

EVOLVING PACIFIC BASIN STRATEGIES

THE 1989 PACIFIC SYMPOSIUM

Edited by
DORA ALVES

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CONTENTS

<i>Foreword</i>	xi
<i>Preface</i>	xiii
Keynote Address: Pacific Challenges	3
<i>Admiral Huntington Hardisty</i>	
Plenary Address: Let's Organize the Pacific Basin Now	13
<i>Dr. Walt W. Rostow</i>	
CHINA	
Plenary Address: The Sino-Soviet Détente and its Implications for the West	25
<i>Dr. Donald S. Zagoria</i>	
Chinese Pacific Security Policy in the 1990s	39
<i>Dr. Robert S. Ross</i>	
Arms Production Spread: Implications for Pacific Rim Security	61
<i>Alex Gliksman</i>	
JAPAN	
Plenary Address: The US-Japan Alliance in Historical Perspective	79
<i>Ambassador Hisahiko Okazaki</i>	
Strategic Problems from the Japanese Perspective	87
<i>Dr. Nathaniel B. Thayer</i>	
The Evolving Japanese Security Policy and the United States	93
<i>Dr. Robert A. Scalapino</i>	
The Future of Democracy in the Asia-Pacific Region: The Security Implications	107
<i>Dr. Charles E. Morrison</i>	

US-Soviet Military Competition in Northeast Asia: The Case for Confidence-Building Measures	123
<i>Dr. Banning Garrett and Bonnie Glaser</i>	
SOUTH KOREA	
The Trend of US-ROK Security Relations	141
<i>Dr. Young-Koo Cha</i>	
Gorbachev's Security Initiatives in the Pacific Basin: Implications for the United States into the 1990s.	159
<i>Dr. William E. Berry, Jr.</i>	
CAMBODIA	
Cambodia: the Endgame and Beyond	185
<i>Dr. Noordin Sopiee</i>	
ASEAN	
The Philippines and the Future of Regional Stability.	199
<i>Dr. Carolina G. Hernandez</i>	
ASEAN Security after Kampuchea	215
<i>Dr. Sheldon W. Simon</i>	
Security in Southeast Asia in the 1990s: US-ASEAN Relations from an Indonesian Perspective	241
<i>Dr. Jusuf Wanandi</i>	
AUSTRALIA, NEW ZEALAND, AND THE SOUTH PACIFIC	
The ANZUS Alliance: Is it Relevant for the 1990s?	263
<i>Richard W. Baker</i>	
The Evolution of Australian Strategic Defense Thinking. . .	281
<i>Commodore H. J. Donohue, RAN</i>	
NOT Wandering Off into an International No-Man's Land	299
<i>Dr. Dora Alves</i>	
Plenary Address: Security in the South Pacific in the 1990s and Beyond—A New Zealand View	321
<i>Sir Ewan Jamieson, Air Marshal RNZAF (Ret.)</i>	
Plenary Address: A New Agenda to Service Long-Standing US Interests	339
<i>The Honorable Richard L. Armitage</i>	

MAP

The Asia-Pacific Region xvi

TABLES

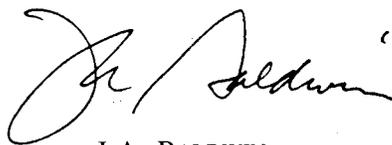
The ROK-US Military Alliance 143
ASEAN States and Vietnam's Armed Forces' Equipment
1986-1987 218

FOREWORD

The importance of the Asia-Pacific region is growing. The region has the commodities and resources the modern world needs, and its people have a demonstrated capacity to generate and accommodate to change. Witness, for example, the economic miracles of South Korea and Taiwan, or the rise of Asian creditor nations such as Japan which, in this era of global financial interdependence, will surely influence the newly industrializing countries.

The stability we all seek for this region depends on the maintenance of an open trading system and secure sea lines of communication. Recently, the pace of change in the Pacific has quickened, influenced by economic, diplomatic, and military forces outside the region. The Cambodia situation is unsettled, and the future postures of India, Japan, and China continue to be matters for speculation. Against a background of ethnic, cultural, and religious diversity in this vast area, the clash of economic interests has become sharper. Within the region, fast-growing economies and new weapon technologies have created more capable armed forces. Though many Pacific governments desire the continued presence of the United States, the passing of the baton to a new generation of Pacific leaders and the swelling tides of nationalism have complicated the traditional American role. The United States and many of its Pacific friends are examining new, sensitive Asia-Pacific partnerships that further stability and development.

This anthology presents an array of evolving perspectives for the 1990s and beyond. Pacific specialists, policymakers, and others taken with this dynamic region will find much to consider among these wide-ranging essays.

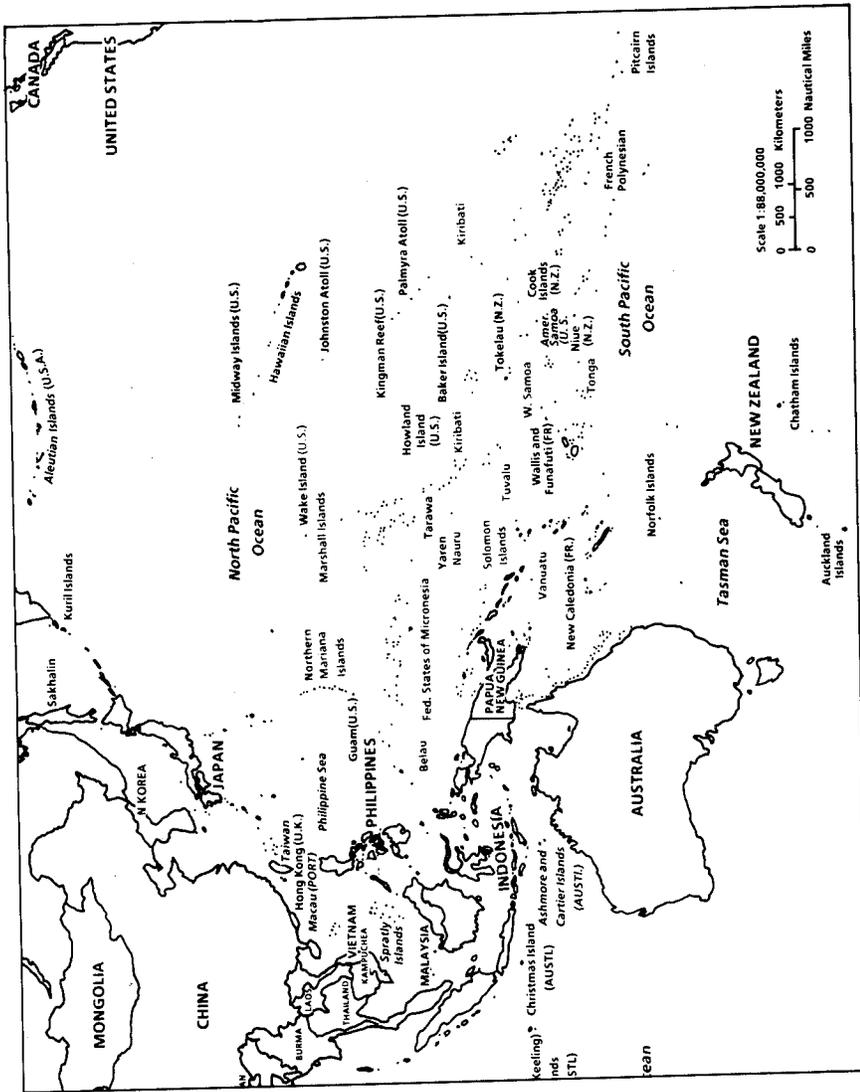


J.A. BALDWIN
VICE ADMIRAL, US NAVY
PRESIDENT, NATIONAL DEFENSE
UNIVERSITY

PREFACE

This volume marks the first decade of the National Defense University's *Pacific Symposia*. As in earlier issues for the readers' convenience papers that address specific countries are grouped under the appropriate country heading in the **Contents**. Other papers not so grouped, but set apart, apply more generally to Pacific-wide issues. In these edited, selected papers the National Defense University presents the viewpoints of Asia-Pacific scholars and public officials regarding history and current events and US analyses. The distinct opinions contribute to a clearer understanding of Pacific Basin issues. Given Gorbachev's determination to exploit the economic potential of the Soviet Far Eastern territories, the salience of these concerns is obvious.

The National Defense University is grateful to our contributors. From their work emerge the two essentials of collective security, self-reliance and interdependence.



Keynote Address:
PACIFIC CHALLENGES

Admiral Huntington Hardisty



*A native of Atlanta, Georgia, **Admiral Huntington Hardisty** graduated from the US Naval Academy. He became a naval aviator and later was Commander Attack Carrier Striking Force, Seventh Fleet. After serving in the office of the Chief of Naval Operations and having commands at sea, he became Dean of Academics, and subsequently President of the Naval War College. After a number of further assignments, Admiral Hardisty became Commander in Chief Pacific Fleet Deputy and Chief of Staff, Vice Chief of Naval Operations, and, since September 1988, Commander in Chief, US Pacific Command.*

In 1903 former Secretary of War Elihu Root said, "The Mediterranean is the ocean of the past, the Atlantic is the ocean of the present and the Pacific is the ocean of the future." Well, the future is now here. The importance of the Pacific to the United States is indisputable. Seven of our 10 mutual defense treaties and seven of the world's 10 largest armies are in the Pacific. US trade with Pacific nations has exceeded trade with the European economic community for 17 consecutive years. One third of US total foreign trade is in the Pacific, versus only a fifth in Europe. By the year 2000 the Pacific's gross regional product will double. By 2010 India's population will outstrip China's. The overall importance of the region to us continues to grow daily.

The economic future of the United States is inextricably tied to the prosperity of the Pacific and is dependent on our ability to successfully maintain our economic and security leadership roles in the Pacific. The environment created by our leadership has allowed many Pacific nations to achieve dramatic increases in both their economic and military potential. Their high growth rates do not signal a relative US decline. On the contrary, their collective successes are tangible evidence of the success of US Post-World War II foreign policy.

In the last eight years our realistic foreign policy toward the Soviets, backed by a strong defense, has helped bring about dramatic successes, which probably exceeded even what we hoped for. We have seen *glasnost* and *perestroika* in the Soviet Union; military exchanges; the Soviet pull-out from Afghanistan; the beginning of a Soviet supported Vietnamese pull-out of Cambodia; Vietnam seeking expanded trade with the United States and other free world nations; and North Korea and South Korea expanding a dialogue toward reunification. Recently, the Soviets announced substantial troop cuts in Europe and on the Chinese border. I would not be surprised to hear of further cuts in the Pacific. However, even if we observe further Soviet cutbacks, I would caution against major drawdowns in our Pacific forward deployed forces both because of our national interests and the increased Soviet military capabilities in the Pacific.

America has a vital interest in the continued growth of prosperity and democratic institutions in the Pacific. US security is based upon collective security arrangements. Our forward deployed forces

are the glue that binds those alliances together. Further, our strong alliances are fostered by economic prosperity, as financially healthy nations can afford higher defense spending with less adverse impacts on other budget areas. It is important to our own national interest and security that we continue to enhance economic and security cooperation throughout this vital region. Unlike NATO, the bulk of Pacific alliances are bilateral arrangements. Key prerequisites to our success are the maintenance of our economic vitality and the sustainment of our strong Pacific military forces.

General Secretary Gorbachev's Asian initiatives have caused some to think that an opportunity for the United States to pull back its Pacific forces has arrived. As a warfighting Commander-in-Chief, I must deal in the real world. Deeds, not promises are what I analyze. The reality is that since Mr. Gorbachev's 1986 Vladivostok speech and his subsequent addresses at Krasnoyarsk and the UN Soviet Pacific forces have improved qualitatively and quantitatively across the board.

The Soviets continue to upgrade their Air and Naval forces in the Far East Military District. Reorganized air units, revitalized air defenses, the addition of front-line fourth-generation fighters and the addition of mainstay command and control aircraft are some of the qualitative upgrades designed to modernize Soviet air forces in this theater. The Soviet Pacific fleet remains the largest of the Soviet fleets in terms of surface ships and craft, submarines, and aircraft. The recent addition of *Udaloy* and *Sovremennyy* destroyers and *Akula* and *Delta II* submarines demonstrates Soviet resolve to improve the Soviet Pacific fleet's capabilities.

During his address at the UN last December Mr. Gorbachev announced intentions to reduce forces in Mongolia. Such a reduction would be welcome. It would reduce Sino-Soviet tensions, and allow the Chinese to concentrate more resources on the first three modernizations (agriculture, industry, and technology). However, the Soviet troop cuts in Mongolia would not impact on the primary Soviet power projection threats we face, which are naval and air forces. Carriers, amphibious combatants, submarines, cruise missile equipped ships, and long-range bombers are not as yet a part of Gorbachev's promised cuts.

Neither the Soviet threat, nor our future economic interests signal that the time has come to abandon our strategy of forward deployment forces and reduce our presence in the Pacific. Realities demand

that we must have a strong, vigorous security posture in the Pacific to meet our national interests, counter Soviet moves to extend their influence, and to contribute to regional prosperity and stability. Most, if not all, of our friends and allies in the region see the US presence as a stabilizing influence affecting all the regional and sub-regional frictions and rivalries.

The Soviet threat notwithstanding, the US Pacific security posture fosters and maintains the political and economic climate that will be vital as a foundation for stability and growth in the region. Additionally, a continued strong security posture in the Pacific does much to foster stability and preserve US influence and access, all necessary ingredients in meeting our treaty commitments and maintaining trade relationships vital to expanding US foreign exports to the region. Regional stability and our relationships with nations around the Pacific, especially with our allies and friends, are fundamental to the Pacific Command (*PACOM*)'s peacetime strategy and the day-to-day accomplishment of US national interests and objectives.

The USCINCPAC peacetime strategy seeks to promote regional stability and enhance our security posture by strengthening our alliances, and expanding US influence and aid in nation building, thereby enhancing our mutual military preparedness. Our military presence provides an opportunity to use our resources in ways that contribute to peace and prosperity in the region. We strive to build friendships through such programs as combined training exercises, humanitarian civic action, and disaster relief. In return, we build an appreciation for the role of US forces in providing security and stability, build confidence in our host nations, and encourage them to build complementary forces to support our common security interests. We are hard at work at CINCPAC, in coordination with Washington agencies, to maintain and strengthen our relationships with our Pacific neighbors.

I have had the opportunity to travel a good part of the Pacific already and I'd like to review my impressions of how we're doing and where we're heading. Japan is the linchpin of Northeast Asian security. The US-Japan Mutual Security Alliance is in excellent shape. We must, however, be increasingly sensitive to Japanese concerns about some of our training activities, particularly on Okinawa. The Japanese self-defense force is improving tremendously. Japan's defense budget has increased more than 5 percent per year for the last 10 years and they have continued to fully fund their midterm defense

plan which will ensure that Japan can fulfill its responsibility for the security of its air and sea lanes out to 1,000 nautical miles by the mid-1990s. We're seeing a great synergism between our forces and those of the Japanese self-defense force. Interoperability between our forces has improved markedly.

In costsharing, Japan directly and indirectly contributes a great deal; more than any other ally. The Government of Japan (GOJ) currently contributes a substantial portion of the total bill for support of US Forces in Japan. The Japanese have also announced they will spend at least \$50 billion in overseas development assistance between 1988 and 1992. This will make Japan the largest provider of overseas deployment assistance in the world. This is very significant as it directly contributes to the economic development of Pacific nations, and assists in maintaining regional stability. This assistance will complement and enhance US peacetime strategy efforts. In looking at this costsharing, we should look at total burden-sharing, not just military spending. Japan's overseas development assistance provides a key contribution to our national objectives. Japan's efforts in response to calls for greater costsharing have been noteworthy. Still, Japan is able and will be asked to do more.

In Korea, our alliance remains solid. With the transition to true democracy, a consistent steady growth in defense capabilities, and a growing economy, the Republic of Korea is well on its way to becoming a regional power. Even with these emerging forces, both the United States and South Korea have reaffirmed that US force presence is required on the peninsula. Don't misread highly publicized radical student demonstrations against the US presence as representative of the sentiments of the majority of South Koreans—most want us to stay. North Korea's unpredictability and unchanged attitude toward the South require prudence and vigilance. In the long-term we support South Korea assuming more of its own defense responsibility on the peninsula. We also support South Korea's efforts at dialogue with the North Koreans. I believe success, if it comes, will come slowly. North Korea is an economic basketcase, and perhaps the powerful economic and political trends, as well as political forces underway in the region, may ultimately force the North Koreans to open some doors.

I'm optimistic about the future of the Philippines and the future of our facilities there. We just successfully concluded a review of the military base agreement through 1991. If we negotiate a new

agreement for our continued presence, possibilities for Philippine economic growth are good. A renewed agreement would encourage more domestic investment and could prompt an influx of foreign investment. Obviously, a long-term agreement would also ensure the United States remains in a strong strategic position in Southeast Asia through the end of the century.

The severing of our strong security relationship would be unfortunate, and not in the best interests of the Republic of the Philippines, the United States, and our friends and allies in Southeast Asia, and indeed, the Pacific region. The Philippines is an emerging success story. President Aquino has successfully completed her first 1,000 days with numerous accomplishments to her credit. I believe the future of our relationship is promising.

Thailand is a staunch ally. We are strengthening our security relations through expanded exercises, joint ammunition stockpiles, and technology transfer. Thailand is a key player in resolving the Cambodia situation and deserves our continued firm support. Some have expressed concern because Thailand is expanding its defense contacts with China. We should remember that these contacts take place in the context of sharp reductions in our security assistance and in the face of Soviet sponsored expansion into Cambodia. The Chinese have offered weapons at very favorable financial terms which are a strong incentive for a nation of limited defense resources. We remain confident that Thailand will continue to be a strong ally.

China, an increasingly important regional power, continues on a path to economic and military growth, although progress is measured. We should continue our military relationship with Beijing since we share important parallel strategic objectives. At the same time, China can be expected to improve relations with the Soviet Union, thus freeing up defense resources for further economic development.

India's impressive military buildup continues apace. Prime Minister Gandhi has said "it was our neglect of our naval defenses that led to the colonial era. We are determined to never again lose control over the approaches to India from the sea." We are broadening our defense contacts with India to continue to foster closer relations between our armed forces.

Australia and the United States have enjoyed a long and close friendship. Our bilateral ANZUS alliance has never been closer. New Zealand continues to pursue her own course outside of ANZUS. I don't see a return to our former security relationship with New

Zealand in the near-term, although it would be welcomed. Australia has maintained defense ties with New Zealand, is exerting her leadership in the South Pacific, and Australia is looking outward toward Southeast Asia. Australia and New Zealand are still very active members of the five power defense pact, which also includes Malaysia, Singapore, and Great Britain.

Vietnam has withdrawn approximately 30,000 of the 50,000 troops it announced would be pulled out of Cambodia by December 1988. This latest withdrawal is an important step, but it is not sufficient. Their latest announcement states they will withdraw their entire force, which we assess at 100,000, by September 1989, if there is a political settlement. A deteriorating economy and diplomatic isolation are major factors motivating Vietnamese withdrawal. Hanoi desperately wants foreign investment and trade, particularly with the United States and ASEAN. The substantial Soviet military presence at Cam Ranh Bay remains a major problem that will have to be addressed. Meanwhile, we are making improved progress on the MIA issue with Vietnam and Laos, a purely humanitarian matter.

In Cambodia, while the Vietnamese are conducting limited withdrawals, non-communist Cambodians are trying to restore a government representative of the Cambodian people. Vietnam, the Soviet Union, and the United States have made it clear that a Khmer Rouge return to power is unacceptable. In my opinion, China agrees that there is no role for Pol Pot in a Cambodian settlement, although China continues to furnish the Khmer Rouge with arms, pending a Vietnamese troop withdrawal. ASEAN insists an international peace-keeping force is the best means of preventing further bloodshed. Both Thailand and Indonesia are assuming leadership in the process of establishing a post-Vietnamese withdrawal coalition government.

The economies of the Association of South East Asian Nations (ASEAN), made up of Brunei, Indonesia, Malaysia, Philippines, Singapore, and Thailand, are on a growth curve. Prospects for continued growth are excellent. ASEAN members are concerned about a potential loss of US military presence in the Philippines. They see our presence as a stabilizing, non-threatening influence in the region. Unfortunately, willingness to lend public support to our continued presence varies among the member states. We maintain good relations with all nations of ASEAN and continue to develop our bilateral military contacts.

In the South Pacific, the United States has restored economic assistance to Fiji. We have increased our military cooperation with Papua New Guinea (PNG) with new combined training opportunities. We just successfully concluded our second annual bilateral military talks and signed a status of forces agreement with PNG. As we wind down in the Persian Gulf we hope to reestablish a higher ship visit profile in the South Pacific to enhance our overall South Pacific relations. We intend to retain our interest in the South Pacific and assist new island states in gaining economic strength, security, and democracy. I am optimistic about the future of the United States, especially with regard to our security role in the Pacific. We have outstanding military personnel, excellent equipment, a robust network of allies and friends, and we have a successful forward defense strategy that has met the test of time.

The years ahead will provide great challenge. Perhaps the greatest test will be to overcome the increasing economic competition between Pacific neighbors. Budget pressures in the United States will present a challenge to maintain an effective military deterrent force posture. The perceived reduced threat from Moscow will also make more difficult the sustained sacrifices of our allies and friends. The question for you all to consider at this symposium is: "How do we deal with these trends and deficits in the decades ahead?"

We could intensify consultations with our allies and friends in the Pacific to develop a more coordinated approach to dealing with the evolving nature of the Soviet presence in the area. These consultations should be broadened to include economic issues, such as trade and investment. I believe economic cooperation will be a key to our future success. We must, through consultations, constructively work out our economic differences. Bashing one another and engaging in trade wars will only damage all countries involved. Additionally, these consultations could help us rearticulate the rationale for our security alliances to a new generation of leaders among our allies and friends in the Pacific who did not experience World War II and learn firsthand the hard won lessons necessary to avoid future regional and global conflicts. Second, we could take advantage of new concepts such as competitive strategies and the new capabilities afforded by our high-tech weaponry to maintain our forward defense posture. We must continue to cooperate with our allies to pool our technology resources and enhance our technological edge.

We do not have a large collective security arrangement in the Pacific as we do in Europe. Our security alliances are bilateral rather than multilateral. Differences of history, politics, culture, and threat perceptions make it very difficult to fashion a NATO-type organization in this part of the world. Nonetheless, we can look forward to joining with other nations to forge parallel economic and security goals and policies. This enhanced cooperation could serve as a means for linking our strategic interests in an arc reaching from Pakistan and Thailand across the Pacific. This vision presents tremendous challenges but also tremendous opportunities for free nations spanning half the globe. The Soviets are developing initiatives and asserting their interests in the Pacific. We need to move forward our own vision and fresh initiatives as well. As for today, we have a good peacetime strategy. However, our efforts to cut the budget deficit will impact our own development assistance initiatives. Hopefully, our allies can help share the cost of fostering Pacific economic prosperity and strengthening our alliances. Commendably, Japan has stepped forward to play a major role in overseas development assistance.

I would hope, as we look at future issues, that the nations of the Pacific can join with the United States to come up with a plan to enhance economic growth, prosperity, and defense as a key factor in the greater goal of global peace and prosperity. We must all find ways to work together better to meet the demanding political, economic, and security challenges ahead. The vast potential of the Pacific is yet to be fully tapped. I challenge you to explore future options for all of us in this dynamic region that will enhance our role of leadership and innovation that has helped guarantee the peace for nearly half a century.

