EAST ASIA AND THE GREAT POWER COALITIONS: 
An Analysis of Regional Developments in 1981

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For more than three decades East Asia has had its share of buffeting by the rivalry of the great powers. The region has been the site of America's two most recent wars—in Korea and Vietnam—which reflected the interplay between local conflicts and efforts of the Soviet Union, China, and the United States to safeguard vulnerable frontiers, establish alliances with which to countervail the expansion of rivals' influence, and secure the interests of allied states.

The U.S. position in East Asia, since the early 1950s, has been based on a series of stable alliance relationships with Japan, South Korea, the Philippines, and the ANZUS states of Australia and New Zealand. These ties have been strengthened in recent years by the normalization of relations with the People's Republic of China (PRC) and positive if informal dealings with the Association of Southeast Asian Nations (ASEAN), the economic development-oriented regional grouping composed of Thailand, Malaysia, Singapore, Indonesia and the Philippines.


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This varied coalition has drawn its limited cohesion from a combination of the economic dynamism of the market-economy states, and a shared concern with the growth of Soviet military power in the region—either directly as in Moscow’s buildup along the Sino-Soviet frontier, the garrisoning of Japan's northern territories which began in 1978, the expansion of the Soviet Pacific Fleet, and the 1980 occupation of Afghanistan, or indirectly in Moscow’s support for Vietnam’s 1979 invasion of Kampuchea (Cambodia). It is a loose entente which has given the United States some promise of countervailing the forceful expansion of Soviet influence and presenting Moscow with an inhospitable Asian frontier which would weigh heavily in its consideration of adventures in other parts of the world. It has required the Soviet Union to view East Asia as an insecure region in which its access is limited to bilateral alliances with Mongolia and Vietnam and an uncertain relationship with North Korea, supplemented by ties to India and Afghanistan in South and Southwest Asia.

Nineteen eighty-one saw no major upheavals in East Asia. The region was relatively calm when compared with the turmoil-ridden Middle East and Persian Gulf, and a Europe weakened by economic sluggishness and strained alliances. Yet the year did see developments in America's relations with key Asian states which placed in some jeopardy the future U.S. position in the region. The major problem, which cast a shadow over other aspects of U.S. Asian policy, was serious tension in relations with Beijing (Peking) over the prospect of American arms sales to Taiwan. What had been a relationship with some positive momentum and strategic weight stagnated over the year in distrust and uncertainty.
Ironically, most of the states of Asia had welcomed the transition in Washington to the Reagan Administration. President Carter's policies, especially his shifting position on the stationing of American troops in South Korea, had generated considerable uncertainty about the U.S. role in the region. President Reagan, shortly after his inauguration, sought to erase doubts about America's commitments to the security of its allies by a strong show of support for South Korean leader Chun Doo Hwan, one of the new President's first official visitors to Washington.

The deft handling of the Chun visit, however, contrasted with mixed signals on China policy. While the State Department reaffirmed support for the Carter Administration's 1978 normalization agreement and expressed interest in strengthening a strategic relationship with the PRC, White House spokesmen repeatedly emphasized the President's determination to implement the Taiwan Relations Act by selling arms to the now-derecognized island. Secretary of State Haig traveled to China in June to reactivate the Sino-American tie, revealing at the end of his visit that the PRC would be eligible for purchase of lethal U.S. weaponry on a case-by-case basis. But in fact no arms sales developed over the year, as PRC leaders sought clarification of the Administration's policy on arms sales to Taiwan. By year's end a quiet crisis had developed over the Taiwan issue, with a rupture or downgrading of the diplomatic relationship a possibility for 1982.

President Reagan and Japanese Prime Minister Suzuki held a successful summit meeting in Washington in early May. In the weeks
following the meeting, however, the U.S.-Japan security relationship was strained by a series of diplomatic and military incidents that revealed continuing Japanese sensitivities in defense matters. And as 1981 progressed, the Administration found itself no less frustrated than its predecessors in finding ways to induce the Japanese to increase their defense preparedness, and in managing economic tensions between the two countries that were heightened by a year-end U.S. trade deficit with Japan of more than $15 billion.

Early in the year, Prince Sihanouk emerged from his North Korean retreat to announce a willingness to explore the formation of a united resistance against the Vietnamese occupiers of Kampuchea with his former Prime Minister Son Sann and the "Democratic Kampuchea" Prime Minister Khieu Samphan. A meeting between the three leaders in Singapore in early September, however, did little more than expose the reluctance of the non-Communist Khmers to work with the detested and distrusted Pol Pot resistance—and vice versa. A meeting of the ASEAN foreign ministers in Manila in June, and a United Nations conference a month later, produced a resolution calling for the withdrawal of Hanoi's troops from Kampuchea and the holding of U.N.-supervised elections; but the meetings also revealed tensions between the ASEAN states and China over Beijing's future role in Southeast Asia. The Soviets and Vietnamese ignored the U.N. resolution, and the Indochina conflict continued to fester with no clear outcome in sight.

Events in East Asia over the past year, and the policies of the new Administration, thus highlight difficult challenges ahead for the United States in managing its relations with Japan, China and ASEAN. They
reveal problems in strengthening the loose regional coalition which
could be part of a broader effort to counter the continuing global
growth of Soviet military forces and Moscow's vigorous pursuit of its
interests in the politically unstable Third World.

II

The growing Soviet military presence in the Far East has provided
the common denominator of security concerns for the major states of East
Asia. That concern has been an important impetus for the Sino-American
rapprochement, Japan's halting steps toward rearmament, and--
indirectly--the increasing cohesiveness of the Association for Southeast
Asian Nations (ASEAN). Moscow's influence in Asia is projected almost
exclusively through its military capabilities and its actions as an arms
supplier, notably with Vietnam and India. Except for dominating the
trade of its client states of Mongolia, Vietnam, and Afghanistan, and
being a major trading partner of North Korea and India, the Soviet Union
has very modest economic links to the region.[1] Soviet political
influence is limited to those countries seeking a counterweight to the
Chinese--primarily Vietnam and India, less so North Korea, and
potentially Indonesia and Malaysia.

[1] Trade with the Soviet Union in 1979--the most recent year for
which complete statistics are available--represented less than 4% of the
imports and exports of 11 of the 19 states of East, Southeast, and South
Asia (which together generate about 95% of the region's GNP). The ex-
ceptions are Mongolia (which had 85% of its two-way trade with the
USSR); North Korea (53.7%); Vietnam (62.3%), and India (8.4%). In con-
trast, commerce with the United States represented between 10% and 35%
of the two-way trade of the 12 market economy states, and China. (See
Richard H. Solomon, "Coalition Building or Condominium? The Soviet
Presence in Asia and American Policy Alternatives," in a study of Soviet
policy in East Asia, edited by Donald S. Zagoria, to be published by
Yale University Press in 1982.)
Moscow's military buildup in the Asian region has gone through two distinct stages since the mid-1960s. The first began shortly after Khrushchev's demise when the new Brezhnev leadership began to increase Soviet ground forces deployed against China from a little more than a dozen divisions in 1965 to over 40 a decade later. This trebling of Soviet forces arrayed against the PRC seems to have reflected the judgment in Moscow that the feud with China—which to that date had been largely political in character—now constituted a long-term interstate conflict. The military buildup may have been intended, in part, to heighten the visible costs to China of Mao Zedong's domestic and foreign policies, and thus perhaps stimulate a political reaction within the Chinese leadership against the Chairman. But the Soviets were also insuring themselves against Beijing's assertion that large sections of Chinese territory had been unjustly acquired by Czarist authorities in the 19th century through military pressure and political manipulation.[2]

While today these Soviet ground combat forces deployed against the PRC are less than half the "million men" claimed by the Chinese, their superior weaponry nonetheless constitutes a significant offensive conventional threat to China's northern tier of provinces and a nuclear challenge to the entire country. It is a force potent enough to do

[2] China's position on the border dispute has been that it is willing to settle differences on the basis of the existing frontier demarcation if Moscow will publicly admit that its present control over former Chinese territories was "unjustly" acquired. Beijing's position seems clearly political in purpose: to establish common cause with other states whose territories have been occupied or annexed by the Soviet Union, and with those who feel threatened by it.
considerable damage to China's industry and urban centers, yet not large enough to occupy and govern the country.

