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DEPARTMENT OF STATE

Washington, D.C. 20520

October 31, 1975

Dear John:

At last the deed is done an I am forwarding the complete report on "U.S. Policy Interests in the Asian-Pacific Area."

I deeply appreciate your help in this matter. If you find anything of value in this report I hope it may be useful to the President.

I look forward to seeing you once I get back in my former routine.

With all good wishes,

Sincerely,

William R. Kintner
Ambassador

Mr. John O. Marsh, Jr.
Counsellor to the President
The White House
Washington, D.C.

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EXCISE

NLF MR Case No. 87-1
Document No. 2

US POLICY INTERESTS IN THE ASIAN-PACIFIC AREA
THE US PURPOSE IN ASIA*

The over-arching US purpose in East Asia is to (1) encourage the self-determination of the peoples living there and thus promote economic, social, political and cultural pluralism throughout the region; and (2) mitigate intense, political, economic subversive or conventional military competition, by proxy or directly, between powers hostile to the United States and Japan toward the achievement of "hegemony" in the region. Such competition will inevitably occur between the Soviet Union, the Peoples' Republic of China and Vietnam if the United States does not maintain a balanced, mutually supporting political, cultural, economic and military presence in the area. Excessive Sino-Soviet competition will destroy the possibilities for continued peaceful economic, social and political development according to the designs of each country in the region and quite possibly threaten their national integrity as well; (3) avert US-Japanese conflict, especially economic; and (4) preserve a meaningful US-Japan alliance.

Asia and many of the nations therein will inevitably become more important on the global scale and US economic, security and political interests there will grow commensurately. The US should anticipate the enhanced role of Asia and pursue a long-term, steady, many-sided program of mutual support, development and cultural contacts with the diverse peoples and nations of the Asian-Pacific area; by so doing the US might help bridge the gaps between the civilizations of the Atlantic and the Pacific basins and thus help prepare the stage for a future in which the peoples of both East and West can live ~~together in harmony.~~

DEPARTMENT OF STATE A/CDC/MR
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By KR, NARA, Date 7/1/87

*Study prepared by Ambassador William R. Kintner. The views expressed in this study are the author's own. They in no way express official State Department policy on any issue treated. Although INR provided administrative support for the study this support does not imply any endorsement of the views contained therein.

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U.S. POLICY INTERESTS IN THE ASIAN-PACIFIC AREA*

Summary Report

Table of Contents

*A study by Ambassador William R. Kintner.

US POLICY INTERESTS IN THE ASIAN-PACIFIC AREA*

EXECUTIVE SUMMARY

This study has sought to develop a new definition of US interests in the Asian-Pacific area following the collapse of American efforts during 1975 to sustain non-communist regimes in Indochina. It rationalizes a continued US presence in the various subregions of the area with a reduced, modified, but not insignificant, military presence. It proposes a concept of economic development for Southeast Asia by providing transfers of real resources through the creation of financial consortia for given countries involving governments (including OPEC members), international financial organizations and private banks. It calls for a major campaign to deal with the food-population syndrome in Southeast Asia. The study underscores the need for a strong and more creative cultural-psychological effort to offset the impression that the US is losing interest in that part of the world where its previous policies ended so calamitously.

The study suggests that in the global competition between the United States and the Soviet Union, the Asian-Pacific theater could provide the US with unique opportunities if we have the wit and the will to seize them. This assertion derives from the generally poor diplomatic tactics of the Soviet Union in Asia, traceable to their frequent clumsy, heavy-handed operational style, but more importantly from the Sino-Soviet conflict which manifests itself in varying forms throughout Asia.

*A study written by Ambassador William R. Kintner.

Although challenging the US for preeminence, the Soviet Union fears the pressures of conflict along its western and eastern extremities. Moscow is especially concerned about any strategic collusion between America's European NATO allies and the Peoples' Republic of China. The Soviet Union has therefore attempted to weaken the NATO alliance while simultaneously strengthening its military and diplomatic position throughout Asia. The Soviet naval array in the Mediterranean and Moscow's divisive European offensives have been complemented in Asia by the Soviet buildup along the Chinese border and promotion of the Soviet-sponsored Asian security scheme.

The Sino-Soviet dispute technically centers on a competition for ideological leadership, but in the last decade has expanded into a broad political conflict with military overtones. Fearful of a Soviet military riposte and apprehensive over a series of Soviet encirclement maneuvers, Peking has opened diplomatic doors to the US in the hope of offsetting Soviet pressures. For this reason, too, the Chinese favor a stronger Western Europe. The US-USSR-PRC relationship offers the US certain advantages because neither the Soviet Union nor the PRC wants the United States to warm up to its communist rival for fear that a gain for one will be a loss to the other. In addition, the Soviet Union and China still remain far behind the United States technologically and economically, except for impressive Soviet commitments and achievements in military capabilities. Given such advantages and free of the bitter ideological conflict gripping Peking and Moscow, the United States should be able to maneuver diplomatically more easily with the other powers than they can with each other.

The evolving American relationship with Peking is complicated by the basic outlook of Chinese foreign policy. Peking has pioneered a new conceptualization of today's international disorder. The Chinese strategy for achieving global ascendancy is based on mobilizing the Third World (most of the globe's population, resources and real estate) against both the capitalist-imperialist power, the US, and the social-revisionist power, the USSR. The Chinese identify themselves with the Third World, not as a superpower, and assert that the ultimate conflict is between "rural" Asia, Africa and Latin America and "urban" Europe and North America. The PRC is continuing to foster the "hardest" revolutionary activity in many parts of the world.

The manner in which the Sino-Soviet conflict has been waged in South Asia and in the Indian Ocean-Persian Gulf area may give a clue to its future conduct there and in other regions of Asia. The Soviet Union has persistently pursued expansionist policies in the region, and the area is lining up into two groups: pro-Soviet and pro-Chinese countries. The policies which both the Soviet Union and the PRC are likely to pursue in the various regions of Asia are almost mirror images.

The US cannot bring about and sustain a global political environment compatible with its open pluralistic socio-economic system unless it maintains a useful and cooperative association with many of the nations and people of Asia.

The pursuit of peace and prosperity in Asia, in particular, will depend on the depth of US cooperation with Japan. Japan occupies a unique category in the hierarchy of nations. It is not a great power in the traditional sense, yet its tremendous economic productivity--greater than all the countries of East Asia and the Pacific combined--make Japan both a source of dynamic influence and object of strategic cultivation. The intrinsic importance of the US-Japanese alliance should be obvious: a shift of Japan from the US orbit to either the camp of the Soviet Union or to that of the Peoples' Republic of China would alter the Sino-Soviet conflict favorably for that side. Furthermore, the security of the United States itself would be undermined.

Significant roles in the unfolding Asian drama will be played at lower levels of influence by many other nations. From time to time US officials have tended to overlook the intrinsic importance of the lesser powers and smaller countries which frequently create the problems which compel great power involvement.

The primary US goal in East Asia is to prevent the domination of that region by a single power hostile to the United States. Either the Soviet Union, the PRC or both, might <u>try</u> to exploit uncertainty, confusion and instability to achieve an ascendant political influence in the region, no matter how impossible such ascendancy may seem to the United States.

A secondary US goal in East Asia, therefore, is to prevent, if possible, such intense competition for "hegemony" (including for example, utilization of political and economic interference or insurgency warfare) that the stability of non-communist countries would be shattered by the process. (A precipitious US withdrawal from one of the regions of the East Asia-Pacific area would catalyze excessive Sino-Soviet competition.)

Unless the Soviet Union gains ascendancy in Asia it cannot win world preeminence. Soviet "hegemony" in Asia can be prevented. This would involve:

1. Maintenance of the US-Japanese alliance as the lynchpin of our security system for the Asian-Pacific region. An independent South Korea is essential to this goal.

2. Continuing liaison with the PRC and case-by-case cooperation.

3. Assuring, if possible, the independence of the ASEAN grouping of nations, but, unequivocably, the independence of Indonesia and the Philippines within that grouping.

To sum up the strategic arguments:

1. The semi-competitive US-USSR-PRC relationship is essential for American security; i.e., the survival of our democracy;

2. The main arena where the relationship will be tested lies in the Asian-Pacific area, where the future of half the world's population, much of the world's resources and important American economic interests are at stake;

3. While both the Soviet Union and the PRC fundamentally oppose the United States, their dispute gives strategic advantages which depend upon China's remaining independent of Soviet designs;

4. Unless the United States can cut an important diplomatic, military and economic figure in the region, the Soviets could conceivably gain an ascendant position in Asia;

5. We cannot cut such a figure until we understand correctly that detente below the nuclear level is only a tactical relaxation of tensions. While more negotiation and less confrontation in every region where the superpowers interact is preferable, unless we are prepared to meet significant adversary challenges as forthrightly as the Soviets and Chinese, we cannot continue in our role as a superpower. In this context, the public positions taken by the President, the Secretary of State and the Secretary of Defense to deter any possible North Korean aggression against South Korea deserve the fullest support of Congress and the American people. We must avoid at all costs giving the appearance of indecision and weakness;

6. Thus, the future security of the United States, bound up in the balance among American, Russian and Chinese competition, may be decided by our ability to contain Soviet designs in the Asian-Pacific area.

Within this framework the following specific regional and country policies are proposed:

Since the Soviet goal of world preeminence requires either rapprochement with or neutralization of the PRC, the US strategy should be to spoil Soviet endeavors to bring about either condition. In the strategic realm, as long as the PRC is markedly inferior to the Soviet

Union, the classic balance of power rule should apply: assist the weaker. In the event of a clearly imminent Soviet strategic thrust to the PRC, the US should inform the Soviets that the Soviet-American detente would be ended if the Soviets actually attacked China. In Asia, the US should seek to maintain equilibrium by maintaining a calculated, varying diplomatic distance between the two communist powers on a case-by-case, region-by-region basis.

Recommendations

The United States should:

A. Security

1. Retain indefinitely the US-Japan Mutual Security Treaty with modifications in US force deployments in Japan and changes in defense burden-sharing occurring primarily in response to Japanese desires rather than US pressure.

2. Maintain a strong forward basing posture utilizing existing facilities as long as possible, including 1.3(a)(5) continued development of Diego Garcia.

3. Seek diplomatically to maintain operational accesses to facilities in Japan and the Philippines into the indefinite future.

4. Anticipate during the next decade the denial of usage of some facilities located on foreign soil. Plan for augmentation of bases in Guam and the Marianas from which to project access to the Pacific and Indian Ocean littoral utilizing advanced technology including longer operating ranges of ships and aircraft with requisite communications.

5. Continue to provide military assistance and training to allied and friendly countries in the area (particularly the Philippines, Indonesia and Thailand) either through MAP or Foreign Military Sales.

6. Do not recognize the PRC and concurrently derecognize the ROC in a manner or time frame that could lead both our adversaries and our friends to further doubt our interest in and commitment to retaining active and cooperative security, political and economic relations with other Asian states.

B. Economic

1. Continue to encourage Japan, the ROC and the ROK to take a greater interest in the enormous economic development problems of Southeast Asia and to cooperate and coordinate with the US specific assistance programs therein, particularly in food production.

2. Continue assistance to Indonesia, the Philippines and Thailand, key countries in the ASEAN grouping, that enables them to develop and maintain viable non-communist, pluralistic political and economic systems. This "indirect" assistance is the best way for the United States to help ASEAN develop into a meaningful political and economic "fact of life" and a cohesive indigenous force for stability in Southeast Asia.

3. Establishment and Management of Financial Consortia. A dominant economic goal in developing Asian countries should be to establish a series of financial consortia to provide for smooth, non-discriminatory

transfers of real resources to permit more rapid economic development. These consortia would consider annually the total resource developmental requirements for a given country for a two to three year period. These consortia would work out annual agreements with the borrowing countries detailing the economic situation, policy measures to be undertaken, major development projects, progress in implementation of prior consortia agreements, and the level of borrowing for the next year.

C. Cultural

Considerably expand American efforts to listen and learn in Asia with particular attention given to the study of: (1) how specific traditional cultural, political, administrative values and patterns of action affect specific development projects; (2) the arts, literature, music and religions of Asia; and (3) Asian languages. Without sufficient Americans possessing facility in Asian languages, American leaders will lack the bridge to an adequate and helpful understanding or an empathy for the people of Asia, their hopes and their problems, nor will they be able to understand the political and social realities of Asia.