Plenary Address:
LET'S ORGANIZE THE PACIFIC BASIN NOW

Dr. Walt W. Rostow



Dr. Walt W. Rostow received his B.A. and Ph.D. degrees from Yale University and was a Rhodes scholar at Balliol College, Oxford. He later became Harmsworth Professor of American History at Oxford. Dr. Rostow has taught at Columbia and the Massachusetts Institute of Technology. His government service includes positions as Assistant Chief of the German-Austrian Economic Division at the Department of State after World War II and Deputy Special Assistant to President Kennedy for National Security Affairs. He has been a Counselor and Chairman of the Policy Planning Council at the Department of State, US Member of the Inter-American Committee on the Alliance for Progress (CIAP), and Special Assistant for National Security Affairs. Since 1969 Dr. Rostow has taught at the University of Texas at Austin where he is Rex G. Baker Professor of Political Economy. While he has been at Austin Dr. Rostow has written 17 books. He has forthcoming a study of the classical economists and the theory of growth.

My title was triggered by the cover of the London *Economist* air-mail edition for the week of 4–10 February 1989; the heading was “The New Scramble for Asia.” That seems to imply that there is a scramble for the control of Asia; and if anything is clear about the contemporary world and the future it is that no one country is going to control Asia—or any other region, for that matter. But what justifies the *Economist*’s cartoon is that the leaders of Asia and the Pacific—and all thoughtful observers—are conscious that this vast and vital part of the world is in a state of transition. Virtually without exception political leaders are all re-examining the premises underlying their nations’ policies in recent decades and groping for new dispositions. My view is that the new dispositions should lead promptly to an inter-governmental organization to provide a supportive framework for the dynamic economic development of the region.

In justifying my title, I shall try to define in global terms my notion of the common agenda; suggest in general why prompt movement toward the creation of an inter-governmental organization for the Pacific Basin could contribute to constructive action on that agenda; outline the kind of organization that might fulfill that mission; and, finally, suggest a possible initial agenda for that organization and a way to get started.

A PERSPECTIVE ON THE GLOBAL AGENDA

I have had occasion over the past few years to look at the path of economic history (and economic theory) from the 18th century to the present and then to peer ahead, as best I could, at the common tasks of the next several generations. In looking ahead I was—and am—quite conscious of an observation of John Maynard Keynes who was a probability theorist before he became an economist. He once wrote: “The inevitable never happens. It is the unexpected always.” Nevertheless, here, tentatively, are the tasks, as I now see them.

First, to move from where we are to a peaceful resolution—a soft landing—to the Cold War. Much further progress will be required in arms control, the re-organization of Eastern Europe, and in settling definitively regional conflicts before we can confidently relegate the Cold War to history.

Second, perhaps the key task in a post-Cold War world is to absorb peacefully into the world economy and world polity what I call the Fourth Graduating Class. To consider briefly the timing of the entrance into modern industrialization and the subsequent evolution of leading countries; 20 countries now contain about two-thirds of the world's population, 80 percent of the global gross product. Britain was alone in the First Graduating Class—to take-off in the 1780s; the United States, France, and Germany were in the Second from, say 1820 to 1860; Japan and Russia were the largest members of the Third in the last quarter of the 19th century; India, China, Brazil, and Mexico are major figures in the Fourth, out-stripped in the short run by the precocious performances of Taiwan and South Korea, but evidently destined to play major roles on the world scene.

In this sequence, arrival at technological maturity—that is, the efficient absorption of the pool of then existing technologies—has proved a dangerous age. Their new technological prowess has, in this century, tempted Germany twice, Japan, and, after 1945, the Soviet Union to seek domination of their regions and power beyond. In the next round, the two most populous nations in the world—India and China—will be moving toward such technological status, as well as the two most populous nations of Latin America—Brazil and Mexico. In a nuclear age a great deal will depend on transiting this process peacefully. A smooth passage will depend, quite particularly, on the grace with which the global community absorbs these 4 major new technologically competent powers as well as a good many other middle-range states in this class.

The third task—required for the fulfillment of the first two—is that the older, advanced industrial countries maintain their vitality and cohesion; notably, the United States, Western Europe, and Japan. A pulling apart of Japan and the United States or Western Europe and the United States could plunge the global community into a neo-mercantilist struggle for profit and power—or worse.

The fourth major task is for all of us working together to bring under control and roll back an expanding array of inherently international threats to the environment. Four major forms of environmental degradation may be under way: the attenuation

of the ozone layer; an elevation of temperatures brought about by the greenhouse effect, with possibly important net negative consequences for the food supply; the progressive destruction of forests from acid rain and other causes; and the consequences for human beings of increasing concentrations of harmful chemicals in the environment. In no case has scientific knowledge permitted firm predictions of the pace of deterioration or the timing of acute regional or even global crises. Nevertheless, even temperate analyses suggest that net deterioration in the environment continues in all 4 dimensions.

A prima facie case exists for taking these problems very seriously indeed. Rightly or wrongly, global population is estimated to rise between 1984 and 2025 from 4.75 billion to 8.30 billion. Ninety-five percent of the increase will occur in the developing continents where the major expansion of industry and energy consumption will also occur. One cannot help but conclude that it will require much greater forehandedness, technological ingenuity, resources, and international cooperation than the human race has yet mustered to weather successfully the foreseeable further strains on the environment.

The fifth agenda item is patiently to nurture, when and where possible, the societies which have had, for whatever reasons, great difficulty in modernization and have not yet entered take-off. These contain perhaps 20 percent of the world's population and include, among others, Haiti, most of Africa south of the Sahara, Yemen, Afghanistan, Bangladesh, Burma, and some of the small Pacific islands. Basically, the peoples in such countries will themselves have to prepare their societies to absorb efficiently modern technology in ways which achieve the best reconciliation that they can manage with their old inherited cultures. But those outside can help if they are prepared to understand the complexities of the process through which such countries must pass and do not try to do too much too soon.

THE PACIFIC BASIN AND THE NEW AGENDA

If something like these tasks constitute a reasonable approximation of the global agenda, it is clear that the Pacific Basin confronts each item: we have some quite substantial relics of the Cold War to deal with, notably, the lack of a peace treaty between Japan and Russia; foreseeably great and medium-sized technologically mature

powers to absorb; US-Japanese harmony and cooperation to maintain; environmental challenges to confront; and countries at early stages of growth to nurture. The question arises: Why not deal with these problems on a global basis? There are, indeed, problems which can only be solved on a global basis; but the lesson of the past half century is that the world is too big—it contains too many countries—to solve all problems requiring cooperation by centralized efforts. Out of cumulative experience and common sense, we are evolving a federal structure. One manifestation of this process is the movement of Western Europe toward a higher degree of unity between now and 1992. While Europe moves forward in economic cooperation, we of the Pacific Basin should be moving along in parallel but in ways that meet the special needs and problems of an even larger and more diversified region.

WHAT KIND OF A PACIFIC BASIN ORGANIZATION?

Clearly, what the Pacific Basin requires now is an economic, not a political or military organization. Present security treaties and understandings appear adequate, for the present at least. On the other hand, there is much for a sound economic organization to do. But what kind of organization? Evidently, one cannot envisage right now a Common Market or Free Trade area for a region with economies at such different stages of growth. In fact, a basic requirement for success is that countries at early stages of growth feel not merely unthreatened in such an organization but also look upon it as a source of support. A looser organization like the Organization for Economic Cooperation and Development (OECD) makes better sense; but the analogy cannot be exact. After all, the OECD is a rich man's club. The Pacific Basin must comfortably accommodate countries along the full spectrum of stages of growth, from small Pacific islands to Japan.

HOW TO BEGIN?

Now we come to the heart of the matter. What should such an organization do? And, especially, how should it begin? Clear thinking about the Pacific Basin has, by and large, been obstructed by analogies with the European movement toward economic unity. But there is one good lesson from European experience for the countries of the Pacific Basin to contemplate. That lesson is that the European movement acquired credibility when it proved capable of solving what was then the most important politico-economic problem in Western Europe. The problem in 1948–1949 was how to assure

equitable access to the dominating coal and steel resources of Western Germany. The solution—fair to Germans and to all others—was The Coal and Steel Community. The success of that enterprise was the political and psychological basis for the Common Market. In the light of that lesson, I have come to the conclusion that the first thing a Pacific Basin organization should do is to come to grips with the two biggest problems now obstructing political harmony and sustained economic prosperity in the region: the related problems of trade and of the debts of a good many developing countries.

THE TRADE PROBLEM

So far as advanced industrial countries are concerned I define the trade problem as the development of large, chronic surplus and deficit positions inducing in the deficit countries—notably, the United States—gathering pressures for extreme protectionist solutions. The trade problem has arisen for two reasons. First, the ending of the Bretton Woods system at the close of 1971 greatly weakened the link between domestic economic policy and the balance of payments. With floating exchange rates, governments felt free to conduct domestic economic policies much less disciplined by the state of their foreign balances. Until forced to confront ugly reality, deficit countries believed what many economists told them; namely, that exchange rate adjustments would look after the foreign balance. Surplus countries, without threat of the Bretton Woods “scarce currency clause,” felt free, year after year, to run up extravagant surpluses, all the while deploring defensive measures of deficit countries as unfair protectionism.

Second, all the major nations managed their foreign trade with non-tariff barrier devices of one kind or another, while also deploring the dangers of protectionism. *The World Bank Development Report* of 1987 estimated, for example, that hard-core non-tariff barriers of the European Community covered 13 percent of imports in 1986; for the United States the World Bank estimate was 15 percent; for Japan, the estimate was 29 percent. The World Bank definition includes import prohibitions, quantitative restrictions, voluntary export restraints, variable levies—but excludes other familiar restraints on trade such as special health and safety restrictions. I cite all this not to score debating points or to apportion blame. There is plenty of blame for all. It is time to invoke the great rule of Jean Monnet: do not come together to argue and negotiate; come together

to solve a common problem. Today's problem is much deeper than free trade or protectionism.

It is often forgotten that the pre-1914 world economy—on which we sometimes look back with nostalgia—was not held together by free trade. The United States, the nations of the European continent, and Japan all mounted and sustained substantial tariff and other barriers to trade. Only Britain, for its own good reasons, sustained free trade from 1846 to 1931. What held the pre-1914 system together was the political acceptance of the rhythm of the business cycle as a kind of act of God. It was the cycle that kept the economies of the major nations in step. But severe protracted depressions are no longer politically acceptable. Therefore, we shall have to manage our way out of the unsupportable current trade surpluses and deficits; and the rules of the game for the long run must accept a higher degree of management than our rhetoric allows.

Before rejecting this conclusion think, for a moment, of the two Maekawa Reports—as statesmanlike documents as any produced in this cluttered field of analysis. They argued cogently that in its own interest, Japan must fundamentally restructure its policy and economy, shifting resources from a pathological pursuit of export surpluses to the provision of greater domestic welfare. Prescriptions for the United States trade deficit similarly go to the heart of domestic policy; for example, a radically reduced fiscal deficit, increased investment, and other measures to increase productivity. Put another way, we cannot begin to solve the trade problem unless we start by agreeing that exchange rate manipulation is not enough in this era of managed trade in which we live. If correct, this point is not trivial: the ruling out by our citizens of severe depressions as a device for balancing our foreign accounts means we must find other ways to discipline domestic policy so that a civilized balance is maintained in the world economy.

THIRD WORLD DEBTS

Before I make a concrete proposal on trade policy in the Pacific Basin let me say something about Third World debts: they are a substantial part of the trade problem of the developed nations as well as the critical barrier to economic growth in important parts of the developing world. (Incidentally, I assume a future Pacific Basin organization will include some of the major Latin American countries, a fact which by itself puts the debt question inescapably on the regional

agenda.) Just as we can't solve the surplus-deficit trade problem by exchange rate manipulation—without relinking domestic and foreign economic policy over a wide front in the manner of the reports—we can't solve the debt problem wholly by conventional Maekawa financial measures. It is an integral part of the problems of trade and growth in the world economy.

For six years, however—since 1983—we have dealt with Third World debts as primarily a financial matter: creditor banks in advanced industrial countries lent the debtors enough each year to pay interest on their private debts and pushed the principal down the road. The results have been appalling: in the heavily indebted countries GDP per capita declined between 1980 and 1986 at an annual average rate of 1.8 percent; gross capital formation as a percent of GDP fell by one-third; imports fell by 20 percent; the ratio of interest payments to exports doubled. At a critical and precarious stage of their development the heavily indebted Third World countries were forced to become heavy capital exporters.

As with the trade surplus and deficit problem, there is plenty of blame to pass around: neither the lenders nor the borrowers behaved prudently when these loans were contracted. Again, our common task is not to pass judgment but to solve a grave problem through international collaboration. The impact of this tragic episode of regression on the advanced industrial countries has been, of course, a significant loss of export markets. US exports, for example, are estimated to be between 20 percent and 40 percent below the level they would have been if the heavily indebted countries had enjoyed normal growth rates. As nearly as I can make out, there is a virtually universal consensus that we cannot simply go on doing what we have been doing.

Proposals to resolve the Third World debt problem are of 4 broad types: *Procedural reforms* (multi-year debt rescheduling and extension of maturities); *changing the nature of claims* (debt-equity conversions and interest capitalization); *new institutions* (an inter-governmental institution which would take over the direct claims of banks on borrowing countries and provide one form or another of relief to debtors); and *direct debt relief* (a reduction in debt servicing charges from, say, 50 percent of export earnings to 25 percent).

I believe that the time has come for bold, decisive action to end the Third World debt crisis with Western Europe taking the lead in dealing with the African debts, the advanced industrial countries of the Pacific Basin taking the lead with the Latin American and Asian

debts—notably those of the Philippines and Indonesia. In a matter of this kind bold, decisive action pays off as the Marshall Plan proved. That plan was completed in a shorter time and at less cost than originally envisaged. In part, this happened because its scale and decisiveness raised morale in Europe and encouraged vigorous action by Europeans. In this case, an additional factor argues in the same direction: a bold, decisive plan to end the Third World debt crisis could induce a return of a large part of the flight capital which has complicated the task of the debtor countries. Although this is not the occasion to outline a detailed proposal, I suggest the correct answer lies in some combination of the Third and Fourth options I set out earlier; that is, a new institution within which The World Bank and the International Monetary Fund (IMF) would play an important but not exclusive role; plus a substantial measure of debt relief.

A CONCRETE PROPOSAL

As a first step, therefore, I propose that a meeting of governments interested in exploring the possibility of setting up a Pacific Basin organization take place soon at the ministerial level. Its five-point agenda might look something like this:

- Measures to end within three years or less chronic trade surpluses and deficits in ways consistent with high growth rates, minimum protectionism, and avoidance of major crisis in the international financial system.
- Long-run rules of the game for trade which would avoid in the future the build-up of large, chronic trade surpluses and deficits and unmanageable debt levels, including rules relating the domestic economic policy of nations to their external trade and financial positions, taking into account variations appropriate to their different stages of growth.
- Measures to deal decisively and promptly with the debt problems of developing nations in Latin America and the Pacific.
- Other possible Pacific tasks.
- Organizational issues.

In addition, of course, the new organization would monitor agreements reached on trade and debts. For each item relatively small expert groups—well balanced between advanced industrial and developing countries—might be appointed to develop proposals for the ministers and their governments to consider.

SOME OTHER ITEMS FOR THE PACIFIC BASIN AGENDA

I have proposed prompt and bold action on trade and debt issues because I believe the collegial spirit quietly developed over many years in the Pacific region will be endangered if we don't tackle them cooperatively and soon. I have no doubt that, if we do get a collective handle on them, we shall find no lack of other useful things to do. By way of illustration, I would cite 3 tasks we ought to undertake together.

The New Technologies. The technological revolution that surrounds us is proceeding so rapidly that we ought to consult regularly to consider new developments and their possible implications; and to provide facilities to train young men and women in the skills required to apply the new technologies constructively and efficiently. This, I believe, is a practical way to implement the 1984 ASEAN proposal for Human Resource Development.

Problems in the Environment. It would be wise periodically to review environmental problems in the region and to isolate one or more that lend themselves to collective action. Reforestation is an obvious and urgent example.

The Pacific Islands. The development of the Pacific islands in ways consistent with their cultures but also consistent with the desire of their young men and women to be part of the modern world is a challenging task in which a Pacific Basin organization might be helpful—to the extent that help is wanted.

It is now more than 20 years since a distinguished Japanese citizen, Professor Kiyoshi Kojimi, proposed that a Pacific Basin organization be set up. Over this generation a great deal of thought, technical skill, and good will have been invested in elaborating the concept. It is proper that we have allowed ourselves time to turn the problem around in our hands, identify the interests such an organization must satisfy if it is to be successful; the problems it must overcome. This interval also provided the time to develop an underlying sense of community. But there comes a time when symposia and learned essays should give way to action. I have had, over the years, the great privilege of listening with sympathy to the hopes and anxieties centered on the Pacific Basin of officials from Western Samoa to Tokyo, from Canberra to Bangkok, from Singapore to Beijing, from Djakarta to Seoul and almost every capital in between. To return to the cartoon on the *Economist's* front page, I believe that when each of the political leaders in that cartoon thinks through the

transition through which we are passing—the problems each nation confronts—the national interests that he must satisfy—their collective answer will take the form not of “a scramble for power in Asia,” but a gathering to make Asia and the Pacific a region of peace and human progress. That, at least, is the faith that brought me to Honolulu.

Plenary Address:
**THE SINO-SOVIET DÉTENTE AND
ITS IMPLICATIONS FOR THE WEST**

Dr. Donald S. Zagoria



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Ever since the middle of the 19th century, when Tsarist Russia absorbed the vast Amur-Ussuri region and became a Pacific power, the rulers in Moscow have had to ponder the strategic implications of a 4,500-mile border with China, much of it along the sparsely populated eastern regions of the Soviet Union. Between Lake Baikal and Vladivostok, there are only some 12 million Russians facing three-quarters of the Chinese population. These stark demographic facts help explain why, after the Sinó-Soviet split, the Soviet Union built such a huge military infrastructure along the Chinese border and constructed a second trans-Siberian railroad. Soviet concerns about China must have increased in the past decade as China has begun, for the first time in its history, to modernize rapidly and to move into close association with Moscow's two main adversaries in the Pacific, the United States and Japan.

GORBACHEV'S NEW ASIAN POLICIES

Unlike his predecessors, however, who responded to difficulties with China by building up their military power on the border, Gorbachev understands that sheer military power has been counterproductive. It has driven China closer to Moscow's adversaries. By cutting back on the military infrastructure and by taking a variety of other steps to improve relations with China, Gorbachev hopes to accomplish several objectives. First, he needs to transfer substantial resources from the military to the civilian sector of the economy, to which he now attaches much higher priority. Second, he hopes to distance China somewhat from the United States and Japan and, thereby, to ease traditional Soviet concerns about its two-front problem. Third, by improving relations with China, Gorbachev hopes to enhance the Soviet standing in Asia and to get Chinese cooperation on arms control and certain regional issues. Finally, Gorbachev hopes to improve his political position at home by demonstrating that he alone among recent Soviet leaders has finally been able to end the Sino-Soviet conflict.

In many ways, the normalization process now underway with China represents the most successful aspect of Gorbachev's new Asian policies. The Soviet leader has laid the groundwork for a summit meeting with Deng Xiaoping by showing more flexibility than any of his predecessors. He accepted the Chinese position in the

dispute over the Amur River border and he has systematically made concessions on China's three declared "obstacles" to normalization of Sino-Soviet relations: Soviet troops on the Chinese border, the Soviet occupation of Afghanistan, and the Soviet support of Vietnam's occupation of Cambodia. Substantial numbers of Soviet troops are being withdrawn from Mongolia and Gorbachev has promised within the next two years to make even more substantial reductions of Soviet troops along the Chinese border. Soviet military exercises on the Chinese border have already been reduced; the Soviet army has scheduled a withdrawal from Afghanistan; and Moscow is now negotiating directly with China on the future of Cambodia, while urging the Vietnamese to speed up their withdrawal and to enter into serious negotiations with Peking.

This policy is in sharp contrast to that pursued by the Soviet Union just a few years ago when Moscow maintained that it could not make compromises with China at the expense of third parties. The only remaining obstacle to a Sino-Soviet détente is Vietnam's continuing occupation of Cambodia. But it now seems likely that both for its own reasons and because of Soviet pressures, Hanoi will withdraw from Cambodia in the near future. The shape of a political settlement in Cambodia following the Vietnamese departure will probably be one of the prominent topics for discussion at the upcoming Deng-Gorbachev summit.

SINO-SOVIET RELATIONS

Economic, cultural, and political relations are also growing; there has been an acceleration of Sino-Soviet trade. The Soviet Union is now China's fifth largest trading partner, and border trade is expanding with particular rapidity. Total trade has grown from \$363 million in 1982 to \$2.6 billion in 1986, a sevenfold increase. Trade declined in 1987 but regained its 1986 level in 1988. The two countries have agreed to establish a committee to draft a comprehensive plan for a TVA-like project to develop the water resources of the Amur and Argun rivers. According to one Soviet specialist on China, there are plans for 5 or 6 hydroelectric plants along the Amur. The Soviets are now helping to refurbish 17 plants that they originally built in the 1950s. There are also plans for greater Soviet involvement in modernizing other Soviet-made plants and the Russians are building 7 new plants. The two countries are also studying a variety of prospects for joint ventures. Chinese Foreign Minister Qian Qichen said, during his December 1988 visit to Moscow, that

there were "broad prospects" for increasing economic relations between Russia and China, including joint ventures, and that China would provide the Soviet Union with labor services for such joint projects.

There is particular promise for economic collaboration between the Soviet Far East and northeastern China. A Chinese journal published in Harbin has suggested that the Soviet Far East might become a supplier of oil, gas, and coal for northeastern China, which, because of rapid economic growth, is now suffering from an acute shortage of electricity. China, in turn, could export fruits and vegetables, as well as textiles and consumer goods to the Soviet Union. Joint projects between the two areas could also be widened to include railroad construction and the repair of damaged bridges over the Amur.

The two countries are also expanding their consular offices. The Soviets opened an office in Shanghai which had been closed since 1962 and they have requested permission to open additional consulates in Shenyang, Nanjing, Guangzhou, and Urumqi. China opened a consulate in Leningrad in November 1986, and requested an additional consulate in Harbin. Moscow and Beijing are again referring to each other as "comrades," and they are offering positive assessments of each others' reforms. The two sides have dispensed with ideological polemics about who is "socialist" and who is "revisionist." Both are increasingly pragmatic and both are rediscovering a common identity as socialist states determined to find a new, non-Stalinist and more efficient version of socialism. Thus, the Chinese wish Gorbachev well in his reform efforts and believe that the two countries have much to learn from each other in their historic efforts to reform their Stalinist systems. The change in tone from 5 or 6 years ago is dramatic.

Cultural ties between Russia and China are also expanding. After a 20-year break, the 2 countries have once again begun to exchange students and scholars. Academicians in both countries are rapidly expanding their research and study programs on the others' economic, political, and scientific developments and generally favorable views are being expressed about the other country in articles and books that have begun to proliferate.