A second stage in Moscow's Asian military buildup was initiated publicly in late March of 1978 when Communist Party leader Brezhnev toured industrial and military facilities in the Soviet Far East with Defense Minister Dimitri Ustinov. Following the Soviet leader's trip, a series of military developments oriented toward neutralizing U.S. forces in Asia proceeded apace. A new generation of mobile intermediate-range nuclear weapons was deployed in the Siberian and Transbaikal Military Districts—the now-familiar SS-20 intermediate-range ballistic missile (IRBM), and the "Backfire" bomber—thus creating a threat of missile and air attack not only on all of China but also on U.S. bases in Japan and the Philippines. The bombers also gave Moscow enhanced attack capabilities against ships of the U.S. Seventh Fleet. Increased effort was also given to completing construction of the second major land supply route to Soviet Asia, the Baikal-Amur Mainline Railroad.

Concurrently, the Soviet Pacific Fleet was given significant new assets for anti-submarine warfare and power projection—most notably in the 1979 deployment of the new ASW carrier Minsk and the amphibious assault ship Ivan Rogov. Submarines assigned to the fleet were also increased by 15 percent. The momentum behind this force buildup may have been slowed temporarily by the death in an airplane crash of Soviet Far East naval commander Admiral Emil Spiridanov and much of his staff in February 1981. But the process continues as Moscow upgrades both the quality of its weaponry deployed in the Far East and the manpower assigned to it, which now totals more than 50 divisions (including forces deployed in Mongolia). Moreover, the capacity of these forces to
operate in coordinated fashion throughout the region was enhanced in 1978 by the creation of a Far East theater command at Ulan Ude.

The objective of this force buildup is evident enough: to deter attacks on the Soviet Far East, and to neutralize militarily the coalition of the United States and its treaty partners and friendly countries. Moscow is now creating—as in Europe—a nuclear and conventional military threat in East Asia designed to intimidate U.S. and allied forces operating on Asian soil or in nearby waters, as well as the Chinese. It is a force which, before long, may have the capacity to interdict the Pacific sea and air lines of communication which link the United States to the region and enable it to sustain its security commitments to its allies.

While Moscow's current East Asian force posture is still relatively defensive if compared with Soviet capabilities in Europe and Central Asia, it takes on a more offensive cast if seen in global terms. The United States must defend the interests of its allies in Asia and the Middle East/Persian Gulf via long and vulnerable sea and air lines of communication in both the Pacific and Indian Oceans. The Soviet Union, by contrast, can "swing" its Far Eastern forces—which constitute about one-quarter of its ground and air strength—westward along relatively secure internal lines of communication for operations in the Middle East or Europe, or use these forces in East Asia to block American and allied responses to regional or global contingencies.

Soviet commentators have characterized such recent developments as the garrisoning of Japan's northern territories in 1978 as a response to the signing of a Sino-Japanese peace and friendship treaty in September
of that year. In fact Soviet leaders, since the early 1970s, have anticipated the formation of an "anti-Soviet" coalition in East Asia by the Chinese, Japanese, and Americans. They have taken steps to preempt it in a way that has only driven forward the process of coalescence, illustrating Moscow's penchant for creating threatening military deployments in a way that only stimulates regional polarizations and exacerbates the rivalry of the great powers.

Concurrent with these military developments has been a series of Soviet political initiatives designed to head off the formation of a two-front "anti-Soviet" coalition, and to more recently establish a series of bilateral alliances. These alliances--with associated basing rights--would enable Soviet forces to operate far from their bases in the Soviet Far East and Central Asia south into the Persian Gulf and Indian Ocean, and into Southeast Asia. The first of these initiatives was Brezhnev's call of June, 1969--not long after the first of the major Sino-Soviet border clashes--for the formation of an "Asian Collective Security" grouping. This appeal found little acceptance in Asia or elsewhere, as it was interpreted widely as little more than an effort to isolate the Chinese. Indeed it was an important factor, along with Moscow's invasion of Czechoslovakia the preceding year, in driving the Chinese toward improved relations with the United States.

Following initiation of the Sino-American normalization process in 1971, Brezhnev unsuccessfully sought to engage three successive U.S. presidents in discussion of issues related to China, or to build into U.S.-Soviet agreements understandings that were clearly anti-Chinese in
character. [3] Interpretations of these Soviet initiatives vary: at face value they suggest an effort to create a Soviet-American condominium over developments in Asia; in practical effect they would have generated considerable distrust in U.S. relations with allied governments in the region, and severely impeded the process of normalizing U.S.-PRC relations. Yet Moscow's efforts along this line continue to this day, as in appeals by Soviet Asian scholars to their American counterparts that the United States and the USSR, as "the two major powers capable of influencing trends in Asia," have a particular shared responsibility to "shape regional problems together," and in allegations of Chinese "adventurism" and the "perfidiousness" of the Japanese.

By the mid-1970s, however, the Soviet leadership seems to have concluded that the diplomacy of detente was ineffectual either in drawing the United States into a broad collusive relationship or in slowing down the process of Sino-American normalization. Conversely, they appear to have sensed that prevention of further erosion of their position in the Middle East—resulting from their expulsion from Egypt in 1972—and countering the evolving ties between China, Japan, the United States, and Western Europe was best accomplished through the creation of a series of bilateral alliances and military basing facilities. These would enable the USSR to project its growing military capabilities into Africa and Asia. Thus followed the now-familiar


There is room here to debate the time-honored issue of a Soviet "grand design," of a geopolitical strategy behind these initiatives—as opposed to the grasping of opportunities (as in Angola and Ethiopia) or the countering of threats to existing Soviet positions (as in Afghanistan). Yet the effect, if not the intent, of these actions has been to establish a series of forward operating positions for the USSR in Africa and Asia which, in combination with enhanced Soviet military capabilities, places in jeopardy the security of the energy sources of Western Europe, Japan, South Korea and the United States, and which significantly increases the capacity of the Soviets to challenge the security of the sea lanes. Moscow has paid a price for these moves, however. Added stimulus has been given to the formation of a defensive counter-coalition—as in driving U.S.-PRC relations into areas of low-level military cooperation following the invasion of Afghanistan, and in eliminating what little political credibility remained in detente.

A sustained Soviet military buildup and regional interventions on the one hand; the slow formation of a defensive coalition on the other: this is the interaction of the past decade which gives recent events in Asia their greatest meaning. Current tensions in Sino-U.S. and Japanese-American relations, and in U.S. dealings with other states of the region, reveal the difficulties facing the United States in its efforts to further strengthen this coalition. These include reluctance
on the part of our East Asian allies to be drawn into a broader security
entente, regional animosities based on events of decades past, and
domestic political instabilities that could weaken U.S. ties to key
governments.

III

How to manage U.S. China policy in the context of the ongoing
Sino-Soviet feud has been a contentious issue in the American foreign
policy community since the normalization process began. And 1981 saw
divisions of opinion within the Reagan Administration about the place of
China in American strategic planning and how to handle the "unofficial"
post-normalization relationship with Taiwan.

The question of U.S. arms sales to Taiwan became a central issue in
U.S.-PRC relations during the year as a result of shifting priorities
and perceptions in both Beijing and Washington. The normalization
negotiations of late 1978 had only set aside resolution of the delicate
Taiwan issue. The United States recognized the PRC as the sole legal
government of China and directly "acknowledged" Beijing's (and Taibei's)
contention that Taiwan is a part of China. PRC leaders expressed "hope"
that the future status of the island could be resolved peacefully, but
they refused to commit themselves to the United States to use only
peaceful means in dealing with Taiwan on the ground that to do so would
be an infringement of sovereignty. As a result, the United States
unilaterally reserved the right to sell arms of a defensive quality to
Taiwan even after it had broken relations with the Nationalist
government—a position that subsequently was given the force of U.S.
domestic law by Congress in the Taiwan Relations Act of April 1979.
Chinese leaders said at the time of normalization that they "absolutely could not agree" to such arms sales; but they went ahead with normalization nonetheless because of the broader strategic significance of the U.S.-PRC relationship and its value in the context of the imminent military confrontation with Moscow's new Asian treaty partner, Vietnam. In thus agreeing to disagree on the arms sales question, however, there remained between Washington and Beijing the clear potential for renewed conflict on the issue that had divided China and the United States since the early 1950s.