Encourage Congress to create a special fund to support the initiation and expansion of cultural, educational and humanistic studies and activities in appropriate American institutions concerned with Asia.

Conclusions

There are a number of obstacles to utilizing our many Asian connections to thwart the almost unavoidable Soviet bid for ascendancy in Asia. In brief, these are:

1. The intense differences of opinion on foreign policy issues and responsibilities between Congress and the Executive Branch, so that we lack a consensus on what our interests and purposes in Asia should be, the threats to those interests, our capacities and means for meeting the threats we face and for carrying out a coherent policy.

2. The second major obstacle arises from the first. Allies and adversaries alike find the foreign policymaking and sustaining process of the American polity confusing and unreliable. Other nations lack reasonable confidence that we know what we are doing or going to do in foreign affairs and what, therefore, their policies and actions should be.

The American people and their leadership must determine soon, however, where they are in this present world and where they want to be in the future. We cannot afford to leave the initiative in world affairs to our adversaries. Instead of adjusting to realities they create, we must create some realities of our own. We require, therefore:

a. decisive leadership in the Executive Branch, including effective utilization of <u>all sources</u> of expertise therein;

b. more responsible, creative rather than obstructive leadership in Congress in discussing foreign policy issues;

c. courage on the part of leaders in all public institutions in making decisions that may be unpopular but nevertheless necessary.

We should begin to explicitly define a logical, coherent foreign policy for East Asia by entering into a dialogue with Congress on this study. Exposure to and critique by Congress is, perhaps, the best way to determine the merit and viability of the perceptions and suggestions in this study.

I. ASIA IN THE SHIFTING BALANCE OF WORLD POWER

A. Asia in the Global Context

Half of a global US foreign policy must address Asia. In a global policy the relationship between the United States and the Soviet Union will be the single most important driving force of world politics during the next decade. The ambiguities of this relationship are especially complicated in Asia where the general policies of the superpowers are modified by the varying influences of the Peoples' Republic of China, Western Europe, Japan and many smaller but viable states such as Iran, Indonesia, Vietnam and South and North Korea. Sino-Soviet antagonism in particular creates options and opportunities for the United States as it adjusts to the evolution of power in the Asian-Pacific area. Although the Sino-Soviet conflict has been particularly manifest in South Asia few observers regard the remainder of the Asian-Pacific area as a prime source of US-Soviet tension. Nevertheless, constricted US prestige following the "Vietnam exodus," expanding Soviet regional involvement, increased Chinese capabilities and the potent Japanese economic role in both Asia and elsewhere necessitate a more critical assessment.

The collapse of our efforts to prevent communist domination of Indochina unmasked our inability to guide our actions with a set of purposes the American people would support. Vietnam is over; the need to clearly understand our changing status and redefine a creative and credible policy for Asia remains.

Summary of Appendix 1, same title.

The future of the United States is intertwined with Asia, an area populated by one-half of the human race with roots in civilizations older than our own. American interests in the Asian-Pacific area derive from our status, position and purpose as one of the world's two leading powers and from the complexity of our needs in the overall region. The primary American security objective is to ensure that no single country or coalition of countries hostile to the United States achieves ascendancy in East Asia, the Western Pacific or its approaches. This objective revolves around Japan--the country in Asia whose political, economic and territorial integrity and security is vital to the preservation of US security in the Western Pacific.

Finally, the fact that the US, the Soviet Union, Japan and the PRC impinge upon one another presents the US with opportunities to advance US area interests there in ways that can contribute to global equilibrium.

Intrinsic Characteristics. Asia, east of the Urals and the Pacific, covers one-third of the surface of the earth. There are many anomalies between the countries of Asia with their existing diversity, their historical grandeur and tremendous potential as they move to obtain the accomplishments of the technological-scientific revolution.

Asia's racial variations are probably greater than in other portions of the globe. The number of religions, the separate political and social cultures and the varying degrees of economic development are also extremely diverse. Asia ranks high on every scale. Not surprisingly, the major powers of the globe find their spheres intersecting in Asia.

Presumably, the territories of Asia and the Pacific Basin contain roughly the same general distribution of resources as the portion of the globe's surface which they comprise even though the huge oil reserves of the Middle East may not be duplicated elsewhere. Consequently, the ability of adversary countries to gain ascendancy over Asia and its manpower could dramatically influence the world balance of power. Roughly one-fourth of US trade (exports and imports) is conducted with East Asian countries. For the last three years, two-way trade between the US and East Asia exceeded in value the trade conducted between the US and the EEC.

Major, Intermediate and Minor Actors. The United States, emerging out of the Second World War as clearly the leading world power, is being challenged for preeminance by the Soviet Union. In recent years the Peoples' Republic of China has contested the Soviet Union for leadership of the communist world. This competition for primacy is evident among the many parties of the splintered communist movement and among revolutionary movements and radical governments in the Third World. Fearful of a Soviet military riposte, the PRC has opened diplomatic doors to the United States so as to minimize risks of Soviet nuclear attack. The dynamic, three-sided interaction process between Peking, Moscow and Washington is most apparent in Asia. It issues from the political-economic influences projected by these three potent nations and their military forces, all of which vary significantly. Pairs of this triad share parallel interests, even though each nation rejects the foreign aims,

ideology, and social structures of both the others. Such complexity provides US foreign policy with a range of opportunities.

As long as the Sino-Soviet conflict continues, neither the Soviet Union nor the PRC wants the United States to move closer toward its communist rival for fear that a gain for one will be a loss to the other. Both the Soviet Union and China find satisfactory relations with the United States valuable to them. Factors which dynamically affect interactions within the big three triangle are: (a) the expanding drive for influence by the Soviet Union from its ever-expanding, many pronged military arsenal including its growing seapower; (b) the growth of trans-ideological economic arrangements; (c) the reduction of US military forces in the Asian-Pacific area; and (d) the intense USSR-PRC competition for influence in Asia, the Middle East, Europe and Africa.

The US and the Soviet Union will remain the principal contenders for influence in a militarily bipolar world in addition to which only China and NATO count for much. Because of their industrial or oil power, Western Europe, Japan and OPEC play important roles in today's multipolar diplomacy in which economic factors have become matters of high policy. Except for impressive Soviet commitments and achievements in military capabilities, the Soviet Union and China remain behind the United States technologically and economically. Given such advantages and free of the bitter ideological conflict gripping Peking and Moscow, the US should be able to maneuver diplomatically with far greater ease with each of them than the other powers can with their rivals.

The pursuit of peace and prosperity in Asia, in particular, will depend on the depth of US cooperation with Japan. Japan occupies a unique category in the hierarchy of nations. It is not a great power in the traditional sense, yet its huge economic productivity--greater than all the countries of East Asia and the Pacific combined--gives it a unique capacity of attraction and influence.

Significant roles in the unfolding Asian drama will be played at lower levels of influence by many other nations beyond those already mentioned including, Thailand, Malaysia and Pakistan. From time to time, US officials have tended to overlook the intrinsic importance of the lesser powers and smaller countries which frequently create the problems which compel great power involvement.

Regions Strategically Linked to Asia

Europe: The NATO. The Soviet Union, an imperial power located in the midst of the Eurasian landmass, is apprehensive about the possibility of conflict or pressures being applied against it simultaneously from its western and eastern extremities. Moscow is especially concerned about any strategic collusion between the European NATO allies and the Peoples' Republic of China. The ubiquitous strategic missile air and naval power of the United States and the US-Japanese alliance also deeply concern the Soviets.

For almost a decade, the Peoples' Republic of China has welcomed a strong, united and economically prosperous Europe. China

completely supports the idea that Western Europe should become stronger and more powerful. The Chinese also agree that Europe is (next to themselves) the most valuable strategic area in the overall confrontation between the US and the Soviet Union. It is quite probable that the Soviets would like to neutralize any possible threat on their western front, with such means as the Helsinki Conference Declaration, before applying the full pressure of their power against the Peoples' Republic of China.

As late as fifteen years ago, the Mediterranean was essentially an American sea, and we had access to bases on both its southern and northern shores. Now all the southern bases are denied and our access to Turkish bases is practically closed. Access to Greek bases is severely limited. The Soviet Union has benefited from these developments. The divisive Soviet-European diplomatic offensives and the growing power of the communist parties on the southern flanks of Europe's Mediterranean coastline also weaken NATO. Consequently, the value of any strategic gain which the United States achieved as a result of its new relationship with China should weigh even higher in Washington calculations.

Eastern Europe. The Peoples' Republic of China also has substantial interest in developments in Eastern Europe. The Chinese have good contacts in Yugoslavia and Romania; Albania is a Chinese ally. The Chinese hope to encourage the Eastern European countries to act as independently as possible from the Soviet Union. The Soviets are pushing

ahead as rapidly as possible to extend their influence in Western Europe, and at the same time keeping as tight a control as they can on their Eastern European "allies."

The Middle East. The area between the Eastern Mediterranean, the Persian Gulf and the Indian Ocean has been for two decades the scene of military conflict and confrontation which potentially can be the most dangerous to the survival of the international system. China, playing a minor role in Middle East-Indian Ocean affairs, except in Tanzania on the East African littoral, has denounced both the US and the Soviet Union for "imperialism" in the region.

A continued stalemate in the Middle East is as unlikely as a real peace. There is an old Islamic rule that temporary truces may be made with enemies of Islam, but not real peace. The Soviets' participation in the Middle East power game permits OPEC's oil pricing to weaken Western Europe and Japan economically thus adversely influencing developments on both the western and eastern rimlands of Eurasia. The Middle East thus affects US policy options in the Asia-Pacific region.

The Power Factor. There are more men under arms in Asia today than in any other part of the world. The Soviet Union has the largest military machine ever created in peacetime, and a sizeable proportion of it is deployed in Asia. Except in jet aircraft and modern naval craft, the total armed forces of the Asian countries are greater than those

of NATO. In sum, the tinder for a major conflagration is present in Asia, and because of numerous potential conflicts and tensions, will persist.

Detente. US detente policy seeks to ensure that our competition with the Soviet Union and the Peoples' Republic of China remains within a peaceful framework. The US efforts toward detente with the Soviets and the PRC differ markedly in kind and scope. The primary US aim of detente with the Soviets is to render improbable the outbreak of a thermo-nuclear war between the two nuclear superpowers. Detente with the PRC, in the exploratory stage, rests on the mutual suspicions which the Chinese and Americans share regarding ultimate Soviet intentions.

While the results of US-Soviet detente are controversial, the purpose is not: more negotiation and less confrontation is preferable in every region where the superpowers touch. At this stage no one knows how long detente will last. Moreover,measuring its progress is difficult. Detente might be measured by the real reduction of Soviet capacity to resort to force (or the threat of force) in settling international issues. By this measurement, detente seems more advanced in 1970 than 1975; we have less unilateral ability today to restrict destabilizing Soviet actions than we did in 1970.

A strong, independent China, thus, becomes crucially important in the global power equation, as of course,does a viable and independent Japan.

B. Strategic Relations in the Asian Dimension

The Major Powers

The Soviet Union. The ultimate objective appears to be global political ascendancy, if not hegemony. Moscow's strategy attempts to manipulate a "correlation of forces" to influence an opponent's behavior to Soviet advantage.

The PRC. The Chinese ultimately seek to restore the Middle Kingdom to its former preeminence, but on a world rather than solely Asian scale. Before it can pursue this grandiose, but remote objective through its version of world revolution, the PRC must first assure its own independence against a range of Soviet military and political threats.

Japan in Asia. Japan is both a source of dynamic influence and an object of strategic cultivation. The intrinsic importance of the US-Japanese alliance should be obvious: a shift of Japan from the US orbit to either the camp of the Soviet Union or to that of the Peoples' Republic of China would alter the Sino-Soviet conflict favorably for that side. Simultaneously, the security of the United States itself would be undermined. (See Annex 1 for a full consideration of Japan.)