The number of Chinese students studying in Russia is still only in the hundreds and does not compare with the 20,000 or more Chinese students studying in the United States—but exchanges are increasing. Moreover, a group of people who studied in the Soviet

Union in the 1950s are now moving into leadership positions in China, among them Li Peng, the new Chinese Prime Minister, himself a Soviet-trained engineer. Li has reportedly brought some of the Soviet-trained generation into leadership positions along with him. Although the experience of studying in the USSR does not, of course, make these Chinese "pro-Soviet," it does affect their patterns of thought. Few, if any, of the more "radical" reformers in China, who want to move more rapidly to increase private ownership, decontrol prices, issue stocks, and do away with state control of industry, were trained in the USSR.

Normalization

In sum, the mid-1960s deep freeze in the Sino-Soviet relationship has ended; channels of communication have been opened at many levels; economic and cultural cooperation has broadened significantly; and, overall, a process of normalization is advancing rapidly. Indeed, leaders of the two countries are already saying that in the future, China and the Soviet Union will establish a new type of state-to-state relations based on the five principles of peaceful coexistence which include equality, mutual benefit, good neighborliness, and nonintervention in each others' internal affairs.

Both sides have powerful motives to continue this process of normalization. Each believes that its most urgent priority for the next decade or more is to modernize its economy; this requires a peaceful international climate, reduced defense spending, and calm along the 4,500-mile Sino-Soviet border. Both nations hope to increase their flexibility and maneuverability in the great power triangle including the United States. Gorbachev's overtures to China have a thinly disguised anti-American element. Soviet commentators, for example, often point out that Soviet and Chinese views on disarmament, including their opposition to SDI (the Strategic Defense Initiative), and their support of "no first use" of nuclear weapons, stand in contrast with the policies of the "imperialists." And Shevardnadze, after his meeting with the Chinese Foreign Minister in December, said that the philosophy of "blocs" is becoming obsolete and that thought should now be given to eliminating military-political alliances. He also called for turning the Pacific Ocean into a "zone of peace." All of this is Soviet "newspeak" for weakening the US alliance system in Asia.

For its part, by improving relations with Moscow, Beijing hopes to gain leverage on both the United States and the Soviet Union.

From the United States, the Chinese hope to gain greater access to technology and reduced US military sales to Taiwan. From the Soviet Union, Beijing hopes to gain continuing Soviet pressure on Moscow's client state, Vietnam, both to withdraw from Cambodia quickly and to accept China's preferred political solution to the Cambodian problem—a dissolution of the existing pro-Hanoi government of the People's Republic of Kampuchea (PRK) and its replacement by a genuinely neutralist 4-party coalition led by Prince Norodom Sihanouk.

Most important, now that Gorbachev is withdrawing from Afghanistan and concentrating on improving Russia's stagnant economy, the Chinese see a much reduced Soviet threat for some time to come. Within the next few years, therefore, a border settlement and a substantial mutual withdrawal of both Soviet and Chinese forces from the border are likely.

There are also economic considerations. For both Moscow and Beijing, barter trade preserves scarce hard currency. Also, for China, Soviet technology is more appropriate than Western technology for those enterprises built by the Soviets in the 1950s. In sum, for a number of reasons, the Soviet Union and China are likely to succeed in normalizing their relations in the years ahead. In retrospect, the years of alliance in the 1950s and the years of bitter confrontation in the sixties and seventies both seem to have been abnormal products of transient circumstances. The 1950s Sino-Soviet alliance stemmed from a combination of a common ideology and a common threat. Both Moscow and Beijing shared a strong commitment to world revolution and both felt threatened by American power. The sense of ideological brotherhood has sharply diminished in the intervening years as more pragmatic and more nationalistic leaders have come to power in both countries and as both countries concentrate their energies on economic development and reform at home rather than on spreading revolution abroad. The sense of common threat has also diminished as both countries, particularly China, have improved relations with the United States.

Détente—Or Not?

How far is the Sino-Soviet détente likely to go? What are its limits? Although Russia and China may succeed in normalizing their relations during the 1990s, they are unlikely to revive a 1950s type alliance or even to develop an intimate and trusting relationship.

There are a number of reasons why China is likely to hold the Russians at some distance. First, the PRC today enjoys greater freedom of movement by virtue of its position between the Soviet Union and the United States than at any previous time since the Communists took power in 1949. Balancing between the 2 superpowers while seeking advantages from both, rather than allying with either, is the most intelligent and comfortable foreign policy for China. Such an independent policy also positions China to increase its influence in the Third World.

Second, in the economic sphere, China's relations with Japan, the United States, and the Pacific market economies are now and almost certainly will continue to be much more important to China than its economic ties to the Soviet Union. China now conducts less than 5 percent of its trade with the Soviets whereas its trade with Japan, the United States, and other Pacific countries constitutes more than two-thirds of its total trade and is growing rapidly. Japan and the United States are also two of the major sources of financial assistance, investment, and technology for China. Beijing is bound to be careful not to do anything that would jeopardize these economic ties that are crucial to its long-range modernization program.

Third, although the Soviet Union is now a much diminished and less imminent threat to China than it was in the sixties and seventies, when bloody fighting actually took place on one occasion, Soviet power still encircles China. The danger is no longer the threat of invasion, but the threat of coercion and pressure remains. The Soviet Union retains the most powerful army on the Eurasian continent; keeps one-third of its nuclear weapons and close to one-third of its ground forces on China's border; maintains a huge Pacific fleet off China's coast; and is the principal arms supplier to 2 of China's adversaries, India and Vietnam. So long as this situation continues, China will look upon the United States, Japan, and NATO as a crucial counterweight to Soviet power.

Fourth, there is continuing wariness in China, as there is in the West, about Gorbachev's motives. In a 1986 book, *The Soviet Far East Military Buildup*, one Chinese analyst, Yao Wenbin, warned that the new Soviet "peace offensive" in Asia was designed to divide the "anti-hegemonic" forces and to sow discord in US relations with China, Japan, and other Asian countries. Even more recently, while the Chinese approved of Gorbachev's announced reduction of 500,000 troops, they noted that this reduction may in part have been

designed to weaken European defense efforts, to dampen defense cooperation between the United States and Europe, and to strengthen calls for a US troop withdrawal from Europe. A number of Chinese analysts also believe, as do many in the West, that Gorbachev is retreating now only in order to gain "breathing space" so that he can reinvigorate Soviet power and make the Soviet Union a more formidable great power in the next century.

RIVALRY IN ASIA

Finally, the two great continental land powers are bound to be political rivals in Asia in the coming decades. Even after Vietnam withdraws from Cambodia, China and Soviet-supported Vietnam will continue to eye each other warily. Hanoi still keeps a large portion of its 1.2-million-man army on the Chinese border; there is a continuing territorial dispute over the Spratly Islands in the South China Sea and, in recent months, there have been naval engagements between the 2 countries. China will, therefore, continue to be wary about Vietnam's alliance with Moscow. To balance the Soviet-Vietnamese combination, China and Thailand are developing a much closer military relationship. The 2 countries have recently agreed to set up a war reserve stockpile on Thai territory.

There is a similar geopolitical rivalry between Moscow and Beijing elsewhere in Asia. In Korea, which borders on China's strategic province of Manchuria, the Chinese are concerned—although they do not say so publicly—about growing military ties between Moscow and Pyongyang. In South Asia the Chinese are still worried about the Soviet-Indian connection. The Soviet Union has its own reasons for wariness about a more powerful China. It has become increasingly clear in recent years that China is determined both to become a great power and to be independent of both superpowers. No longer do the Chinese even pay lip service to the ideology of "proletarian internationalism" espoused by the Russians. The new relationship between Russia and China, Beijing stresses, will be based not on any common ideology, but on the basis of "peaceful coexistence" and China will judge Soviet behavior just as it judges the behavior of any other state.

The rise of a great power of more than one billion people equipped with nuclear weapons and pressing on the sparsely populated Soviet borders in Siberia is sufficient reason for Soviet concern. Several Soviet specialists on China have clearly given a good deal of thought to the problem of how to deal with Chinese power in the 21st

century and they have concluded that India, Indonesia, and Vietnam will be natural partners in the effort to contain the Chinese "threat." Beyond this is the fact that a more powerful China may one day become an irredentist China. In 1964, Mao Tse Tung announced that China had not yet presented its "bill" to Moscow for the huge amount of Chinese territory "stolen" by the Tsars in the 19th century when China was weak. In sum, the détente between Russia and China will not lead to the kind of intimate and trusting relationship that exists between the United States and Canada. Ten years from now, relations between China and Russia may be "normal"—but they will be far from intimate.

The United States and Japan have little to fear from such a limited Sino-Soviet détente. First, so long as both Russia and China are preoccupied with economic reform at home, and need Western technology and trade, they will both want stable relations with the major powers. Second, in order to improve relations with China, Gorbachev must withdraw from Afghanistan, reduce his troops on the Chinese border, get the Vietnamese to withdraw from Cambodia, and encourage moderation in North Korea. All of this is in the interests of the United States and Japan as well as China. Third, for reasons already suggested, there are inherent limits to any Sino-Soviet rapprochement. In the future, China will pursue its own interests, not those of either superpower. And it is difficult to imagine the circumstances that would drive Beijing into an alliance with either Moscow or Washington.

The major impact of the Sino-Soviet détente will be on Moscow's Asian allies—Vietnam, North Korea, Mongolia, and India. Three of these countries—the exception is North Korea—have been drawn into close association with the Soviets because of their concern about China. Now that Gorbachev has demonstrated his determination to improve relations with China, all of these countries are concerned that this improvement in Sino-Soviet relations may come at their expense.

VIETNAM

Vietnam is already voicing concern that a Sino-Soviet rapprochement will compromise what Hanoi considers its legitimate security interest in Cambodia. The Vietnamese fear that Beijing will pressure Moscow into accepting a Cambodia settlement that will be detrimental to the survival of the pro-Vietnamese regime of Hun Sen in Phnom Penh. If the Hun Sen regime is dissolved and replaced by a

4-party coalition under Prince Sihanouk—as Beijing now insists—one of the principal beneficiaries of the new arrangement would be the Khmer Rouge, the strongest of the 3 resistance groups. Vietnam invaded Cambodia in 1979 in order to topple the extremely nationalistic and anti-Vietnamese Khmer Rouge government in Phnom Penh. It is difficult to imagine that now, 10 years later, Hanoi will be willing to accept a prominent role for the Khmer Rouge in a future Cambodian government. The Vietnamese believe that a friendly Cambodia is indispensable to their own security.

Nevertheless, it is possible that the combination of its own internal economic troubles and external pressures coming from the Soviet Union, China, and ASEAN will eventually force Hanoi to withdraw from Cambodia and to accept a coalition government in Phnom Penh. Beijing and Hanoi are already negotiating about the shape of a future Cambodian government. Assuming that Hanoi does withdraw from Cambodia—as it is now promising to do if there is a political settlement—it seems likely that the whole geopolitical map of Southeast Asia may change. Both for economic and strategic reasons, Vietnam will want to improve relations with ASEAN. And ASEAN is likely to welcome such a development. Already, Thailand has dropped its confrontational stance toward Vietnam and has begun to enter into negotiations designed to improve trade and economic relations. The new Thai Prime Minister Chatichai has called for turning all of Southeast Asia, including Vietnam, from a battlefield into one big market place.

There are, moreover, signs of a shift in Vietnam's own economic policies at home. In preparation for the Party's 7th Congress, to be held in 1991, some surprisingly open discussions are taking place. One prominent Vietnamese official is saying publicly that, by following the Soviet economic model, Vietnam has developed a centralized and subsidized economic system which is "inferior to capitalism" and which "abolished motivation in people and society."* He called on Vietnam's Old Bolsheviks to abandon "old theories" about the inevitability of conflict between socialism and capitalism. Instead, he said, they should focus on peace, development, improving living standards, and establishing normal relations with their neighbors. Following a Cambodian settlement, Hanoi is likely to want improved relations with ASEAN, both in order to improve its own economic situation at home and to make more viable

**Far Eastern Economic Review*, 19 January 1989, p. 19.

a Southeast Asian bulwark against potential Chinese expansionism. Vietnam, Indonesia, and Malaysia all look upon China as the gravest potential external threat to the region.

The Sino-Soviet détente is also likely to increase pressure on North Korea to moderate its policies. In the past, North Korea has pursued a tough and inflexible line toward the ROK, hoping to isolate it, insisting on unification on its own terms, and calling for a removal of American troops from South Korea as a virtual precondition for any North-South dialogue. Pyongyang has also frequently resorted to terror against Seoul, most recently in 1988 when 2 North Korean agents helped to blow up a South Korean passenger airline.

Now, however, neither Moscow nor Beijing, North Korea's two principal allies, support Pyongyang's intransigent policy toward the ROK. The Chinese have opened a substantial trade with South Korea which totalled some \$3 billion in 1988 and Gorbachev, in his speech at Krasnoyarsk, indicated that Moscow, too, was interested in establishing trade relations with South Korea. In late 1988, the two countries agreed to establish trade offices in each others' capitals. And Hungary, undoubtedly with Soviet consent, has even opened a diplomatic office in Seoul and is preparing to establish formal diplomatic relations with the ROK. North Korea, thus, finds itself in an acute dilemma. To open up to Seoul as Moscow and Beijing have done is to abandon its 3 decades-old efforts to reunify Korea on its own terms and to risk what it most fears—the legitimizing of two Korean states. But to continue its intransigent policy of the past risks increasing its isolation, defying its allies, and intensifying its already severe economic difficulties.

So far, there are only modest signs of changes in North Korean policy. North Korea has allowed some small trade with the South and called for direct negotiations. But Pyongyang continues to lash out at the "military, fascist clique led by Roh Tae Woo" in South Korea and to label most efforts at improving North-South relations as an "imperialist" and "splittist" plot designed to perpetuate 2 Koreas. Even North Korea's Soviet allies concede in private that the North shows few indications so far that it is genuinely prepared to come to terms with the South. One important reason for this North Korean intransigence is that any opening of North Korea would endanger the Stalinist—indeed Orwellian—system created by North Korea's dictator, Kim Il Sung.

A recent 2-year study of North Korean refugees by an American human rights group has determined that there is a pervasive classification system in North Korea that divides the population into 3 broad classes—the “core” class, the “wavering” classes, and the “hostile” class. Of the total population of some 20 million people, 10 million, or half the population, are considered to be waverers and 4 million, or 20 percent of the population, are considered hostile and assigned to hard labor. It is evident that a system organized around such principles could not survive in its present form if it were opened up to the outside world.

India will also feel the impact of the Sino-Soviet détente. India has been drawn to the Soviet Union in large part because of its fear of China and Pakistan. Now that the Soviets are improving relations with China, the Indians are beginning to doubt Moscow’s reliability in the event of a new crisis with China. When asked during a recent visit to India what Moscow’s position would be in the event of a new Sino-Indian war, Gorbachev brushed off the question by talking about the need for India to improve relations with China. This did little to ease the anxieties in New Delhi. Even before the Sino-Soviet rapprochement, India was trying to diversify and broaden its external ties. These efforts are now likely to intensify. There are already signs of an Indian effort to improve ties with both China and Pakistan, to increase economic relations with the United States and to diversify arms supply relations so that New Delhi is no longer so dependent upon Moscow.

Finally, another Soviet ally in Asia, Mongolia, will also be influenced by the Sino-Soviet détente. Sandwiched between Russia and China, this tiny, land-locked nation of a few million people with a glorious past has been a Soviet client state since the 1920s. The Mongols fear China more than Russia and with good reason. In Inner Mongolia, that part of Mongolia still controlled by China, the Han Chinese population outnumbers the Mongols by 10–1. Although the Soviets dominate the People’s Republic of Mongolia, next door to Inner Mongolia, the Russians have not tried to populate that country with Slavs and they allow the Mongols at least a limited degree of cultural and political autonomy. Moreover, the Mongols fear that China has not abandoned hope of reincorporating all of Mongolia into China. Some Chinese maps still show Mongolia as part of China. Thus, the Mongols—although they clearly have no bonds of affection toward the Russians—still look upon them as the lesser of two evils.

Still the Mongols will probably try to exploit the Sino-Soviet détente to reduce somewhat their dependence on the USSR and to broaden their own foreign policy contacts—with China, Japan, and the West.

In sum, the West has little to fear from a Sino-Soviet accommodation. That accommodation will be limited and will not lead to a relationship of trust, much less to an alliance. For a long time to come, both Russia and China will be preoccupied with their own internal economic problems and with the pressing need for reform and for much greater involvement in the world economy. As a result, both will have a need for stable relations with the West. And they will both need to reduce their military burdens.

There are 3 possible scenarios for future Sino-Soviet relations. First, there is the possibility of a maximal accommodation in which economic relations would grow rapidly while strategic and political differences diminished enormously and the legacy of mutual mistrust evaporated. Such a development, while conceivable, is unlikely. Second, there is the possibility of an unstable accommodation in which the trend toward détente is replaced by new confrontation over Cambodia, Pakistan, and border or other issues. This scenario is also unlikely because both Russia and China now have powerful reasons for wanting to repair their relations. The third scenario is one that envisages a limited accommodation. This seems the most likely in the years ahead for reasons that have already been indicated.

**CHINESE PACIFIC SECURITY POLICY
IN THE 1990s**

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As we enter the 1990s and approach the 21st century, we hear from pundits and politicians that we are entering the "Pacific century." By this is meant that Asia will be the economic and technological center of world affairs, turning superpower geopolitical attention away from Europe and the Atlantic to the countries on the Asian rim of the Pacific Ocean. An implicit corollary to the Pacific century argument is that this emphasis on economic development and technological advancement will take place in a "pacific" or peaceful environment as nations focus their efforts on economic development and the competition for technological leadership.

Nonetheless, when the focus shifts from the economics to the strategic dimensions of the 1990s and beyond, a very different picture emerges. Insofar as the domestic economy is the basis for military and, thus, international political power, we can expect that accompanying the great changes in economic relations among the Asian countries will be even more significant strategic changes as the new economic powers develop enhanced military capabilities. The geopolitical status-quo will no longer reflect strategic reality and there will be increased potential for regional instability with unforeseeable consequences.

A major factor in this shifting calculus of Asian politics will be the People's Republic of China. Under the "four modernizations," it is clear that China is rapidly developing its industrial and agricultural economy, providing the potential for significant military modernization. What is less well recognized is that Chinese leaders are actively considering the political dimensions of the "Pacific century" and China's role in the emerging strategic equation. They are pursuing diplomatic and military policies designed to maximize China's ability to compete in the future Asian security environment. Not only do they believe that Asia will be more complicated than at present but also that China must enhance its own economic and military capabilities if it expects to be a contender in the "Pacific century."

FUTUROLOGY IN CHINA: THE STRATEGIC DIRECTION OF ASIA

As Chinese analysts survey contemporary international relations, they are fairly optimistic that the current superpower détente is stable

and will endure for the foreseeable future. The accepted wisdom is that both superpowers need a long respite from intense international rivalry in order to put their houses in order. The United States is faced with a serious budget deficit and a serious trade deficit, while its ability to maintain the lead in developing successive generations of increasingly sophisticated high technology is in doubt as Japan and other competitors are supplanting America's role as the world's technological laboratory. The Soviet Union faces a different and far more serious problem. Rather than having to adjust its economic system to new international challenges, Moscow must overhaul a system that never worked very well from the beginning, except to produce basic technology, heavy industrial goods, and a powerful military industry. The political and economic costs of such a transformation will be so great that it is far from clear that the Soviet system can adapt, even with a leader as committed as President Gorbachev. But unless the system can transform itself, the demise of the Soviet Union as a superpower is all but assured, because economic and technological power will be the foundation of strategic power and there is no question that the present Soviet system is incapable of competing in such an era.

Under such circumstances, both superpowers need a peaceful international environment in which to address their respective domestic problems. In an age of increasing importance of economic power and competition in high technology, neither power can afford the expense of interminable arms races and continued involvement in Third World conflicts which would further sap their economic base and inhibit their ability to prepare for a future when highly advanced economies pose new challenges for global leadership. Although the superpowers remain competitors and the struggle for unilateral advantage will continue, there is optimism that dialogue will continue to be an important counterpart to confrontation in the superpower competition. The superpowers' mutual need for domestic reform assures that the current period of US-Soviet *détente* will be more stable and longer lasting than the *détente* of the 1970s.¹

Chinese analysts nonetheless also recognize the fragile elements in this *détente*. They believe that Washington has the upper-hand in the economic and political/military competition, including superiority in the Asian military balance, which may tempt it to undertake new adventurist activities. Nevertheless, they argue that America's own domestic needs have deterred it from using its edge over the Soviet Union to make advances in either the arms race or in the Third

World.² As for the Soviet Union, Gorbachev may be the driving force behind the momentum of Soviet reform, but Soviet domestic problems are so severe that any Soviet leadership will be very constrained from trying to take new military initiatives.

Thus, Chinese analysts predict that there will be an extended period of international stability in which China can pursue its domestic objectives. Nevertheless, these analysts recognize that in the short-term superpower détente undermines China's relative international power, insofar as it minimizes China's strategic value to the superpowers. In an environment where the superpowers perceive reduced threat from each other, their need for support from China is correspondingly reduced. This minimizes Beijing's ability to use superpower contention to play the two powers off each other to China's advantage. In an era of mutual superpower restraint, China—like others among the superpowers' strategic partners—loses a good deal of bargaining strength.³ This is particularly the case in US-China relations, insofar as the United States has the upper hand in US-Soviet relations. China's reduced leverage vis-à-vis the United States is reflected, for example, in its inability to pressure Washington to accede to PRC demands that there be further US distance from Taiwan's military development and to accommodate China's interest in selling ballistic missiles to Middle East countries.

On the other hand, just as the superpowers can use the current period of détente to address their respective domestic problems, China can do the same. Over the long term this will prove far more significant to Chinese national interests than current strategic considerations. Minimal superpower intervention in the Third World maximizes the prospect that China's immediate security environment in Asia will be stable, reducing the likelihood that China will have to mobilize resources to contend with immediate challenges to its security. Indeed, Chinese analysts of superpower relations in Asia observe that US-Soviet détente extends to Asia as well as to Europe and that there are good prospects for continued stability in the region. The recent course of the conflict in Cambodia bears out this analysis. The conflict is winding down as all parties to the conflict are opening dialogues and searching for common solutions to ending the civil war. Soviet interest in reducing its international obligations has contributed to the development of stability on China's southern border.

