuff it out. We could have chosen nuclear weapons themselves to be the evil essence. We might then have restrained the production of those weapons, maybe not altogether, but at least to quantities and sizes that are small enough to hide, and therefore too small to destroy whole continents.

Of course, given the propensity of the U.S. and U.S.S.R. to meddle in the affairs of other countries, the absence of nuclear arms might have led to a conventional war between the two, which the nuclear danger has so far prevented. Because of the nuclear danger, the major powers have battled only indirectly, mostly in the Third World, where bystanders shed most of the blood.

Skirmishes mount up, though. With each Korea and Vietnam, the U.S. nickels and dimes its way toward the enormous casualty figure that a Soviet-American conventional war might have brought all at once. And we make

these Third World sacrifices without achieving a weakening of the Soviet adversary. The nuclear terror has brought us a pretty hollow peace. If the U.S. had striven for a spirit of cooperation to forestall that terror, we might just as easily have escaped without major casualties, and without any more concessions to Soviet tyranny than we've had to make anyway.

At any rate, the U.S. did not choose nuclear weapons for its scapegoat. The U.S. got hysterical about communism. We had never much liked communism, and for good reason. But in the past, we had been able to deal, when necessary, with people who advocated it. Communism hadn't stopped us from allying with the Soviet Union to defeat Germany. A lot of the left-wing liaisons that cost people their jobs in the U.S. during the 1950s had been perfectly tolerable in the 1930s when the liaisons took place, back when the enemy was poverty and the Great Depression.

We had faith that communism, like other forms of dictatorship, would not take hold in the U.S. because the U.S. had a superior system and most people would see that. Obviously this faith was justified, and the United States is in no more danger of succumbing to communism now than it was in 1950.

When communism became a scapegoat, however, it was no longer an evil among evils. It was a unique evil—so insidious that it could override all cross-cultural barriers and all known norms of human behavior. Thus the Chinese revolution could never be seen as an ordinary civil war, the coming of yet another dynasty to China. One side called itself communist. That side must, by our perception, consist of brainwashed hordes, manipulated by a handful of satanic agents. It was inconceivable that they were rational human beings pursuing what looked to them, rightly or wrongly, to be the most advantageous course.

Even though all the participants were Chinese (and not a single truckload of arms from Cuba was reported), it was still not a civil war in our eyes. It was an invasion—if not of foreign men, then of this evil foreign *thing*, communism. Long after the victory of Mao Zedong was sealed, the U.S. refused to recognize his government. Instead, it recognized Chiang Kai-shek's government on Taiwan as the true government of China, and not just by way of formality, but with a vengeance.

More important, the U.S. rejected overtures from Mao *during* the Chinese civil war, when good-faith discussions might have substantially modified his future course. Instead, the U.S. actively supported Chiang, up to and well beyond the moment he fled from the mainland. The CIA's Civil Air Transport, the airline flying Chiang's logistical support, simply pulled up roots in Shanghai and Nanking and opened an expanded headquarters in Taipei. Then it gradually evolved into Air America in time to join our Indochina campaign.

IN the first few years after World War II, Soviet-organized armies tested our World War II truce lines. Defending these lines required no bloodshed

in Berlin, and should have required relatively little in Korea. Just three months and one week after the North Korean invasion of South Korea in June 1950, the U.S. had secured South Korea, occupied much of North Korea, and broken the North Korean army's capacity to wage war. At this point, U.S. casualties stood at 3,614 dead, 4,260 missing or captured, and 16,289 wounded.

Then U.S. action widened the war to include China. U.S. troops drove to the Chinese border in North Korea, while the U.S. military established bases in the Chinese province of Taiwan, in hostility to the Chinese revolution. General Douglas MacArthur, the supreme commander in Korea, visited Taiwan to coordinate his war effort with the continuing attempts of Chiang Kai-shek to recapture the Chinese mainland. The CIA's Civil Air Transport carried on a secret war against China; it dropped commando teams onto Chinese territory and supplied remnants of Chiang's army that had based themselves in Burma and repeatedly invaded the Yunnan province of China. MacArthur publicized his beliefs that he and Chiang were fighting the same war, and that it should be taken to the mainland.