Since the PRC represents a proximate and growing threat to Soviet security, a prime Soviet aim is to reduce or eliminate the threat. Soviet foreign policy goals require either cooperation with

or neutralization of the PRC. China is apprehensive about a series of Soviet "encirclement maneuvers." Peking appears to perceive the Soviet Union as a rising power and the US as declining power which nevertheless can be useful to them for a period of time.

The Minor Powers. The minor powers in Asia will either be the objects of Sino-Soviet manipulation or their potential recruits. Many of them are now aligned with the US and should remain so aligned if we play our hand well. The following annexes present the situation and potential role of these countries:

Korea: Cockpit of Confrontation in Northeast Asia (Annex 2)

The Republic of Taiwan: Whither the US? (Annex 3)

Vietnamese Power: To What End? (Annex 4)

ASEAN: Political/Economic/Security Potential (Annex 5)

An Asian Identity for the Philippines (Annex 6)

Thailand Faces the Future (Annex 7)

Indonesia: Great Expectations (Annex 8)

The Soviet Approach. As we attempt to delineate some of the probable courses of Soviet policy in Asia after Vietnam we should avoid assuming that because the US failed in Indochina, so too will the Soviet

Union fail in achieving its goals. The Soviets have certain advantages over the US in defining and carrying out their foreign policies. Specifically, Soviet leaders have a strong sense of national purpose, no meaningful domestic opposition to their foreign policy and, despite set-backs, perceive a net record of success--since the Cuban missile crisis the overall trend-shifts in political influence and military power have been in their favor. Finally, the Soviets seem to belive that the US now lacks the will and imagination to frustrate increased Soviet activity in Asia. Soviet policies in Asia issue from both perceived opportunity and the necessity of neutralizing the PRC threat to Soviet security.

The broad Soviet formula for Asia, that of an area-wide collective security program, resembles the European security proposal initially made with respect to Europe at the 1955 Summit Meeting. The purpose of the Soviet-Asian collective security plan is the isolation of the PRC politically and militarily.

Steady augmentation of Soviet naval strength will project the Russians into Asian oceans, from the Indian Ocean to the Pacific. Soviet forces equipped with tactical nuclear weapons will remain stationed on the Sino-Soviet and Sino-Mongolian frontiers. The Soviet Union will probably establish a permanent naval presence in the Indian Ocean (much like its Mediterranean squadrons) to warn China that competition in South Asia would be unrewarding.

The Chinese Counter. The Chinese seem to believe that the Soviets are pursuing an encirclement strategy along the lines hypothesized.* Unless the Soviets can block the inevitable incremental increase in Chinese power the Chinese will develop an increasingly credible second-strike capability against targets in the European area of the Soviet Union. Then Soviet apprehensions will rise as the Soviet nuclear "deterrent" will be devalued and the latitude for other forms of Sino-Soviet military and political conflict will widen.

Peking has pioneered a new conceptualization of today's international disorder. The Chinese strategy for achieving eventual global preeminence is based on mobilizing the Third World (most of the globe's population, resources and real estate) against both the capitalist-imperialist power, the US, and the social-revisionist power, the USSR. The Chinese identify themselves with the Third World, as a developing country like them, not as a superpower, and assert that the ultimate conflict is between "rural" Asia, Africa and Latin America and "urban" Europe and North America. The PRC is continuing to foster the "hardest" revolutionary activity in many parts of the world and helps provide a suitable arsenal to its co-belligerents. The PRC believes that insurgency is an effective, low cost weapons systems which can win victories or political influence. Although it manifests itself at the local level most obviously in military terms, communist-dominated insurgency is rooted in psychological-political warfare.

*See Security Appendix Two

Probable Chinese policies in Asia for the foreseeable future will in large measure derive from the nature and scope of the Sino-Soviet dispute and from the Chinese ability to master their many internal political and economic problems. If after Mao a smooth transfer of power is achieved by those opposed to normalization of relations with Moscow, China will continue to try to enhance its prestige and leadership position among Third World nations against both the USSR and the US. What the Chinese presently lack in military capacity to extend their influence in the world, they will seek to make up for by psychological/political warfare and subversive techniques.

The Succession Problem. Neither the Soviet Union nor the PRC has a system for transferring power from an incumbent to a successor that is recognized as legitimate and acceptable by all politically important segments of their respective societies. The crucial question is, will either or both countries face a leadership crisis as the baton of power is transferred? The Soviet Union has acquired some experience in managing succession since Stalin died in March of 1953. No one can know whether all factions in Moscow support detente with the US and confrontation with the PRC. It seems logical, however, that the Soviets would not like to cope simultaneously with a conflict over policy and a conflict over leadership. If this contention be true, there is little chance of a major upheaval or policy reversal taking place in Moscow when Brezhnev leaves the seat of Soviet power.

The situation in Peking is more complicated. The Chinese Communists have had no experience in transferring power. Most likely the Soviets are already cultivating political proteges in Peking and in some of the border provinces. But Peking, aware of the danger, is doubtless taking measures to insulate itself from Soviet machinations.

Nevertheless, the excessive deification of Mao and the partial destruction of the party which took place under his leadership have already created conditions that will be hard for any new leader to master. The first task of any new Chinese leader will be to gain full control of the party reins. A return to orthodox communism with a restoral of relations with Moscow would be difficult to attempt let alone achieve during the initial post-Mao phase of power consolidation.

There is little that the US can do to influence the Chinese succession scenario outcome. Under these circumstances, the best we might do is to advise Moscow against fishing in any troubled Chinese waters after Mao's demise.

Competing Policies. The policies which both the Soviet Union and the PRC are likely to pursue in the various regions of Asia are almost mirror images. In short, whatever the Soviet Union will try to do vis-a-vis country X, the PRC will oppose and vice versa.

In the Asian milieu of conflicting ambitions, America's action or inaction inevitably influences the perceptions and actions of others who have the ability to create conditions in the area detrimental to the equilibrium we seek. Nevertheless, the US cannot bring about and sustain a global political environment compatible with its open pluralistic

socio-economic system unless it maintains a viable and cooperative association with many of the nations and people of Asia. Development of creative policies for cooperative association with the nations of East Asia requires clear understanding of the current strategic environment in each of the subregions therein.

The Dynamics of Conflict and Competition in the East Asian Subregions

Northeast Asia

Introduction. Northeast Asia is an engagement ground for four world powers (US, USSR, PRC and Japan). The interaction of these four powers in Asia affects, in turn, the interaction of two of them (US and USSR) in and with the fifth potential world power center, Western Europe. A common assumption is that "detente" and a continuing East-West balance of power in Europe are possible over the long run only so long as there is a similar "equilibrium" of power in Asia. This assumption is perhaps valid, but the nature and viability of a long-term equilibrium or "structure of peace" in Asia, or even just Northeast Asia, is not easily defined and maintained.

The Actors. The nature and scope of the presence and the interests and objectives of each "major power" in Northeast Asia varies, and no single power is "major" in all aspects of its presence.

The Japanese are the economic power indigenous to the region. They have strong economic bonds with almost all of the

states in Asia and the Pacific, including Australia. They have no significant military power and so far have not really sought a politically active role. The Chinese have limited economic power and "presence" in the region. Their political clout is exceptionally large, approaching that of the US and superior to that of the Soviets. The Chinese do not equal US-USSR superpower status and presence in overall political and military terms, but the ground conventional military manpower of China could challenge that of the Soviets. The Soviet-US nuclear power balance of terror hangs over the entire region. There are in effect two superpowers in overall political and military terms: US-USSR; two superpowers in economic terms: the US and Japan; and a politically and potentially militarily potent China.

Competitive Interests

The United States. The United States is committed by treaty to the security of Japan, South Korea and the Republic of China on Taiwan.

The USSR and the PRC. The Chinese-Soviet alliance is currently moribound, and they instead compete for influence in North Korea--or at least to prevent one or the other from establishing links to North Korea that would exclude the other.

The current objectives of the USSR and the PRC in Northeast Asia are presented at the end of Appendix One.

The Current Status. Northeast Asia is currently in a state of uncertain equilibrium. This "equilibrium" and its attendant "peace" are maintained through threats of war between the two Koreas and thus far successful Japanese defensive balancing of competing Sino-Soviet interests in the area. The Japanese, however, are uneasy about their position and the conflicting diplomatic pressures they receive from both the PRC and the USSR.

This state of affairs in Northeast Asia is unstable over the long run because there is no "consensus" among the big powers to work toward real peace in Korea and no reduction of effort by the Soviets and the Chinese to achieve ascendancy in the area. For the short term there appears to be no alternative to maintaining this "no war, no peace" equilibrium with shifts and readjustments as the conditions of great power confrontation change and the economic, political and military capabilities of the other actors, including both Koreas and Taiwan, also change. The major powers should, however, begin to seriously consider ways in which they might all be able to reduce or eliminate contentious involvement in the area and work toward real peace in Korea.

Each of the country annexes expand on the basic themes, patterns of action, and objectives of the great power interrelationships. They also define American interests in more detail and recommend appropriate American policies, including their phasing for the near term, and present some speculations for the remainder of the century.

Southeast Asia: Domination, Division or Solidarity?

Introduction. The suddenness and scope of the spring 1975 sequence of events in Indochina have resulted in a dramatic change in the regional balance of power that requires all major Southeast Asian actors to reassess their policy interests and objectives. Hanoi's increasingly powerful position in the region (see annex on Vietnam) and the diminising US presence confront policymakers in the remaining non-communist nations with hard decisions. For the past two decades two Southeast Asian nations--Thailand and the Philippines--have linked their security policies directly to US power in the region. Other states sought "neutrality" between US or PRC power (Burma and Malaysia). Singapore and Malaysia are members of the Five Power Pact with Australia, New Zealand and Great Britain who are allies of the United States. Indonesia, since 1965 had begun to lean increasingly toward the US.

The US defeat in Indochina and the current Congressional attitude toward a US role in the area make future reliance on American power a tenuous exercise at best. Thus, the leaders of Thailand and the Philippines have moved rapidly to recognize Peking and make overtures to Hanoi and Cambodia. Now all the ASEAN nations (Indonesia,

Thailand, Philippines, Malaysia and Singapore] are attempting to hedge their bets by offering an appearance of neutrality in an effort to offend no one. These countries are wary of Hanoi's power and unknown intentions. They fear the probability of intensified competition between the PRC and the Soviet Union for ascendant influence or, in the distant future, "hegemony," and the possibility of total US disengagement from the region in the near future.

However uncertain the situation may now seem to the ASEAN nations, it is considerably less precarious than it might have been had Indochina come under communist control ten or twenty years ago. The deep US involvement in Mainland Southeast Asia since 1954 bought valuable time for the ASEAN nations to build up their shaky economies, gain national self-confidence and identity and develop the basis for indigenously-inspired regional cooperation. Some states did not use this time as well as they might have. Indonesia's shift away from the communist orbit on the other hand, might be attributed in part at least to the step-up in 1965 of US involvement in Vietnam.

The Primary Actors. The interests and actions of the US, USSR, PRC and Japan converge again in Southeast Asia. The nature of the power and influence of each of these nations is also as varied in Southeast Asia as it is in Northeast Asia.

The Peoples' Republic of China is probably the major political "force" in the area. This force or "presence," however, is in many respects still latent and "magnetic" in character. To date the Chinese have not tried actively to seek ascendancy or "hegemony" in Southeast Asia. Most of the Southeast Asian states are coming to the

Chinese seeking new relationships. The Chinese will be a major factor in the foreign policy of every country in the region simply by virtue of their vast population, their political system, their military strength, their ideology, their potential influence with Chinese minorities throughout the region and their party-to-party contact with communist movements in every state in Asia.

Japan is the dominant economic power in Asia. Its potential political influence is not inconsequential, but it is a manifestation of economic power rather than a calculated political program.

The United States is reducing its military presence in the region. The American political presence is also declining, but remains consequential. In fact, there appears to be a perceived need on the part of most of the Southeast Asian leaders to consort with the US. The US retains political interests and ties in the Philippines and Thailand, and could expand those with Indonesia. The already considerable US economic presence in the area is either expanding or holding its own rather than contracting.

The Soviet Union's presence and influence is growing, particularly in Laos and Vietnam. Its growth in other non-communist countries like Thailand and the Philippines will be affected by how these countries believe the PRC will react and their capacity to cope with negative PRC reactions to increased Soviet influence in the area.