Thus, superpower détente also permits China to focus its energies on reforming its economy in preparation for the era in which

economic and high-technology competition among the great powers will be a crucial determinant of national power. Moreover, when Chinese leaders look toward the future of Asia, they foresee an era in which advances in technology will not only be the foundations of economic power but also of military power. The emerging economic powers will also be military powers contending for advantage in a potentially very unstable and unpredictable multipolar environment. Nowhere is this more the case than in Asia, where China has vital interests and where it plans to be a major player in the new strategic equation. This scenario underscores the urgency of China's need for a stable international environment in order to focus its resources on economic reform. As Huan Xiang explained:

Looking around at the situation in Asia and the Pacific, we should have a sense of crisis, of urgency, and of seriousness. This is because certain countries and regions around us are developing rapidly with Japanese and U.S. capital and technological assistance. . . . If we again fail to seize the opportunity and go all-out to make the country strong, we may lag far behind after 10 years. . . . The 1990s are the key decade. . . . If we fail to make good use of those 10 years. . . we will be in great danger.⁴

Chinese leaders are worried that the future of Asia holds great danger for China because the rise of new powers will greatly complicate relations among the great powers. Zhang Jingyi, one of China's most senior international relations specialists, argues that "with the relative decline of the superpowers, regional powers will feel even more free to use force." He observes that under such circumstances, "international conflicts are to become more complicated and delicate" and that "new acute conflicts" will emerge. In particular, "new and old land and sea border disputes," including those in the South China Sea, "are intensifying with each passing day."⁵ In mid-1986 participants in the "Seminar on National Defense Strategy for the Year 2000" reached similar conclusions. The meeting was attended by over 100 Chinese analysts from both the armed services and civilian think tanks. It commissioned over 60 papers on developing China's future defense strategy. As one participant pointed out, multipolarity will mean that "contradictions among certain great powers will intensify."⁶ More recently, The Chinese Society of Military Future Studies held a seminar on military trends in the Asia-Pacific area. The deputy director of the institute held that the region will become an increasingly central focus of contention among the

military superpowers and that the regional situation is complicated with factors making for instability. Another analyst noted that technological change will lead to changes in weaponry and could lead to "significant changes in the world balance of power...the world is at a critical brewing and transforming stage."⁷ PRC military analysts have also observed the various predictions that the process of nuclear proliferation will extend to such countries as Vietnam, Korea, and Japan and they have concluded that there is increasing probability of limited nuclear wars on China's periphery.⁸

Beyond the continued role of the superpowers in Asia, which Chinese analysts continue to believe will play a prominent role in regional security well into the next century, Japan's developing military is a foremost concern to Chinese analysts of the future of Asian security. The PRC media persists in reporting every new development in Japanese defense spending and military development and each new step Tokyo takes in expanding its role in Asian politics. Focussing on the fringes of the Japanese elite, Chinese leaders, obsessed with the emerging Japanese threat, find more than sufficient cause for concern. One report alleged that Tokyo was preparing the public for sending troops overseas, observed that a rearmed Japan is a major concern to all of Asia. The report foresaw the day when Japan would create a defense system throughout Asia to defend its overseas production facilities.⁹ Reports on Japan's 1989 fiscal year "buildup plan" focussed on expenditures for anti-submarine warfare technology and its plans to develop next-generation fighter aircraft. Analysts have also warned that the defense industry in Japan is looking forward to extensive profits from rapid military modernization—a trend reminiscent of Japan during the pre-war era.¹⁰

Such concern for Japanese military power influences Beijing's attitude toward Tokyo's current diplomacy in the region. PRC analysts have interpreted Japanese diplomacy throughout Asia, including toward the Afghanistan and Iran-Iraq conflicts, the Middle East, and its economic policy in Southeast Asia as aimed at establishing Japan as a political power and the center of economic relations in Asia. There is even greater sensitivity regarding Indochina, where China has vital interests and is extremely responsive to the behavior of other powers. Ever since Japanese business interests opened a trade office in Hanoi in 1987, many Chinese analysts have been convinced that Tokyo strives to compete with Beijing for influence in China's "backyard" by developing an economic base in Vietnam in preparation for the era following the settlement of the Cambodia issue.

Having finally made progress toward getting Vietnamese troops out of Cambodia and decreasing Soviet power in Indochina, China perceives Japan as an emerging adversary. Some analysts have interpreted this development as Tokyo's first steps toward establishing a Japanese position in Vietnam from which to "contain" future Chinese power.¹¹

But Japan is not China's only concern. The 1987 disturbances along the Sino-Indian border underscored the continued dilemma of Indian power. Indeed, some Chinese analysts are beginning to consider the importance of emerging Indian power to the security of Southeast Asia.¹² Moreover, now that India has succeeded in establishing a more peaceful relationship with Pakistan, it can begin to consider playing a larger regional role. Finally, China cannot overlook the role of Vietnam. Should it extricate itself from Cambodia and utilize its extensive intellectual and economic resources in the south, including the entrepreneurial abilities of the overseas Chinese, to foster nationwide development, attract foreign investment, and develop significant trade relations, it may very well reemerge as a significant Southeast Asian player. It already has the largest army and the second largest population in Southeast Asia. Should it develop a stable economy, it also will develop a more influential political voice in the region.

Thus, it is clear that while the present era is characterized by global détente with a focus on domestic economic developments, Chinese analysts in both civilian and military circles believe that the Soviet Union and the United States are focussing on economic reform in order to prepare for a highly competitive world in which economic power will play an increasingly important role as the foundation of military power. The current period is merely a respite in which to develop the resources for the coming era in which a multitude of new actors will struggle for security in an unpredictable strategic environment. Simply put, Beijing believes that China's future is far from secure.

PLANNING FOR THE FUTURE: CHINESE DIPLOMATIC EFFORTS

Insofar as Beijing understands that it faces an insecure future and that the competition for participation among the leading powers will be intense, it recognizes that the current international moderation must also serve as a respite for China, as well. Clearly, this is the context in which China can concentrate its resources on modernizing

its economy and thereby have the economic foundation to develop a powerful military. The implications of this are twofold. Chinese diplomacy into the 1990s will aim to bolster the efforts of the super-powers to stabilize regional affairs and to reduce the incidence of war and the potential for crises. Second, China will focus its effort on industrial modernization while simultaneously taking important strides toward laying the foundation for military modernization. This latter point needs emphasis. In an era of low probability of war, the armed forces are a reduced priority in the current budget, but, with the funds available the military leadership is making important strides in developing the military ability to play a more active role in Southeast Asia.¹³

By all accounts Chinese diplomacy is designed to contribute to an enduring and peaceful regional environment in which to pursue economic modernization well into the 1990s. Chinese leaders recognize that China has a long way to go before it can effectively compete with the great powers in Asia. Hence, it seeks an extended period of international stability. It is clear from China's most recent diplomatic initiatives that it encourages the recent trend toward moderation and is willing to moderate its own policies accordingly, even if it requires giving up previous policy positions. The most crucial element in this process is China's Soviet policy. The 15 May 1989 Sino-Soviet summit underscores China's stake in Gorbachev's effort to reduce global tension. Beijing's agreement to the summit comes before Moscow has made any significant readjustments to its border forces and while there remains considerable ambiguity concerning the outcome of the Cambodia conflict. Nevertheless, it is clear that Chinese leaders believed a positive response to Gorbachev's efforts to date was in order. Continued PRC resistance may have made it difficult for Moscow to make further progress toward resolving conflicts in Asia and easing Sino-Soviet tension. Hence, the forthcoming summit serves to reinforce Soviet incentives to contribute to international stability. The ongoing process of the widening Sino-Soviet border trade also reflects this process.

China's Taiwan policy reflects a similar emphasis on reduced tension. Chinese leaders are clearly pleased with Taipei's increasing willingness to allow private exchanges between Taiwan and the mainland and it encourages expanded contacts across the entire spectrum of Taiwan society. The burgeoning trade relationship is especially welcomed insofar as it holds out the prospect of institutionalizing Taiwan's policy in a "web" of economic interests. On the other

hand, China has clearly opposed Taiwan's "flexible foreign policy," which aims to challenge the mainland in international affairs and develop Taiwan's international legitimacy by increasing its participation in international organizations and by using foreign aid to win friends in the Third World. Nevertheless, a forceful challenge by China to Taiwan on this issue risks disrupting the positive trend in mainland-Taiwan relations and creating tensions between Beijing and other actors in Asia, including the United States, Japan, and Korea. Under such circumstances, China has thus far preferred to merely express its strong opposition to Taiwan's flexible foreign policy without taking concrete steps which might undermine the regional trend of reduced tension.

China's Indochina policy also reflects Beijing's commitment to establishing stability in Asia. Whereas China had once demanded full Vietnamese withdrawal from Cambodia before direct settlement talks could begin, China is willing to gamble that current Vietnamese declarations that it will soon be out of Cambodia reflect its genuine intentions and that the initial Vietnamese withdrawal of approximately 50,000 troops is the first stage in a longer process of complete withdrawal.¹⁴ Thus, it has retreated a great distance from its initial position that a full withdrawal from Cambodia was a precondition to negotiations. Even more significant, in January 1989, for the first time in nearly 10 years Chinese leaders met with Vietnamese Foreign Ministry officials in Beijing to discuss a settlement of the Cambodia conflict, thus offering a positive response to the trend in Vietnamese policy and trying to encourage further steps toward peace in the region.

China's policy toward the Korean peninsula reflects this priority in opting for stability over immediate political gains. Beijing's policy of expanding trade with South Korea not only contributes to Chinese modernization but also pressures North Korea to moderate its own foreign policy, thus encouraging the reduction in North Korean-South Korean tensions. This is even more the case now that Moscow has adopted similar policies, effectively eliminating Pyongyang's option of offsetting Chinese pressure by improving relations with the Soviet Union. China and the Soviet Union are now tacitly cooperating in easing tensions on the Korean peninsula, rather than competing for the political favors of Kim Il-Sung.

Thus, every indication suggests that for the foreseeable future Beijing intends to contribute to the trend of global détente by easing

tension with its adversaries. At the same time, it will consolidate its ties with its current security partners. In particular, the United States will remain the cornerstone of China's defense policy. Without US-China cooperation, Beijing would lack the ability to negotiate with Moscow with any confidence. Indeed, Beijing's early invitation to President George Bush to visit China before the expected May 1989 Sino-Soviet summit reflects the value to China of stable US-China relations in offsetting Soviet power. Moreover, access to Western technology, including US technology, is essential if China expects to modernize both its civilian and military economies. The implication of this for China's Asia policy is that Beijing will not challenge US interests in the region. Not only would this exacerbate US-China relations, it would also weaken America's position in the region and ease Moscow's entry into Asia—still a large PRC concern, even in this era of global *détente*. Thus, China will remain aloof from the civil war in the Philippines and can be expected to continue to pursue a peaceful settlement of the Taiwan issue. To do otherwise would encourage the creation of an anti-China coalition in Asia, undermining any chance Beijing would have to devote its scarce resources to modernization.

China can also be expected to continue to pursue improved relations with its regional security partners. Besides North Korea, Thailand is the most important of these states, considering its location on mainland Southeast Asia and its crucial contribution to containing Vietnamese power. Because Beijing has been Bangkok's most reliable guarantor against the threat posed by the Vietnamese army, Beijing already exercises considerable influence in Bangkok and the Chinese and Thai military establishments have extensive ties. The challenge for China will be to try to consolidate and even expand its position in Thailand as the Vietnamese threat recedes and Bangkok has less need to closely align itself with the PRC.

This future challenge for China's policy toward Thailand is part of a larger problem of China's relations with the other countries of the Association of South East Asian Nations (ASEAN)—Brunei, Indonesia, Malaysia, the Philippines, and Singapore. A primary source of China's cooperative relationship with the ASEAN countries has been a common outlook on the Cambodia issue. The price of a Vietnamese withdrawal from Cambodia will be diminished necessity for ASEAN-China cooperation and greater flexibility on the part of the ASEAN states to prepare for the looming prospect of greater Chinese power in Asia. To offset this trend, China will have to maximize its contribution to regional stability. This will be difficult to do

insofar as there is little complementarity between the Chinese economy and the economies of the Southeast Asian states. On the contrary, China and the ASEAN states tend to be competitors for the same international markets.¹⁵ Thus, Beijing will likely strive to offset concern for Chinese power with creative diplomacy.

In an atmosphere of reduced threat perception, Beijing will not be able to depend on its neighbors' security or economic interests to provide cooperative relationships. Similarly, China lacks both a cultural and a political tradition which might appeal to its neighbors. On the contrary, China's cultural affinity with the overseas Chinese in Asia creates obstacles to Beijing's effort to develop friendly ties in the region.¹⁶ Its political system is hardly a model given the economic success of the East Asian market economies. Rather, China sees these states as models for its own economic reforms.

Under such circumstances, it seems that one of China's preferred methods to consolidate its political role in the region may be arms sales. Arms sales to Iran and Iraq provided China with an entrée into the politics of the Persian Gulf and may serve as Beijing's primary tool with which to develop a greater voice in Asia. China has already agreed to provide Thailand with guided-missile frigates, tanks, and armored personnel carriers, and Bangkok is considering purchasing Chinese fighter aircraft.¹⁷ Other Asian nations may well consider Chinese arms both inexpensive and sufficient for their limited internal and external defense needs.

China will seek new opportunities for peacefully expanding its influence in the region. In addition to the limited opportunity presented by improving relations with South Korea, Indochina will be the likely focus of such efforts. Should Vietnamese troops leave Cambodia, Beijing will seek to capitalize on traditional Cambodian tendencies to offset Vietnamese power through good relations with Beijing. Sihanouk epitomized this tradition in the pre-1970 period and may well reestablish this policy should he have a role in a new Cambodian leadership.¹⁸ Similarly, Vietnamese withdrawal from Cambodia and improved Sino-Soviet relations will increase Hanoi's vulnerability to Chinese power and its incentive to make peace with Beijing. Under such circumstances, China may well be able to exercise increased influence in Hanoi and begin to realize its traditional goal of establishing predominant influence throughout Indochina.

Nevertheless, Beijing can be expected to maintain its coercive diplomacy in Sino-Vietnamese relations. Although China may pressure the Khmer Rouge to accept a political settlement of the Cambodia conflict and minimize its arms transfers to the Khmer Rouge if such a settlement satisfies PRC demands, it will not likely allow the Khmer Rouge to wither away. Rather, continued transfer of non-lethal equipment will maintain the Khmer Rouge as a potential fighting force should Hanoi reconsider its decision to withdraw from Cambodia or adopt other policies contrary to PRC interests. Sino-Vietnamese competition in Cambodia will continue and China will retain its ability to influence events in Phnom Penh. Similarly, China will continue to have the option of increasing Sino-Vietnamese border tension should Hanoi not meet Beijing's expectations of a conciliatory neighbor. Clearly, whereas the trend in Sino-Vietnamese relations suggests continued conflict reduction, the relationship will remain exceedingly complex with ongoing elements of tension and competition.

Thus, for the 1990s, China will be primarily a force for regional stability, rather than an obstacle to change-seeking zero-sum solutions to international conflicts. It will seek to consolidate existing cooperative relationships while simultaneously trying to expand its role in the region through peaceful efforts. The two bases for concern are Chinese arms sales and China's relationship with the Khmer Rouge. To the extent that arms sales by any country have the potential to exacerbate existing conflicts, Chinese arms sales have the potential to be a destabilizing force in Asia. Nevertheless, there is yet no reason to assume that Beijing will act irresponsibly and disrupt an Asian environment which has been so conducive to Chinese domestic development. As for Cambodia, although China's ongoing links with the Khmer Rouge and its ability to escalate Sino-Vietnamese border tension enable it to block a settlement, these same assets have allowed it to go along with regional peace efforts, confident that it can reverse the process should it feel its interests had been significantly ignored. Indeed, as tensions have subsided in Indochina, Beijing's policy evolution has revealed an unwillingness to be seen as the sole obstacle to peace in Cambodia and to the reduction of regional tension. Thus, despite the ambiguity in its Indochina policy, there appears to be little cause for concern that China will be disruptive unless a Cambodia settlement leads to a situation truly detrimental to its interests.

PLANNING FOR THE FUTURE: CHINESE DEFENSE MODERNIZATION

China intends to use this extended period of international stability to develop its economy. A peaceful international environment permits resource mobilization for development rather than for immediate defense needs and the recent stability has allowed Beijing to significantly reduce China's defense budget and redirect the funds to refurbishing China's industrial plant. Indeed, the civilian leadership's faith in the prospects for continued stability and China's corresponding opportunity to reduce its defense preparations has aroused considerable anxiety on the part of China's military establishment.¹⁹

It does not follow from this that the Chinese military has been idle for the last 10 years, waiting for the green light from the civilian leadership to begin a modernization program. Given the leadership's perception of the dangers lying ahead in Asia, it would be surprising were Beijing to neglect military modernization. Indeed, China's security strategy for the 1990s includes extensive ongoing efforts to develop a more modern and sophisticated fighting force, and the People's Liberation Army (PLA), to some extent through self-generated funding, has managed to make significant advances toward this end. The implications of these developments for the future security of Asia cannot be ignored.

It would be a mistake to underestimate the availability of funding for PLA modernization. Although the PLA has received a reduced portion of the national budget, military modernization has benefited from other revenue sources. The demobilization of 1 million soldiers resulted in an extensive reduction in PLA operating expenses, but much of the savings from the 25 percent reduction in payroll and support costs were redirected to other aspects of the military budget. Indeed, since 1983, there has been increased funding for military investments and for research and development.²⁰ The PLA has also profited from Chinese arms sales to Third World countries. As the fifth largest arms exporter in the world, between 1984–1987 China earned US \$5.2 billion from sales of early technology weaponry. The PLA was the primary beneficiary of the sales. Moreover, the PLA has been able to take advantage of China's open-door policy to acquire fairly sophisticated military technology from Western countries.²¹ Thus, during a period of economic stringency, Beijing is enabling the PLA to prepare for the emerging uncertainties in the Pacific region.

In addition to the extensive organizational reforms of the PLA and the overhauling of military doctrine away from the pre-1976 dogmatic reliance on 1940s style "people's war,"²² there have been specific military developments affecting Chinese capabilities in Asia. Of particular interest is PRC naval modernization, the foundation of future Chinese power-projection capability. Although total spending on the PLA Navy has declined in recent years, resource allocation has emphasized modernization of destroyers and frigates, in contrast to the defensive-orientated stress on minor surface vessels of the pre-1976 period, and the Navy has recently developed a new fast-attack torpedo boat. This shifting emphasis has been reflected in China's interest in developing blue-water capabilities. Since 1985, when PRC vessels engaged in extensive blue-water exercises and sailed as far as Pakistan, the Chinese Navy has continued to develop its blue-water capabilities in Asian waters. A regular blue-water training system has been developed and the number of blue-water exercises since 1979 has been extensive, dwarfing the efforts of the Maoist era.²³ It should not be long before Beijing asks for the same naval access to Singapore as currently enjoyed by the Soviet and US navies.

The PLA Navy is also developing enhanced maneuverability. In addition to establishing a new naval base in Northeast Asia, opposite Qingdao Harbor in Shandong province, its maritime soldiers are gaining enhanced deployment flexibility. The newly-formed First Marine Corps is a combined service, amphibious arm of the PLA Navy apparently designed for rapid deployment. Some of these marine forces are apparently stationed on the Spratly Islands, the southernmost islands in dispute between China and a host of Southeast Asian nations. Indeed, stimulated by its conflict with Vietnam, the Navy has taken part in extensive navigational efforts among the Spratly and Paracel Islands, facilitating PLA Navy maneuverability through the islands.²⁴

Perhaps the most important consideration influencing the development of Chinese naval capabilities will be the resolution of the debate in China concerning aircraft carrier construction. Should the proponents of the development of a Chinese construction capability carry the day and should production proceed successfully, the PLA Navy may eventually become a significant naval actor in the region, possessing extensive offensive and defensive power projection capability.²⁵

The PLA has also been developing its naval air and artillery capabilities. In 1986, for the first time Naval Air Force long-range

bombers conducted exercises in the Pacific Ocean. The Navy is currently focussing resources on building the next generation of naval fighter aircraft. Beijing is also upgrading its strategic and tactical naval missile forces. Tactical missile development is an inexpensive way for China to enhance its existing blue-water capabilities. Accordingly, there has been a marked increase in the development and deployment of modern missile systems in the recent past and advances are being made in second generation missiles for all dimensions of naval conflict, including air-launched cruise missiles, vastly improving China's coastal defense and offensive capabilities.²⁶

Thus, despite a reduced defense budget, the Chinese Navy is making extensive efforts to extend Chinese power into the region. This effort reflects the conviction that coastal defense against the Soviet Navy and defense against challenges from other potential adversaries to Chinese maritime interests requires the ability to project naval power far from Chinese coastal waters. Indeed, some PRC military analysts argue that since legal geographic boundaries and strategic boundaries are not the same, the location of China's strategic boundaries and the requirements of active defense compel Chinese leaders to prepare for blue-ocean warfare. In particular, ongoing territorial disputes between China and numerous countries suggests that future limited naval warfare could well occur as these nations struggle for ownership of disputed territorial seas and islands and for the surrounding ocean resources.²⁷ With these considerations in mind, Deng Xiaoping is known to support expanded naval capabilities and, according to Zhang Xushan, Deputy Commander in Chief and Chief of Staff of the PLA Navy, the Chinese Navy is planning to be among the world's leading navies as soon as possible.²⁸ Although it may be a while before Beijing's naval strength even approaches that of the superpowers, if China continues to develop its Navy its smaller regional neighbors may well regard China as a regional naval power and its presence will be felt throughout the region.

CHINESE SECURITY POLICY AND PROSPECTS FOR ASIAN SECURITY

Chinese security policy in Asia conforms to the regional pattern of winding down regional conflicts and developing regional stability in which to develop domestic programs. China is apt to be one of the major beneficiaries of this respite from heightened conflict and it is not likely to disrupt regional order for the foreseeable future. Indeed, compared to its likely competitors in the 21st century, China requires

a longer period of stability to adequately modernize its economy and to provide the foundation for a technologically advanced military.

Nevertheless, China will not rest content with the established regional order. Rather, it will simply pursue its regional objectives through nondisruptive diplomacy, relying on opportunities presented by developments in the region. It especially seeks to benefit from a reduced Soviet role in Indochina, expecting to develop a correspondingly greater role in its "backyard." It will also seek opportunities to expand its market-share in arms sales in Asia. It will compete with Western arms suppliers not by selling to their buyers' adversaries, which might exacerbate regional conflicts, but by trying to offer the Western countries' traditional arms purchasers appropriate technology at reasonable prices. If this occurs, China will extend its influence in Asia through traditional great-power tactics. The losers in this process will not necessarily be China's Asian neighbors, but the established great powers, which will have to learn to share power in Asia with an emerging China.

Arms sales is merely one way China might develop enhanced regional power in the contest of regional stability. Over the long term—into the 1990s and beyond—a more effective and more subtle instrument will simply be the development of national power. As PRC economic and military capabilities develop, the nations of Asia will become increasingly conscious of Beijing's ability to provide both positive and negative incentives for developing improved relations with China. Under such circumstances, it will become clear that a stable regional order will require increasing Chinese participation and China's role in Asia will expand.

All of this can develop peacefully. The assumption of a more powerful China does not necessarily include assumptions of military expansion. Indeed, Chinese history suggests that Beijing does seek to occupy its neighbors through military expansion, but seeks acknowledgment of its power by acquiring a voice in regional affairs. The danger of the future lies not in China's role per se, but in the emergence of a host of new powers. Chinese analysts are correct to note that the complexity of the future lies in the shifting relations among the established powers—the United States and the Soviet Union—and the newly emerging powers—China and Japan. The task of maintaining stability in the 21st century will be a joint responsibility of all the Asian powers. The established powers will

have to make adjustments to the emergence of new powers and the reality of a changed political order and the emerging powers will have to use their increased authority wisely, with restraint, and in the interest of peace. This is the delicate aspect of historical transitions—mutual accommodation to changed power relations. China's role in this process is necessarily unpredictable. Nevertheless, should China not experience any challenges to vital interests or any reversals in the current trends on its periphery, its current participation in the diplomacy of regional stability and its need to pursue domestic development priorities for an extended period suggests it will be a force for stability into the 1990s.