The Chinese had tacitly accepted the U.S. defense of Taiwan, biding time until they could negotiate or inveigle a change. But they wouldn't tolerate the U.S. Army, a self-declared enemy, fronting against mainland territory. The Chinese didn't leave their intentions to guesswork or speculation. They announced precisely what they would do to prevent the North Korean buffer state from being overrun, and when the U.S. wouldn't listen, they did it. Their entry into the Korean War—only after U.S. troops and planes were at the Chinese border—extended the war tenfold to thirty-seven months, and increased the U.S. casualties by about tenfold to 54,246 dead and 103,284 wounded.

The North Korean army that originally invaded South Korea was built and trained *not* by the Chinese, but by the Soviets, who occupied North Korea from 1945 until the very end of 1948. The Korean invasion was a last-gasp Soviet effort to see if they could pick up some free turf along the World War II truce lines. The effort was fairly easily rebuffed. But the U.S. turned that last Soviet gasp into a vision of the first breath of power of the new Asian Communism.

THE U.S. then saw its task as keeping this evil *thing* from spreading to still other countries. Invasion routes were imagined in arcs running from China to Indochina, Thailand, Burma, East Pakistan (now Bangladesh), and on to India in the west; through Malaysia, Singapore, Indonesia, Australia, and New Zealand to the south; and the Philippines, Taiwan, Korea, and Japan to the east and north.

President Eisenhower told a press conference, "You have a row of dominoes set up. You knock over the first one, and what will happen to the last one is that it will go over very quickly. So you have a beginning of a

disintegration that would have the most profound influences." He also told Winston Churchill, "If... Indochina passes into the hands of the Communists, the ultimate effect on our and your global strategic position... could be disastrous."

As Eisenhower pursued this belief, it was the U.S.—not at first the North Vietnamese—who violated the accords that settled Indochina's war of independence from France. Ngo Dinh Diem was taken out of a Catholic seminary in New York State (where he chose to spend the years of his country's fight for colonial independence), and was posted as our man in Vietnam.

The administration Diem headed in Saigon was not even a government as such under the peace settlement. It was a caretaker administration, pending national elections in 1956. When 1956 came, however, Diem—not the Viet Minh administration in the north—declared that there would be no elections. Eisenhower later conceded what everyone involved believed: that Diem would probably have lost an election, and that Ho Chi Minh, the Viet Minh leader who was both a nationalist and an avowed communist, would probably have won it.

General Edward Lansdale and his team of commandos had already headed into the northern half of Vietnam, which was officially one country, very temporarily partitioned. Lansdale and his men were contaminating the oil supply, and spreading antigovernment rumors—techniques that Lansdale would use in his later campaign against Cuba. Historians have treated Lansdale favorably, for the same reasons that presidents liked him. He concentrated on trying to convert, rather than slay, the enemy. And he continually challenged the overoptimistic status reports that more conventional commanders were supplying to Washington. Thus he was a modern, realistic, intellectual-style warrior.

But he still advocated, as well as led, intervention in Vietnam and Cuba, two actions that brought disastrous defeats to the United States. And, unlike most Americans who were called upon to express opinions on these issues at the polls, he knew the truth. He knew the State Department was lying when it told the American public that North Vietnam and Cuba had initiated the violent conflicts. He knew that the U.S. had begun the violence, because he, as much as any military man, was responsible for it.

Lansdale recalls one rumor as being particularly effective when dropped around a Vietnamese marketplace. If he wanted to isolate a certain village because its work for the communist cause was successful, his agents would falsely suggest that the village was receiving aid from the Chinese. Lansdale and his men had learned that Mao's Chinese were strongly disliked, even by followers of Ho Chi Minh. That should have been a tip-off right there that a basic assumption of U.S. Asian strategy was way off the mark. But the assumption survived.

THERE were plenty of other tip-offs. Ralph McGehee, a former Notre Dame football star who served as a CIA officer in southeast Asia throughout this period, mentioned some in his memoirs, *Deadly Deceits* (Sheridan Square Publications, 1983). McGehee recalled numerous pieces of intelligence he tried to submit to superiors, all of which suggested that the substance of U.S. policy was in error, or that the tactics being employed to carry it out were malfunctioning. The reports weren't circulated. Among them was an intelligence coup that passed through McGehee's hands while he was working at CIA headquarters in Langley, Virginia.