The Chinese concern for and "fear" of any expanding Soviet influence in Southeast Asia is intense. Soviet military power in the region, projected via the Soviet navy, is still nowhere near that of the US or PRC, but it can be expected to grow.

In sum, of the major power actors in the region, there are two major political powers: the PRC and the US with the PRC ascending and the US descending; one super economic power: Japan; a lesser economic power: the US; three military powers: two of which are growing within the Pacific area; the USSR and the PRC and one still potent, but declining: the US.

The United States retains security "ties" with Thailand through the Manila Pact and the Philippines also through the Pact but primarily through the US-Philippine Mutual Security Treaty. The PRC and USSR both have security assistance relationships with Hanoi. Australia and New Zealand have limited military defense arrangements with Malaysia and Singapore.

Vietnam currently stands unchallenged as the major indigenous military and political power among all the Southeast Asian states. Indonesia is a potential major political and military power, but its economic and political development problems are formidable and the future cohesion and viability of the country is uncertain. Thailand

is struggling to develop a workable new constitutional political process; the Philippines is still trying to develop a clear Asian identity for better acceptance by its Asian neighbors and also deal with Muslim insurgency in Mindanao; Malaysis is in constant communal tension. Burma is neutral and isolationist, although it has lately begun to seek some assistance, even from the US. Singapore alone among the non-communist states appears to have a fully viable political, social and economic process.

ASEAN is the sole regional grouping free from great power connections. It is still a weak organization seeking to improve political and economic cooperation. ASEAN's future very much depends on (1) how it adjusts to Vietnamese power in Indochina, either by taking the Indochinese states as members or ending up in political, economic and psychological confrontation with them; and (2) whether the current member states of ASEAN can put aside their past differences and begin to really work together. The prospects in this latter area are not yet very good.

South Asia-The Indian Ocean Conflict Laboratory (See Annex 9). The manner in which the Sino-Soviet conflict has been waged in South Asia and in the Indian Ocean-Persian Gulf area may give a clue to its future conduct there and in other regions of Asia. Since the spring of 1969, the Soviets have maintained a permanent surface naval vessel presence in the Indian Ocean. In general, around the Northern Indian Ocean littoral there appears to be emerging two cooperative groups competing with each

other: (1) the USSR, India, Afghanistan, Iraq, South Yemen and Somolia; (2) the PRC, Pakistan and Iran, Saudi Arabia and Tanzania. Iran is becoming a major regional power. The Soviet Union has persistently pursued expansionist policies in the region and although mistrusted enjoys considerably more influence in the region today than ten years ago. The Soviet naval advantage over the US in the Indian Ocean is established (more ship days and more facilities) and is likely to grow with the opening of the Suez Canal despite continued US development of Diego Garcia.

By establishing a position of great influence in the Indian Ocean and its littoral, the USSR can help implement its containment policy toward China. The PRC has intruded into Tanzania and Mozambique in competition with the Soviet Union, which is likely to contribute to the radicalization of this region at the expense of Western influence.

Regardless of its behavior elsewhere, the evidence of the past decade does not suggest that the Soviet Union has a real and sustained desire to stabilize the equilibrium of the countries located along the Indian Ocean's northern littoral. As a global power, the United States interacts with its adversary,the Soviet Union, in most regions of the earth. Increasingly, the Indian Ocean region has become a theater of growing Soviet-US contention. The extent to which the US attempts to monitor, keep abreast or surpass the spread of Soviet influence in the Persian Gulf-Straits of Malacca arc will be in part dependent on how the US perceives its interests in this part of the world. (See Annex 9.)

Australia-New Zealand and the South Pacific*. The two principal countries in the South Pacific, Australia and New Zealand, are so situated geographically that security problems comparable to those currently faced by other countries in the Asian-Pacific region simply do not exist for them. Informed Australians would deny any threat confronting Australia via the expansion of some variant of Chinese communism down through Southeast Asia into Indonesia. Although this threat may be blocked by the emergence of a strong, united and independent Vietnam, it has not altogether disappeared. The buildup of Soviet naval forces in the Indian Ocean would have to be even more evident and impressive than now appears to be the case for the Australians to worry about a threat from that region. By the end of this century Australia may face a potential threat from China if that country becomes the predominant power in Asia.

*See Australia-New Zealand and the South Pacific (Annex 10).

II. US GOALS, INTERESTS AND STRATEGIES IN ASIA.

The three sections that follow discuss in detail US security, political, economic and cultural objectives, the interests that derive therefrom, the dynamics of interactions and interrelationships that affect these goals and interests and finally, policy recommendations for achieving and protecting these goals and interests in East Asia.

The basic strategic concept we develop for informing US actions in and toward Asia is presented in the Security Appendix. It is axiomatic that the many strands of strategy should be woven together into a mutually-reinforcing and integrated process of actions. Yet such coordination among those US executive departments and agencies charged with various aspects of foreign policy is difficult to achieve. The organizational factors that impede coordination are outside the purview of this study. The task of coordination, however, is made easier if the philosophies and policies pursued in various programs are compatible with each other. The broad problems confronting the US in the Asian-Pacific area in the realms of security, economic relations and psychological-cultural interactions between the US and the peoples of the many countries in Asia have been addressed in this manner. Each appendix contains general policy prescriptions which are set forth sequentially. (Specific policies for regions and countries are presented in Part IV and the country annexes.)

A. Security Interests, Concepts, Threats and Capabilities

Goals.

Security. The primary US goal in East Asia since the early 1950s has been to prevent the domination of that region by a single power hostile to the United States. In the mid-1970s it is highly unlikely that any power--the USSR, the PRC, Japan or India--the four strongest indigenous powers (a good part of the USSR is in Asia) or the United States could dominate or even achieve ascendancy over all of East Asia. The countries of Asia are too heterogeneous, their people too nationalistic and too resilient to acquiesce readily in the domination of all of them by one of their members. Conceivably, a combination of the USSR and the PRC could dominate the vast continent as could (less conceivably) a tight alliance between a remilitarized Japan and either of the communist giants. But such alliances are unlikely and, if they could be formed, would not endure very long. On the other hand, it is conceivable that all of the countries of the Asian mainland and certain off-shore island countries could come under the control of nationalist-communist regimes.

It is also conceivable that either the Soviet Union, the PRC or both might try during the current period of confusion and instability to achieve an ascendant political and psychological posture in the region, of the type the United States achieved in the mid-60s (and has since lost). Though we now view such ascendancy as either impossible to achieve or maintain, both the PRC and the USSR themselves continue to draw

much attention to this threat in their incessant denunciation of each other's "hegemonial designs" in Asia.

The essential point is that even the process of intense competition between powers hostile to the United States for overwhelming ascendancy or "hegemony" in Asia, whether successful or not, can be nearly as detrimental to US security, political and economic interests in Asia as would domination by a hostile power(s).

A secondary US security goal in East Asia, therefore, is to try to limit the opportunities for or mitigate the consequences of intense competition for ascendancy by powers hostile to the US that threatens the prospects for continued development of pluralistic social, economic and political systems in the non-communist countries of the area. A precipitious US military and political withdrawal from one of the regions of the East Asia-Pacific area could catalyze such excessive Sino-Soviet-Vietnamese competition.

A related major US political objective in Asia is the continued independence of the remaining non-communist countries while encouraging their political systems to improve human welfare and protect basic human rights of their citizens. This objective is less related to narrow security interests than to the national purpose and status of the

United States. The United States cannot proclaim and protect its vital interests in the world simply in anti-communist or mere status quo military balance of power terms. One of the lessons of Vietnam must be that we vivify our foreign policies and actions with constructive political purposes. In general, however, most of our political objectives in Asia, particularly in Southeast Asia, despite their importance, would not, under present circumstances, justify military intervention to either promote or protect them.

In sum, the US seeks in Asia the promotion of an international environment in which the pluralistic, democratic American social system, rooted in a free-market economy, can continue to flourish. Expressed negatively, the corollary interest is to prevent the erosion or destruction of that environment by hostile forces. Currently, and for the next ten or fifteen years, the Soviet Union seems the only power capable of eroding this environment on a global scale. China already has this capability vis-a-vis some countries in Southeast Asia. Perhaps in the longer range--at some time before the end of this century--the PRC might pose the greatest threat to American interests in all of Asia and elsewhere.

Although the results of the detente process are not yet in, it is recognized that Soviet actions could destroy detente.

The Soviet net military posture vis-a-vis the United States has gained significantly during the past decade. Taking the foregoing into account, US diplomacy in Asia should seek to induce the nations

in the region to resist Soviet pressures and temptations. Unless the Soviet Union obtains ascendancy in Asia it cannot achieve it on a global scale. The prevention of Soviet ascendancy in Asia is achievable. Specifically, it would involve:

-- maintenance of the US-Japanese alliance as the lynchpin of our security system for the Asian-Pacific region. An independent South Korea is essential to this goal.

-- continuation of the liaison and case-by-case cooperation with the PRC.

-- assuring, if possible, the independence of all of the ASEAN grouping of nations, but, unequivocably, the independence of Indonesia and the Philippines within that grouping.

In the context of global US strategy, an independent China diverts Soviet energies and resources from its western borders to its Asian front. Similarly, from Peking's perspective a strong Western Europe, linked to the United States through NATO, diverts Soviet attention and capabilities from the Sino-Soviet frontier.

1.3(a)(5)

In Asia the US should seek to maintain equilibrium by maintaining a calculated, varying diplomatic distance between the two communist powers on a case-by-case, region-by-region basis.

B. Threats to US Objectives

The threats to the stability and hence to the peace and security of the Asian-Pacific area rise within many of the countries and regions themselves: from the Sino-Soviet conflict and the Soviet and Chinese military deployments related thereto; from the importance and vulnerability of the sea lines of communications; from the capabilities and policies of two middle-rank communist powers (Vietnam and North Korea); from conflicting ideologies and movements including Muslim independence forces; from socio-political unrest that results from population pressures, excessive urbanization and inadequate development programs; from highly charged nationalism and finally the decreased credibility of the United States as a power concerned about instability and able or willing to support collective or unilateral security efforts.

There is no evidence that either the Soviet Union or the PRC will abandon the threat or the actual use of force as a fundamental element of their foreign policies. Nor is there evidence that they can categorically control the external activities of either Vietnam or North Korea.

The Soviet navy is becoming a threat to the United States' objectives and interests in Asia. If the US further reduces its naval forces in Southeast Asia or loses access to the Subic Bay facilities in

the Philippines, the Soviet Union could upset the entire balance of power in Asia if it can obtain use of the Cam Ranh Bay naval facilities in Vietnam. Currently, it is unlikely that the Vietnamese would approve such a Soviet presence because of the risk of provoking countermeasures from Peking. The Chinese do not yet pose much of a strategic threat to the US, although they now have missiles that could reach Japan.

Conventional threats to US interests or that of its allies in Asia come from four sources: the USSR, the PRC, North Korea and Vietnam. The Soviets can now or in the near future threaten the sea lanes of Southeast Asia and the Indian Ocean. The North Koreans are a potential threat to attack South Korea. The North Vietnamese military forces are a direct conventional threat to the Thai even if the current prospects for a conventional Vietnamese assault are remote. The Vietnamese could also eventually pose a serious threat to oil and fishing interests and all shipping in the Gulf of Thailand and the South China Sea.

The most immediate threats to peace and stability in Asia come in the form of insurgency with external support and political and psychological warfare. The North Vietnamese and the Chinese are the most dangerous sources of threat in both these areas--either in cooperation or competition with each other. The United States' problems may increase over the next several years if the Vietnamese communists decide to grasp the opportunities won by their successes to further enhance their status in the Third World. The Soviets and Chinese may bring about or be drawn into intra-party communist conflicts in Asia that could manifest themselves in guerrilla warfare between communist movements fighting each other and government forces at the same time.

C. US Capabilities

US forces remain essentially in a forward basing posture. During the initial post-Indochina phase the forward basing posture should be maintained as completely as possible. In the next phase (1976 to approximately 1980) adjustments may be made in this posture depending on political attitudes of host countries and changes in US capabilities and international development. As a general rule the US should not pull back or reduce its forces if asked to or if the presence of US forces becomes a serious source of political agitation. The removal of combat forces, however, need not necessarily involve the removal of advisors or supporting installations. With few exceptions, it is unlikely that over the long run the US will be able to maintain fully operational bases on foreign soil. Hence its evolving maritime strategy (see Appendix Two)should be based on US territory and on mobile seatrains using the most advanced technology.