NOTES

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**ARMS PRODUCTION SPREAD:
IMPLICATIONS FOR PACIFIC RIM SECURITY**

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From the late 1960s and to the early 1970s, when Richard Nixon was president and Henry Kissinger directed the National Security Council and then became Secretary of State, the notion of a “multi-polar” world was the keystone of American geopolitical thinking. This was, in part, the result of official Washington’s discovery of several facts, some of which had long been obvious to many. The People’s Republic of China was an independent player on the international stage, having parted ways with the Soviet Union. Japan, that purveyor of junk, had been transformed into Japan the economic giant, competing with the United States and Europe for market shares in consumer goods and industrial products. Europe, too, was becoming a separate Western “pillar,” fully recovered from the 1939–1945 war and, as France’s Charles De Gaulle demonstrated, capable of adopting an independent course on defense. Even Eastern Europe, some believed, might be on the verge of finding its own distinct orbit free of Moscow.¹

This notion of a brave new multi-polar world was wrong. Beijing’s divorce from Moscow was a decade old and even when they were on better terms, there was no great love or trust between these two. The marriage was one of convenience, if not necessity. Japan’s financial accounts might have conveyed superpower standing but recent Japanese history rather than economics led Tokyo to sell high but keep its head low internationally, avoiding the risk of offending its Asian neighbors or others in the world beyond. There was no independent foreign policy that could be labeled Japanese. De Gaulle was an aberration. While the rest of Europe talked of creating an independent pillar, most Europeans found comfort leaning on the one built and paid for by the Americans. East Europe remained firmly embedded in the Soviet groove. The Soviet’s Leonid Brezhnev and his doctrine made sure of that. Anyone thinking otherwise needed to look no further back than to the Prague summer of 1968. In brief, those who had spoken of the birth of multi-polarity in the Nixon-Kissinger era were either late (in the case of the Sino-Soviet split) or premature (for everyone else). “Premature” even applied to China, an extremely poor nation with a super-size population but with few of the other attributes required to shape world events.

In the course of the 1980s this has changed and, in some cases, dramatically so. The global diffusion of economic strength and

political influence is a reality. A new constellation of increasingly important players are making their mark on the world. Moreover, this constellation does not consist exclusively of nor is it dominated by the United States, the Soviet Union, China, Europe, and Japan. Nations previously relegated to the ranks of the underdeveloped have, with little fanfare, struggled and sacrificed to join the ranks of the newly industrialized countries.

This development is not confined to the commercial sphere alone. In parallel with the acquisition of civilian industrial and financial enterprises, many of these countries have built or are in the process of building significant arms production capabilities. While recognizing that the spread of arms production is a worldwide phenomenon, this article focuses on the new producers in the Pacific region.² The much heralded concept of a dawning "Pacific Century," has the ring of truth. While some Pacific Rim countries have yet to emerge as industrial powers, many of the world's most dynamic economies are located in the Pacific Rim. Many of these currently carry considerable economic clout throughout the region and in the world beyond.

A sizable number of countries in the region already possess substantial arms industries. With the region's extraordinary pace of technological and financial advancement, Pacific Rim countries have the resources to modernize and expand their arms production capabilities at a rapid rate.³ And, many of them give every indication of intending to do so. Knowing where this could lead is essential for effective defense policy and strategic planning for all nations in the region, including for the United States and its regional friends and allies.

The following identifies some of the major catalysts of arms production spread in the Pacific region and the principal thrusts of this development. It sketches out some of the key military capabilities that are likely to be produced and the challenges that these capabilities could pose to regional security and stability and examines what arms production spread portends for US and allied military strategy and posture in the region. In an effort to put this issue in perspective, this presentation also examines the potential opportunities and draw-backs that this condition presents for security in the Pacific.

Given the large number of nations with production plans and programs, this review must obviously be selective. No attempt will be made to catalog production capabilities and programs throughout

the region. Indeed, one measure of the pace of defense industrialization in the region is the difficulties researchers face in acquiring accurate and up-to-date information on key developments. More often than not, information compiled on the state of emerging defense industries is out-of-date by the time of publication.

SOME MOTIVES FOR INDIGENOUS ARMS PRODUCTION

No one factor accounts for decisions of Pacific Rim countries to acquire defense industries. Different factors have operated on different nations at different times in promoting defense production. But, as a generalization, it appears that the spread of arms production capabilities in the Pacific Rim has occurred in two phases. Security concerns were dominant during the first, while economic considerations dominate the second.

The first phase began in the mid-1960s and continued to the early 1970s. It was propelled almost exclusively by security concerns, particularly a perceived need for self-reliance, as previously protective senior allies limited their foreign commitments and adopted policies calling on their friends in the Pacific to fend for themselves. The two key protectors were the United Kingdom, whose position East of Suez was made untenable by Britain's declining economic fortunes, and the United States, whose misfortunes in Vietnam led policymakers to seek a less exposed position in East Asia, involving a reduced military presence in the region, and the announcement of the Guam Doctrine which held that America would help defend those countries that were capable and willing to defend themselves.

The British withdrawal had a dramatic effective in the creation of defense industries in Malaysia and Singapore; while America's strategic shift had a comparable effect on a far larger group of countries, including Korea, Thailand, Japan, the Philippines, and Taiwan. Another catalyst to defense industrialization, if one was needed, was provided by Nixon's diplomatic opening to China. What would have been an uneasy American policy switch under almost any conditions became a shock for the region when Nixon visited Beijing without prior warning. For Taiwan, Nixon's trip to China as well as other events that preceded and later followed it were deeply disturbing, suggesting that the island might face a virtual arms embargo. For most, preoccupation with security was largely responsible for the continuation of defense industrialization efforts through much of

the 1970s. The early arms production programs focused on basic military needs. Armaments manufacture for the most part meant producing small arms and ammunition under licenses granted by established arms exporters.

THE ECONOMICS OF ARMS PRODUCTION SPREAD

By the 1970s economics was an important factor for a few. The case of Indonesia provides an illustrative example. Though Indonesia inherited from the Dutch a small arms manufacture and a ship repair capability, much of it remained in disuse until 1974, when Jakarta began a significant defense and defense-related industrialization effort. Starting from the proposition that since defense technology represented the leading edge in technology, Jakarta concluded that defense industrialization could serve as a bootstrap to national economic development. Finding itself on the winning end of the 1970s oil crisis, Jakarta bet part of its new-found wealth on this concept and moved to acquire a full spectrum of defense industrial capabilities, particularly for manufacturing products with a potential for dual civilian and military use. To this end, Indonesia created a family of eight "strategic industries," the most significant of which engage in aircraft production, shipbuilding, and the development of the infrastructure required to support these operations, such as steel-making.⁴

By the early to mid-1980s the second phase of Pacific Rim defense industrialization was fully underway. During this phase, economic considerations which previously dominated the thinking of only a few began to dominate the defense industrialization plans of most of the countries in the region. This is, in part, a reflection as well as an expression of the region's growing economic power and technological prowess. And, in part, it also indicates the acceptance by others of the logic adopted by Indonesia that defense industrialization provides a path to economic development, commercial competitiveness, and national security. The Republic of Korea and Singapore are among those that currently accept this line of thought. The PRC has even taken this process one step further, using the production of export arms as a major source of foreign earning to prime the pump of economic development and pay the cost of defense modernization.⁵

The saying "nothing succeeds like success" would make for a fine contemporary Asian proverb since it describes the economic development strategy East Asian countries have employed so well. In winning export markets, East Asia's economists have succeeded by

adopting what might be termed a follower strategy. Rather than bringing novelty to the marketplace, their approach has been to compete with products already in high demand. They have broken into established markets by first selling cheaper and simpler products until such time as they could produce quality goods. The PRC has adopted this approach to the arms trade. Possessing diverse but nevertheless basic arms manufacturing capabilities, China has, thus far, largely confined itself to the low end of the arms market. This approach has earned billions for China. Sale of ballistic missiles, to be discussed later, and space launch services are significant exceptions to the PRC's low-tech approach.

Some of China's neighbors seem determined to adopt variants of the follower strategy in aggressively pursuing the sale of arms. Instead of low technology, these nations see big payoffs and enhanced international prestige in the export of indigenously produced sophisticated military systems, particularly advanced fighter aircraft. Technologically advanced Japan and technologically advancing South Korea are aiming at that goal, as will be discussed below. Taiwan could also be a contender in this high-technology sector, having first rolled out the prototype of its Indigenous Defense Fighter (IDF) at the end of 1988 and then successfully test flown the aircraft in spring 1989. The IDF's capabilities have been described as falling between those of the F-20 and the General Dynamics F-16.

Others, including Singapore and Indonesia, have or are looking to find a niche manufacturing components and undertaking repair and maintenance for the high flyers. Indonesia also has high hopes for its aircraft industry. It has focused its initial efforts on mastering the design and manufacturing of transport aircraft of lower sophistication. Jakarta's task has been made especially difficult by the budgetary constraints imposed by the declining revenues of its oil-based economy.

The result of these efforts to date finds nearly all nations in the region capable of producing basic defense items such as rifles, mortars, artillery pieces, and their associated ammunition.⁶ Only a few manufacture armored vehicles. They are China, Japan, Taiwan, and Korea. They are soon to be joined by Thailand which has contracted to produce armored personnel carriers of Chinese origin under license. Thailand's move is reflective of a wider change in the strategic thinking and procurement patterns of countries in the Association of South East Asian Nations (ASEAN) region in which capabilities

for counterinsurgency are being deemphasized in favor of greater attention to the requirements of waging conventional warfare.⁷

Most, though not all nations in the region have acquired capabilities to produce, maintain, and repair a variety of ships of all types up to the most elaborate. Included here are Japan, Korea, China, Taiwan, Singapore, Indonesia, Malaysia, and the Philippines. Seven nations are involved in the production of light aircraft, independently or under license. They are China, Japan, Korea, Taiwan, Indonesia, the Philippines, and Thailand. Only a few are involved in fighter production, the glamour end of the aircraft market. The PRC operates independently (though it relies on foreign sources for advanced components and technology), while Japan, Korea, and Taiwan currently produce licensed aircraft.

It is also important not to forget about the large number of countries in the region involved in building key aircraft components and capable of aircraft maintenance, repair, and upgrade. These facilities are state-of-the-art in some cases, and are regarded by defense analysts as an important stepping stone to the production of complete aircraft. The Koreans, for one, take this view.

ARMS TECHNOLOGY AS EXPORTS

In examining the spread of arms production capabilities it is vital to remember that the source of most of the relevant technologies has come from the advanced arms exporting states. Taiwan's IDF program owes much to the technical assistance provided by General Dynamics. The fighter's resemblance to General Dynamics' F-16 is no accident. The IDF's Taiwanese design team was based in Texas, not Taipei.

It is the desire for short-term profits in the face of extremely fierce international competition that has provided far-sighted defense clients with the leverage to demand from bottom line-oriented companies the transfer of technology in exchange for sales. This "unnoticed" aspect of the arms trade has been the key to production spread. In essence, while the sale of one aircraft transfers a limited military capability, the sale of production equipment and know-how needed to build an aircraft can result in the transfer of the capability to build thousands of airplanes.

In its desire to acquire an advanced fighter aircraft production capability, South Korea made the transfer of production technology a condition of a contract for 120 fighters. The aircraft has been

designated the FX. The deal is said to be worth \$3–\$4 billion. Seoul could purchase finished fighters for half the amount, but it is willing to pay a high mark-up for the lessons that in-country manufacture will provide. Using the technology gained through the program, the Koreans hope to become world leaders in producing components by the 1990s and then join the ranks of the major producers of finished aircraft by the start of the 21st century. The similarities between the technology transfer arrangements in the Korea's FX program and Japan's controversial FSX fighter program, discussed below, have made Seoul sensitive to the risk that if formalized under present political conditions the deal will come under congressional fire.⁸ The long expected FX contract decision was repeatedly delayed by Korean officials for this reason.⁹

Similarly, analysts interviewed by the *Far Eastern Economic Review* asserted that "a major factor" that sealed the September 1988 Anglo-Malaysia arms deal, in which Kuala Lumpur broke with her ASEAN neighbors to buy the European Tornado instead of the F-16, was Britain's "willingness to supply the latest technology."¹⁰ London's interest was whetted by the size of the deal. Malaysia's buy was initially said to be worth \$2.5 billion and potentially more. This estimate has now been revised downward as economic conditions have forced Kuala Lumpur to reduce its buy of Tornados and other items on its shopping list.¹¹ The sale of F-16s around the world has also required significant technology transfers as offsets. At times it seems as if General Dynamics has transferred so much of the manufacture of F-16 components off-shore that there are more parts being produced than there are airplanes on which to install them.

That technology transfers are increasingly becoming a source of tensions is most forcefully demonstrated by the US-Japanese 1989 battle over production shares and technology sharing in Japan's FSX advanced fighter program. This episode produced one of the most intense trade conflicts between the United States and Japan in the decades since Tokyo emerged as an export powerhouse. It also generated perhaps the most significant American debate to date on the wisdom of technology transfers. Clearly, Washington's large trade imbalance with Tokyo played a major role in American thinking. If it were not the FSX, it seems inevitable that another transfer issue would have brought matters to a boil. Some American officials and analysts feel that Japan has, in the past, taken American technology

and honed it into products for beating the United States in commercial markets. These same individuals conclude that Japan is less concerned with producing its FSX fighter for the common defense than with mastering technologies for future commercial battles.¹²

Many observers worry that the US transfer of fighter technology will position Japan to challenge the American defense industry. But this perspective misses an especially significant aspect of much of today's technology: its dual-use character. It is the dual-use nature of so much of today's technology that poses the greatest risk for the United States since it might permit Tokyo to bring its American-derived know-how to bear in competing with the United States in a variety of ways, not necessarily limited to either the defense or aerospace sectors. The important message here is that we have entered a new technological era in which military and civilian technology are one and the same. At their core, many of the newest emerging military systems are information based. And, though the computer was born in military research, today's innovations in the stuff of advanced information technology—computers, sensors, microelectronics, and software—often emerge in civilian industry first. A recent congressional Office of Technology Assessment study has found that the defense sector can be 5 years or more behind commercial industry in some key high-technology products.¹³

The news that this suggests is both straightforward and revolutionary: master the technology of modern commercial enterprise and one has also mastered the technology required to successfully wage war in the modern era. Even more than the US-Japanese FSX dispute, the international competition for supremacy in the development of High Definition Television (HDTV) captures the duality of advanced technology. When it comes to HDTV, producing a sharper television picture is just a side-issue. Mastering the relevant technology is key to the development of advanced semiconductors, future avionics, advanced military computers and training simulators, among other things. As a result, HDTV's biggest booster has been DOD rather than the television network.¹⁴

For those determined to be on the leading edge of defense production, the new information age presents one very big catch. The information age has accelerated the pace of technological innovation across a very broad front. This has promoted development of a myriad of technologies, each of which must be mastered if a nation is to be self-sufficient in advanced defense capabilities. This results in an

unprecedented situation in which across-the-board self-sufficiency in the most advanced military systems ceases to be a viable national defense industrial strategy. Given the complexity of modern military systems, going it alone in the production of even one type of advanced defense capability could prove difficult for many nations. Studies conducted by the National Defense University and the Office of Technology Assessment of the US Congress would seem to support this conclusion.¹⁵

For developing countries without lofty ambitions of going it alone, this catch is much less of an issue. With so much of today's military systems rooted in civilian industry, arms production spread is likely to be a natural by-product of economic development. Even countries not on the lookout for arms manufacturing capabilities could unintentionally obtain production assets relevant to weapons-making. Thus, even in the absence of a grand design, current trends pointing to the proliferation of arms production capabilities will likely persist.

Moreover, the transfer of arms production know-how will continue to spread as a natural outgrowth of the behavior of today's global economy. Industries have tended to move their manufacturing to nations offering the lowest production cost. With cheap land and labor concentrated in the developing world, this has led to a trickle down of technology from the most to the least able. The continuing movement of computer chip packaging capabilities to the lowest priced labor source is an example of this. This is no small matter since the integrated circuits currently being packaged in East Asia are at the heart of American weaponry, such as precision-guided munitions.

The movement of technology to the lowest priced subcontractor could eventually lead to a regional, if not a global leveling out of dual-use technological know-how and arms production capability. This is evident today in the movement of manufacturing facilities from some of the Pacific Rim's newly industrializing countries to their less developed neighbors. Singapore's current plan to move its shipbuilding industry off-shore to the Philippines and India because of the availability of cheap land and labor exemplifies this trickle down phenomenon.¹⁶

Economically, nations acquire assets that they perceive as needing protection. This, in turn, promotes interest in the acquisition of more capable military systems and advanced defense industrial capabilities. For instance, the ASEAN nations' current intense interest in buying

advanced military hardware and arms production equipment and know-how is as much attributable to the need to replace equipment that has reached the end of its useful life as is to the need to expand and upgrade capabilities to guard the sources of the region's new prosperity. The advanced capabilities being sought might not be required were it not to protect economic assets both on land and at sea against encroachment by an aggressive Vietnam or other potential intruders.

THE SHAPE OF THINGS TO COME: THE PROBLEMS

This spread of indigenous arms production capabilities throughout the Pacific Rim raises a series of significant questions for American interests and those of other countries in the region. For those concerned, the consequences will likely present a mixed picture of liabilities and benefits.

For Washington and its allies, one obvious worry is that arms production spread will lead to a loss of Western influence on and control over events. The spread of independent arms production capabilities, may make some nations less hesitant to resort to force in advancing their interests and resolving disputes. The growth of modern weapons arsenals in these nations will increase the insecurity of neighboring states in perception, even if not in fact. This could propel an arms production race in the region. American forces might be exposed to a variety of military threats from a number of quarters, the source and character of which presently cannot be predicted. In consequence, the United States could potentially face serious difficulty operating in the Pacific Rim. This was a major concern aired by the Commission on Integrated Long-Term Strategy.¹⁷

The emergence of new arms producers not only multiplies the number of players who can affect the regional security equation, but the new producers' ability to provide arms to customers world-wide can have global repercussions. This, too, will complicate diplomacy and military options. Recent events highlight the potential dangers of this new condition. For instance, Washington's belated recognition that some relatively advanced technologies are no longer exclusively controlled by a select group of states rendered moot all American efforts to curtail the transfer of missile technology. In the wrong hands, missiles can be used to deliver nuclear and chemical weaponry. Even conventionally armed missiles would wreak havoc and act as a tool of intimidation.

Thus, while Washington was promoting its Missile Technology Control Regime amongst the advanced industrialized states, it overlooked several emerging producers, including 3 in the Pacific Rim—China, South Korea, and Taiwan—who are also capable of manufacturing missiles. It is from this quarter that problems have begun to emerge.

A major worry is that the new producers' search for profits will lead to a single-minded quest for customers without regard for the security implications of these sales. China's arms export behavior is an ominous example. In its search for hard currency to finance modernization, the PRC appears willing to provide arms to all comers, including those in conflicts. The PRC was Iran's supplier of the Silkworm cruise missile and Saudi Arabia's supplier of the CSS-2 ballistic missiles, capable of striking Tel Aviv. The one significant restriction Beijing has imposed on itself is the avoidance of ballistic missile sales in the Pacific Rim. But this is no solution to the problem. Once a weapon has been sold, it can continue to change hands and eventually return to the region, even coming to haunt its producer. If the transfer is of arms technology rather than armaments, the transaction can have still worse results.¹⁸

The potentially grave consequences of the dark side of arms production spread would suggest that there is a need to actively involve the new arms producers in arms control. Without new negotiating fora to broaden international collaboration, prospects of avoiding arms races and conflicts are slim. How to structure such collaboration and motivate participation by all the new weapons producing states are issues that urgently need attention. Confidence building measures involving a sharing of production plans and periodic exchanges of visits to production plants and military exercises are mechanisms that could help ease fears about other nations' intentions. Cooperative defense production programs would do even more to avoid conflict between neighbors and, given the cost and complexity of modern weaponry, noted above, it is a financially and technologically sound step.

THE SHAPE OF THINGS TO COME: THE OPPORTUNITIES

There is also a bright side to this story. The general spread of arms production capabilities need not automatically be viewed as a source of alarm. First, most of the military systems being produced are not a problem in and of themselves. What is troubling about missiles is their distinctly offensive character and their capacity for

intimidation rather than for defense. Chemical weapons are alarming for the same reason, though fortunately in the Pacific they have not become the problem that they are in the Middle East.¹⁹

Second, it is the combination of weapons-making capability and national attitudes and intentions that counts. Thus, even a low-tech Vietnam or North Korea willing to employ crude means can still achieve devastating ends. Here, chemical weapons and plastic explosives are particularly troubling. The first because they involve widely available, World War I vintage technology and the second because they, too, are widely available but are difficult to detect.

Finally, there are a number of virtues in the conditions of regional arms production spread. Most importantly, as the new producers increase their military potential vis-à-vis the United States, they can be relied upon to shoulder a greater share of the defense burden. This is especially valuable in these times of American budget deficits and trade imbalances, when the cost of keeping large US military contingents abroad is losing its viability.

Here are some specifics: The development of aircraft and ship repair capabilities in the Pacific region could be a valuable resource for US forces. For instance, a still to be published study prepared for the Department of Defense suggests that the US Navy should turn to shipbuilding and ship repair capabilities in countries such as Indonesia, Singapore, and Malaysia to reduce American reliance on any one nation, such as the Philippines.

Shifts in defense strategies and missions made possible by defense procurement and production programs provide a basis for a de facto division of security responsibilities, where no formal security undertaking exists. For example, the Southeast Asian nations are acquiring capabilities to protect their exclusive economic zones and maintain control of sea lanes. Airborne warning systems, advanced fighter/bombers, fast patrol boats, and submarines are among the systems included in this new inventory. While these capabilities and activities are intended to protect national interests, they support Pacific community interests by shouldering missions that allied forces might otherwise need to assume. This division of responsibilities would be especially effective if regional cooperation on arms production could yield a measure of interoperability of defense equipment.

A diversification of production niches is another possibility. The United States cannot afford to produce all the items it requires to operate in the Pacific Rim. It would be particularly useful if regional

producers could provide rifles, mortars, and jungle gear proven effective in the tropics and in other demanding climates. There is also clearly a need to modify high-tech equipment for Third World operations. Several of the Pacific Rim's new producers have the talent required to provide the United States with equipment proven to be effective in the harsh conditions of the developing world.

Japan is a special case. Despite former Prime Minister Yasuhiro Nakasone's decision to scrap the 1 percent of Gross National Product ceiling on defense spending, political limits remain on what Japan can do in the military field. Tokyo's neighbors feel extreme uneasiness at the prospect of Japan's Self-Defense Forces acquiring significant power projection capabilities. As one who has observed attitudes toward former adversaries in Europe and in Asia, the author is struck by the persistence of distrust in Asia. There is no comparable decline in distrust of Japan in Asia such as one finds toward West Germany in Europe.²⁰ Similar feelings, whose origins date back hundreds of years, are expressed towards China by officials and analysts throughout much of the Western Pacific.²¹

With few exceptions, Japanese officials and analysts accept this reality. This is reflected in Tokyo's decision to use foreign aid as its vehicle, when recently assuming greater international responsibility. Japanese foreign aid and trade, of course, exclude military assistance. This is reflective of a basic element of Japan's foreign policy, the doctrine of "the three no's": no military exports to conflict areas; no military exports to nations under UN sanctions; and, generally, no arms exports anywhere. Those in the United States who call for a greater Japanese defense role in Asia are out of touch with Japan and the region.