Someone had obtained an internal Chinese government document for use by Chinese diplomats that outlined China's policy goals toward many countries. The forty-page document indicated that China's intentions toward these countries were not nearly so hostile or conspiratorial as Washington imagined. The document included considerable detail, and it all ran counter to the U.S. government's image of China's aggressive intentions.

McGehee stressed its importance to superiors, but later found out that they had refused to pass the information up the ladder, even though the document's authenticity was never doubted. One reason was that it wasn't what the agency and the White House wanted to hear. Another, McGehee wrote, was that "case officers developed a very personal interest in keeping China as one of the primary enemies of the United States. Promotions, foreign travel, and assignments abroad all depended on maintaining that concept."

Washington continued to insist that North Vietnam was just an extension of the spreading evil known as Communist China (as distinguished from the real China, which wasn't *in* China anymore). So the U.S. government increased its aid to, and reliance on, the South Vietnamese government of Ngo Dinh Diem.

Diem's Roman Catholicism didn't inspire the loyalty of his Vietnamese constituents. The great majority of them had not been so captivated by Western missionaries, and still clung to various forms of Buddhism. But Diem's Catholicism helped him greatly in Washington. Much of the expert advice that the U.S. government and people were getting came from Catholic missionaries, such as Thomas A. Dooley, a physician and best-selling author. Dooley's sympathetic accounts of refugees flowing south from newly communized North Vietnam were presented in the context of drumming up support for Diem.

Some important people had befriended Diem at the New York seminary where he stayed. They began to champion his vision of a non-French, non-communist Vietnam. One was the politically influential Francis Cardinal Spellman, a militant anti-communist, and Church leader for all the Catholic voters around New York City. Another was young Senator John F. Kennedy.

While known as a liberal, Kennedy was also concerned with avoiding any of the "soft-on-communism" taint being passed around by his still respectable

Irish Catholic colleague, Joseph R. McCarthy (for whose committee Senator Kennedy's brother Robert worked). John Kennedy became a charter member of a Diem-related organization called the American Friends of Vietnam.

Kennedy's commitment to maintaining an independent, anti-communist South Vietnam was not nearly so hesitant as some of his supporters, and Lyndon Johnson's detractors, later wished it. In 1956, he said that Vietnam was "the cornerstone of the free world in Southeast Asia, the keystone to the arch, the finger in the dike. . . . Burma, Thailand, India, Japan, the Philippines. . . are among those whose security would be threatened if the red tide of communism overflowed into Vietnam. . . . The fundamental tenets of this nation's foreign policy . . . depend in considerable measure upon a strong and free Vietnamese nation."\*

In the closest thing we have to a Kennedy memoir—"my substitute for the book he was going to write"—his most intimate aide and speechwriter, Theodore C. Sorensen (later, Maurice Tempelsman's lawyer) described the extent of Kennedy's commitment. The beginning of Sorensen's discussion of China (or as his topic heading labeled it, "Red China") was truly remarkable. It said (emphasis added):

"Behind both the Laotian and Vietnamese crises loomed the larger menace of Communist China. That nation's unconcealed, unswerving ambition to impose upon the Asian continent a system bitterly hostile to *our* fundamental values and interests imposed in turn upon John Kennedy an obligation not to desert *any independent government desiring our protection.*"

By this dictum, any tyrant who might grab control of some spare spit of Asian real estate, whoever he was, whatever he did, could always write out a check against China, and as long as Jack Kennedy was there, the American taxpayer would honor it. Or, turn the passage upside down, put it in the mouth of a Chinese historian, and see how it comes out:

"Behind both the Laotian and Vietnamese crises loomed the larger menace of the United States. That nation's unconcealed, unswerving ambition to impose upon the Asian continent a system bitterly hostile to *our* fundamental values and interests imposed in turn upon Chairman Mao an obligation not to desert *any independent government desiring our protection.*" That would cover North Korea and North Vietnam. It would also cover any left-wing Indonesian general who fired a pistol at his right-wing rival, grabbed a microphone, and announced that he was in charge and wanted the Chinese army to keep him that way. There would be one mitigating difference, however, if this presumptuousness had come from a Chinese: at least they live in the neighborhood.

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\*Thanks for this quote to Frances FitzGerald in her monumental book on Vietnam, *Fire in the Lake* (Atlantic Monthly Press, 1972).