Throughout the 1970s the dominant theme in statements by PRC leaders regarding Taiwan had been patience in resolving the island's future. Mao Zedong told Henry Kissinger in 1973 that, "We can do without [Taiwan] for the time being. Let it come after 100 years." Vice Premier Deng Xiaoping echoed this view on the eve of normalization in 1978 when he stated publicly in Japan that Taiwan's status "will inevitably be resolved--if not in ten years then in 100; if not in 100 years, then in 1,000." But in a speech to Communist Party cadres in January of 1980, Deng raised the urgency of the Taiwan question by stressing that "the return of Taiwan to the motherland" was one of three major tasks for the PRC in the new decade.

The heightened salience of the Taiwan issue for Beijing was probably based on the expectation that the mainlander-dominated Nationalist leadership on the island, now firmly in the hands of Chiang Kai-shek's son Chiang Ching-kuo, was likely to pass from the scene in the 1980s. Chiang Ching-kuo follows his father in an unwavering commitment to the principle of "one China." But the increasing
"Taiwanization" of the island's economy and politics, and the prospect of a leadership succession in the 1980s that could lead to a less effective political authority in Taibei—and one perhaps less committed to the unity of China—must have given Deng a sense that Taiwan's reunification with the PRC could only become more difficult with the passage of time. And as a leader with only a few more years on China's political stage, Deng himself no doubt wished to make progress on an issue of great emotional and nationalistic significance to the Chinese.

Beijing's concerns about Taiwan were given added stimulus during 1980 as the Carter Administration resumed sales of military equipment to the island and the presidential campaign gave added visibility to China policy issues. As candidates in the primaries, both George Bush and Ronald Reagan attacked the Carter Administration's agreement for normalizing relations with the PRC. And after his nomination, Mr. Reagan, in a statement of August 25, 1980, stressed his intention to treat America's post-normalization relations with the island as having "official" character and to actively implement the provision of the Taiwan Relations Act that authorized sales of defensive arms to the island. At the same time, the eventually victorious Republican candidate parted company with Presidents Nixon, Ford, and Carter in placing little emphasis on the strategic value to the U.S. of normal relations with the PRC. Indeed, in a Time magazine interview on the eve of his inauguration, Mr. Reagan expressed doubts about the wisdom of U.S.-PRC defense cooperation by noting that China "is a country whose government subscribes to an ideology based on a belief in destroying governments like ours."
Following Mr. Reagan's inauguration, however, the new Administration seemed to return China policy to the track established during the preceding decade. Efforts by several Congressmen in mid-January to invite a delegation of officials from Taiwan to Mr. Reagan's inauguration were downgraded—after a strong protest from Beijing—in a way that emphasized the unofficial character of their visit. Mr. Reagan's Secretary of State, Alexander Haig, repeatedly emphasized the strategic significance of normal U.S. relations with the PRC; and the State Department, in a statement of February 6, expressed the intention of the new Administration to base its China policy on the joint U.S.-PRC normalization communique of December 15, 1978. Indeed, Secretary Haig attempted to move the U.S.-PRC relationship a step forward when he announced, at the conclusion of a mid-June visit to Beijing, the willingness of the Reagan Administration to consider sales of lethal weaponry to the PRC. Yet the divisions of opinion within the Administration on China policy seemed to endure as each initiative of the State Department designed to keep the U.S.-PRC relationship on course was paralleled by a White House reference to the President's determination to implement the Taiwan Relations Act.

In the spring of 1981, American press commentary had speculated that Beijing would accept a continuing program of American arms sales to Taiwan if the PRC were also able to purchase U.S. weaponry. In view of the Soviet threat, went the argument, China was sufficiently in need of the American connection that it would swallow its objections to continuing U.S. arms sales to Taiwan. In the second half of the year, however, PRC leaders turned this argument around in their dealings with
the United States: progress in Sino-American security cooperation would be suspended, they said, until the Reagan Administration "clarified" its position on arms sales to the island. Thus, planning for General Liu Huaqing's visit to Washington to discuss possible purchases of American arms and other forms of defense cooperation, announced at the end of Secretary Haig's June visit to Beijing, was suspended.

In the early fall the issue of U.S. sales of new combat aircraft to Taiwan again surfaced in public discussion and press commentary. There were multiple pressures on the Administration for a decision on this question. Taiwan authorities had been seeking permission to purchase such new aircraft throughout the 1970s in order to replace their aging fleet of F-100s, F-104s, and F-5s, and thus prevent the erosion of the island's air defenses; and in mid-1980 the Carter Administration had authorized the Northrop Corporation and General Dynamics, contenders for the "F-X" export fighter, to discuss potential sales with Taiwan as well as with a number of other prospective foreign buyers.

The objectives of Taiwan's leaders in pressing for the sale seem to have been as much political as military. It was a way of encouraging Mr. Reagan to make good on his campaign intention to implement the Taiwan Relations Act and upgrade Taibei's contacts with the U.S. government. And improvements in the island's relationship with Washington, they must have assumed, were likely to slow down if not degrade the evolution of U.S.-PRC relations. At the same time, the two U.S. aircraft manufacturers, who had invested considerable sums in developing the "F-X" fighter, were approaching the limits of how long they could cover their investment without purchase orders. And there
were those in and around the Administration, and in Congress, who pressed the U.S. to make good on the domestic legal obligation, specified by the Taiwan Relations Act, to sustain the island's defenses.

In this context, Beijing attempted to seize the political initiative. Chinese authorities undertook a public propaganda campaign directed at both Taiwan and the United States designed to promote their terms for peaceful reunification, while also privately escalating their demands for a cessation of all U.S. arms sales to the island. Former President Carter and other officials of his Administration were invited to China during the summer and fall and were warned of the seriousness of the arms sale issue. There were dark hints that domestic political support for the newly consolidated Deng government, with its strong commitment to promoting strategic and economic relations with the West, would be undercut by U.S. arms sales to the island. And it was asserted that the Carter Administration had committed itself during the normalization negotiations of 1978 to phase out such sales in two or three years. Mr. Carter, in a Beijing press conference at the end of his August visit, however, stressed that he supported the sale of

[4] During 1981 Deng Xiaoping finally succeeded in placing three long-time associates in key leadership positions, thus consummating an effort that began in the fall of 1976 when the "Gang of Four" was purged and Deng was rehabilitated for the third time. In early March 1981 Geng Biao—long considered a Deng loyalist—was appointed Minister of Defense. And in late June, the Chinese Communist Party's sixth plenum elevated Deng's long-time associate Hu Yaobang to the Party Chairmanship, thus eliminating Chairman Mao's designated successor Hua Guofeng from that role. This development further strengthened the political standing of Politburo member Zhao Ziyang, another Deng supporter, who had replaced Hua Guofeng as Premier of the State Council in the fall of 1980.
defensive weapons to Taiwan (as well as to the PRC), and that he had never agreed to limit the duration of such sales to the island.

On September 30 the official New China News Agency (NCNA) published a nine point program for peaceful reunification with Taiwan under the name of Marshal Ye Jianying, Chairman of the National People's Congress. The document, which Secretary of State Haig later characterized as "remarkable" and a "not meaningless" proposal, called for reunification talks between Communist and Nationalist authorities. Taiwan was promised "a high degree of autonomy," including the right to retain its own armed forces and socio-economic system, and to sustain trade and cultural relations with foreign countries. Senior authorities on the island were invited to take up national political and administrative posts in the PRC. This proposal became the centerpiece of a celebration in Beijing on October 10--Taiwan's national day--of the 70th anniversary of Sun Yat-sen's 1911 revolution, with Chinese from the PRC and various foreign countries urging Nationalist authorities to initiate reunification talks.