For the longer-haul, the third post-1980 phase, some of the present forward based forces may have to be located in Guam and the Marianas if Subic Bay and Clark Field in the Philippines prove no longer viable.

The primary mission of US Pacific forces will be:

-- To deter conflict either via forward presence or rapid access to threatened areas.

-- To monitor potentially hostile or adversary activities in the Western Pacific-Indian Ocean areas by air and sea surveillance.

-- To assist allied forces to enhance their capabilities to maintain their own national security.

-- To secure the necessary conditions that would safeguard the viability of the US-Japanese alliance and its implementation on behalf of US interests as well as those of Japan.

D. US Security Interests in Asia

Northeast Asia. During the immediate post-Vietnam period (1975-1976) US security interests in Asia are most directly served by the maintenance of a close, cooperative alliance relationship between the US and Japan. The immediate adjustments the US makes in Southeast Asia can strengthen or weaken this relationship. If properly sustained, the US-Japanese alliance can serve as at least one pole of stability in the area while indigenous states readjust to the realities of a Vietnamese dominated Indochina, a calculated US-China rapprochement and continuing Sino-Soviet competition over the foreign policy orientation of the aligned and non-aligned states.

The Japanese vulnerability to interruption of transit to distant sources of energy and other raw materials makes Japan peculiarly sensitive to external pressures. The power that is best able to offer Japan security of its trade routes against acute disruption at the source and enroute will be able to affect Japan's future alignment. This power should and must be the US.

Mutual security cooperation would require enhanced use of non-nuclear technology so as to enable Japan to compete in a non-nuclear way with the nuclear powers. Protection of US-Japan security interests would certainly require compatible air defense procedures; interconnected intelligence, warning and communications; and some increase in Japanese capacity to conduct interdictory naval operations. Such cooperation and coordination (which is currently under discussion between the two countries) is, in effect, what NATO seeks to ensure through its elaborate alliance structure.

Republic of Korea. US security interests in South Korea relate to balance of power considerations in regional terms with a potential global spill-over. The US commitment to the defense of South Korea contributes substantially to continued peace and stability in the Korean peninsula and in Northeast Asia. In the event of threatened hostilities a failure of the US to honor its commitment to South Korea could cause both allies and adversaries to suspect that the US political process was totally incapable of sustaining any security pledge.

Republic of China (Taiwan). How Washington and Peking resolve their differences over Taiwan has a direct bearing on US security interests in Northeast Asia. For the US the most significant problems are: (a) how to change the nature, scope and tenure of US security commitment to Taiwan while seeking more extensive cooperation with the PRC vis-a-vis the Soviet Union; and (b) how to ensure that the final "solution" to the

Taiwan problem does not result in both the PRC and our allies and friends, including the Taiwanese, interpreting such a move as a "retreat" from any comprehensive effort to sustain an active US presence in Asia. Various solutions for the future of Taiwan are discussed in Annex 3, including the fact that the one China may continue to have two governments controlling different parts of the Chinese territory--as has been the case several times in China's long history.

Southeast Asia. Southeast Asia seems inherently unstable. It also presents the most complex security problems of all the subregions in Asia. The heterogeneity of the cultures, languages, ethnic minorities, religions and political systems of the 350 million people who inhabit the region contribute to considerable instability within and between all the states of Southeast Asia. Ill-defined or artificial borders created by former colonial powers are another source of intrastate conflict. The economics of most of the states are competive rather than complementary. Finally, the population explosion creates even greater pressure on already inadequate land tenure systems and food production processes in every state in the region. The potential for agricultural plenty is there, but it will take intensive development for it to become a reality. The great powers, it would seem, should all want to avoid this so-called "Asian quagmire." It is, however, impossible to insulate Southeast Asia from the world.

US security interests in Southeast Asia are inextricably linked to those of Japan in and through the region. The present and potential value of natural resources, including known and potential oil reserves in Southeast Asia, are increasingly important in a resource-scarce world. Southeast Asia leads in tin and natural rubber production. This region is increasingly important in world trade and investment.

Southeast Asia is important, however, for more than its resources. It is one of the most important crossroads in the world. Three-fourths of Japan's oil comes across the Indian Ocean and passes through the Straits of Malacca and Lombok. Malaysia, Indonesia and the Philippines sit astride the major passages between the Pacific and Indian Oceans. Thus, there is no way Southeast Asia can avoid being an area of converging and conflicting interest for the four great powers. The potential for great power confrontation, either directly or by proxy, remains substantial. Temptation for and possibility of intervention in one form or another is increased by the inherent instability of the region, particularly that caused by the long-standing differences between nations and ethnic groups within nations.

The fundamental US interests in mainland Southeast Asia derive largely from the possible impact of events there on countries in Northeast Asia. Thus, if the communist forces were to gain control of the governments of all of mainland Southeast Asia and thereby draw the

mainland out of the international market economy, the political and psychological consequences for Japan, South Korea and Taiwan would be seriously destabilizing. Communist control of mainland Southeast Asia would drastically threaten both the internal and external security of Indonesia and the Philippines. If Indonesia turned communist Japanese shipping to the Persian Gulf could be interrupted. The US has an important interest in preventing these undesirable developments.

The fact that North Vietnam has become the major middle power in mainland Southeast Asia presents new problems for the USSR, PRG, Japan and the US. The demise of SEATO and the potential of ASEAN as a political-economic grouping will also change the conditions for and nature of the presence and interaction of the four great powers in the region.

North Vietnam and its primary patron, the USSR, remain the current major external threats to continued, relatively stable, political and economic development in Southeast Asia. The Vietnamese, for example, are in a position (as described in Annex 4) to try for some form of Southeast Asian regional "ascendancy" of their own that could be as unsettling for Peking as it would be to the US, Japan or other smaller Asian countries.

The remaining states of the region must adjust to and live with this new reality. How they adjust to the new situation in Indochina can seriously affect US interests there. Conversely, the nature of continued US interest and presence can affect the nature and scope of adjustments and other states of Southeast Asia will have to make, and will also have considerable influence on Soviet and Chinese actions in the area.

For example, the increased probability of an eastward extension of Soviet power and influence from the Indian Ocean into Southeast Asia and into the Pacific is a very serious and unsettling matter for China. The Chinese waste no opportunity to express their concerns. For example, the Chinese Foreign Minister, Chiao Kuan-hua in his toast to Secretary of State Kissinger at a banquet on 20 October 1975 urged a "tit-for-tat struggle against hegemonialism" and warned, "to base oneself on illusions is to mistake hopes or wishes for reality and to act accordingly will only abet the ambition of expansionism and lead to grave consequences."*

As these charges over who is seeking hegemony in the area indicate, Sino-Soviet competition for influence in Southeast Asia has already begun. The Soviets are pushing anew Brezhnev's proposal for an Asian Collective Security Treaty. They are describing the recent European Security Conference as a model for Asia. It took the Soviets twenty years to attain de facto recognition of Soviet hegemony over Eastern Europe. It is unlikely that the Soviets will be less perservering in trying to achieve and "institutionalize" a preeminent political posture in Asia. It is dangerous to assume that the Soviets will automatically fail to achieve an influential status in Asia just because their proposal currently gets a very cool reception there.

For example, Indian collaboration with the Soviet Union involving Indian-Chinese rivalry over Burma is a distinct possibility. The Chinese for their part may feel compelled to exploit more seriously the

*Gelb, Leslie H., "Kissinger Warned by China of Peril in Detente Policy," New York Times, October 20, 1975, p.1.

conditions for successful insurgency in Burma. A major allocation of PRC resources for insurgent support or communist penetration of the government could lead to a Chinese proxy window on the Bay of Bengal--which would change the strategic balance on the northeastern tier of the Indian Ocean.

The Chinese can also compete more actively for power and influence in Thailand, Northern Laos, Cambodia and Malaysia. Such competition could manifest itself in increased Chinese, Vietnamese or Soviet involvement in anti-government insurgency or even inter-insurgency factional struggles in these non-communist countries of Southeast Asia.

The Thai remain fearful of the Chinese for this very reason, but they apparently prefer an accommodation with them rather than the Soviets in order to balance off the North Vietnamese. A Thai accommodation with China is, however, inherently unequal in the sense that China could easily renege on its assurances of diminished insurgent support, while Thailand would find it difficult to disavow publically diplomatic cooperation with the PRC.

In the rest of Southeast Asia, China might try to utilize the Chinese minorities to help counter increased reliance by the states of the area on the Soviets. Success is by no means assured, however, because these Chinese minorities are generally the strongest entreprenurial class throughout the region. Communism <u>per se</u> is not likely to appeal

to them. Chinese nationalism might. In any event, the governments of the region will constantly assess where Chinese loyalties lie. If the Southeast Asian governments seek repressive solutions, they would only further distrub the PRC.

Finally, China might try direct pressure on North Vietnam in the form of a military threat, or promotion of contention between North and South Vietnamese. The Chinese could thus indirectly challenge the Soviet Union through Hanoi. Southeast Asia, obviously, is the most complicated, potential tinderbox for trouble of all the East Asian subregions.

Termination of US involvement in Indochina and withdrawal of American combat forces from the mainland of Southeast Asia will correct the imbalance in allocation of resources that has characterized US intervention in mainland Southeast Asia since the early sixties. Wisdom suggests, however, that we do not go from one extreme to the other. It will be most difficult for the United States to help bring about and sustain a global political environment compatible with its open, pluralistic socio-economic system without maintaining cooperative associations with many of the nations and peoples of Southeast Asia.

A central task confronting US policymakers is to make an accurate assessment of the American capacity to influence the behavior of the important states acting in Southeast Asia. Closely related is the will to act or the will of the American people to permit this country to maintain some degree of active military and political presence in the area.

The primary objective of the US in Southeast Asia must be to retain a political and psychological presence in the area that will enable the US to limit the opportunities for and scope of intense competition between the communist powers that would take the form of political, economic and subversive interference in the countries of the area and thus compromise the prospects for the remaining non-communist states to develop reasonably open and pluralistic societies. Intense competition between communist states is beneficial to the US only so long as such competition does not threaten the political and territorial integrity of our non-communist friends and allies.

Some US presence is prerequisite to achievement of our major overall objective: maintenance of free access to and security of Japanese and US economic investment and shipping throughout the area. The US cannot tolerate the achievement of ascendancy in the area by a power or group of powers hostile to Japan or the US. Certain country specific interests derive from these objectives.

The Philippines. US security interests in the Philippines stem primarily from the advantageous geographical position which Clark Air Base and Subic Bay Naval Base provide for the US. The primary US security interest is to maintain access to and through these facilities, and thereby enhance the US regional and global security posture. The Philippines, our staunchest ally in Southeast Asia warrant our most assiduous cultivation.

Thailand. US security interests in Thailand stem from:

(1) The continued utility of certain facilities in Thailand which serve US global security interests;

(2) [redacted] 1.3(a)(5)

(3) The danger that Thailand could become an insurgency conduit to Malaysia.

Thailand, because of its strategic location in the Asian mainland, its relatively large population, its relationship to other countries in ASEAN and its current status as the only developing Asian nation (other than perhaps Malaysia) engaged in a serious attempt to build a constitutional representative government, could be the focus of a renewed US effort to develop and maintain a creative and positive political presence in Southeast Asia. (See Thailand Annex.) If Thailand can survive as a free democratic state it will stand in sharp and favorable contrast to current trends in Vietnam and Indochina as well as South Korea and the Philippines.

The success of Thailand's "headway" effort is of primary importance in curtailing the rise of communist influence before it becomes overwhelming. Thailand and Vietnam are not the same. Thailand

has much more going for it than South Vietnam ever did in the two decades following the communist victory in North Vietnam.

Indonesia. US security interests vis-a-vis Indonesia relate primarily to its geographical location astride the air and sea routes between the Pacific and Indian Oceans, and midway between the Asian mainland and our Australian-New Zealand allies. In addition, Indonesia has the potential to become an important regional power and thereby a factor for (or against) stability in Southeast Asia.