THIS warlike U.S. attitude continued right up to the threshold of our rapprochement with China in 1972. On October 12, 1967, for example, our fundamental purpose was questioned and defined, very directly, at a State Department press conference. The unequivocal pronouncement came from the government's chief foreign policy spokesman, Secretary of State Dean Rusk:

"Q: Mr. Secretary, one of the questions—basic questions—that seems to be emerging in this Senate debate is whether our national security is really at stake in Vietnam, and whether Vietnam represents an integral part of our defense perimeter in the Pacific. . . . I think it would help in this debate if you would perhaps elaborate and explain why you think our security is at stake in Vietnam."

"A: Within the next decade or two, there will be a billion Chinese on the mainland, armed with nuclear weapons, with no certainty about what their attitude toward the rest of Asia will be. Now the free nations of Asia will make up at least a billion people. They don't want China to overrun them on the basis of a doctrine of the world revolution. The militancy of China has isolated China, even within the communist world, but they have not drawn back from it. . . . Now we believe that the free nations of Asia must brace themselves, get themselves set, with secure, progressive, stable institutions of their own, with cooperation among the free nations of Asia. . . . Now from a strategic point of view, it is not very attractive to think of the world cut in two by Asian communism, reaching out through southeast Asia and Indonesia, which we know has been their objective, and that these hundreds of millions of people in the free nations of Asia should be under the deadly and constant pressure of the authorities in Peking, so that their future is circumscribed by fear. Now these are vitally important matters to us, who are both a Pacific and an Atlantic power. After all, World War II hit us from the Pacific, and Asia is where two-thirds of the world's people live. So we have a tremendous stake in the ability of the free nations of Asia to live in peace and to turn the interests of people in mainland China to the pragmatic requirements of their own people, and away from a doctrinaire and ideological adventurism abroad."

It must be remembered that Rusk had spent nine years as president of the Rockefeller Foundation before moving over to the State Department. So he naturally tended to overstate the stake that Americans not on the Rockefeller payroll had in the political problems of distant peoples with strange cultures. Also, words like "free" translate poorly when trying to describe, say, the Philippines.

But in general, everything worked out just the way Rusk said it had to. In fact, it worked out even better than his most optimistic forecast allowed. It worked out that way the minute the U.S. *lost* in Vietnam, brought its troops home, and resumed a primarily commercial rather than military relationship with the nations of the area.



Instead of falling like dominoes, Thailand, Malaysia, Singapore, and Taiwan blossomed. Generally, the whole region did. Southeast Asia was identified by the World Bank in the late 1970s as the world's premier economic growth area. Instead of left-wing guerrilla insurgencies' flourishing, they died down. (Robert Shaplen has reported in the *New Yorker* that the rulers of Indonesia and South Korea, believing their U.S. tutors, braced themselves for trouble right after the fall of Saigon, and were surprised when nothing happened.)

The region's problems aren't resolved, of course, even to the extent they could be. Only a fool would be surprised by new upheavals in the Philippines or Indonesia. Radical-left governments could emerge. But that will be controlled by conditions within those countries. They are certainly not "under the deadly and constant pressure of the authorities in Peking." To the extent that "their future is circumscribed by fear" of any outside force, it is fear of the United States that haunts them.

TAKE the case of the country Rusk singled out as needing protection from China: Indonesia, the fifth-largest country on earth, with about 150 million people. Indonesia became an independent country under the leadership of Sukarno (like many Indonesians, he went by only one name). He was a lifelong independence fighter who was (and still is, in memory) generally respected and beloved by his people. Spiritually, he did much to help them. He gave Indonesians a sense of national identity, and a national language.

Typical of the problems he faced, and how he solved them, Sukarno picked a minority tongue from East Sumatra to be the Indonesian language because of its simplicity. Even though Javanese was spoken by 60 percent of the people, Sukarno decided that Javanese was too difficult grammatically; it also grated against his democratic ideals, because it was structured on a caste system that required different words to be used depending on whom one was addressing. Indonesians now almost universally applaud Sukarno's choice of the Sumatran dialect, and use it.

But, like so many postcolonial leaders, Sukarno had fallen into the trap of judging the capitalist economic system by the way the system worked in the colonies. Just as the U.S. today defends monopolistic, non-free market economies, the European colonial countries generally did not export a free market system as an example to their foreign wards. Rather, they sent abroad a form of feudalism.