Beijing's peaceful reunification proposal and the issue of weapons sales to Taiwan also were the subject of discussions between President Reagan and PRC Premier Zhao Ziyang at the Cancun "North-South" summit meeting in Mexico in late October. The Chinese Premier, according to press accounts, asserted to the President that in view of the PRC's proposal for peaceful reunification, any sales of U.S. arms to Taiwan would constitute an obstacle to peaceful reunification as well as interference in China's internal affairs. President Reagan, according to a senior Administration official, "didn't say anything [about the arms sales issue] because there's been no decision on that subject."
The official added, "We hope to handle this vexing question with sensitivity and to successfully find our way through it without damage to our fundamentally important strategic relationship." [5]

Subsequent to the Cancun meeting, PRC Foreign Minister Huang Hua visited Washington and reportedly escalated Beijing's demands beyond the aircraft issue to include an end to all U.S. arms sales to Taiwan. An official NCNA commentary on November 25 seemed to rule out a compromise on the issue by stressing that any U.S. arms sales to the island were a violation of Chinese sovereignty and would only "gravely endanger the development of U.S. relations with China and lead to their retrogression."

Thus, by year's end U.S.-PRC relations, while superficially normal, approached the brink of a major disruption. [6] Public discussion of the Taiwan arms sale issue in the United States during 1980 and 1981 had contributed to mobilizing the potent sentiment of Chinese nationalism. Deng Xiaoping and his colleagues had signaled the seriousness of their concern about the issue early in 1981 by downgrading relations with the Netherlands government in response to the sale of two Dutch submarines to Taiwan, and they seemed prepared (or compelled) to press the issue, perhaps to the point of downgrading or even breaking diplomatic relations with the United States.

[6] It is notable that other aspects of the relationship were not affected by the arms sale issue in 1981. Cultural and educational exchanges proceeded apace, and trade for the year increased to approximately $5.7 billion, an 18.7 percent increase over 1980.
Prospects for a compromise are clouded by a combination of domestic political pressures on the Taiwan issue for the Chinese, and the Reagan Administration's determination to treat honorably a long-friendly government which has amply demonstrated the vitality of a market economy in Asia. However, both Washington and Beijing must face the great costs of a breakdown in normal ties.

For the Chinese, "abnormal" relations with the United States would remove American inhibitions over future arms sales to the island and raise the prospect of having to consider military alternatives to reunification at a time when the Soviet security challenge continues to grow. Moreover, a deterioration in U.S.-PRC relations could undermine recent positive developments in PRC contacts with Taiwan. An indirect trade of more than $300 million between the island and mainland has now developed, and Taiwanese businessmen are pressing for an expansion of the trade. Students and professionals from the island and mainland now routinely meet in the United States, Japan, and Europe, at last building the human contacts that had been cut off for three decades. And Taiwan authorities in March 1981 made a small if significant step toward direct contacts with the PRC by agreeing with the International Olympic Committee to a field team in 1984, to be organized by the "Chinese Taipei Olympic Committee," which would compete alongside the team from Beijing.

PRC leaders seem to believe that their reunification drive will be facilitated if the United States undercuts the authority of the Chiang Ching-kuo government by refusing its request for new aircraft and terminating all other sales of U.S. military equipment. Such an abrupt
cutoff, however, could degrade the political stability of the island's leaders, undermine their confidence to enter into talks, or impel them to seek arms elsewhere. Beijing's pressure for termination of all arms sales to Taiwan also risks eroding American political support for the PRC, as there is strong bipartisan backing in Congress for prudent sales of defensive weaponry to the island. And countries such as Japan, which China encourages to maintain defense ties with the United States, would be disturbed by U.S. abandonment of its residual security link to the island.

For the Reagan Administration, Beijing's peaceful reunification campaign directly confronts the United States with the issue of how to relate to the prospect of negotiations between the island and mainland. PRC leaders may harbor the suspicion that Taiwan's supporters in the U.S. are really working toward a two-China arrangement. Yet the Administration, like its three predecessors, has publicly committed itself to the results of the diplomacy of the 1970s: acceptance of "one China"; and affirmation of U.S. interest in a peaceful settlement of the Taiwan question by the Chinese parties themselves. In this regard, it was notable that in August, Republican Senator Hatfield returned to Washington from a visit to China and publicly called on the President to use his good offices in mediating between Beijing and Taibei. While most U.S. observers would reject the notion of the United States involving itself directly in the negotiating process, American interests would clearly be served if the two Chinese parties could resolve their differences through direct talks.
Resolution of the current impasse between Washington and Beijing on the highly emotional and politically loaded issue of arms sales to Taiwan can only come through reaffirmation by both sides of the understandings that since the early 1970s have been the foundation of the normalization process: that positive U.S.-PRC relations have considerable strategic value to both sides; that there is a continuing U.S. interest in peaceful resolution of Taiwan's future that will be expressed through prudent sales of defensive weaponry reflecting the actual threat the island faces; and that the U.S. will support any arrangement for reconciliation worked out by the two Chinese parties themselves without the threat of coercion. From this perspective, in current circumstances U.S. sales of military spare parts and maintenance of the island's air defenses—as by extending Taiwan's current F-5E fighter aircraft co-production arrangement—would maintain but not enhance the island's defenses. It would sustain the confidence and credibility of Taiwan's leaders to respond to new approaches to securing their future through negotiations, yet not suggest either a lack of U.S. interest in their security or a commitment to a level of defense capability that might preclude any interest in a negotiated solution.

If the Taiwan issue is not to destroy normal U.S.-PRC relations, both Beijing and Washington must weigh their handling of it in the strategic context which prompted the initiation of the normalization process a decade ago. Compared with 1971, the PRC now faces a Soviet military presence on four frontiers rather than one. And Chinese leaders expressed renewed concern in 1981 about the weakening of NATO—which would give Moscow greater flexibility for initiatives in the
Middle East and Asia—as well as over prospects for Soviet involvement in Iran and elsewhere in the Middle East. While PRC leaders say they are prepared to go it alone again, as they did in the 1960s, with only their Third World friends, renewed Chinese isolation would only deal a serious blow to PRC security and plans for economic modernization.

For the United States, while there is now a more realistic appraisal of the limits of the China connection as a supplement to traditional American alliance relationships than was the case in the heady early days of triangular diplomacy, there is also a growing awareness of the potential value to the United States of China as a security and trading partner. What needs to be added to the balance is an assessment of the costs to the United States of a return to confrontation with the PRC over the Taiwan issue: the renewed diversion of attention and resources needed to secure the island by military means; the heightening of tensions with our Asian allies who, even if they look with concern at the prospect of U.S. weapons sales to the PRC, would be upset by renewed U.S.-PRC hostility; and the gratuitous gains to Soviet strategic flexibility of a deterioration in the Washington-Beijing relationship. Neither the United States nor the PRC can face with equanimity the costs of a return to "abnormal" relations.

For the past three decades the U.S.-Japan relationship has been the anchor of America's economic and security presence in Asia. This past year saw the stability and future direction of that relationship seriously tested; indeed, use of the term "alliance" to describe it in the joint communique issued at the end of Prime Minister Suzuki's visit to Washington in May led to the resignation of Foreign Minister Ito because of Japanese sensitivities to the defense aspects of the relationship. Both the future form and level of military cooperation between the two countries, and the management of increasingly acute economic tensions resulting from a 1981 trade imbalance in Japan's favor of more than $15 billion, remained unresolved issues at year's end.

Japan's remarkable economic growth has been both the source of recurrent tensions with the United States and the impetus for the country to redefine its international role. In years past Japanese politicians could separate the country's economic activities abroad from its political role, while depending on the United States for security. This approach has now been outdated as a result of the global Soviet military challenge, the resulting overcommitment of U.S. defense capabilities, and the particular combination of Japan's economic strengths and vulnerabilities. There is now an intimate linkage between Japan's trade and security that has yet to be reconciled in Japanese foreign and defense policies.

Japan's security and economics are most obviously linked as a result of the political instabilities in the Middle East and Persian Gulf and the Soviet Union's involvement in the region, including its invasion of Afghanistan and use of naval and air bases in Indochina.
Imported oil accounts for three-quarters of Japan's energy resources. In 1980, 70 percent of that oil came from the Persian Gulf and was transported by tankers to Japan through the critical maritime straits of Southeast Asia. A disruption in this oil flow would wreak havoc with the Japanese economy.