Malaysia. US security interests in Malaysia are directly related to Malaysia's position as a littoral state of the Indian Ocean astride the commercially important Malacca Straits. Also Malaysia could become an insurgency trail between Thailand and Singapore.

Singapore. Geographically located at the hub of Southeast Asia, Singapore, with the third largest port in the world, represents a vital communication and transportation link between Northeast and South Asia. The important air and naval facilities in Singapore invite significant great power interests, because their control by a hostile power would greatly affect commercial and military activities in the region, especially those of the US.

South Asia-Indian Ocean-Persian Gulf. The Soviet Union has persistently pursued expansionist policies in the Indian Ocean and now enjoys considerably more influence in the region today than ten years ago. In many respects the East African littoral of the Indian Ocean has become the contested arena from which control of these strategic waters might be established. The increased usage of the sea lanes between the Middle East and Southeast Asia makes the Indian Ocean of greater importance to the Soviets and they will probably increase their naval strength there.

US interest in the Indian Ocean are:

-- Reasonable stability, security, and peaceful development of the region;

-- Keeping the Indian Ocean, and its access routes, open to all nations;

-- The preservation of friendly regimes.

Australia and New Zealand

The two principal countries in the South Pacific, Australia and New Zealand, are so situated geographically that the security problems comparable to those currently faced by other countries in the Asian-Pacific region simply do not exist for them. It is in the US interests that:

-- Australia and New Zealand play an important role in assuring the peaceful development of the countries in Southeast Asia.

-- Australia over time be induced to participate in allied efforts to ensure that the Soviet navy does not gain a dominant position in the Indian Ocean.

The overriding security task in the Asian-Pacific area is assuring that the US both (a) retains the capability to exercise political influence and to project military power where and when needed in the area, and (b) conveys the credibility and the will to employ it selectively. Obviously, the nature and deployment of the requisite military power will change with advancing technology.

Security recommendations that apply to the general area are:

1. Maintain a strong forward basing posture utilizing existing facilities as long as possible, including 1.3(a)(5) continued development of Diego Garcia.

2. Seek diplomatically to maintain operational accesses to facilities in Japan and the Philippines into the indefinite future.

3. Anticipate during the next decade the denial of usage of some facilities located on foreign soil. Plan for augmentation of bases in Guam and the Marianas from which to project access to the Pacific and Indian Ocean littoral utilizing advanced technology including longer operating ranges of ships and aircraft with requisite communications.

4. Continue to provide military assistance and training to allied and friendly countries in the area whether through MAP or Foreign Military Sales.

Additional, more specific subregional recommendations, are provided at the end of each subregion discussion in Part IV of this summary.

B. US Economic Interests and Policy Toward the Asian-Pacific Area

The Asian-Pacific Region in the World Economy. The Asian-Pacific area is of global economic importance. The considerable intra-regional trade flow with the area justifies treating it as a cohesive region. About a quarter of Japanese trade is with Southeast Asia and a very high volume of raw material and products flow exists between Australia and New Zealand and Japan. There is also sizeable direct trade between Southeast Asia and Australia and New Zealand. In general, the trade between these three regions is complimentary. Trade within Southeast Asia is much less complimentary. American trading ties are clearly significant with Northeast Asia, Australia and New Zealand and Southeast Asia, in that order.

Southeast Asia as a whole is rich in natural resources. Indonesia, through its known and potential oil reserves, is far and away the best endowed country in the region.

Competing Economies. The United States should base its economic policy for East Asia on the inherent, legitimate self-interest of the countries in the region. However, the manner in which the leaders of these countries evaluate their own interests is conditioned by their background, training and aspirations which shape their perceptions of the actual conditions and problems confronting them.

A main source of the economic malaise now affecting most of the countries of the world is the incompatibility of the economic principles and actions the various nations of the world pursue. There appear to be three economic systems co-existing on the globe. The oldest and by far the most productive is the capitalistic free market system of the industrialized, non-communist countries. The second is the command-type economy of the totalitarian communist regimes first sponsored by the Soviet Union but adopted with considerable variation in the East European countries, the PRC, North Korea and Vietnam. Finally, there are a variety of Fabian socialist, statist economies of many Third World nations which inefficiently partake of both of the other systems.

Profits and other incentives are indispensable to the free market economy. A product that is sold for exactly the cost of producing it yields no margin to raise wages, pay taxes or provide new capital. Although in theory, other types of economic organization could produce efficient resource use without the profit incentive, in practice the free market, capitalist incentive system makes the most efficient use of man-power, materials and capital to create the most goods and services from available resources.

The free market democratic societies of the United States, Japan, Western Europe, Australia and New Zealand have demonstrably more to offer to the development of Southeast Asia than Peking, Moscow or Hanoi.

Much might be done to apply the varied strengths of the free market capitalist system to overcome some of the economic backwardness of Southeast Asia.

The Third World Demands and the US Response. The countries of the world display great disparities in economic productivity. There are wide discrepancies between national wealth and individual well-being. Many leaders of the Third World assign the blame for this state of affairs to the Western industrialized countries. The United States with by far the largest and most successful capitalist economy has become the major target of Third World attack.

. The United States responded to these attacks on 1 September 1975 in a major comprehensive and conciliatory speech to a special session of the UN General Assembly by the Secretary of State. The Secretary's address set forth a number of concrete proposals to achieve specific goals--all of them needing substantial sums of money. Domestic economic slowdown in the industrial countries, however, has eroded public support for aid. Energy problems in the developing countries have further compounded their problems. The oil exporters have only begun to meet their responsibility for assistance to the poorer countries. Nevertheless, the governments of the industrial nations and the oil exporting countries cannot, even together, supply all the new resources needed to accelerate development. The remaining needs for capital and technology can only be met, directly or indirectly, from the vast pool of

private sources. Private investment and development therefrom will take place only if the conditions exist to attract and effectively utilize such investment.

Under these circumstances the US should reassess its economic relations with the rest of the world. It should cooperate to the fullest with those who wish to emulate the productivity of responsible free enterprise, free market economies and should deal circumspectly with those who do not. Unless increases in the global margin between production and consumption provide sufficient capital to overcome economic stagnation there is little sense in talking about an economic strategy for Asia. The dominant economic problem in developing Asian countries is to provide for smooth, non-discriminatory forward transfers of real resources to permit more rapid economic development. The OPEC oil price increases and the world inflation have made this resource transfer problem impossible using the traditional methods of foreign assistance. The most realistic technique for resource transfer is to stimulate financial consortia involving governments (including OPEC members), international financial organizations and banks.

In addition to utilizing to the fullest the private sector as a major engine of economic development, governmental assistance still has a major role to play, both through US bilateral development programs and US participation in multilateral agencies and programs. A major special program should focus on increasing agricultural productivity and greater efforts to slow down population growth (discussed in some detail in the Economic Appendix).

Conclusions and Recommendations. The US should regard the full scope of economic activity (trade, aid and investment and technological transfers) as a major instrument of United States foreign policy. Our economic policy and programs should be compatible with our own pluralistic political-economic system. As a long-term planning guide the US Government should develop its own long economic range forecast for East Asia. The forecast range should cover the next quarter century, extrapolating from what we now know.

A creative US economic policy in Asia should focus primarily on Southeast Asia where the major conflicts over modernization are taking place. Australia, New Zealand, Japan, South Korea, Taiwan and Singapore are already in varying degrees of economic advancement and have either modernized or demonstrated an adequate capacity to do so. Their economic relations with the United States are determined by the condition of the world economy. Although there are inevitably trade and exchange rate conflicts particularly with Japan, these must be resolved on a case-by-case basis. The proposed reforms of economic foreign policy, therefore, should be directed to Southeast Asia and, perhaps, Korea and Taiwan.

US Economic Interests in Southeast Asia. US economic interests in Southeast Asia include:

-- retention and expansion of favorable terms under which American businessmen invest and operate in the non-communist countries of Asia, at the same time guaranteeing that these terms do not compromise the overall

development efforts of the countries themselves. As much as possible, American business efforts in Asia should measurably contribute to the economic development of these countries.

-- retention or creation of favorable terms for access to natural resources in Southeast Asia, including their exploitation in a manner that is mutually beneficial to the possessors of the resources and those using them. The resources are far more important to Japan than the US, but it is precisely because of their importance to Japan that the US also has significant interest in the manner and expense of their accessibility.

-- retention of close ties with Indonesia, Malaysia and Singapore in order to ensure continued freedom of transit through the Straits of Malacca. Both Japan and the US have vital economic interests in transit through these straits; US military interests in free passage are obvious.

-- development and maintenance of economic assistance programs, multilateral and bilateral, that will, coupled with well conceived reforms by the Asian nations themselves, catalyze true momentum toward solution of population, food production and income distribution problems in these countries. Creative American leadership in a variety of assistance programs is essential to the attribution of a positive sense of purpose and direction in American foreign policy.

Recommendations. The following recommendations contain specific directions for both the content and management of economic policy in Asia:

1. Promotion of Private Foreign Investment. Private investment utilizing the multinational corporation (MNC) as a vital instrument of development can play a dynamic role in development if the host country creates an attractive environment for the investor that will also help itself. Programs in which the developing Asian countries provide part of the insurance against expropriation and agrees to orderly methods for settling disputes between foreign investors and host country are needed to increase the flow of direct private investment to Southeast Asian countries. The specific problem now posed for the US is to develop the mechanisms, modalities, and operating methods required to encourage foreign investors to risk their capital, technologies and management skills in Asia. This requires (a) continuous monitoring of investor problems for all nationalities, not just those of the US businessmen; and (b) a complete review of the procedures for insuring direct foreign investment in Asia against political risk. Specific methods for enhancing the capacity of the financial systems to provide risk insurance for direct investment will require considerable research and analysis.

2. Establishment and Management of Financial Consortia. The dominant economic problem in developing Asian countries is to provide for smooth, non-discriminatory transfers of real resources to promote more rapid economic development. The best method for realistic techniques for resource transfer is to stimulate financial consortia involving governments (including OPEC members), international financial organizations

and private banks. These groups working cooperatively will be able to develop the necessary agreements on a case-by-case basis to accommodate the required transfers. We propose here the establishment of a series of consortia which would consider annually the total resource developmental requirements for a given country for a two to three year period. These consortia would work out annual agreements with the borrowing countries detailing the economic situation, policy measures to be undertaken, major development projects, progress in implementation of prior consortia agreements, and the level of borrowing for the next year.

It is highly desirable to establish efficiency criteria in the terms of loans. We should improve the lending terms for those countries which follow successful development policies and withhold concessionary loans from those countries that pursue domestic policies inconsistent with solid development programs.

We should recognize that although every country has a right to pursue any development path that it believes appropriate, the US has no obligation to participate in supporting development efforts inconsistent with its world objectives. The point of the consortia is to focus attention on the overall economic problem of the developing country, support that country in return for firm commitments to development goals, and then leave the operational details to the political leadership of the country.

Implementation of this recommendation would require a major reorganization of ADI's present programs, and may well require legislation.

3. Technical Assistance. The technical assistance effort financed by US grants to Southeast Asia should be limited primarily to two crucial areas: agricultural research and urban development.

Agricultural Research. We should strongly support technical assistance for scientific agricultural research. Through the past 25 years the US has funded a great deal of agricultural research in Asia. Such support has often been criticized on the grounds that while research produces results, these results are never made available to the farmers. In fact, the solution to improved extension service systems for delivery of research results are usually budgetary (inadequate salaries and allowances; lack of useable materials) and can be solved by the recipient country increasing its budget allocations to extension work. Traditional bureaucratic values, attitudes and patterns of action are often obstacles which can only be solved by the recipient government.

Urban Development. Due to the pervasive emergence of the primate city in Southeast Asia (Bangkok, Manila, Jakarta) the resulting problems of urban development are particularly severe. Technical assistance and research grants should be directed to development of a comprehensive body of sociological, political, and economic research on how such primate cities came into existence, how they grow and how urban

services are actually delivered (labor market information, housing, water, education, health and transportation). Improvements in the delivery of urban services to households can only be build upon a much deeper understanding of what now happens with the enormous resources being directed at provision of urban services.