Thus to Sukarno, capitalism was an economic system under which the Dutch owned everything. This system worked fine in Holland, where everybody was Dutch, but in Indonesia it seemed grossly unfair. So Sukarno adopted socialism. The Indonesian economy, potentially one of great wealth, was mismanaged. Inflation ran rampant, discouraging trade. Natural re-

sources weren't properly exploited. The political environment discouraged Western investment, and nothing took its place.

Available funds were wasted on grandiose spectacles, while badly needed rural development went unattended to. The crowded central island of Java, where the government sat, became more crowded, while Sumatra, a vast green expanse of fertile land, valuable mineral deposits, and potential tourist sites, languished. People were discouraged from the pursuits of simple farming, by which they had always lived, but weren't offered a more sophisticated alternative. While Sukarno still held the gratitude and affection of millions, the economic situation had engendered some strong political opposition, particularly on Sumatra.

The U.S. didn't wait for that opposition to wax or wane in its natural course. It invaded.

The U.S. action to overthrow Sukarno in 1958—really, bald-faced aggression—attracted little public attention in the U.S. Although similar to the Bay of Pigs invasion, and far grander in scale, it was so far away that most Americans aren't even aware of the disaster. But L. Fletcher Prouty, the liaison officer between the CIA and the air force, and a longtime military intelligence official with experience in Asia, has written a detailed account.\*

The CIA trained large numbers of Indonesian dissidents and mercenaries at bases in the Philippines, and returned them to Sumatra, where they recruited other rebels. Prouty puts the number of trainees at 42,000, based on the number of rifles the CIA asked the marines to supply (it was so many rifles, Prouty writes, that the marines had to go to the army for 14,000 of them, which puzzled army brass because they hadn't been informed of the operation).

Meanwhile, the U.S. Air Force, from a base in Taiwan, supplied a fleet of old B-26 bombers, refitted with a new machine gun package that greatly enhanced their firepower. Former U.S. military officers, working as CIA

\**Gallery* magazine, August 1976. Large parts have been confirmed from other sources. Ralph McGehee, the retired CIA officer, has referred to the 1958 Indonesian operation in two manuscripts, though CIA censorship deleted big chunks. The actual number of men taken out of Indonesia, trained, and returned has been impossible to learn.

It seems outrageous that the U.S. government can still hide its role in the 1958 invasion of Indonesia, or in the 1965 coup there. The voters and taxpayers who employ the government need to know what has gone on in countries like Indonesia in order to exercise control over U.S. policies today, or even to understand what those policies may be. It seems impossible that information on events twenty or twenty-five years old, where no nuclear technology was involved, could include legitimate military secrets—that is, could threaten life or U.S. security today. Little if any of the 1958 material could even involve people in power in Indonesia today.

Obviously, the material is being kept secret because it is embarrassing to those in the U.S. government who advocate continuing the same policies. If the U.S. government did things it's ashamed of, it shouldn't have done them—and the voters and taxpayers have a right, and a duty, to pass judgment.

mercenaries, flew the planes. The U.S. Navy landed many of the rebel troops on Sumatra by submarine, while others were parachuted in from the Philippines. Sumatra was where several U.S. oil companies were pumping, including a unit of Standard Oil of California. A rebel government was established and lasted several months.

Of course, the U.S. press, and history books, recorded the whole episode as a native rebellion. Sukarno was, to say the least, suspicious. At the height of the invasion, Howard P. Jones, the U.S. ambassador, answered Sukarno's suspicions by denying any U.S. involvement. He declared that Washington had no intention of interfering in the internal affairs of Indonesia. Reporting Jones's statement from Djakarta for the *New York Times*, Bernard Kalb noted, "Communist propaganda linking the United States with the rebels has been getting wide publicity here."

Premier Viliama Siroky of Czechoslovakia, visiting Djakarta, correctly accused the U.S. of supporting the rebellion. It seems likely that he did so in order that Sukarno, who himself had been trying to buy arms from the U.S., could maintain a diplomatic pose. Kalb wrote in the *Times*, "Some Western diplomatic sources said tonight that Mr. Siroky had committed a grave breach of diplomatic protocol by making accusations during a state visit against nations with which Indonesia has diplomatic relations."

Although such one-sided pronouncements were reported, apparently there was no attempt—by *any* newspaper—to find out if the charges were true. (Kalb failed to return several phone messages, although a secretary said he had received them.) Even after a U.S. pilot was shot down and captured, the evidence wasn't considered impressive; the pilot's company hadn't yet been exposed as a CIA front.