Since this approach is a non-starter, finding ways whereby Tokyo can do more without doing so directly is seen to be a better alternative. Though the flap over the FSX indicates Tokyo has a tendency to hoard technology, Japan could do most for the common defense by breaking with this pattern.²² Japan's industrial prowess lies in its unique talents in production technology, often taking technologies born in America and rapidly turning them into reliable, cost-effective products stamped "Made in Japan." In the words of Bobby Inman, currently chairman of Westmark, a Texas electronics firm: "We still have a commanding lead in pushing the frontiers of science. Where we've fallen short frequently is in the speed with which we turn technology into products."²³ Japan can help lessen this

problem. Japanese cooperation in production technologies, even if limited to a few select military systems at first, could help reduce defense acquisition costs, helping the United States to operate under today's financial constraints.

If Tokyo finds such transfers too difficult a concession at this time, Japan can undertake defense production on behalf of the United States instead. Several years ago, George Ball made the suggestion that America look to Japan to build and freely provide the United States with some of the costly hardware it takes to conduct mutually beneficial defense missions for which Tokyo has the technology but lacks the freedom of action in the Pacific available to the United States. Building ships used to protect the sea lanes to the Persian Gulf is one example.

As a sign of the changing times, similar arrangements for providing US forces with allied-produced defense hardware might in the not-too-distant future be within the reach of America's other dynamic industrial partners in the Pacific, notably the Republic of Korea. Such arrangements would lead to a better sharing of Pacific defense burdens and to a narrowing of financial imbalances emerging between Washington and Seoul. While Korea's defense production capabilities may be relatively limited at present, a review of recent history would indicate that this is bound to change rapidly. Here, it is useful to note that while today Seoul speaks of manufacturing sophisticated fighters, a mere two decades ago Korea's defense industry was just being born. Finally, for its part in the process, Washington needs to accept the principle that those who carry more of the defense burden have the right to a greater say in decision-making. This will involve some adjustment for Washington. But this, too, is a sign of the changing times.

NOTES

1. Alex Glikzman is conducting a study of emerging arms technology, supported by a grant from the Carnegie Corporation of New York and a NATO Research Fellowship, and is completing a book on the security and arms control implications of advanced conventional weaponry for the Twentieth Century Fund.

2. Israel, Egypt, India, Argentina, and South Africa are among the major new producers. Brazil and the PRC are in a class by themselves. In recent years, they have annually concluded sales worth billions. India, too, might

be in the same club were it not for the fact that most of its production goes to its armed forces.

3. For a dramatic projection of the region's future economic growth and defense spending see Commission on Integrated Long-Term Strategy, Future Security Environment Working Group, *Sources of Change in the Future Security Environment* (Washington, DC: Government Printing Office (GPO), April, 1988), pp. 2-9.

4. The defense industrial efforts of Indonesia are reviewed in Jack Nunn, "ASEAN Defense Industry: Its Impact on Economic Development," Dora Alves, ed., *Pacific Security Toward the Year 2000* (Washington, DC: National Defense University Press, 1988), pp. 243-245.

5. On China's defense modernization programs, see the author's "Emerging Technology and Changing Security Requirements: Focus on the People's Republic of China," Dora Alves, ed., *Pacific Security Toward the Year 2000*, pp. 13-25.

6. This summary of regional capabilities is based in part on: United States Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers 1987* (Washington, DC: US Government Printing Office, 1988), p. 15.

7. ASEAN consists of Thailand, Singapore, Indonesia, Malaysia, the Philippines, and Brunei.

8. John McBeth and Mark Clifford, "Aviation: Ambitious Flight Plans Filed," *Far Eastern Economic Review*, 9 June 1988, pp. 100-101. Perhaps one of the most explosive aspects of Seoul's original demands of the competing American contractors, General Dynamics and McDonnell Douglas, required that they buy back aircraft produced in excess of Korean requirements!

9. "FX Fighter Program to Set Stage for Air Force Modernization Plan," *Aviation Week and Space Technology*, 12 June, 1989, pp. 191-199. This uneasiness probably explains why Seoul decided to go public with its selection of McDonnell-Douglas, while Congress was on its winter recess, at the end of December 1989.

10. Nick Seaward, "Triggering Trade Hopes," *Far Eastern Economic Review*, 13 October 1988, p. 85.

11. Tai Ming Cheung, "Buying British First," *Far Eastern Economic Review*, 8 June 1989, p. 30.

12. For the key American critique of the deal see, Clyde V. Prestowitz, "Giving Japan a Handout," *Washington Post*, 24 January 1989, p. D4.

13. US Congress, Office of Technology Assessment, *The Defense Technology Base: Introduction and Overview*, (Washington, DC: GPO, March 1988), p. 42.

14. Evelyn Richardson, "Pentagon Aims to Revive US TV Industry," *Washington Post*, 19 December 1988, p. A1.

15. For a sample see, Department of Defense report *A Study of the Effects of Foreign Dependency*, quoted in Roderick L. Vawter, *US Industrial Base Dependence/Vulnerability, Phase I*, (Washington, DC: National Defense University, December 1986); Martin Libicki, Jack Nunn, and Bill Taylor, *US Industrial Base Dependence/Vulnerability, Phase II* (Washington, DC: National Defense University, November 1987); and Office of Technology Assessment, *The Defense Technology Base: Introduction and Overview*, pp. 39–46.

16. Balakrishnan, "Springing a Leak," *Far Eastern Economic Review*, 16 February 1989, pp. 44–45.

17. Commission on Integrated Long-Term Strategy, *Discriminate Deterrence*, (Washington, DC: GPO, January, 1988), pp. 9–10.

18. Press reports suggest that the Israelis provided the Chinese with technical assistance in improving the accuracy of the CSS-2. Using the Israeli exported accuracy enhancements, key Israeli population and military targets are today a far easier mark for attack by Saudi Arabia's Chinese missiles than would otherwise have been the case. See Reuters, "Secret Chinese-Israeli Arms Deal Reported" *New York Times*, 4 April 1988, p. A-4; and, Emily Lau, "Who Blew the Gaff?" *Far Eastern Economic Review*, 8 September 1988, p. 23.

19. The belief that neighbors had a chemical warfare capability in hand has seemingly acted as one catalyst to the current chemical weapons arms race in the Middle East. While on the US Senate Foreign Relations Committee staff, this writer was involved in an investigation of the prospects of chemical weapons proliferation in Southeast Asia, arising from the alleged use of chemical warfare agents in Indochina. That investigation gives reason to conclude that doubts about US claims of Vietnam's use of so-called "yellow rain" in Indochina were an important factor in deterring the acquisition of chemical warfare capabilities by nations in the region. To this degree, while Washington's yellow rain pronouncements may have deterred the Vietnamese from further use, assuming they had engaged in chemical warfare in the first place, reservations in Southeast Asia about the American evidence may, in fact, have served a positive function.

20. For a report based upon recent interviews surveying regional feelings toward Japan see, Karen Elliott House, "The 90s and Beyond: Though Rich, Japan is Poor in Many Elements of Global Leadership," *Wall Street Journal*, 30 January 1989, p. 1.

21. The Chinese military's brutal response to pro-democracy demonstrators will certainly augment regional fears and suspicions.

22. Japan's reluctance to share defense technology as provided under a 1983 defense cooperation agreement is another irritant in the US-Japan defense relationship.

23. Quoted in House.

Plenary Address:
**THE US-JAPAN ALLIANCE
IN HISTORICAL PERSPECTIVE**

Ambassador Hisahiko Okazaki



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On the occasion of the demise of Emperor Hirohito, I am impelled to look back over the period of his long reign. He was born in 1901. He became a regent in 1921, and was enthroned in 1924. His lifetime covered almost the entire 20th century. The emperor spent his youth during the period of Anglo-Japanese Alliance 1902–1921, in which Japan became one of the great powers in the world and when Japanese democracy flourished. And his life ended at a time when Japan again has become one of the great powers in the world and people are again enjoying prosperity, freedom, and democracy. The purpose of my talk is to find out the meaning of what happened to Japanese foreign policy in between, and to look into the future of Japan.

THE POST-WAR PERIOD

Let us begin with the immediate past, that is, the post-war period, which has already run for almost a half-century. The primary foreign policy issue of this period, which created many political and social crises in post-war Japan, is that of the US-Japan Alliance. The question of the Alliance, *Ampo mondai*, has been intensively debated during the past 40 years in the Diet, in the press, and among intellectuals. However, I do not think I need to go into the details of the debate. In a way, the debate was fascinating—just as medieval theology is fascinating. “Prove that there exist seven angels in the Cosmos,” was the question for the University examination—but, mostly, it was sterile. Most people who were engaged in various activities against the Alliance in the 1950s and 1960s do not even try to defend their cause any longer. They now feel that these follies were the result of being carried away by youthful ardor, just as the Japanese of another generation now try to efface the memory of the chauvinistic, militaristic ardor of their youth. Also, these anti-treaty activities have created among foreigners a generation of Japan scholars who are disappointed and disgusted with this intellectual incongruity of the Japanese political way of thinking. Hence, to my mind, these security debates contributed very little either to the development of Japanese political thought or to the achievement of international understanding.

It all started with the American occupation policy. The period of occupation, 1945–1952, corresponded with a sharp change in US

foreign policy. Before 1947, Americans believed in the new world order, with anti-fascist philosophy, which would be managed with the cooperation of the Soviet Union. After having suddenly discovered the existence of the iron curtain, American policy shifted to anti-communism and East-West confrontation, which it has maintained ever since. At the beginning of the occupation a pacifist Constitution was adopted but, only 4 years later, in the wake of the outbreak of the Korean War, the United States strongly pressured Japan to rearm.

The Peace Treaty was signed in 1951, together with the US-Japan Security Treaty. Since that time, people who are critical of the US-Japan Alliance have thought that the alliance was imposed by the occupation authority as the price for the Peace Treaty, not by the will of the Japanese people. They viewed the US forces in Japan as a continuation of the occupation forces. Some people criticized Americans for trying to destroy the regime of the pacifist Constitution, which was supported by the prevailing Japanese anti-war sentiment. This was also a period when left-wing ideology surged world-wide, making it fashionable to be anti-American. Since then we have had an interminable security debate, which is now almost—but not quite—dying out, that has hampered the development of a realistic defense policy for Japan.

ROOTS IN THE PRE-WAR PERIOD

The fundamental mistake of US foreign policy dates back to the pre-war period. The idealistic goal proclaimed in the Japanese Constitution was an extrapolation of the moralistic diplomacy practiced by the United States apparent in Asia since the beginning of this century, starting with the open-door policy of Secretary Hay in 1899 and 1900, and continued by the Stimson Doctrine at the Manchurian Incident in 1932. In fact, the Far East was the game preserve of American idealism, pursued in a free-wheeling style, while toward Europe the Monroe Doctrine took a defensive form. The possible consequence of this moralistic approach in the Far East was pointed out by John MacMurray, who warned of “the likelihood of a war with Japan if we continue in the course we are following,” observing, “even the most drastic achievement of our objectives in such a war would only play into the hands of Russia and raise a host of new problems.”

I do not deny responsibility on the part of Japan. At the time of the Stimson Doctrine it may have been objectively correct to say that nothing except a tough posture would have prevented Japan from

pursuing its expansionist policy and its endeavor to destroy the existing order in East Asia. Given its traditional values, America could not watch this development cynically and turn a blind eye. Developments in Japan in the 1930s, however, resulted from the lapse of the Anglo-Japanese Alliance in 1921.

In the first 20 years of the 20th century in which Japan maintained an alliance with Britain, the British empire was the hegemonic power, just as the United States is today. The Japanese felt their security was well-guarded in an alliance with such a world superpower. As an island nation, Japan felt particularly comfortable in alliance with the nation which claimed superiority over the world's oceans.

When people feel comfortable in their security, it is human nature for them to seek freedom and liberty, and to concentrate their daily work on economic achievement. The parliamentary movement in Japan has had a long history since the Meiji restoration in 1868, with nation-wide surges several times in the late 19th and early 20th centuries. During the period of the Anglo-Japanese Alliance this movement made great progress and finally achieved genuine party politics, now called the "Taisho Democracy." After the lapse of the alliance in 1921, however, people felt insecure when they had to defend Japan's security themselves. Japan's "lifeline," which used to mean the Korean Peninsula, was then extended to Manchuria. This preoccupation with the country's security aggravated the tension with Japan's neighbors. Thus, the vicious circle continued until the havoc of Pearl Harbor and, eventually, the launching of atomic bombs at Hiroshima and Nagasaki.

How did the end of the Anglo-Japanese alliance come about? Historians agree that the main cause was American and Canadian jealousy. In fact, since the end of the Russo-Japanese war, which meant the temporary easing of the Russian threat in East Asia, Japan and the United States had been rivals for the friendship of Britain. The fundamental reason why Japan lost this competition was the fact that the United States, which had not hitherto been an ally of Britain, sent army divisions to the European front in 1917, but Japan failed to do so. In fact, the western limit of Japan's defense commitment was the Indian subcontinent, according to the letters of the Anglo-Japanese Treaty. It was a logical, but politically unfortunate decision that Japan did not come to the rescue of its ally, Britain.

JAPAN'S ILLUSIONS

Japan tragically underestimated the importance of the Anglo-Japanese Alliance and the danger of losing the friendship of the United States, mainly because of illusions of independent diplomacy. World circumstances allowed Japan to nurture such an illusion. Geographically, Japan is always under pressure from the eastward expansionism of Russia, whether it be Tzarist or communist. The only reliable forces against the Russian threat have always been those of the Anglo-American world. The world situation, however, caused Japan to lose sight of this basic strategic fact in the Far East which has existed ever since Catherine's decision to go east in the 18th century. However, between the Russo-Japanese war and the First World War Russian attention was concentrated on Europe, neglecting the Far East, and, in the wake of revolution, the Russian threat temporarily disappeared. Japan lost sight of the fact that, even at the height of the Japanese Empire, Japanese power was much inferior to the Russian potential, and that, given the Russian capability for revenge, only Anglo-American power was to be relied on.

Through the 20th century the only powers that really influenced the security of Japan were Russian and Anglo-American. China did not count. Chinese efforts were concentrated on preserving the territories it inherited from the Chin Empire. So far, China has been successful in keeping such legacies of the Chin dynasty as Manchuria, Tibet, and Sinkiang within its boundaries and has little potential for guarding or threatening Japan's security. Therefore, there is only one choice for the security of Japan and thus for the democracy and prosperity of Japan: that is, alliance with the Anglo-American world. The demise of the security debate, despite its beginning, verifies that the alliance with the Anglo-American world is the natural, historical, and geographical destiny of Japan and accepted by the Japanese people as such.

I hope for a common recognition that the US-Japan Alliance is also a manifest destiny of American Asian policy. A major policy problem for the United States, as the successor of the British Empire, is its worldwide rivalry with the Soviet Union. The Soviet Union is the greatest empire to appear on the Eurasian continent since Ghengis Khan's Mongolian empire. The major concern for American diplomacy should be the problem of how to deal with this massive force. In the context of East-West rivalry, Japan's geographical position and its industrial capacity are essential for US policy in Asia.

The US-Japan Alliance may be more important than NATO. Historically, in Europe there have been alternative ways for dealing with Russia; sometimes the balance of power proved useful. At the beginning of the century, Great Britain did not need an alliance in Europe and boasted of its "splendid isolation." But it did need the Anglo-Japanese Alliance in East Asia in order to check the eastward advance of Russia. Suppose, in a highly hypothetical case, Eastern Europe were to be allowed to have democracy, freedom, and eventual neutrality. NATO might then lose its *raison d'être* under this new European concert. Yet, even with this drastic change in the world situation, there would be little need for changes in the alliance between Japan and the United States. Our alliance will remain the East Asian pillar of stability, freedom, and prosperity.

THE FUTURE THREAT

The history of the Anglo-Japanese Alliance shows it is not always easy to maintain an essential alliance. First, we should never lose sight of the real threat as Japan once did during the temporary disappearance of Russian power in East Asia. America also lost sight of the Russian problem during its fascination with moralistic diplomacy in Asia and its exclusive attention to anti-fascism. As a massive Empire, whether Tzarist or communist, Russia is the central problem confronting a world hegemonic power like the United States, and as long as Russia has an interest in an eastward opening to the Pacific Ocean it will always remain a potential threat to Japan.

The eastward advance of Russia has been sometimes audacious and sometimes cautious, but nonetheless consistent over the past two centuries. In recent years, it has been somewhat accelerated by the completion of the BAM railroad and the increased strategic importance of the Sea of Okhotsk. This trend is observable in the comparatively high speed of the USSR's modernization of military equipment in the Soviet Far East, particularly by the tremendous build-up of the Soviet Pacific Fleet. The Soviet Union may somewhat reduce the force level in Siberia in the coming years. We can assume, however, that the reduction will be made mainly in the forces directed toward China, which have been unrealistically large because of the past Russian paranoia regarding the Chinese threat.

In the course of time there may be a moment when Russia could be quite friendly and less dangerous, and appear to be a profitable partner to have dealings with. It is very likely that the Soviet Union will appear

to be markedly so in the next few years. That, in itself, is not a bad thing at all—but the basic international structure remains the same.

Secondly, for the maintenance of an alliance between our two countries mutual accommodation and mutual contributions are necessary. For the immediate future the problem of burden-sharing surfaces. I will not go into details of burden-sharing, but will try to explain how it works in a broader framework. We do not expect much increase in the US defense budget in the coming several years, partly because of the urgent need for correcting the US twin deficits, and partly because Americans are now quite comfortable with the military balance as a result of the heavy build-up in the first half of the 1980s. The Soviet Union is also expected to be less aggressive, because of the enormous economic problem it faces and because of the current military balance.

The problem lies in the future pace of the modernization of weapons. America has already completed its modernization of conventional weapons. In the case of aircraft, its main forces are the 4th generation planes. The Soviet Union is in the process of catching up; however much they reduce the speed of modernization, the Soviets are still closing the gap. When they catch up in quality, their quantitative superiority will be preponderant again. The United States will then face a new problem of military balance. Supposing the main Soviet aircraft in Warsaw Pact forces and Far Eastern forces were to be MiG-29 and -31, and Sukhoi Su-27, even if the total numbers were somewhat reduced because of global disarmament, the conventional balance of air forces would be reversed in their favor. I hope the United States will have settled the problem of deficits by that time and will be prepared to face the new situation when it arises.

Meanwhile, Japanese defense capacity is expected to maintain its steady growth. Suppose between 15–20 percent of the Soviet GNP is devoted to defense, we can assume that about 5 percent is for conventional arms in East Asia. Supposing Japanese and Soviet GNP is about equal, 5 percent growth of 1 percent of Japanese GNP can match with 1 percent growth of 5 percent of the Soviet GNP. Although the accumulation of the past Soviet build-up is enormous and still telling, Japan can try to keep abreast of the Soviet tempo in its modernization of conventional weapons. While there exist many other aspects of the alliance which need to be solved, Japan's contribution to the conventional balance will be the most significant burden-sharing for our common security interest in the Western Pacific.

**STRATEGIC PROBLEMS FROM
THE JAPANESE PERSPECTIVE**

Dr. Nathaniel B. Thayer



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More than a decade ago, the Japanese put forward the proposition that the United States should continue to maintain the military security in East Asia while Japan would contribute to economic security. The Americans abruptly rejected the proposition. Nevertheless, the Japanese have gone ahead as if the Americans had accepted the proposition and, indeed, the American opposition has softened over the years. Americans are still not happy with the Japanese formulation but they have not been able to come up with a grand strategy acceptable to Japan. I see the years of the Bush administration being given over to a modification of this proposition to make it acceptable to both parties and, perhaps, the other countries of East Asia.

The curtain went up on this new drama when Prime Minister Takeshita met with President Bush in Washington in early February. After the meetings, Takeshita met with the Japanese press and gave them a remarkably full account of what had happened. The prime minister said he had told the president that he intended to actively take on broader international responsibilities. President Bush was said to have responded that the United States did not expect Japan to shoulder more of a military burden. The 5 February *Yomiuri* morning edition gives these two direct quotes from Takeshita's remarks:

The American side has absolutely no desire [for Japan] to shoulder responsibility in the military area. The shape of [Japan's] burden-sharing will be not in the military area but rather in economic cooperation and other areas.

These statements do not preclude changes in the military relationship between Japan and the United States. Far from it: there are matters bubbling. But it does seem to mean that the congressional desire for Japan to do something dramatic—like building an aircraft carrier—will not be fulfilled.

Now that the United States has turned off the heat under defense, will Japan do nothing to bolster defense? Americans may see 1 percent as something beyond which Japan will not spend; Japanese defense officials see 1 percent as something less than which Japan will not spend. Even though slowed, the Japanese economy grows. In short, there will be sufficient funds available for defense

purposes. Unlike the US defense forces, which are large and take a goodly share of the US defense budget, the Japanese Self-Defense Force (SDF) is small. (There are fewer soldiers than policemen). A large share of the Japanese defense budget goes for weapons development. That is probably inhibiting to the USSR, more inhibiting than large standing forces would be.

Not much has been written about the emergence in the ruling Liberal Democratic party (LDP) of a new group of defense-oriented legislators. They are far different than the defense-oriented legislators of the sixties and seventies. Look first at the members: the early defense-oriented legislators were just a handful; now as many as a fourth of the legislators find a public identification with defense to their interest. Look next at background: the early legislators were former military officers or non-commissioned officers. Some current defense legislators are former bureaucrats; others are just smart politicians, some of whom have studied in US graduate schools. Look at interest: the old legislators were interested in military pensions and in restoring a pre-World War II type army. The new legislators see demonstrating an ability to make defense policy and the handling of strategic questions as a way of rising quickly in the LDP, the ruling party. Where are these new legislators on the ideological spectrum? Some are right wing, more are not. All have learned, however, not to let ideology split them. They stay together on important decisions. This cohesion has made it possible for SDF officers to do things like going to Newport, Rhode Island, this year to participate in war games. The Newport exercise, you will recall, posits global war.

Okazaki Hisahiko, a defense strategist, now Japan's Ambassador to Thailand, has been arguing in intellectual journals that allies should help each other. That concept is not written into the present US-Japan security treaty. The new defense legislators were the people who persuaded Prime Minister Suzuki to establish Japan's defense perimeter 1,000 miles offshore, despite lukewarm support for doing so among the bureaucrats. Perhaps the legislators will persuade Prime Minister Takeshita to recognize a reciprocity in the US-Japan security relationship. That would be a conceptual breakthrough.

Japan's defense development will not take place in a vacuum: what the Soviets do will be influential. Prime Minister Takeshita has apparently decided not to play an active role in relations with the Soviet Union. He has left that role to Nakasone, much to the relief of the foreign ministry officials who see Nakasone as tough and

experienced enough to handle the Soviets. Nakasone has already had two significant exchanges with Gorbachev. On 7 February, he gave a speech in Tokyo in which he offered significant commentary..

He identified the problems with which the USSR and Japan must contend as the result of the Northern Islands and as the build-up of Soviet Far Eastern military forces. He identified the process of resolution as staged: Soviet concession would be followed by Japanese response. Finally, he pointed out that the Western nations should maintain their unity. In short, Nakasone has laid out a strategy that will stand up to Soviet blandishment. I see other Asian nations wishing away the Soviet threat: I do not see Japan as one of these nations.