The U.S. role in defense of Japan's home islands, in countering the Soviet challenge to the oil fields of the Persian Gulf, and in securing the sea lanes, is weighed by American officials against the limited character of Japan's own self-defense efforts and the impact of Japanese exports on the U.S. economy. The Japanese, in contrast, focus particular attention on the regional sources of instability in the Middle East and Persian Gulf, and on an assumed American ability to help resolve the Arab-Israeli dispute. In these "perceptual gaps" lie much of the current tension in the relationship: Americans resent Japan's presumed "free ride" in defense matters, and are concerned over signs of independence in its foreign policy (as when Palestine Liberation Organization leader Yasir Arafat was invited to Japan this past September); Japanese fear that the United States is overemphasizing the Soviet threat while not pursuing a sufficiently flexible policy in the Middle East in order to stabilize the region and hold the support of the Arab oil-exporting nations.

Trade and security are also linked by Japan's heightened ability to provide economic assistance to countries essential to U.S. and Japanese interests. Tokyo has provided such assistance on a limited scale in recent years to Thailand, Pakistan, Turkey and Egypt; and in late January the Foreign Ministry announced a doubling of Japan's economic
development aid in the period 1981-1985. The proposed five-year total of $21.4 billion would make the country the second largest donor after the United States. Japanese may soon be spending more on foreign aid in per capita terms than Americans.

Less immediate sources of potential conflict over trade and security issues lie in the interest of Japanese businessmen in developing natural resources in the Soviet Far East—investments that have been restrained to date as a result of tensions in U.S. and Japanese relations with the Soviet Union. Yet U.S. officials are concerned that the Japanese—as well as the Europeans—might become dependent on trade with the USSR or fail to use the potential for investment in Siberian development as an incentive for Soviet military restraint.

Japan's industrial strength and its ability to supplement U.S. defense research and production capabilities also became an issue in October 1981 when Deputy Secretary of Defense Frank Carlucci suggested in Tokyo that Japanese companies contribute to the common defense effort by supplying U.S. manufacturers with advanced technology. The Japanese have yet to think their way through this issue; but there is bound to be resistance from industrial firms anxious to preserve their competitive edge in advanced technology, and from officials opposed to modifying the self-imposed prohibition against arms exports.

The most basic linkage between defense and economics, of course, is Japan's ability (and willingness) to purchase military equipment and enlarge its defense capabilities. The country's modest level of defense spending relative to the United States and the NATO allies—less than
one percent of GNP as compared with 5.5 percent and roughly three percent respectively—has been a primary focus of contention between Tokyo and Washington in recent years.

Under the National Defense Program Outline of 1976, Japan decided that its goals should be a self-defense force capable of repelling "limited, small-scale aggression," with primary emphasis given to the politically influential ground forces as opposed to the air force and navy. The Soviet invasion of Afghanistan, plus Moscow's earlier garrisoning of the northern territories, prompted a serious reexamination in early 1980 of the country's defense needs. Then Prime Minister Ohira constituted a Comprehensive National Security Study Group, which urged early and significant increases in defense spending, beyond one percent of GNP, to give Japan a meaningful self-defense capability with greater emphasis on air and naval force modernization. Concurrently, the annual White Paper of the Japan Defense Agency explicitly identified the "phenomenal" Soviet military buildup in Asia as "an increasing potential threat to the security of Japan."

Nonetheless, and despite a series of low-key efforts by the Carter Administration in 1980 to get Japan to move to substantial defense increases, the final budget for fiscal 1981 provided for only very small increases. This was the state of the play as the Reagan Administration took over.

Defense spending was a major subject when Prime Minister Suzuki visited Washington in May. In response to what were apparently fairly strong urgings by President Reagan and others that Japan increase the pace of its 1976 defense modernization program, Suzuki gave assurances
that his government would "make even greater efforts" to improve Japan's
defense capabilities, and would also assume a greater share of the
financial burden of U.S. forces in Japan.

However, the visit was followed immediately by sharp controversy in
Japan over the use in the communique of the term "alliance" to describe
the basic bilateral security relationship. The implication that Japan
itself had obligations under the Mutual Security Treaty of 1960--which
is on its face a U.S. undertaking to defend Japan, with no reciprocal
Japanese obligations spelled out--was strongly criticized in the Diet
and press, and in the end the Foreign Minister took responsibility for
the language and resigned.

If this were not enough to show how sensitive defense issues remain
in Japan, it was quickly followed by a series of unrelated but
reinforcing events which for a time severely agitated the Japanese. In
mid-April the U.S. nuclear submarine George Washington collided with and
sank a Japanese merchant ship. Two crewmen of the vessel drowned as a
result of the accident, and Japanese public opinion was outraged because
the submarine--later said to be unaware of the sinking because of dense
fog--did not conduct a search and rescue operation. Not long
thereafter, Japanese fishermen accused vessels of the U.S. Seventh Fleet
of cutting their nets during training maneuvers. And in mid-May, former
Professor Edwin Reischauer created a furor in the press and Diet with
the revelation that in the 1960s U.S. warships had transited Japanese
waters with nuclear weapons on board--and with the tacit understanding
of Japanese officials--in apparent contravention of one of Japan's three
"non-nuclear" principles (that there be no "introduction" of nuclear
weapons into Japan). As a result of these incidents, Secretary of State Haig cancelled a visit to Tokyo scheduled for late June.

The outcry over these events proved to be short-lived, however. Public opinion polls conducted by the major Japanese newspapers—the Asahi, Yomiuri, and Mainichi—both before and after the events of the spring revealed undiminished majority support for maintenance of the U.S.-Japan Mutual Security Treaty, with opinion evenly divided over the acceptability of U.S. nuclear weapons transits through Japanese waters. By mid-summer the controversies had died down and Suzuki reaffirmed his May undertaking. Earlier in the year, the northern territories issue—and the Soviet threat—had been highlighted by a government-backed day of rallies in which petitions demanding the return of the islands were signed by more than 18 million citizens. In mid-September, Suzuki himself toured the northern shores of Hokkaido to dramatize Japanese concerns about the growing Soviet military presence just across the narrow Nemuro Strait.

At the official level, there is a growing consensus among Japanese and U.S. defense planners about the priority objectives of Japan's military modernization effort and the missions appropriate to the Self Defense Forces: improved command and control capabilities to facilitate interservice coordination; increased combat supplies and logistical support to make possible sustained combined service operations; and air and naval force modernization to enable Japan to secure its own airspace and waters out to a distance of approximately 1,000 miles from the home islands.
American and Japanese defense analysts seem to agree that a military invasion of Honshu is an unlikely contingency. They also share the concern that in an actual or threatened conflict in the Persian Gulf involving the United States and Soviet Union, the need to concentrate U.S. military forces in the Indian Ocean could enable the Soviet Union to intimidate a weakly defended Japan, if not to cut the air and sea lanes by which the United States would resupply American and Japanese forces and secure the oil so vital to Japan's economy. Where Japanese and American leaders part company is in the priority to be given to developing the military capabilities required to deal with such a contingency in the face of Japan's current governmental budgetary deficit.

In the Japanese public at large, including some elements in the government itself, there remains substantial resistance to a large and rapid increase in the Self-Defense Forces. There are a number of mutually reinforcing reasons for this including lingering distrust among older Japanese of the impact of the military on the country's social and political life. There is also reluctance to directly confront the Soviet Union. Publication in late September 1981 of the Pentagon study *Soviet Military Power* evoked a critical response from Prime Minister Suzuki, who instructed the Japan International Problems Research Institute to prepare an independent estimate of "the Soviet Union's overall national power." It is expected that this study will downplay the direct military threat to Japan posed by the USSR, while emphasizing Soviet economic and political vulnerabilities.
In short, by the end of 1981 there had not yet emerged that kind of new national consensus which, in Japan, is the prerequisite to an effective change in policy. Continuing exchanges between U.S. and Japanese defense officials made it clear that, for the time being at least, there would be no substantial acceleration of efforts to meet the goals of the Mid-term Defense Program Estimate for the period 1980-84. The final Japanese budget for the next fiscal year, announced in December, did provide for a defense increase of 7.5 percent (with all other sectors of the budget held to roughly two percent increases). This was officially welcomed in Washington, but with the clear implication that much more was still hoped for in the future.