After Sukarno was turned down by the U.S., he bought small arms and military jets from Yugoslavia, Poland, and Czechoslovakia to help repel the invasion. The State Department condemned him for it. Secretary of State Dulles said the U.S. wouldn't arm either side. "We intend to conform scrupulously to the principles of international law," he intoned.

At a press conference, he was specifically asked, "Mr. Secretary, have we received a request for arms from the Indonesian rebels in Sumatra?"

And he replied, "No, we have not."

"And while he was publishing that falsehood," Prouty writes, "the United States furnished and piloted B-26 bombers, and these were bombing shipping in the Makassar Strait. Some had even flown as far south as the Java Sea. Almost immediately all insurance rates on shipping to and from Indonesia went on a wartime scale and costs became so prohibitive that most shipping actually ceased," which certainly didn't help the struggling economy Sukarno was trying to sustain. The effective embargo on Indonesian exports also didn't help U.S. motorists in the market for a new set of tires or a tank of gasoline.

Politically, the CIA-sponsored rebellion achieved exactly the opposite of

what it supposedly intended for Indonesia. When Sukarno's army crushed the rebels after a few months, he immediately tightened security by abolishing the existing democratic framework. In 1960, he abolished parliament, and in 1963 he had himself named president for life.

Then, in 1965, a strange and terrible series of events occurred in Indonesia, that has never been satisfactorily explained. The standard published version is that leftists in the government staged a coup to wrest complete control, either of the government or of the army, and began by killing six army officials; the army, led by General Suharto (another one-namer), then staged a retaliatory coup against the left, reduced Sukarno to a figurehead, and called in massive U.S. military and civilian assistance. This doesn't make complete sense, because Sukarno was already in power and hardly needed to stage a coup against himself, though perhaps it's conceivable he wanted to snuff out some independent voices, or that the communists wanted more influence over him.

At any rate, we know these things for certain: U.S. military, intelligence, economic, and administrative experts immediately flocked to Indonesia and began reorganizing things. The generals, with the advice of U.S. government agents but hardly against their own inclinations, had the army begin a massive elimination of communist sympathizers throughout Indonesia. Estimates of the number killed have ranged from a low of 300,000 to a high of one million.

From *Time* magazine:

"Backlands army units are reported to have executed thousands of communists after interrogation in remote rural jails. . . . Armed with wide-blade knives called *parangs*, Moslem bands crept at night into the homes of communists, killing entire families and burying the bodies in shallow graves. . . . The murder campaign became so brazen in parts of rural East Java that Moslem bands placed the heads of victims on poles and paraded them through the villages. The killings have been on such a scale that the disposal of the corpses has created a serious sanitation problem in East Java and Northern Sumatra, where the humid air bears the reek of decaying flesh. Travelers from these areas tell of small rivers and streams that have been literally clogged with bodies; river transportation has at places been impeded."

TRAVELING through Indonesia more recently, one notices a particularly cruel and unfriendly streak in people. That's especially true in contrast to the Indonesians' neighbors to the north, the Filipinos, who have borne their bad government with a saintlike grace, warmth, and generosity. In Indonesia, you constantly see kids throwings stones at dogs or goats, or at each other, and sometimes even at you. People on the street often snarl or sneer when asked for help or simple directions.

But no history of unfriendliness can explain the scale of human slaughter

that occurred in Indonesia in 1965–66. Teams of U.S. advisors were on the job through all of it. Exactly how big a role they played—suggesting the killings, or merely congratulating the killers—can't be said for sure. Nor is there evidence that the U.S. advisors knew how far the killing would go once it started, though they did watch as it unraveled.

Ralph McGehee, the former CIA officer who couldn't get superiors to listen to him about China and Vietnam, was also involved with Indonesia. Much of what he wanted to write about the 1965 coup was censored by the CIA. This much was published: "The Agency seized upon this opportunity [General Suharto's coup] and set out to destroy the PKI [Indonesian Communist party]."

McGehee wrote of a CIA-planned campaign to spread false and incendiary propaganda. It began right after Suharto took over, when photographs of the badly decomposed bodies of the six army officials murdered by leftist plotters appeared in newspapers and on television. Wrote McGehee, "Stories accompanying the pictures falsely claimed that the generals had been castrated and their eyes gouged out by communist women. . . . This cynically manufactured campaign was designed to foment public anger against the communists and set the stage for a massacre."