ECONOMICS

Japanese spokesmen have had great fun with Western writers pointing out the great increase in Japanese foreign aid. That increase is due mostly to changes in the value of the dollar. The yen levels established for aid in the Japanese budget have not increased significantly. Nevertheless, the Japanese do give significant amounts of foreign aid. The aid is concentrated in a few countries, and it is given to buttress fairly clear ideas of aid serving the Japanese national interest. Will the United States find this aid-giving a satisfactory alternative to other international contributions?

Some years back, the Japanese foreign office came up with the idea of strategic aid. It (Japan) would give money to those countries which were under political stress. Pakistan was one country; the Philippines became another; all told, there are now five such countries. This concept was designed to answer US complaints, but will it do so? There are a number of difficulties: first, not all Japanese accept the concept. It is debated in the Diet between the parties; it is debated among the several ministries which shape Japanese aid; and it is not even accepted within the foreign ministry which first put forward the concept. Until the concept is better accepted, it won't carry significantly greater dollar volumes. Secondly, the Japanese will accept only the vaguest identification between strategic aid and US security concerns. All told, there have been only a handful of discussions between Japanese and US diplomats over strategic aid. Finally, the Japanese will not recognize any formal linkage between Free World security (as defined by the United States) and Japanese strategic aid. What Japan does, she does by herself. Consequently, the United States will find strategic aid a hard concept to use in planning. At

present, then, strategic aid amounts to little more than a publicity campaign directed at the Americans. It may develop into a useful concept, but the Americans will have to take the initiative.

There are other aid-related security problems. Japanese invest in and give a lot more aid to some countries than does the United States. Thailand is a case in point. Japanese investment there is now far greater than US investment. The Thais are likely to become more responsive to Japanese suggestions. There may come to be sectors in the Thai economy from which Americans are excluded. Will the United States accept these conditions? The Japanese are now moving into planning. MITI (The Ministry of International Trade and Industry), for example, is trying to put its men in the planning agencies of the various East Asian governments. It has already been assisting the Indonesians with their planning for a number of years. Will the United States be willing to march to a Japanese drummer?

Finally, the Japanese are making regional plans. For example, they are setting up an energy grid throughout East Asia. It will be based on coal (a coal prosperity sphere?). Apparently, the plan contemplates no purchase of American coal though the United States has great coal reserves. Congress will likely speak out when it learns more of this idea.

**THE EVOLVING JAPANESE SECURITY POLICY
AND THE UNITED STATES**

Dr. Robert A. Scalapino



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We live in revolutionary times, with the depth and scope of the changes underway escaping most of us since the familiar symbols of revolution—bloody upheavals, powerful ideological appeals, and heroic new leaders—are largely absent. Nevertheless, the transformations taking place both within and among the principal nation-states are as profound as any in human history. The sweeping reforms being attempted in the USSR and the PRC are the most significant since the Bolshevik Revolution, although the degree of success that will be achieved remains in doubt. These changes, moreover, are being largely driven from the top, with the masses recipients rather than initiators—and, in the case of the Soviet Union particularly, showing signs of resistance. Why do leaders push reforms? Primarily because they recognize that the Stalinist economic strategy of the past has reached a point of diminishing returns and, if continued, will render their societies non-competitive in the 21st century.

Meanwhile, the great market economies, namely, the United States, Japan, and Western Europe, are being forced by rapid changes in comparative advantage to undertake structural changes at a pace not previously known, with far-reaching social and political repercussions. In addition, Western Europe is engaged in an experiment in economic integration more bold than any previously attempted—with the probability that similar efforts will follow elsewhere in the decades ahead. While these developments are unfolding, moreover, other states, notably in Asia, are rapidly mounting the technological ladder, with a division of labor, formerly vertical, becoming increasingly horizontal.

To an unprecedented extent, economics is in command in contemporary international relations. It was not always so. At the end of World War II, politics ruled, with ideology playing a key role. New states were emerging throughout the non-Western world with nation-building the primary task. Old nations were being regrouped under banners labeled “Democracy” and “Communist,” with smaller allies appended. Today, we witness significant alterations in the international order. In the states newly emerged after 1945, second and third generation leaders are increasingly focusing their attention on developmental issues. Ideology is at a low ebb, with a pragmatic, problem-solving approach in vogue. To be sure, a contrary trend can

be seen in the degree to which religions—especially fundamentalist religions—seek to carry their causes into the political arena, filling the vacuum of values at a time when people everywhere are having traditional beliefs and life-styles threatened in the midst of social upheaval. Generally, however, secularism continues to hold sway and, in the political arena, only nationalism retains a potent appeal as a reaction to the mounting tides of interdependence.

Another change underway is in the nature of alliances. The old ties of the past are loosening with stronger elements of flexibility and independence. Most alliances are becoming alignments, with the major party making conditional not absolute pledges of support, and demanding a greater sharing of responsibilities. In turn, the parties previously subordinate are rendering more independent political judgments, and at the same time, demanding “partnership,” namely, a greater share of power in decision-making. The management of alignments is possibly the greatest challenge facing both the United States and the Soviet Union today, and the central issue is what combination of separateness and integration will characterize the most critical bilateral and regional relationships.

Under existing circumstances, it is not surprising that the major states previously responsible for regional or global order are seeking a lower-cost, lower-risk foreign policy. Confronted with mammoth domestic problems, aware of the fact that the nature of power itself is changing, and cognizant of the costs of seeking to maintain—or change—the existing international order, the United States and the USSR are each exploring means of reducing the drain of their respective foreign policies without damage to their national interests. In this, moreover, they are joined by China and, in some measure, by Western Europe as well.

Among the so-called major states, only Japan comes from a different direction, and is being propelled along a different course. The greatest gift that the United States bestowed on Japan after 1945 was to enable it to pursue a low-posture foreign policy by assuming all security burdens on its behalf while, at the same time, opening American markets to Japanese products and facilitating its economic entry elsewhere as well. Thus, Japan could concentrate upon internal development.

It is equally important that Japan was able to take full advantage of this opportunity. Its previous experience with economic development, extending back for nearly 80 years, provided the necessary

acculturation. Policies devised to take optimal advantage of Japanese capabilities and the prevailing international conditions were also vital. The positive interaction between a supportive government and a dynamic private sector in a compatible cultural setting and with a favorable international environment constituted the essential elements of Japanese success, and each of these factors must be given full weight.

The very cultural factors that underwrote Japanese economic success, however, provide problems in advanced *kokuseika* (internationalization), that goal so easily voiced and so difficult to realize. The Japanese are an intensely private people, and a people accustomed to hierarchy, not egalitarianism. This latter factor contributed mightily to the success of the American Occupation, and to the smooth early stages of the United States-Japan Alliance. More than most people, the Japanese have been willing to accept a subordinate position or to play a dominant role as the situation requires. It is equality that is difficult to envisage or achieve.

Japan's genius has lain in oligarchy, the small, tightly-knit group structured vertically but operating as a unit, both in competition and in cooperation with similar groups. There is a natural limit to the extension of intense relationships. Yet casual relationships of the type familiar to Americans, namely, those covering a wide gamut in terms of obligation and commitment, are largely foreign to Japanese experience. To penetrate the inner group from the outside is extremely difficult, and in some degree, this principle can be extended to the society at large.

Cultures change, and Japanese culture is clearly undergoing significant change in various respects. Yet in Japan, as elsewhere, culture cannot be altered as rapidly as the economic transformation that has been taking place. Thus, the Japanese nation finds itself a global economic power at a point when genuinely internationalist attitudes are still weak and foreign policies, including security policies, uncertain as to course. Meanwhile, external pressures mount upon Japan, led by the United States, to accept greater responsibilities for the peace and development of its region and the world at large. Yet, internal support for such a course is fragile, with a consensus thus far built around relatively minimal security commitments supplemented by expanded economic aid. Nor do global trends at present support any marked change in public views, especially in security policies. It is in this context that the trends and alternatives relating to Japanese security policies must be analyzed.

The man-made restrictions upon those policies are well known. The 1946 constitution, and more particularly, Article 9, represents a monument to idealism, albeit, an idealism that complemented the desire to punish an aggressor, making certain that past acts would not be repeated. Japan was caused to renounce war as a sovereign right of the nation, and to ban land, sea, and air forces. Subsequent interpretations of Article 9, however, took full advantage of Asian traditions with respect to law. Historically, law in its written as in its unwritten forms was to Confucianists more an ideal toward which one aimed than a text to be interpreted minutely and followed rigorously. Thus, it was determined that the constitution did not preclude Japan's right to self-defense, and under this interpretation, Japan presently has the third highest defense budget in the world and military forces that have been variously rated as between the sixth and eighth most effective.

However, the constitution does place limits upon security policies. "Offensive weapons" such as long-range missiles, bombers, and large aircraft carriers have been considered off-limits, as has the dispatch of troops overseas. Constitutional provisions were subsequently bolstered, moreover, by later actions. In 1967, the Three Non-Nuclear Principles were enunciated, prohibiting the possession, manufacture, or introduction into Japan of nuclear weapons. Again, the application of the last of the three principles has been flexible, leading to the assertion that in reality there are two and one-half restrictions. Japanese authorities "assume," without asking, that American ships visiting Japanese ports do not carry nuclear weapons. In the same year, a ban on arms exports to Communist nations, or to other states engaged in conflict or proscribed by the UN, was also made policy, and a decade later, the sales ban was extended to all countries. The Nakasone administration, however, made an exception of the United States in 1983. In 1976, the Miki government set a formal ceiling on defense expenditures of 1 percent of GNP. While this policy was lifted in 1987, a rapidly growing GNP has kept actual expenditures at or below that amount up-to-date.

Apart from the various restrictions existing in law or policy, Japan faces three broad, interrelated problems in constructing a security policy suitable for itself and for the times. First, to define its appropriate missions requires basic political as well as security assumptions. If it is assumed that the primary threat to Japan—now and for the foreseeable future—comes from the USSR, and that this threat is most likely to be realized in the course of a general war,

probably opening in Europe or the Middle East, what is the Japanese role? Is it principally to safeguard Japanese installations, including those available to the United States? Is it to assist in bottling up the Soviet fleet within the northeast straits, and assisting the United States in taking preventive action against Soviet airfields and aircraft carriers in the vicinity?

At least equally important, should the American 7th Fleet be drawn elsewhere by crisis or conflict, including situations not involving the Soviet Union, should Japan be able to take on enhanced responsibilities in guarding the sea and air lanes in the Pacific, and if so, to what distance? As is well known, following Prime Minister Suzuki's May 1981 trip to Washington, Japan, in successive stages, accepted responsibility for sea surveillance and defense for 1,000 miles to the east and south, and air defense for several hundred miles in the vicinity of Japanese territory. Yet ambiguity about Japan's precise mission in this connection persists.

In the 1976 National Defense Program Outline, it was stipulated that Japan should meet limited and small-scale aggression against it by itself, and defense was interpreted primarily as beginning at the water's edge. Recent programs have shown greater realism. It is now assumed that the United States and Japan will be joined from the beginning in any conflict involving the latter country, and that defense is inextricably connected with a limited but genuine regional commitment. However, Japan is precluded by political as well as legal considerations from having a strategic policy that goes beyond its ties to the United States.

To appreciate the political obstacles, one need only observe Japanese public opinion as measured in the polls, and beyond this, the attitudes of other Asians. At present, the Japanese citizenry accepts the present Self Defense Force as well as the mutual security treaty with the United States. However, by lopsided margins, it is opposed to any sizable increases in defense spending, any effort to amend the constitution, or the use of any portion of the SDF overseas. Thus, Nakasone was constrained from sending minesweepers to the Persian Gulf to aid the United States and West Europe, despite Japan's heavy dependence upon Gulf oil and his personal willingness to participate in this manner. Assistance was restricted to mine-detecting navigational equipment. Given current international trends, moreover, it is highly unlikely that public opinion will shift in the direction of support for more extended security policies in the foreseeable future. The

Japanese public has never regarded the threat of a direct Soviet invasion as serious, despite widespread antipathy for Soviet policies. Gorbachev's actions have undoubtedly strengthened that sentiment.

Thus, the consensus on securities policies reached in Japan is pegged to a continued low posture. In that consensus, the opposition parties, except for the Japanese Communist Party, participate. Even the Socialists, although their basic objective is a pacifist, neutral Japan, accept the status quo for the time being, pronouncing the SDF "unconstitutional but legal," a marvelously equivocal phrase. The Liberal Democratic Party, and especially leaders like Nakasone, have chosen to move to the edge of public opinion and slightly beyond, nudging it in the process. There is no question, however, that the views of the citizenry constitute a restraint of significance.

At least equally important are the positions—public and private—of other Asians. A case in point is China. When it viewed Russia as a imminent threat, China was prepared to see Japan increase its armed strength, assuming it would be pointed north. It was during this period also that Beijing worried about the growing imbalance between Soviet and US forces in the Pacific-Asian region that had developed by the late 1970s. As the United States strengthened its position, China turned its attention to domestic reforms and reduced military expenditures, and as Sino-Soviet relations began to improve, the PRC provided progressively less support for Japanese rearmament. Indeed, Japanese "ultra-nationalism" and the danger of "militarism" became frequent Chinese targets. Other Asians, notably the Koreans—South as well as North—joined the chorus. The states comprising the Association of Southeast Asian Nations (ASEAN) continue to make clear that they do not want Japan to extend its security forces into their region, or to have the United States encourage Japanese rearmament as a substitute or even as a supplement to offset a declining American presence. These facts should not obscure the development of informal but not unimportant security contacts between Japan and both the PRC and the Republic of Korea (ROK). Nor should the contingency plans developed for the defense of South Korea, in case of need, be ignored. Historical as well as contemporary factors, however, make the issue of Japanese security policy an exceedingly delicate one throughout Asia.

Yet, against the Asian pressures flow the countervailing pressures from the United States for burden-sharing. Certain members of congress have advocated Japanese military expenditures as high as

3 percent of GNP although, in some cases, that figure has been used to cover both defense and economic assistance. And behind the Congress is the American public. It is regarded as unjust that with Japan running a \$50–60 billion trade surplus with the United States, the United States should be spending over 6 percent of its GNP for global security as against Japan's 1 percent. It is widely recognized, moreover, that US defense expenditures must be held in check, with overseas commitments certain to be affected. In an attempt to respond, Japan continues to increase its defense budget 5–6 percent per year as noted, accepting a greater share of the maintenance costs for US forces in Japan while at the same time raising the levels of ODA (Official Development Assistance). The totals still fall far short of the demands of many Americans.

This brings us to the threshold of the third problem making difficult the creation of a comprehensive policy for Japanese security, namely, the ambivalence and contradictions in US views of a desirable Japanese course. The United States does not want Japan to acquire nuclear weapons. Nor would it look kindly upon a Japan pursuing high-posture, Gaullist-type military policies in Asia. As the controversy over the production of the FSX has indicated, moreover, there are apprehensions that if Japan produced advanced fighter planes by itself, its aeronautics industry would be the next high-tech field to overwhelm American competitors. There is also doubt as to whether the ban on Japanese military sales abroad will hold indefinitely.

The latter issues clearly indicate that, however desirable it might be, US-Japan economic and security issues cannot be separated. It is thus necessary to examine the economic component of Japan's security policies in its broader dimensions. The term, "comprehensive security," came into vogue in the late 1970s, during the Ohira administration. It served a number of purposes, chief among them a signal to the Japanese people and to the world that Japan was prepared to play a constructive role on behalf of international peace and development, but that that role would be principally through economic assistance. As aid policies unfolded, the initial emphasis was upon the states comprising ASEAN for both economic and strategic reasons. Gradually, the security component became more prominent, with strategically important countries like Pakistan, Turkey, and Egypt receiving assistance. Economic sanctions against Vietnam and the USSR represented the other side of the coin: punishment of

aggressors. Large-scale assistance to China got underway in 1982, and the following year Prime Minister Nakasone agreed to a \$4 billion seven-year assistance package for South Korea. The Koreans had insisted that such aid was due them given the heavy defense burdens they were carrying in outlays making a contribution to Japan as well as themselves.

Comprehensive security remains a rational concept, perhaps more so today than in the past, with the threat of major power conflict reduced and regional tensions derived increasingly from social and economic problems. Japan is thus pledging larger aid outlays, in character both bilateral and multilateral through various international agencies. Within the past year, it has become the world's largest aid donor in dollar terms, surpassing the United States. It has also promised to increase the amount of untied assistance.

However, several problems exist in connection with the Japanese economic aid programs. First, effective coordination between and among the various branches of the Japanese government involved in such programs remains inadequate, raising the question of whether a large-scale program can be operated with efficiency. More importantly, despite the pledges of a higher level of untied aid, suspicions remain that this program will inevitably serve Japanese economic interests, adding to its market share and trade surpluses. It is extremely doubtful whether Japan's image as a nation that has grown rich pursuing market foreign policies grounded in its self-interest can be greatly altered merely by increasing the scale and flexibility of international economic assistance.

This is an especially sensitive issue with respect to the United States, given the present unbalanced nature of our economic relations with Japan. If comprehensive security in practice is conceived as a means whereby Japan confines itself largely to the "burdens" of economic assistance while the United States is saddled with the principal "burdens" of global security, American dissatisfaction will only mount. This is not to say that an expanded economic program on the part of Japan is either unnecessary or undesirable. If the Japanese people as well as others are to find satisfaction in Japan's new international policies, however, that nation must play roles in addition to the economic one. For example, it must undertake political initiatives in diverse fields from North-South relations to specific tension zones. We have the first evidence that current Japanese leaders have recognized that fact, but effective implementation lies ahead.

Necessarily, to be effective politically as well as economically, Japan must have a greater voice in the international decision-making process. Responsibility and power are inextricably intertwined, at this level as at others. Tokyo cannot reasonably be asked to implement policies that it had no part in shaping, and those which it initiates must have concurrence, especially from the major states expected to work in cooperation with it. This poses a difficult problem for both Japan and the United States. Japan has found it comfortable as well as frustrating to remain largely outside the power circle, its participation in the Group of Seven and summit meetings notwithstanding. Even when asked, Japanese leaders have often been reluctant in the past to express their views on highly sensitive matters. For its part, the United States has been accustomed for more than 4 decades to taking unilateral decisions in critical foreign policy issues and accepting unilateral responsibility while always being grateful for external support. Now, both nations must grope their way to a new relationship involving decision-making and power-sharing. They must do this, moreover, in an era in which bilateralism, regionalism, and multilateralism on a global level have to be reconciled to the extent possible, despite the contradictions that their mutual existence poses. None of these relationships, nor the institutions that accompany them, can be dispensed with within this transitional period.

It is with the US-Japan bilateral relations that I am concerned here. US-Japanese relations are at a crossroads. They can only grow more intense in the coming decades, but in the course of the rising interdependence that lies ahead, the relationship can either become more acrimonious in the fashion of a couple condemned to quarrel bitterly while being chained together, or means can be found for carrying out policies jointly determined and with the degree of integration that effectively speaks to the charge of unbalanced burdens.

The advantages of the latter approach in the security realm are multiple. A coordinated defense program based upon a commonly agreed strategy, with functions interlaced as they related to the defense of Japan and its adjoining air and sea space, would meet the separate concerns of certain Japanese and other Asians. On the one hand, the credibility of the American defense commitment to Japan would be strengthened along with a reduction of the concern about a possible US drawdown in the region so substantial as to leave Japan (and Korea) with stark security alternatives. On the other hand, other

Asians would worry less about the rise of independent Japanese military power in the wake of reduced US commitments. If we are to have a NichiBei economy, is a BeiNichi defense not logical?

Several problems in such a development must be faced. It will be argued that an integrated defense is unconstitutional or in any case, dangerous, since it ties Japan to the broader strategic concerns of the United States. In fact, however, the security of Japan is already inextricably connected with US-USSR relations. Likewise, the defense of the region, including the Republic of Korea, is a matter of vital concern to Japan as successive Japanese governments have made clear. For example, when the Carter administration signaled a probable withdrawal of American forces from South Korea, Tokyo voiced deep concern. It is agreed, moreover, that US forces based in Japan, after consultation, could be used if necessary to assist the ROK should it be attacked.

Some Americans will voice concern that the fuller sharing of strategic plans and military technology will lead to leakages or to additional Japanese access to some of the most advanced US technology. In point of fact, however, the sharing of technology can be of benefit to the United States since Japanese technology is equal to, or ahead of American technology in certain key fields. There is no evidence, moreover, that the problem of leakage will be more serious with respect to Japan than in the case of NATO. And indeed, some of the most serious leakages of recent years have centered upon Americans.

A more integrated defense program could be greatly enhanced if it were accompanied by much closer coordination with respect to our respective international economic policies. If key programs involved joint planning and an appropriate mix of personnel, funding, and administration in coordination with the recipient countries, concerns about both effectiveness and undue advantage would be alleviated. Equally important, genuine cooperation in this critical area could create a vastly more positive image of US-Japanese relations among our respective publics. Such cooperation should encompass assistance to strategically critical states and a debt reduction program as well as regular aid programs, thereby advancing the linkage between security and economics policies that is made explicit in the concept of comprehensive security.

In the political sphere, as well, continuous consultation could bring about more beneficial results for both Japan and the United States. We must never again present the Japanese with a shock like

that which Nixon-Kissinger delivered when the dramatic opening to China was undertaken without prior consultation or even notification. In the past, Japan has been a valuable source of information or served as a conduit to the United States on such knotty issues as those relating to the Korean peninsula and West Asia. The United States has played a similar role in certain instances. These functions warrant expansion.

Apart from the network of official contacts relating to the above matters, which should be more thoroughly institutionalized and coordinated, there is a need at present for a permanent non-official commission of the highest prestige. A US-Japanese Commission possessing the mandate to explore all facets of our relations with special emphasis upon the desirable middle- to long-range policies could do much to smooth the path ahead. Such a commission would be representative of key categories of our respective societies—including business, labor, academic, political, and military figures. Membership, appointed by the chief executive of each country, would be for a term of nine years, enabling lengthy conversance with the key issues, with staggered rotation. A research staff would be appended to the commission, charged with developing the necessary data and options. While the commission would be unofficial, not containing any current administrative officials, it would consult with such officials at will, and report its findings and recommendations to each government.

Irrespective of the degree of policy integration achieved in the period ahead, the US-Japanese relationship will continue to be one of vital significance to both nations. Every aspect of the relation, moreover, is interconnected—a seamless web. With respect to security policies, economic and political considerations are certain to be omnipresent. Japan will continue to concentrate upon a defensive program, featuring the highest technology conventional weaponry, with an emphasis upon air and sea power. The SDI will remain small in size, but with state-of-the-art technology providing deterrence—and a shelter for America's forward strategy. The Asian fear that Japanese militarism might return has limited validity. In addition to the factors noted earlier, the Asia of the 1980s is not the Asia of the 1930s. There is no power vacuum on the continent, no Japanese empire to defend, and no Western colonies to liberate. Moreover, Japan cannot hope to match military power with such continental mass societies as the USSR and—ultimately—the PRC.