The other major element in Japanese-American relations is trade, and 1981 saw a continuation of the pattern of recent years of official jawboning as part of efforts to reduce Japan's trade surplus with the United States. Throughout the spring there were pressures from Special Trade Representative William Brock and other Reagan Administration officials for Japanese restraints on automobile exports to the United States. On May 1, just prior to the Reagan-Suzuki meeting, Tokyo announced a voluntary 7.7 percent reduction in auto exports to the United States for the year. Tensions mounted again in September with the announcement of an anticipated U.S. trade deficit with Japan for the year of more than $15 billion, a figure that accounted for over 90 percent of the global American trade imbalance for the year. Congressmen attending the Fifth "Shimoda" Conference in September warned their Japanese counterparts that "Japan cannot continue to feast off the U.S. economy" while concurrently restraining imports of American goods,
without eliciting a strong protectionist reaction. Similar pressures mounted in Europe, where the Economic Community faced an expected trade imbalance with Japan of over $12 billion.

Toward the end of the year Secretary of Commerce Malcolm Baldrige, warning of "unmanageable" problems stemming from the growing trade imbalance, urged the Japanese to lower import barriers on such items as data processing software and equipment, aluminum ingots, petrochemicals, fertilizers, pharmaceuticals, citrus fruit and beef. On November 30, Prime Minister Suzuki reshuffled his Cabinet to bring in officials deemed more capable of dealing with the growing trade and defense tensions with the United States. He also expressed the intention to consider early reduction of certain tariffs and simplification of import procedures.

Whatever tactical economic adjustments are made in Tokyo, however, will only fend off for a short time Japan's economic problems with the United States and Western Europe. Even larger Japanese trade surpluses are anticipated for 1982. What is needed on all sides is clearer understanding of the structural nature of these continuing economic problems, and institutional procedures that will facilitate the lengthy and difficult process of adjustment. For the United States and the Europeans, declining productivity in certain sectors must be remedied, and exporting firms must learn to adjust to an increasingly competitive international trading system. Reduction of inflation in the United States will help make American products more competitive in Japan, as a continued high value of the dollar will work to increase the cost of American goods sold overseas. And for Japan, remaining areas of tariff
protection, the habit of "buying Japanese," and complex importing procedures must give way to greater economic openness.

Failure to manage these trade tensions will ultimately confront Japan with the most serious economic (and therefore security) challenge to the country's remarkable post-war growth--namely, the erection of tariff barriers or import quotas for Japanese exports and subsequent constriction of the country's trading economy. Protectionist political pressures in the Congress will mount in response to growing trade deficits (even though the U.S. "current account" with Japan--which includes such transactions as tourism, shipping, and insurance, as well as trade in manufactured goods--is more nearly in balance), and in reaction to the country's resistance to carrying a larger share of its own defense.

One of the constraints on U.S. adjustment to its current economic problems is the larger proportion of the economy, relative to Japan, devoted to defense spending. In per capita terms, Americans will spend almost ten times more per person on defense in 1982 than the Japanese, and this ratio will only increase as American force modernization plans are implemented. Even if the Japanese notion of "comprehensive security" (which includes overseas economic development assistance as well as defense spending) is accepted as a basis of comparison, the substantial disparity between the American and Japanese efforts will be seen by U.S. officials and by Congress as inequitable--especially as Japan's trade surpluses continue to grow. What is required is a change in Japanese perceptions of their role in world affairs, and the adaptation of that new role to relations with the United States and other countries essential to Japan's economic well-being and security.
Finally, there is the major continuing problem of adequate sharing of views between the two governments. Failing a constant exchange of views on all issues of common concern—today embracing virtually all areas of the world—there is a constant danger of actions being taken by either party (but usually by the United States) that surprise the other. An example of this was President Reagan's decision in April to end the U.S. partial embargo on grain sales to the Soviet Union; apparently there was no consultation with Japan, and while the Japanese were not directly affected, they at once felt exposed in their own post-Afghanistan economic sanctions against the USSR. Why, it was asked, should Japan be left alone in policies that would only sustain tensions with the Soviet Union? And why, at any rate, could not the Japanese have been warned so that they could adjust their own policies without seeming to have been caught unawares?

Such problems of policy coordination only stimulate the Japanese to question the value of their relationships with the United States and the Europeans and to pursue a more independent foreign policy course. As a Foreign Ministry "Blue Book" published in the spring of 1981 observed, "Japan has now reached the stage at which it should participate, autonomously and in a positive way, in the maintenance and organization of international relations." While the document emphasized the importance of developing common perceptions and strategies with the "advanced democracies, including the United States [this] does not necessarily mean that [Japan's] specific policies should be the same as those of other countries. The important thing for Japan is to play its due role commensurate with its own capability and circumstances."
The challenge facing the United States is to work with the complex combination of Japanese defense diffidence and economic strength to evolve a coordinated set of foreign and defense policies that are properly attuned to Japanese—as well as American—interests. The report of the Japan-United States Economic Relations Group (also known as the "wise men's" group) published this past October stressed that an "effective Japan-U.S. partnership requires better mechanisms for consultation between the two governments." If the two countries cannot soon redefine their security relationship to mutual satisfaction, and develop institutions for managing their on-going economic problems, there inevitably will be a political spillover that could seriously erode a relationship that since World War II has been fundamental to America's presence in Asia and Japan's economic development and security.

V

The two areas of overt military conflict in East Asia in the postwar period have been Korea and Southeast Asia. In each case the communist half of a divided country has had ample reasons of its own to seek to take over the non-communist half. But the two conflicts inevitably became enmeshed in the rivalries of the great powers, with the Chinese playing a major role in the 1950s and 1960s and--after Beijing's foreign policy realignment in the 1970s--the Soviet Union emerging as Vietnam's backer in opposition to China.
In Northeast Asia the situation on the still-divided Korean peninsula remained stable during 1981. The Reagan Administration reaffirmed the U.S. commitment to the security of the Republic of Korea. And in wrestling with the dilemma of supporting a friendly government in the face of domestic pressures for political liberalization, it deliberately made a substantial break with the Carter policy of coolness toward the government of General Chun Hoo Dwan, the military leader who had taken power after the assassination of President Park Chung Hee in the fall of 1979.

This change was dramatized by what was obviously a carefully negotiated invitation to General Chun to visit Washington in February. Two days before the invitation was made public, General Chun commuted the death sentence imposed on the opposition leader Kim Dae Jung and lifted the martial law that had been in force since President Park’s death. During the General's visit to Washington in early February, President Reagan emphasized his intention to maintain American troops in South Korea to insure the country’s security in the face of the North Korean military challenge. On March 3, General Chun was sworn in as President for a seven-year term based on elections that had been conducted just days after his return from the United States.

The apparent tradeoff between General Chun's sparing of Kim Dae Jung's life and his reception in Washington eased South Korea's relations with the United States, and with Japan. Yet pressures from South Korea's students and public figures for progress in human rights and political liberalization are likely to increase in view of the disparity between the country's remarkable economic growth and its
authoritarian political system. The latter continues to be rationalized
in terms of the substantial North Korean military threat, which
attracted brief but worldwide attention in late August when the North
Koreans apparently fired a missile at an American reconnaissance aircraft
patrolling the demilitarized zone (DMZ).

The military confrontation between the two Koreas is a matter of
continuing concern, and a large North Korean military exercise in
December highlighted the vulnerability of the South to a surprise attack
on its industrial and political center just 30 miles south of the DMZ.
Yet the confrontation seems basically stabilized as a result of Mr.
Reagan's reaffirmation of U.S. support for the defense of the South, and
lack of Soviet and Chinese interest in a North Korean military attempt
to reunify the peninsula. Indeed, North Korea revealed some interest in
political approaches to easing its increasingly isolated position this
year by inviting American scholars to Pyongyang in an effort to draw the
United States into direct talks. The Kim II Song government continues
to resist direct dealings with the South Koreans, however, as was
revealed when Pyongyang's official press promptly rejected Chun Doohwan's proposal of June 5 for a summit meeting between the two Korean
leaderships.

South Korea's international position continues to be strengthened
as a result of its remarkable economic growth. The country's GNP
expanded by over 200 percent during the 1970s; and despite a serious
recession in 1980, the economy experienced modest but stable growth this
past year. The country's economic strength is beginning to draw the
attention of the major communist states, thus helping to blur the lines
of confrontation in Northeast Asia that have existed since the early 1950s. The Asian Wall Street Journal reported in mid-February that an indirect trade in coal and agricultural products of more than $300 million has grown between China and South Korea; and in late September representatives of world trade centers from the Soviet Union, China, and South Korea (among other states) met in Moscow to facilitate further economic contacts. And South Korea's international position was given a substantial boost in early October when the International Olympic Committee picked Seoul--over Nagoya--as the site of the 1988 summer games.