The U.S. presence left the United States indelibly associated with that time in the minds of Indonesians. Sukarno was removed from office in 1966 and kept under house arrest until his death in 1970. The generals created a system of indirect elections, sometimes reported in the Western press as if they were real. The elections allow Indonesians to vote only for candidates from approved parties, and only for a minority of the members of an assembly that in turn elects the president (Suharto) and vice-president. There is no meaningful democracy.

AND, of course, under U.S. advice, General Suharto built an economy based on a much more ruthless brand of socialism than Sukarno had ever dreamed of. Perhaps the best description of this system was provided by reporter Barry Newman to readers of the *Wall Street Journal* in 1980: "Through a maze of cooperatives, foundations, and private holdings, the armed services. . . have a dominant interest in hundreds of companies. . . . The military-dominated companies run banks, bus lines, and movie theaters. Foreign investors and influential local Chinese have taken them on as partners (in return for their contacts, not their cash) in dozens of ventures from logging to insurance.

"Admiral Lines, a shipping company, is widely recognized as being owned by the navy," Newman wrote. "The military elite, along with its bureaucratic and business associates, gets many of the choice concessions, contracts, and licenses. Projects opposed by the country's development experts are often approved anyway, and at least partly as a result, the gap between rich and poor is widening. Perhaps more important, the system has frustrated the

ambitions of small entrepreneurs who don't have pull."

A secret World Bank report in 1981 found essentially the same thing Newman had. "A study of ownership patterns in Indonesian industry," it said, "shows that several hundred of the largest industrial concerns are partially owned by high-level military or government officials or their immediate families." In other words, foreign investors were coerced into giving away part of their companies to Indonesian government officials.

Optimists might hope that private ownership, even if unfairly and monopolistically distributed, could inspire the new Indonesian owners to sharpen up their industrial management skills and develop their country's economy. But the World Bank report discounted this possibility. The incentive, the bank said, was for wealthy power-brokers to concentrate their time "developing their connections and maximizing their returns as front men." In other words, there was more money to be made by increasing the number of up-front cash rake-offs than by developing the businesses afterward.

Sukarno's government had been corrupt, but Indonesians—at least in retrospect—tend to forgive this, or to describe it as a kind of foible. Certainly it pales against the multibillion-dollar graft that developed under Suharto, when Western businessmen arrived and found that control of both government and commerce was in the hands of the same small circle of generals. When the price of oil then shot up, the generals and businessmen acted like kids who had picked the lock on the candy store.

All of Sukarno's graft and waste stood on end couldn't reach the kneecaps of the corruption at just one of Suharto's state-owned enterprises—Pertamina, the oil company Suharto created in 1968. It had sole rights to Indonesia's oil and gas, and all related ventures. And Suharto placed it in the hands of a general, Ibnu Sutowo. With the OPEC price increases, Indonesia's oil export revenue soared from \$232 million in 1966 to \$5.2 billion in 1974. Western firms lined up to get the money. They were selling telecommunications systems, steel mills, tanker fleets, anything that might strike an Indonesian general's fancy.

Of course, that also included weapons. There were squadrons of U.S. Skyhawk jets, a single \$112 million squadron of F-5 fighters, landing ships, tanks, submarines, patrol boats, plus new vehicles, rifles, and uniforms for sixty combat battalions. (It's an irony worth noting that the only country that ever invaded independent Indonesia was the United States.)

So that the generals could spend even more than \$5.2 billion a year, the banks scrambled to lend Indonesia money, secured by oil that wouldn't be pumped for years. A former senior executive at one of the five largest U.S. banks says that Indonesia became his bank's most profitable country of operation for a while in the 1970s, more profitable even than the U.S. These profits, he explains, were largely built on the discrepancy between heavy loan demand and the lack of an investment market. On the one hand, the Indonesian government was gobbling up loans so that it could buy things to

be paid for with future oil revenue. On the other hand, many people were developing sizeable incomes and had no convenient place to put their money.

The economy that had been created by U.S. advisors and was being run by U.S.-trained Indonesian "technocrats" was centrally controlled. It offered little opportunity to invest locally, and the controls forbade the export of cash (unless you were a general, and could sneak it abroad). So a spread of 9 percentage points developed between the low interest rate that the bank paid to its Indonesian depositors and the high interest rate it charged the Indonesian government on loans backed by the full faith and credit of the country. This spread was pure profit.