4. The Japanese-Australian Connection. The US should maintain a continuing, close alliance with Japan and Australia in implementation of of recommendations #1 and #2. In building this connection it is necessary that we follow two principles:

-- The operation of the economic policy alliance should be very quiet and managed largely in Tokyo, Washington and Canberra or at high levels of the local embassies.

-- The objective of this economic policy alliance should be to develop agreed upon positions for the assisting governments with respect to the financial consortia and the positions taken by the executive directors in international financial organizations.

5. Management and Adjustment of Foreign Economic Policy in Southeast Asia. Once the United States turns its influence to the policy and macro-economic levels of development of Southeast Asian countries the coordination and management of policy among the various concerned organizations becomes much more important. Effective coordination and management will require stronger staffs of economic officers and capacity to maintain close continuing coordination with the international financial

organizations and Japan and Australia. Despite obstacles more attention should be given to a higher grade of professionalism in personnel dealing with economic matters, more specifically, the politico-economics of development.

6. Communications. Recognizing that we are engaged in a conflict of systems a greater effort should be made to inform and persuade by word and by example the advantages of the free market economy.

C. The Cultural Denominator in US-East Asian Relations*

A primary purpose of American foreign policy on a world scale is the promotion and protection of "pluralism." We often define pluralism in political and economic terms without paying enough attention to the cultural dimensions which affect a given country's political traditions and processes. Another US objective in Asia, therefore, must be to ensure respect for and access to the heterogeneous Asian cultures. In fact, there is no way the US can play a responsible role in Asia and help meet political, economic and social development needs of the countries in the area unless influential Americans acquire an empathetic understanding of and respect for the cultural and political heritages of the societies in the area.

Any reduction of US military power and presence in East Asia should not be accompanied by a decline in the American "presence" in other forms; particularly in the educational and cultural fields. The US should

*See Appendix 4, same title.

make every effort to ensure that it will not "adjust to the new realities of Asia" with the same lack of empathetic understanding of realities as was the case when it "intervened" in Southeast Asia over two decades ago. US-East Asian cultural relations require, in short, less American talk and teach, and more listen and learn.

Many American universities retain direct ties with Asian universities, particularly in Japan, Korea, the Philippines and Thailand. The Asian, Ford and Rockefeller Foundations have programs throughout non-communist Asia. The university and foundation links and programs should be expanded to strengthen the psychological base of a more congenial US "presence" in Asia.

Recommendations

1. The specific nature and focus of the new American efforts to understand Asia and its culture would include study of: traditional cultural, political, administrative values and patterns of action affect specific development programs; (b) the arts, literature, music and religions of Asia; and (c) Asian languages. Without sufficient Americans possessing facility in Asian languages, American leaders will lack the bridge to an adequate and helpful understanding of an empathy for the people of Asia, their hopes and their problems, nor will they be able to understand the political and social realities of Asia.

2. The Department of State should expand its own Asian area studies programs in the Foreign Service Institute and initiate in US Embassies in each Asian country special on-going seminar programs on the social-political cultures of those countries.

3. Congress should create a special fund to support the initiation and expansion of cultural, educational and humanistic studies and activities in appropriate American institutions concerned with Asia.

Favorable spin-off in our political relations and presence with the nations of East Asia will come in due course if the US succeeds in achieving the purposes and objectives of its educational and cultural programs in the region. If the US remains true itself, the prized values of individual freedom of choice and individual dignity will link us to those people living in Asia who regard these values as applicable in their own countries.

Additional, more specific recommendations are provided at the end of the cultural appendix (Appendix 4).

III. PRESENT AND FUTURE REGIONAL AND COUNTRY POLICIES

The courses of action which the Soviet Union and the Peoples' Republic of China are likely to pursue with respect to the various regions of Asia and toward the individual countries therein are listed at the end of Appendix One. A broad US strategic concept for meeting, and in certain cases, utilizing adversary challenges in Asia is presented in Part II. In addition, Part II contains recommended functional guides for US programs in the security, economic and psychological cultural sectors. This section presents more specific policy recommendations for the safeguarding of US interests with respect to either the Asian-Pacific regions or to individual countries within them.

A. Northeast Asia

Northeast Asia is an engagement ground for four world powers (US, USSR, PRC and Japan). The interaction of these four powers in Asia affects, in turn, the interaction of two of them (US and USSR) in and with the fifth potential world power center, Western Europe.

Current Status. Northeast Asia is currently a stand-off for the great powers, and for the short term it seems best for all concerned to maintain this stand-off with shifts and readjustments as the conditions of great power confrontation change and the economic, political and military capacities of the other actors, including both Koreas and Taiwan, also change.

We present below some of the major security, economic and educational/cultural recommendations for Northeast Asia.

Each of the country annexes expand on the basic themes, patterns of action, and objectives of the great power interrelationship. They also define American interests in more detail and recommend appropriate American policies, including their phasing for the near term, and present some speculations for the remainder of the century. More recommendations will be found in each country annex.

Policy Recommendations: Northeast Asia

Security. The security of Japan, Korea and to some degree Taiwan is much more closely interrelated and clearly defined than is true for other states in other areas of Asia. The US should therefore:

--Retain indefinitely the US-Japan Mutual Security Treaty with modifications in US force deployments in Japan and the nature and scope of changes in defense burden-sharing occurring primarily in response to Japanese desires rather than US pressure.

--Retain the US-Republic of Korea Security Treaty and maintain some kind of US military presence until the two Koreas peacefully resolve the unification issue or South Korea is independently capable of defending itself and US withdrawal of its forces or even changes in the treaty will not result in threats to Japanese security.

--Do not seek "normalization" of relations with the PRC in haste simply because Mao may soon pass from the scene.

--Seek a commitment from the Peoples' Republic of China not to try to take Taiwan by force if the US withdraws its formal treaty commitment to the Republic of China. Whether such a commitment or understanding is obtained or not, do not recognize the PRC and concurrently derecognize the ROC in a manner or time frame that could lead both our adversaries and

our friends to further doubt our interest in and commitment to retaining active and cooperative security, political and economic relations with other Asian states.

Political. Drawing on Secretary of Defense Schlesinger's basic statements regarding US security policies in Northeast Asia, initiate a serious dialogue and examination with Japan of:

a. The nature and scope of US political intentions and objectives in Asia;

b. Necessity, desirability, feasibility and modus operandi of a more active Japanese political role in the affairs of Asia, including the nature and scope of that role and how it might complement that of the United States.

c. Feasibility, desirability and techniques of independent exploratory consultation between Japan and the states of Southeast Asia on the nature, scope and desirability of a Japanese or US-Japanese political role in Southeast Asia.

Economic. US allies in Northeast Asia are all doing well economically. Few if any special assistance programs are required here. The US should, however, continue to encourage Japan, the ROC and the ROK to take a greater interests in the enormous economic development problems of Southeast Asia and to cooperate and coordinate with the US specific assistance programs therein, particularly in food production.

Cultural

a. Japan should have as much interest in the nature and scope of economic development impact on the cultures of Southeast Asia as does the US. The US, even as it expands its cultural relations with Japan,

should encourage Japan to cooperate in expanding intra-regional cultural studies, seminars and exhibitions.

b. Taiwan is the great repository of traditional Chinese cultural and artistic achievements and, currently, the only Chinese accessway to the great Chinese cultural heritage that preceeded the rise of communism in China. The US should explore with both the PRC and the ROC the possibilities and methods of preserving these treasures and ensuring access to them and further study of Chinese culture, present and past by all Chinese and by the non-communist world.

c. The US Government should assure that the Inter University Language Centers in Taipei and Tokyo which are the principal source of non-government language expertise in Chinese and Japanese are not forced to close for lack of steady financial support.

Nor should the US permit future normalization with Peking to result in a closing off of the current languages studies in Taipei. Indeed, it might be useful to try to expand language studies (both Chinese and English) to another university on the mainland.

B. SOUTHEAST ASIA: DOMINATION, DIVISION OR SOLIDARITY?

Introduction. The spring 1975 sequence of events in Indochina dramatically changed the regional balance of power in Southeast Asia. All major Southeast Asia actors are now reassessing their policy interests and objectives. The current Congressional attitude toward a US role in Southeast Asia make future American policy there far more difficult to define than is the case in other areas of Asia.

As noted previously, the central task confronting US policymakers is to make an accurate assessment of the American capacity to influence the behavior of the important states acting in Southeast Asia. Part of this capacity will be the will to act or the will of the American people to permit this country to maintain some degree of active military and political presence in the area.

Policy Recommendations. Consequently, a clear and positive statement of US policy interests in Southeast Asia could help shape the overall security, political and economic environment in the area. While many of the factors that will influence future developments in the region are independent of US control, US policy can influence both the perceptions and actions of the other actors.

The various country annexes discuss and analyze in more detail the dynamics of conflict and contention in Southeast Asia as they manifest themselves in Thailand, the Philippines, Indonesia and Vietnam. Additional specific policy recommendations for these four countries conclude each annex.

a. Annex 4 - Vietnam

b. Annex 6 - The Philippines

c. Annex 7 - Thailand

d. Annex 8 - Indonesia

General recommendations and some of the more important country specific recommendations with regional implications appears below.

(a) Security/Political

--The United States should support the neutralization concept as an ultimate goal achievable only when all of the great powers and the affected Southeast Asian nations are prepared to agree and act on clearly defined principles and procedures for maintaining such neutralization. Unilateral US withdrawal as an "example" for other powers will not assure neutralization in Southeast Asia.

--The United States should not withdraw its military power from Thailand and the Philippines or make adjustments in the Manila Pact or other relations faster than the Thai or Filipinos desire.

--The United States should continue, to the degree that the Filipinos desire, to treat the Philippines as a special case for the US in Asia. The nature of the US-Philippine relationship is changing, but US interest in the continued social, economic and political development of its former colony will remain. Currently, the US must retain access to the Clark Field and Subic Bay military facilities that are crucial to the maintenance of a meaningful military presence in the Western Pacific and particularly in Southeast Asia. Our actions toward the Philippines should be sensitive to the continuing importance of US historical ties as well as to the fact that this is the only country in Southeast Asia with which the US has a Mutual Security Treaty. (See Philippine Annex)

--The US should retain military advisors in Thailand and continue to respond favorably through MAP and Foreign Military Sales (FMS) to Thai military equipment needs.

1.3(a)(5)

1.3(a)(6)

(See Thailand Annex)

--The US should, however, actively seek a new, more creative relationship with Thailand that does not rest on US military presence.

--The US should encourage Australia and New Zealand to continue to maintain some kind of security relationship with Malaysia and Singapore. The US itself should also be prepared to respond favorably to requests from Singapore or Malaysia for special purchases of military equipment under the Foreign Military Sales program or other training programs. (See South Pacific Annex)

Indochina. The United should:

--Try to retain a diplomatic presence in Laos if it can do so without being obsequious;

--Eventually recognize one government in Vietnam and try to normalize relations therewith, but not by acceding to Hanoi demand as preconditions for good relations with the US.

Economic

--The United States should continue assistance to Indonesia and Thailand, key countries in the ASEAN grouping, that enables them to develop and maintain viable non-communist, pluralistic political and economic systems. This "indirect" assistance is the best way for the US to help ASEAN develop into a meaningful political and economic "fact of life" and a cohesive indigenous force for stability in Southeast Asia. (See ASEAN Annex)

--The US should try to establish an informal consortium with Japan and Australia for Pacific Asian development that would design economic assistance programs to make Southeast Asia a major food exporting area and to address

the explosive population problem. (Perhaps Taiwan and South Korea could participate in such a "consortium.") The consortium would also support growth with equity, freer markets and upgrading direct investments.

--The US should retain the possibility of resuming the Mekong Basin Development program if ways can be found to ensure achievement of the original objectives and benefits of this project for all the states in the Mekong Basin, particularly Thailand. The US should not participate further in the Mekong program unless the North Vietnamese/Pathet Lao guarantee that these hydroelectric and irrigation facilities, if developed, will benefit all four Mekong countries.

--The US should continue its support of other regional development programs and projects such as SEAMES, SEMEO and the Asian Institute of Technology (AIT).