Thus, prospects seem favorable for stability in the conflict that has riven Northeast Asia for three decades. The interesting questions for the 1980s are whether the Chun Doo Huan government will be able to stabilize and broaden its base of domestic political support, and whether North Korea--itself faced with the prospect of a leadership succession--will finally accept the reality of the South Korean state, perhaps through some cross-recognition arrangement among the major powers, as a basis for broadening its presently narrow range of international contacts.

VI

At the ASEAN foreign ministers meeting in Manila in June, Philippine Foreign Minister Romulo expressed the common concern of the Association when he noted that the conflict between China and Vietnam over Hanoi's occupation of Kampuchea "has projected the Sino-Soviet and Sino-Vietnamese disputes into the heart of Southeast Asia's regional
politics." The dilemma for the United States is how to reconcile its shared interest with China in preventing the Soviet Union from consolidating its military presence in Vietnam with the concern of the Southeast Asians that China not become a major presence in their region. U.S. inability to devise a policy which will bridge these conflicting concerns could split ASEAN, as Malaysia and Indonesia see the PRC as their primary security challenge while Singapore, Thailand, and the Philippines worry primarily about Vietnamese expansionism backed by the Soviet Union.

In dealing with the Kampuchean crisis, Malaysia and Indochina hope to bring about a settlement which will leave an independent and viable Vietnam as a buffer against the Chinese. They thus seek a negotiated resolution of Hanoi's occupation of Kampuchea. The Chinese, in contrast, assert that only a long and debilitating period of military pressure against the Vietnamese—sustained by a united Khmer resistance to Hanoi's troops in Kampuchea and PRC military pressures along the Sino-Vietnamese frontier—will bring about a fundamental change in Hanoi's foreign policy. The suspicion mounts in Southeast Asia, however, that China's support for the remnant military forces of Pol Pot's "Khmer Rouge" along the Thai border, and Beijing's determination to bring Hanoi to its knees, is designed not just to evict the Soviets from the region but to establish Chinese vassal states in Indochina.

Beijing is well aware of these ASEAN concerns, and in early February PRC Premier Zhao Ziyang sought to ease them during a visit to Bangkok when he said, "We will try to take further actions to prevent our relations with the communist parties of the ASEAN countries from
affecting friendly relations between China and ASEAN." Yet the Chinese continued to generate doubts about their intentions, as when Premier Zhao refused to repudiate PRC backing for the Malaysian Communists during a visit to Kuala Lumpur in August. Moreover, Beijing's efforts of 1981 were designed to gain respectability for the Pol Pot resistance forces along the Thai-Kampuchean frontier. The Chinese urged a reluctant Prince Sihanouk and his former Prime Minister Son Sann to join in a united effort with the Khmer Rouge against the Vietnamese so as to gain support for the resistance from ASEAN and the United Nations.

China's effort to strengthen the resistance was also intended to prevent Hanoi from stabilizing its control over Kampuchea. The situation "on the ground," in fact, was relatively quiet throughout 1981. Despite a brief Vietnamese incursion into Thailand along the Kampuchean frontier in early January, and a period of Sino-Vietnamese border clashes in May, there was no large-scale fighting. And although signs persisted of serious economic deprivation in Kampuchea and Vietnam, there were no large refugee flows of the scale of 1979-1980. Most of the conflict was played out at diplomatic convocations in Manila, New York, and Singapore.

The ASEAN foreign ministers, at their June meeting in Manila, reached consensus on a political approach to resolving the Kampuchean conflict. After rejecting an Indonesian proposal calling for recognition of the Hanoi-backed Heng Samrin government in Pnom Penh, the group agreed on a three step process of Vietnamese military disengagement from Kampuchea based on the introduction of a United Nations peacekeeping force which would disarm the various Khmer factions.
and establish conditions for free election of a government. Hanoi was urged to attend the United Nations conference on Kampuchea scheduled for New York in mid-July. The United States supported the ASEAN proposal, but Secretary of State Haig, who arrived in Manila from Beijing, sounded very "Chinese" to his ASEAN hosts in his forceful denunciation of the Vietnamese. The Secretary also was asked to explain American intentions behind the just-revealed decision to consider arms sales to the PRC.

The United Nations conference was intended by the ASEAN states to build support for a comprehensive settlement of the Kampuchea conflict. The mid-July meeting in New York was boycotted by the Soviets and Vietnamese; yet the 83 nations that did attend were able to agree on a unified appeal for a U.N.-supervised withdrawal of Vietnamese forces in Kampuchea and the holding of free elections. The Chinese initially blocked ASEAN efforts to extend an invitation to the Heng Samrin government, and they opposed draft language that would have called on the U.N. peacekeeping force to disarm Pol Pot's forces as well as the Vietnamese. But a compromise was worked out which called for measures to ensure that no armed faction would disrupt free election of a Khmer government. The United States expressed its support for the ASEAN position by backing the draft resolution worked out in Manila, and by walking out of the conference when the Pol Pot delegate rose to speak.

There was little expectation in any quarter that the Vietnamese would respond to the compromise United Nations resolution. Thus, following the conference parallel efforts were pursued by the Chinese, the United States, Thailand, and Singapore, to fashion a more effective resistance force from the anti-Vietnamese Khmer factions in order to
constitute an acceptable alternative to the Hanoi-backed Heng Samrin government and to sustain military pressures on the Vietnamese occupiers of Kampuchea. In early September, Singapore hosted a meeting between Prince Sihanouk, Son Sann, and the "Democratic Kampuchea" Prime Minister Khieu Samphan. The three leaders issued a statement expressing the desirability of forming a joint government, but they only established a committee to explore measures to form a coalition and rejected the idea of creating a unified military structure to lead the resistance. The significance of the meeting was further called into question when Khieu Samphan and his party prematurely left Singapore without naming a representative to the committee which was supposed to lay the groundwork for a coalition government.

Despite the lack of promise in these diplomatic maneuverings of the summer, the U.N. General Assembly voted in mid-September to sustain the Pol Pot regime as Kampuchea's representative in the United Nations--thus blocking recognition of the Heng Samrin government for the third year in a row. For the ASEAN states, however, there remained the problem that the only effective armed element resisting the Vietnamese continued to be the detested forces of Pol Pot--supported by the Chinese. In late November the Singaporeans took a step toward remedying the situation when they expressed willingness to supply arms to the non-communist Khmers if they would join in a loose coalition with the Pol Pot forces. Son Sann, leader of the best-organized of these groups, the Khmer People's National Liberation Front, subsequently departed Bangkok for the United States and Europe in search of military assistance for a non-communist "third force." At the same time, Pol Pot's "Democratic
Kampuchea" regime sought to broaden its international acceptability by announcing, via the New China News Agency, that it was disbanding its communist party organization while sustaining the fight against the Vietnamese.

It is implausible that in the next few years either the non-communist resistance groups or the "Democratic Kampucheans" can form a force strong enough to expel the Vietnamese from Kampuchea. A situation of neither war nor peace is most likely to prevail in Indochina—which is the circumstance most favorable to the Soviets, as they will continue to be viewed by the Vietnamese as the only possible source of support for their ravaged economy and security against the Chinese. The Soviet hand in Indochina is not highly visible; yet Russian ships and aircraft continue to call at Danang and Cam Ranh Bay, and Moscow provides economic and military assistance to Hanoi estimated in value at $3-5 million a day. This fall there were strong indications that the Soviets were providing the Vietnamese with chemical weapons for use in Kampuchea and Laos, but a U.N. panel of experts found the evidence of "yellow rain" toxins to be inconclusive.

The most reasonable goal for the non-communist Khmer groups around Son Sann and Prince Sihanouk is to create a political organization and military force strong enough to be a credible alternative to both the Heng Samrin government and Pol Pot's "Democratic Kampucheans." In such circumstances there would be a continuing basis for resisting pressures within ASEAN for recognition of the Heng Samrin government; and the non-communist Khmers would be able to protect themselves in some form of loose coalition with the Chinese-backed forces of Pol Pot. If such an
alternative can be created, it is conceivable that opposition to the Vietnamese occupation of Kampuchea could be sustained long enough to see a change of policy in Hanoi.