THOSE profits are considered legitimate. Now we get to the corruption, which is just as impressive. For example, the government rice-purchasing and trading agency has been hit by recurrent scandals. One time, the agency, known as Bulog, or the National Logistics Board, was found to be taking money designated for buying rice from farmers, and putting it instead into a bank controlled by the army. Later, the head of just one provincial office of Bulog was arrested in a two-year, \$18 million swindle of farmers and others in the rice industry.

And, of course, Western firms clamoring to do business had to see somebody first. For example, in one case exposed by the SEC, Katy Industries Inc., of Elgin, Illinois, wanted an oil concession from Pertamina. So, the SEC said, Katy slipped \$316,000 in secret funds to Indonesia, part or all of which would up in the pocket of Indonesian vice-president Adam Malik. (Malik wouldn't talk to U.S. reporters about it, but denied all in the Indonesian press.)

Katy said it didn't knowingly pay money to Malik, but did pay fees to a consultant knowing that he "intended to reward some Indonesian officials for their help." And who was the consultant? He was I. Irving Davidson, a Washington wheeler-dealer who was a close friend of Malik, as well as of the Teamsters' Union crowd, with whom he arranged deals involving the scandal-ridden union pension funds they controlled.

In one of the baldest shakedowns in history, General Sutowo sent out letters on Pertamina letterhead soliciting "investments" in the Ramayana restaurant, a big New York eatery he was opening. The solicitations went only to companies the SEC said were "either doing business with, or negotiating to establish business relationships with . . . Pertamina." A company called Indonesian Enterprises Inc., which owns the restaurant, raised \$1.1 million through this method; Indonesian Enterprises turned out to be located in Pertamina's New York office, and General Sutowo, the head of Pertamina, turned out to be its chairman.

The companies that found his solicitation to be an offer they couldn't refuse included Mobil Corporation, Atlantic Richfield Company, Armco

Steel Corporation, Continental Oil Company, Monsanto Company, Phillips Petroleum Company, Dresser Industries Inc., and others. It also came out that Sutowo had pocketed at least \$2.5 million from a tanker deal Pertamina entered.

All this money that has been siphoned off on the side is part of the price that foreign companies are willing to pay for Indonesian oil, based on what oil costs elsewhere, and on how much they can get American customers to pay for gasoline. It is money coming right out of the pockets of Indonesian and American citizens.

PERTAMINA eventually collapsed in scandal, \$10 billion in debt and unable to pay. The money is still owed by the 150 million citizens of Indonesia, who have also learned that their oil reserves are a lot smaller than originally thought, and that their oil exporting days might be all over within a decade. Even *with* the oil exports, and the big boom years that were brought to them courtesy of Western investors, two-thirds of Indonesia's rural population and almost half the urban population (according to U.S. AID) lived at or below the subsistence level in 1982.

Indonesians eat only about 75 percent of the minimum daily calories they require. They are mostly without electricity or decent water. Most of the kids aren't in school, and have nothing else to do. Health statistics are miserable and the life expectancy is forty-seven years.

And we all know what happened next. The International Monetary Fund came along and demanded that food and fuel subsidies be wiped out. These were the price breaks that the government gave to Indonesian citizens, so they could buy the essentials of life for less money than the government would get selling the goods for export. By eliminating the subsidies, under the IMF plan, the government would sell all its goods at the higher prices, and raise more money to pay the foreign debt. And bills for essential items for Indonesians would rise by 90 percent. The Indonesian government, like so many other governments, bowed to the IMF.

And the *Wall Street Journal* had this to say in its "Foreign Insight" column when reporting the forced price increases for food and fuel in Indonesia: "There's little doubt . . . that by biting the bullet now, the government has chosen the responsible road to long-term economic well-being. After a period of economic dislocation and price adjustments, Indonesia's economy, the experts say, is likely to emerge stronger and healthier."

If Indonesians can't afford food to chew on, "the experts" will let them bite bullets.

How grateful the Indonesian people must be that 58,655 American soldiers gave their lives in Vietnam to protect Indonesia, one of "the free nations of Asia," from "the deadly and constant pressure of the authorities in Peking."