--The US should continue to respond favorably to ASEAN interests in direct consultations on economic issues in Southeast Asia. The US should try to induce positive support for ASEAN with Japan, New Zealand, Australia and the PRC.

(c) Cultural

--Southeast Asia possesses perhaps one of the most heterogeneous cultural and ethnic heritages in the world. The US should actively encourage the continuation of Southeast Asia studies, including language studies in American universities and in the State Department's Foreign Service Institute. Particular emphasis should be placed on bringing Asian scholars to the US to teach about their own countries in the US.

C. SOUTH ASIA-INDIAN OCEAN-PERSIAN GULF

The present situation in this portentious part of the world is described in Appendix 9, same subject. The more significant aspects appear in Part I. Ever since 1962 this area has been the stage on which the Sino-Soviet conflict has been most openly waged. During this period China has moved from friendship with India to a state of hostility. The USSR and India have become allies in all but name.

The Soviet Union has endeavored to use India to advance its concept of Asian security. The Soviet scheme for Asia seems remarkably similar to the concept adopted at the Conference on European Security and Cooperation held in July 1975.

On August 28, 1975, The New York Times reported that:

> "A lengthy analysis in the government newspaper Izvestia asserted that the Asian continent would particularly benefit from the adoption of the principles agreed upon by 35 states at Helsinki. Izvestia went on to contend that Asia was now in 'extremely urgent' need of its own system of collective security.
>
> "Also, in the latest issue of the Soviet foreign affairs weekly Novoye Vremya, a Soviet historian declared that the European conference, which wound up in Finland at summit level earlier this month, had proved 'a fresh stimulus to the realization of the idea of security and cooperation in Asia.'"

There is little chance the Soviet security scheme for Asia can be orchestrated in the same manner in which the CESC was finally foisted on Europe. After twenty years of pressure, divisive diplomacy and with NATO in disarray, the Soviet Union is far more influential in Europe than it is likely to be in Asia. Peking presents the Soviets with a far bigger problem than does Western Europe--and one that will not easily go away.

Nevertheless, the Soviet Union has persistently pursued expansionist policies in the Indian Ocean and enjoys considerably more influence in the region today than ten years ago.

Recommendations

1. The United States should seek tacit/areas of mutual agreement with the Soviet Union as far as operations in the Indian Ocean are concerned. These could include agreements on the limitation of naval presence and other military activities, on the preservation of the principle of freedom of the sea and the unrestricted use of the key straits and access routes, including the Suez Canal and the Straits of Malacca. All nations should be able to use the Indian Ocean for such peaceful purposes as fishing, exploitation of mineral resources and the seabed, hydrographic and other types of research and exploration. Such use of the Indian Ocean and its seabed should be in accordance with the agreements reached in the UN Law of the Sea Conference.

2. If the Soviet Union seeks to expand its presence and influence there for unilateral gain, for potential interruption of Japanese shipping or for indirect maneuvers against the PRC the US should undertake to prevent Soviet ascendancy in this distant ocean. This effort would involve continued expansion of US naval presence and surveillance capability in response to Soviet deployments if the Soviets are unwilling to agree to end escalation of naval competition in the area.

3. The US should avoid direct involvement in various manifestations of the Sino-Soviet dispute in the Indian Ocean area, but if forced by circumstances to take a position should lean toward the PRC.

4. Finally, the US should: respond favorably to any Indian initiatives for more cooperative relations with the United States; maintain

close cooperative relations with Iran and Pakistan; and encourage Iranian-Indonesian cooperation and seek in collaboration with the PRC and Iran to bolster Pakistan's armed forces.

D. AUSTRALIA AND NEW ZEALAND*

Australia and New Zealand do not face security problems comparable to those of other countries in the Asian-Pacific region. The US is allied with Australia and New Zealand through the ANZUS Pact. US security guarantees to its South Pacific allies obtains for the US utilization of some important installations as well as operating rights in the area.

The role which either Australia and New Zealand can play in Pacific security is strictly limited; they are geographically detached and have a large and almost empty island continent. Obviously, Australia, far larger than New Zealand, with four times the latter's population and geographically closer to the Asian part of the Pacific scene can play a more important role than New Zealand. One should bear in mind, however, that New Zealand will frequently cooperate with Australia in both security policy planning and undertakings.

Australia, and to some degree New Zealand, are also engaged in a reassessment of their positions in the world. Despite differing nuances the American connection remains of high value to both of them. American relations with Australia and New Zealand are generally sound. No new initiatives seem necessary at this time or for the foreseeable future. The US does need the cooperation of both of these states as it tries to maintain stability in Asia.

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*See Annex 10.

Policy Recommendations

The United States should:

1. Encourage Australia and New Zealand to retain the current level and nature of their military cooperation with Malaysia and Singapore after the British withdraw their forces in March 1976. New Zealand and Australia can contribute to some degree of psychological security in Southeast Asia by retaining their current links to Singapore and Malaysia. Both of these states want to retain their pluralistic societies and ties to "the West" but not necessarily directly with only the United States.

2. Encourage Australia and New Zealand to continue and, if possible, expand their economic assistance programs in Southeast Asia, particularly with Indonesia and Malaysia.

3. [redacted]

1.2(a)(5)

4. Attempt to induce New Zealand to abandon its proposal for a nuclear free zone in the South Pacific.

IV: OBSTACLES TO CREATIVE U.S. POLICIES IN ASIA

A. Obstacles Defined

The primary obstacles to effective implementation of the overall strategy and some of the specific country or subregion policies proposed in this study are the often intense differences of opinion on foreign policy issues between: (1) Congress and the Executive Branch; (2) the opinion-making elite and the US Government (Congress and Executive Branch); and (3) within Congress and the Executive Branch themselves. Specifically, these differences of opinion concern:

1. The strategic problems the US faces with regard to:

--the nature, scope and variations in threats to US objectives and interests from the Soviet Union and the PRC;

--the process and achievements of detente;

--US relations and "responsibilities" to the so-called "Third World;"

--the nature and processes of psychological/political "warfare" and subversion in Asia.

2. The relevance of East Asia to US security.

3. The proper capacities, commitments and purposes of the US in Asia.

4. The means by which the US should meet its "responsibilities" in Asia.

Other perennial problems with which US policy toward East Asia has had to contend include:

--Cycles of over-involvement and under-involvement generating either emotional partisanship or disinterest.

--Divided countries--Vietnam, Laos, China and Korea--the US has unusual difficulty in dealing with split nations. The first two have been "solved" to our detriment; the third may be solvable; the fourth remains dangerous.

--Failure to comprehend and cope with the rising forces of nationalism in Asia.

--Obstacles to regional cooperation in both Northeast and Southeast Asia.

B. Differing American Perceptions of the Challenges

Many aspects of the contemporary world parallel the international

anarchy which characterized the 1930s on the eve of the Second World War. In Secretary Kissinger's worlds, "We live in an environment of continuing conflicts, proliferating weapons, new ideological divisions and economic rivalry."*

There appear to be three general assessment held by influential groups of Americans on the situation we face.

1. The World Environment and US Policy Toward it is Generally Satisfactory to the US. Our relations with our major allies are good and our interactions with the USSR and the PRC are generally on course. This assessment may currently be accurate. But global developments over the next several years could reduce the number of Americans accepting this assessment and increase the ranks of those who currently subscribe to two widely differing perceptions of the situation confronting the United States. To wit:

2. The United States is Facing an Increasingly Difficult Environment. In this view the Soviet Union is on the rise and the US is on the decline.

3. Neo-isolationists. The world may be in a mess, but American efforts to straighten things out have been ill-conceived and non-productive.

Before too long the US has to make up its mind on which of these approaches to base its national security and foreign policy. Policy based on the third assessment would quickly lead to a fortress America and a future world order largely designed in Moscow. The first assessment appears more plausible, but it may be based on a measure of wishful thinking.

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*Address by the Honorable Henry A. Kissinger before the Seventh Special Session of the UN General Assembly, "Global Consensus and Economic Development," September 1, 1975

Leading Soviet policy-makers, for example, attribute the "tendency toward the easing of tensions and the strengthening of peaceful coexistence between states with different social systems...to the growing might of the Soviet Union and the entire socialist commonwealth."*

The problems presented in many parts of the world by the many-sided Soviet drive for recognizable global military superiority have to be faced honestly and realistically. A policy based on the second assessment may appears to be the most appropriate to our present situation. If we act to prevent the worst, it may not materialize. In this perspective a central task facing US policy-makers paradoxical is to inspire the will of the American people to permit this country to safeguard its interests in Asia and elsewhere.

Currently, the Sino-Soviet struggle in Asia can offer American foreign policy important opportunities. Asia, which is the theater in which the Soviet Union is joined in a prolonged, inescapable political-military confrontation with the PRC, is the best place to frustrate Soviet efforts toward ascendancy.

If the US links its policies with its allies it can in concert with them help create a tolerable, pluralistic world for all mankind. Potentially the most important ally the US can have in this endeavor is in Asia--Japan. Rather than turning our back on Asia following the debacle in Indochina we must visualize Asia as a theater of testing, of trial and opportunity.

Allies and Adversaries' Perceptions. In the immediate aftermath of Vietnam we have focussed a great deal of attention on the credibility of

*G.A. Arbatov, "On Soviet-American Relations," Kommunist, No. 3, Feb 1973, pp 101-103. Complete text in CDSP, Vol XXV, No. 15, May 9, 1973.

American treaty commitments. Perhaps more important are our allies and adversaries' perceptions of the capacity and stability of the US foreign policy making process, and how these perceptions and actions that result therefrom change the international system itself. The American performance in Vietnam revealed how the American polity, society and economy work as a policy-making and sustaining system--particularly the constraints that Congress and public opinion put on the actions of the Executive. America's allies and adversaries focus on how this process will work in the future in similar challenges. The performance of the American system can affect what other countries (1) can do to one another and (2) intend to do to one another.

The US, therefore, must deal not only with its own internal obstacles to the definition and execution of its foreign policies, but it must now cope with the problem of convincing allies and adversaries alike that the policies and programs we devise are viable and that we and they can predict our future actions by these policies. Frequently, however, conflict between the Executive Branch and Congress leave the US as "the great unknown variable" for other states. Nor can we be certain (1) if other nations will believe we know what we are doing and (2) what, therefore, their policies and actions are likely to be with respect to our own.

D. Toward a Reliable Consensus on Foreign Policy

Delineation of US interests and development of sustainable foreign policies therefor requires US adherence to the proposition that security interdependence and detente are individually and collectively indivisible. The American people should understand that our Soviet and Chinese communist adversaries pursue policies designed to undermine ultimately the American search for global equilibrium. So far the element of reciprocity has been

insufficiently evident in our dealings--with both Moscow and Peking--but particularly with the former.

Genuine public debate over basic foreign policy issues has become more important than ever. The public, through Congress, is demanding a greater role in foreign policy formation and conduct. The only way to lay a solid foundation for such a role through critical public discussion of the pros and cons of a given proposal. The American people should determine where they are in this present world and where they want to be in the future.

Resolving the differences of opinion outlined above on the threats we face and what we should be doing about them, and developing at least a general consensus on what US purposes in the world should be and how these purposes should be propagated and protected requires:

1. decisive yet tactful leadership within and from the Executive Branch, including effective utilization of all sources of expertise (institutional and individual) therein;

2. substantially increased interest and responsible leadership in Congress itself with regard to foreign policy issues. There should be less public posturing and more intense study of foreign areas and policies and realities therein, however "unpopular" these realities may sometimes seem. There are no shortcuts to the knowledge and perception required for defining and overseeing the conduct of US foreign policy.

3. courage on the part of leaders in both the Executive Branch and Congress when they must confront differences between what they believe on the basis of their information is the most responsible course of action and what is popular according to the Gallup and Harris polls.

E. An Asian Beginning

Where better to begin to explicitly define a logical, coherent, self-consistent foreign policy than in Asia, the stage on which the former consensus was wrecked? This study, in turn, could be catalytic agent for the genuine debate we so badly need. This study in whole or, over time, in parts could be offered to the Congress for review and critique. Exposure to and critique by Congress is perhaps the best way to determine the merit and viability of the underlying assumptions and policy ideas in this study--particularly whether they will "fly" with the American people.