The more likely outcome, however, is an inability of Son Sann and Prince Sihanouk to form an effective if limited political structure and fighting force. And with the passage of time, the voices within ASEAN fearful of China will press for recognition of the Vietnamese occupation of Kampuchea. In such circumstances, Southeast Asia would face the least promising outcome of the current chapter in the Indochina saga: consolidation of the Vietnamese position in Kampuchea; a serious split within ASEAN over regional security policy; unabated Sino-Vietnamese hostility; and a continuing Soviet presence in Indochina.

VII

Since the mid-1970s it has been conventional wisdom to observe that America's relations with the diverse countries of East Asia are strong and full of promise. Yet events of the past year indicate that there are real dangers for the United States if it mismanages its relations with the various states of the region: there could be a serious disruption in dealings with the People's Republic of China over Taiwan; there could be an erosion of the relationship with Japan as a result of tensions over trade and security planning; and there could be a split within ASEAN over policy toward the Indochina conflict.

The importance of an effective East Asian policy for American interests can hardly be overemphasized. U.S. trade with the region surpassed commerce with Europe in the mid-1970s. Economic dynamism remains our common good and our great advantage. In terms of collective
GNP, the United States and its allies have more than three times the resource base of the Soviet Union and its allies to promote domestic modernization and contribute to the security and economic development of other countries. And East and Southeast Asia provide relatively secure communication routes for trade, access to the critical energy resources of the Persian Gulf and Middle East, and relationships with which to countervail the global Soviet military challenge.

The problem for the United States and its allies and friends is how best to mobilize the resources and relationships of Asia for common benefit. It is clear that there is no support in the region for Moscow's proposed collective security arrangement, or for a condominium of the superpowers. There is also great reluctance among our traditional allies to join with China in an explicitly anti-Soviet united front. While the United States no longer holds the dominant economic and military position in Asia that it enjoyed in decades past, it still has a key catalytic role to play in matters of both security and economic development. As the predominant "hub" power in the region with positive relations with virtually all its states, the United States provides the basic framework and resources for regional defense and trade. A strong American military, political, and economic presence in East Asia is critical to dampening the impact of the Sino-Soviet feud and mediating relationships still burdened with the legacy of past conflicts: Japan's slowly growing but delicate ties with South Korea; the concerns of the ASEAN states about the impact of China, Japan, and Vietnam on their economies and security; and the future of China's relations with Taiwan.
Given the diversity of Asia's cultures, economies, and security needs, there is no one concept that can provide a framework for U.S. dealings with the region as an entity. Discussion in recent years of the idea of a Pacific Basin Community to facilitate trade relations has revealed resistance on the part of the smaller states of Asia to being submerged in a structure which would reflect the weight of the Japanese and American economies. Yet some forum broader than a collection of bilateral relationships is needed to deal with common economic and security problems. It may be that the annual ASEAN foreign ministers meeting, which is also attended by observers from the United States, Japan, Australia, New Zealand, and the European Economic Community, is the best context for discussion of regional issues and global concerns. But such a forum will focus primarily on political and economic matters. Security issues will continue to be dealt with primarily in a range of bilateral relationships in which the United States will provide the common coordinating presence.

From this perspective, America's Asian agenda in early 1982 holds the following priorities for the next several years:

U.S. policy planning for Asia must be kept in a global and strategic context. Our ability to respond to a security crisis in the Persian Gulf will be affected, in part, by the condition of our relations with Japan and the PRC. U.S. arms control negotiators in Geneva would hardly want to deal with their Soviet counterparts in circumstances where there had been a breakdown in the U.S.-PRC relationship; and China and Japan will want assurances that a reduction in Soviet SS-20 IREMs or tanks in the European theater will not just lead to the redeployment of these weapons to the Soviet Far East.
Events of the past year suggest that Soviet concerns about a headlong rush by the United States, China, and Japan to form an anti-Soviet coalition are inflated. The inhibitions against creation of such a security entente are substantial. Yet it would be unfortunate if Moscow did not see the potential for such a coalition in positive American relations with Japan and the PRC. Our challenge is to lay the basis for such relations with the Japanese and Chinese, and then to convince the Soviets that threats to the common interests of the three countries will evoke a common response--while restraint in Moscow will be reciprocated by restraint in Washington, Tokyo, and Beijing.

The U.S.-PRC confrontation over the Taiwan arms sales issue must be defused. Presumably both sides will see their interests served by a return to the understandings reached in late 1978 at the time of full normalization of relations. Prudent American sales of weaponry to the island must reflect the actual military threat faced by Taiwan, and be designed so as not to obstruct any process of political accommodation between Beijing and Taipei. If such a reaffirmation of the U.S.-PRC relationship can be achieved, the strategic and trade possibilities in the Sino-American tie can be pursued.

Improved mechanisms for consultation and consensus-building in U.S.-Japan relations must be worked out at both the governmental level and in the private sector. Otherwise, it will be difficult to weather the adjustments that both sides must make in economic and defense matters if they are to build a "productive partnership" reflecting Japan's enhanced capabilities, responsibilities, and aspirations. The
most effective approach to this process in the defense area seems to be one of the United States privately pressuring for steady improvements in Japanese military capabilities commensurate with existing threats to Japan's security as well as the political and economic limitations faced by the Japanese government, concurrent with purposeful efforts by U.S. and Japanese defense planners to lay the basis for major long-term improvements that will gain political support only in response to some new challenge or security crisis. While there is the danger that such a strategy will be too slow to meet the needs of a crisis, it may be the only alternative to renewed U.S. public hectoring of the Japanese and a negative reaction in Japan that would undermine prospects for even gradual advances in U.S.-Japanese defense cooperation.

A similar pattern of incremental adjustments is likely to characterize management of the trade tensions between the two countries. But as the Japanese respond to American (and European) pressures to open up their domestic markets, due weight must be given by the American side to those factors in the trade imbalance which are beyond the control of the Japanese, and to those problems in the U.S. economy which affect the trading relationship.

In Southeast Asia, the primary U.S. effort must be to preserve the integrity of ASEAN. In the short run this may require more active efforts by the United States to support formation of a non-communist Khmer government in exile and to reinforce Thailand's security. The longer term problem is to affirm to the ASEAN countries that the United States retains an active role in regional security which will buffer them against the impact of the Sino-Soviet conflict and Vietnamese regional ambitions.
In Korea, a stable military balance on the peninsula is a matter for continuing attention. Given North Korea's increasingly unfavorable circumstances, there is reason for concern that if the United States found its military assets diverted from Northeast Asia by crises in the Middle East or Europe, Kim Il Song might try to regain control over his future through a military gamble.

In the Philippines, as in Korea, the stability of the U.S. relationship will be affected by domestic political trends over which we have but modest influence. American support for the authority of the governments must be weighed against indigenous public backing of their leaders. U.S. interests endure beyond the tenure of individual leaders, yet we must beware of undercutting the authority of friendly governments where the alternative may well be political chaos. Vice President Bush highlighted this enduring dilemma for the United States in late June last year when he attended the inauguration of Philippine President Marcos, who had been reelected for a six-year term in an uncontested election. In his hyperbolic praise of Mr. Marcos for his "love of democracy," Mr. Bush was expressing Washington's hope for political stability and an eventual peaceful succession in a key allied country, if not the views of many Filipinos of their President's political instincts.

And, finally, U.S. management of its relations with Asia must preserve sufficient flexibility to grasp what may be new opportunities in the pattern of regional alignments. While at present circumstances are not right for new approaches to Vietnam or North Korea, the time may
come when existing regional confrontations can be stabilized through American initiatives coordinated with other interested parties. In this regard, it is worth noting efforts by India and China in mid-December to resolve their decades-old border dispute, as well as North Korean and Vietnamese attempts to engage private American citizens as a way of reaching the U.S. government. While such initiatives may not be well-intentioned, appropriately timed, or immediately successful, they represent possibilities for defusing the conflicts that continue to shape the coalitions of the great powers in East Asia.