Another fear voiced by certain observers can also be set aside. The prospects of an eventual Japanese-Chinese strategic alignment are minimal. Apart from the historical, cultural, and developmental differences that separate these two nations, each now has vital ties with states and regions external to Asia. Pan-Asianism in its traditional form—desired by some, feared by others—is passé. Important Sino-Japanese relations, especially in the economic sphere, have already been established and will continue. It is logical, however, for both states to seek other sources for purposes of security. A combination of normalization of relations with the USSR and low-level strategic ties to the United States is China's present route—an eminently logical route for this era at last. Japan's ties will surely remain foremost with the United States. Only a precipitous American withdrawal from Asia could split Japanese opinion between those moving toward support of an independent, higher posture military stance and those prepared to opt for pacifist-neutralist policies. But whatever adjustments are made—and some will be necessary—the United States is not likely to scrap its strategic commitments to the Pacific-Asian region so critical to the United States in every respect.

The issues, therefore, do not lie at the extremities. Rather, they center on how to provide a US-Japan security program that is at once more flexible, thus, able to take account of the dynamic changes underway in Asia, and at the same time more stable, answering to both the political and economic requirements of both societies.

**THE FUTURE OF DEMOCRACY
IN THE ASIA-PACIFIC REGION:
THE SECURITY IMPLICATIONS**

Dr. Charles E. Morrison



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The Asia-Pacific region is typically described as an area of high economic growth. It is also a region of dynamic political change. The region will continue to experience considerable political change; it will also continue to experience considerable political adjustment and turmoil in the process of political modernization. Domestic political systems may move gradually but not continuously toward more open, pluralistic political systems—an evolution that has important international security implications. It also provides a strong rationale for a continuing US security presence in the region.¹

THE POLITICAL EVOLUTION—A SHIFT IN DIRECTION

Since the mid-1980s, the direction of the political evolution of Asia has changed dramatically. During the 1950s, 1960s, and 1970s, most of the regime changes in East, South, and Southeast Asia were in the direction of increased authoritarian rule. The constitutional democracies established at the end of the colonial period were typically based on small elite groups. These democracies continue to function in instances where they were captured and monopolized by a single authoritarian party, as in Singapore, or where society was so pluralistic that some strong form of authoritarian rule would have been very difficult to impose or maintain, as in India and, possibly, Malaysia. In many other cases the early post-independence political systems and those who were participants in them lost credibility as parties were seen as based on narrow interests and the systems, as a whole, as corrupt and inefficient.

In some countries the military stepped in, promising to provide more honest and effective government. The military also frequently justified its political intervention on national security grounds. Countries where military or martial law-rule replaced a weak parliamentary system included Burma, Indonesia, Pakistan, the Philippines, and, after a brief experiment with open parliamentary government from 1973 to 1976, Thailand. The apparent indifference to the fading of democracy in these countries illustrated just how weak the popular base of support was for democratic systems of government in developing Asian countries.

The 1980s have witnessed the cresting of the authoritarian tide in South and Southeast Asia and a turn toward political liberalization.

The shift in direction began in the Philippines, where events from the assassination of Benigno Aquino in 1983 to the election of Corazon Aquino in February 1986 had a powerful demonstration effect elsewhere in the region. The Philippines has rewritten its constitution, guaranteeing political rights, and carried out free Congressional and provincial level elections. The actual exercise of political rights in the countryside, however, probably falls well short of the guarantees.

Political liberalism in most other countries has not been as wide-sweeping or progressed as fast as in the Philippines, which has a strong democratic tradition on which to draw. Nevertheless, the breadth of the movement toward political liberalization is impressive, and the extent of reforms in most countries would not have been envisioned a few years ago. Moreover, in many a process of political liberalization is continuing to unfold.

- In South Korea, large-scale demonstrations by the opposition party leaders and students in 1987 led to a major shift in government policy at the end of June 1987. There was the direct election of a new president in December 1987, a parliamentary election in April 1988, and a marked improvement in respect for political rights.
- In Taiwan, the opposition was allowed in 1986 to organize for a formal party and, in 1987, martial law was lifted. Some restrictions on the press have been abolished. The government plans to retire the aging mainland politicians in "national" political institutions who have held their seats since the last elections on the mainland in 1947.
- Following the July 1988 National Assembly elections, Thailand has its first elected prime minister since 1976. According to the Department of State's just-released annual report on human rights "citizens continued to enjoy a wide range of civil and political liberties" and "the Press is among the most free in Asia."
- The death of Pakistan strongman Zia ul-Haq was followed by a free and, for the first time since the mid-1970s, a party-based parliamentary election.
- In Burma, in mid-1988 a spontaneous popular uprising almost overthrew that country's long-time military leadership. Although the military was able to reassert its control in a September 1988 crack-down, it has allowed almost 200 small

parties to organize, promised elections in the 1990s, and moved toward freeing economic activity. These changes have yet to be proved meaningful.

- As a concomitant to economic reform, there have been some political reforms in China and Vietnam. The main purpose of these reforms is to reduce the role of the communist party in economic decision-making. There has been some relaxation of controls over the expression of individual viewpoints.

THE CAUSES OF LIBERALIZATION?

The circumstances of political liberalization in the Asia-Pacific region vary from country to country, and, therefore, generalizations about causes should be treated with caution. Nevertheless, two broad categories of pressures toward liberalization can be distinguished: "cyclical" pressures for change that do not necessarily represent an underlying strengthening of the conditions in which more open political systems flourish and that may be reversed, and, secondly, "secular" pressures consisting of longer-term changes in socio-economic conditions or political values that are less readily reversible. The demonstration effect among Asia-Pacific countries has been referred to. This was not a cause of change in itself, but catalyzed groups pressing for democratic political change. These groups were more or less successful in the short-run, depending on the strength of the underlying local pressures for change.

In some countries a strong cyclical factor has been dissatisfaction with the current regime. The previous rise of authoritarian governments in developing Asia related to dissatisfaction with the weaknesses of democratic regimes. As authoritarian governments actually gained power, however, their images as reformers became tarnished with their actual exercise of administration. There is little evidence that military or martial law regimes in Asia in general were much more successful than democratic ones in stimulating economic growth or delivering government services. The abuses of power were most striking in the case of the Marcos regime in the Philippines and the Chun Do Hwan regime in South Korea where large segments of the business communities were alienated by the greediness of those in or close to power. In these cases the business communities and middle class joined opposition politicians and students in demanding change. In Burma, desperate economic conditions and capricious government policies, including the 5 September 1987 decision

invalidating three-fourths of the cash in private hands, were a principal force behind last summer's riots.

Similar pressures were behind the economic and political reform efforts in China and Vietnam. In these instances, the communist parties faced serious legitimacy problems because of economic failures and abuses of power and corruption by some cadres. The reforms can be interpreted as efforts to preempt open opposition and restore, by shifting direction, the prestige of the governing parties. It should also be noted that in some Asian societies, the national security arguments for a "tight" society with a dominant role for the military, have gradually become less compelling. The economic strength of South Korea and Thailand, for example, in relation to North Korea and Vietnam, have given the political elite a sense of confidence and somewhat soften the sense of being the "front line" of the noncommunist world. The general reduction of international tensions, especially during 1988, may further erode the salience of national security concerns for the polities of the Asia-Pacific region. But whether reduced external security fears are a short-term, reversible cyclical factor or a long-term change in the political environment remains to be seen.

Aside from these cyclical factors, there may also be a set of secular factors pushing the entire region, although at different speeds in different systems. The economic modernization processes are associated with a number of changes in the nature of traditional society. Education spreads, increasing political awareness and demands for representation and participation. People become more urbanized, facilitating social and political communication and organization. Society becomes more pluralistic with a resulting need to accommodate and conciliate an increasing number of separate interests. Although examples from the socialist world and some previous Latin American dictatorships show that authoritarian rule can be uneasily imposed on urban industrialized, or industrializing societies, in the longer run these socio-economic changes probably are more conducive to political liberalization and authoritarianism.

Basic socio-economic changes, however, may not always favor democratic rule, at least in the nearer term. In Malaysia, for example, the expansion of the politically aware and active population appears to have heightened communal demands, making the shoulder rubbing and political accommodation among the small elite in Malaysia's communal organizations increasingly old-fashioned and difficult. As

a consequence, Malaysia's leadership has increasingly sought to limit the expression of communally-based political views, constitutionally prohibiting the discussion of sensitive ethnic issues, limiting press freedom, and resorting to the use of the Internal Security Act not just against suspected communist insurgents, but against those who would challenge the existing system from within a democratic framework.

THE FUTURE OF DEMOCRACY IN THE ASIA-PACIFIC REGION

The trend toward more open political life in Asia has been greeted enthusiastically in the United States, where it has been welcomed as a reaffirmation of the universal appeal of democratic government. In his convention acceptance speech after winning the Republican presidential nomination, George Bush enthused that "the spirit of democracy is sweeping the Pacific rim. China feels the winds of change." According to Gaston Sigur, Assistant Secretary of State for East Asian and Pacific Affairs, the region is on "the leading edge" of a world-wide movement toward democracy.² It is necessary, however, to be cautious in interpreting what we are witnessing today as an inevitable process or even necessarily a widespread one. First, there is a cross-current in the trend toward more open political systems—a cross-current most evident in Malaysia, Singapore, and Fiji.

Second, popular attitudes toward politics, power, and authority in much of Asia are not very conducive to Western-style democracy. Paternalistic authority, for example, is important in Confucian and other Asian cultural traditions. These traditions glorify harmony and order above notions of freedom and political competition. Asian authoritarian regimes, including communist ones, have typically drawn support from deeply rooted notions that the open assertion of individual rights or the questioning of political authority undermines the chances of group or national survival. Following a comprehensive survey of Asian cultural traditions relating to political authority, Lucien W. Pye concludes that "the prospects for democracy, as understood in the West, are not good."³

In addition to general societal attitudes that are suspicious of Western-style democracy, many Asian leaders, including those with western education, argue that western political notions are not appropriate for Asian countries. One of the most forthright and articulate of Asian leaders on this score has been Prime Minister Lee Kuan Yew. Asked in Australia recently which traditional values Asians should

retain, Lee said: "First, the basic attitude that the individual is lesser than the society . . . we ought to stay [with] society as No. 1 and the individual, as part of society, as No. 2."⁴

Lee and other Asian leaders have argued that the strength of primordial ethnic sentiments is so strong in Asia that open political competition would bring extremists to the fore, polarizing society and tearing it apart. A real two-party system in Singapore, he contends, would have meant a Chinese ruling party and a Malay opposition, causing racial tensions. The argument has also been made by Asian leaders that Asian countries cannot economically afford democracy as long as they are engaged in catch-up economic development. In this argument, democratic systems are associated with corruption and decision-making based on political rather than technocratic or economic rationality.

The distinction made earlier between cyclical and secular forces behind the current trend toward political liberalization represents another reason for caution. Just as the earlier trend toward authoritarianism reflected dismay with the earlier multi-party systems associated with venal politicians and unstable governments, much of the impetus for the current movement toward democracy represents dissatisfaction with failed authoritarian government. This suggests an alternating pattern. Perhaps this pattern was most prominent in Thailand where democratization periods were terminated by military coups in 1947, 1957, and 1976, but where military rule, in each case, became progressively civilianized or (in 1973) was terminated by popular demands that it end.

ACQUIRING LEGITIMACY

The current trend represents an opportunity for democracy. To make good on this opportunity, the fledgling democracies in the Philippines, Pakistan, and South Korea must acquire longer-term legitimacy by showing that they are acceptable in terms of political values and can provide effective government. Meeting this criteria is not at all easy. In many Asian societies, the process continues of developing a national consensus on political norms and institutions, particularly the appropriate balances between individual and societal rights and between central authority and provincial autonomy. Expectations of government services, particularly in the realm of economic development, are very high.

In her State of the Nation address on 25 July 1988, President Corazon Aquino stated her view of what she thought is needed to make democracy legitimate as a political system:

My mandate was not just to make a country rich, but to make democracy work: To make it work as a system of genuine popular participation. To be meaningful to the lives of the common people by giving them jobs and justice, work with dignity, health and education, and reason to hope that the future will be better for themselves and their children.

I believe that nowhere could you find more effective cures for the ills of our country—such as the habit of oppression, the inclination to corruption, betrayal of the public interest—than in the blessing of democracy: freedom; rights; transparent dealings; and a government of the people by the people themselves.⁵

In the Philippines, with its strong penetration by western-based cultural values propagated, in part, through the Catholic Church, relatively high literacy rate, and relatively pluralistic society, the emphasis on political rights strikes a responsive chord in the political elite and general public. However, it is doubtful that the current Philippine political system can maintain strong public support without improved economic performance. The Philippines faces very fundamental problems: poor performance in the delivery of public services, especially in the countryside; a lopsided socio-economic structure with about 60 percent of the population living below the poverty line; and a rising birth rate. Economic growth has certainly improved, but it will be some time before the effects trickle down to the very poor. In this instance there remains a chance of a cyclical reversal toward a new form of authoritarianism.

In South Korea, also, the democratic political system must prove its legitimacy against strong odds; the challenges here are political rather than economic. The new political system permits meaningful participation by mainstream opposition groups that were once shunted to the outside. In this sense, the system has a stronger base than the previous Korean political systems under Park Chung Hee or Chun Do Hwan. Many unanswered questions, however, obscure the future of South Korean democracy. Are any of the leading participants in the political system genuinely and strongly committed to a pluralistic and open polity, or is it an uncomfortable tactical compromise on a route toward gaining or maintaining power? Can the major political forces in Korea, which have been so often in confrontation, develop a

modus operandi of peaceful political competition within the constitutional structure? Will the current parties, centered around individual leaders with regional bases of support, develop into more broadly based political organizations?

The evolution of South Korean democracy has proceeded in an incremental fashion in that Roh Tae Woo, the candidate of the ruling Democratic Justice Party, associated with the military and bureaucratic establishments, won the 1987 direct election for president. Should he have been defeated, the political transition would have been much sharper and the test of the new institutions more severe. This did not happen, primarily because the leading opposition candidates could not, as had ultimately been the case in the Philippines, agree on a single candidate, splitting their vote and allowing Roh to win with only a 37 percent plurality. Given the popular strength of the opposition, it seems quite possible that an opposition candidate without close ties to the military, bureaucracy, or the business establishment could win a future presidential election. Will the South Korean political system be mature enough by then to experience a peaceful transition of power?

Two further examples illustrate the difficult road ahead for democracy in Asia. In Pakistan, Benizir Bhutto's Pakistan People's Party won a strong plurality in the National Assembly, but gained a majority in only one of the four provincial assemblies, losing the largest province to the opposition Islamic Democratic Alliance. The young prime minister must hold together a country that has numerous power centers and sharp ethnic antagonisms. Pakistan is also facing difficult economic problems because of a fall in the inflow of foreign capital; worker remittances from the Middle East have fallen from their peak in the early 1980s; and the settlement in Afghanistan may mean a fall in the aid given to Pakistan as a front-line state. The chaotic situation in Afghanistan does not promise an early departure of the 3 million Afghan refugees in Pakistan.

A more optimistic assessment might be made for Thailand. A unique sharing of power between civilian politicians and the military has evolved following the alternating pattern between military and civilian governments. There have been two peaceful transitions of the prime ministership in the past 10 years. Thai civilian political organizations, however, have been generally narrowly based and are widely portrayed as corrupt and self-seeking. Recent governments led, until July, by unelected former generals Kriangsak and Prem, have been

based on the support of party coalitions within the National Assembly. These coalitions have proved vulnerable to internal turmoil, but the support of the military and monarchy provided an element of stability allowing former Prime Minister Prem to reshuffle his government 5 times over his 8 years in office.

Military intervention in the past has exploited the negative image of the parties, and the military continues to produce leading political figures whose commitment to the present arrangements are often suspect. Over the longer term, Thai democracy depends on the development of a smaller number of parties commanding broader bases of political support. In the meantime, however, the weakness of the party system is somewhat compensated for by considerable constraint on the part of the military, and an active media, much of which appears committed to the concept of civilian rule.

MODERN ASIAN POLITICAL MODELS

The foregoing discussion suggests that few Asian political systems are likely to evolve into a competitive two- or three-party system, familiar to many western democracies. However, it seems quite possible that Asia may contribute one or more modern political models—in which basic human rights and freedoms are respected and the right of political organization and participation are guaranteed—and which are more compatible with Asian cultural traditions. Some journalists have coined the term “Confucian democracy” to describe a system where political and cultural traditions favoring harmony and order are maintained, fundamental political rights are respected, and there is a single, but necessarily monolithic dominant party as well as permanent minority parties. It might be argued that Japan now has a Confucian democracy and that Taiwan may be in the process of developing one. Should there be some relaxation of political life in Singapore, this country also might provide an example of such a political system.

The Confucian model, however, would seem less appropriate for the more ethnically diverse, non-sinitic societies in Southeast and South Asia. Here, one might expect to find more genuine political power sharing, with coalition governments in national institutions and junior coalition parties or opposition parties dominant in state or provincial bodies. The Congress (I)-dominated India or the UMNO (United Malays National Organization) (and its successor UMNO-Baru)-dominated Malaysia might be regarded as examples of this

model. In some South and Southeast Asian countries, Burma and Indonesia, for example, current ruling groups are attempting to impose a more highly ordered political system on the country. These efforts seem unlikely to succeed in the longer term. The process of working out a viable and legitimate political system in these countries is likely to involve a continuing struggle between those who would favor strong central rule and those seeking autonomy from the national institutions.

REGIONAL SECURITY IMPLICATIONS

The current trend toward more open political systems affects regional security in two ways. More competitive politics influence developing countries' foreign policies and thus their international relations, including alliances and trade relations. Moreover, the internal stability of the new government has important security implications.

Alliance and Trade Relations

The spread of more competitive political systems, although welcomed by the United States, also creates difficult new challenges in the management of US-Asian alliance relationships. Other international relations among Asia-Pacific countries or between them and outside countries may also become more politically contentious and difficult to manage smoothly. Now, all US allies in Asia—Japan, Pakistan, the Philippines, South Korea, and Thailand—have substantially open and competitive political systems. This is gratifying to Americans, who have been uncomfortable in alliance relationships with authoritarian regimes. However, the alliance can become more vulnerable to contentious domestic political posturing and debate. This, of course, is much more likely to be a problem in the Philippines and South Korea, where the alliances involve the presence of foreign troops and bases.

Under the new Philippine Constitution, any post-1991 bases agreement must be ratified by two-thirds of the Philippine Senate and may be subject to a national referendum. Some observers believe that because of political posturing and the lack of party discipline in the presidential rather than the Westminster Philippine system, the Senate hurdle would prove to be more difficult than a referendum. Thus, any future bases agreement will have to be convincing in terms of benefit to the Philippine nation, no easy task when threats have been reduced and nationalistic sentiment is running strong.

Freer political systems may also present difficult challenges to the management of international relations among friendly Asian countries. The Association of Southeast Asian Nations (ASEAN) is now experiencing some internal tensions as a result of new political styles in two of its members. Some Malaysian-Philippine border issues, basically quiet during the Marcos martial law period, have been revived by politicians in Manila. Thai Prime Minister Chatichai's abrupt invitation in January to Hun Sen, prime minister of the Vietnamese-supported Phnom Penh government, to visit Bangkok for discussions was interpreted in some other ASEAN capitals as undermining the long-standing ASEAN position opposing recognition of Phnom Penh. In these instances, the predilection of foreign ministers for consultations, continuity, and low key diplomacy was overcome by the more flamboyant style of politicians.

Trade issues also become more contentious in democratic settings, and this may have an indirect impact on security relations. Unlike international monetary or financial matters, which are usually handled in consultations by government specialists, trade negotiations become highly politicized, involving parliamentary bodies and interest groups. With a free press and independent-minded politicians unwilling to accept the traditional lead of the foreign ministries and other bureaucracies in developing Asian countries, US trade negotiations with these countries rarely have the character of quiet, government-negotiated deals.

In Thailand, for example, the US demands for expanded and more effective intellectual property protection won a grudging acceptance from the Thai bureaucracy. However, the last Prem Tinsulanonda government fell in May 1988 in the wake of political controversy when the legislation was brought to the National Assembly. Thailand's subsequent inability to deliver legislation that would protect US pharmaceutical manufacturers and computer software resulted in a January 1989 US decision to revoke some of Thailand's benefits under the US Generalized System of Preference (GSP) program for developing economies.

South Korean government negotiators have also found it very difficult to make what would appear to be trade concessions to the United States in the more open political atmosphere, particularly after Roh Tae Woo promised to protect farmers in the 1987 election campaign. The new politics of trade were illustrated by a statement by Kim Young Sam's Reunification Democratic Party opposing the "undemocratic and indiscreet opening" of the South Korean film

market and by recent violent demonstrations by militant farmers against domestic farm policy and agricultural liberalization.⁶ Similarly, in Taiwan, American trade negotiators were reported to be finding that "the people's will can be more difficult to deal with than a family dynasty."⁷

In these countries, trade negotiations would undoubtedly have been difficult in any case, and would have generated bureaucratic and public controversy, even had there been no political liberalization. However, the new freedoms work to further politicize trade issues, a phenomenon already familiar in US-Japan and US-Western European settings. Over time, this may have a corrosive effect on public attitudes which will spill over into other areas, including security relations. In the US-Japan case, the importance of each country to the other is quite demonstrable, helping to contain the negative impact of economic conflicts. Some other US Asian relationships may be more vulnerable to damage from trade conflict.

National Political Stability

The other impact of the trend toward liberalized government is that many of the new democratic systems are quite weak and untested and, as described above, face major challenges. A smooth process of political liberalization, therefore, is unlikely, and a good deal of political instability will be associated with immature democratic governments or continuing tensions between deeper social and cultural forces pulling in the opposite directions of authoritarianism and democracy. It is likely to be several more decades before most of the Asia-Pacific countries have political systems that have acquired real legitimacy. That is, until they incorporate norms and processes that are virtually universally accepted within their societies as the proper means for selecting leaders, resolving clashing domestic interests, and setting national policies.

In the meantime, continuing problems of political instability will probably plague one part of the region or another, presenting outside governments with difficult policy dilemmas. National political instability is a regional order problem in at least three ways. First, it may invite competitive external intervention often at the invitation of competing local forces. Second, stability may spill over across the border in various ways such as refugee flows and arms trafficking. Third, a breakdown in national order, especially in societies that are not yet fully knit, can produce human tragedies of profound dimensions. The breakdown in authority in Indonesia in 1965-66, for

example, resulted in a widespread settling of old feuds, ethnic programs against overseas Chinese, and vigilante justice against many accused of being communists, resulting in perhaps a half million deaths. Such tragedies cannot be ignored by the outside world.

THE RELEVANCE OF THE US SECURITY POSTURE

The politics of the contemporary Asia-Pacific region have changed dramatically at both the national and international level. Political liberalization has been accompanied by a significant reduction in international tensions. For the first time in the postwar period, the three largest powers—the United States, the Soviet Union, and China—have normalized relations with each other. Although many competitive elements remain, the familiar terminology of “a strategic triangle” and, in this context, the playing of China, Soviet, or American cards, appears less meaningful. A region in which South Korea can conduct trade worth more than \$2 billion with China; have full diplomatic relations with Hungary; exchange trade offices with the Soviet Union; and be opening a discussion of a joint tourist venture with North Korea is quite a different region from that of 10 or even 2 years ago. This reduction of tensions has been conducive to political liberalization.

It is legitimate, in such a world, to pose the question of the relevance of a system of regional security constructed in the late 1940s and early 1950s around a series of basically bilateral US-Asian alliances. In American eyes that security system had much to do with a communist threat from China and the Soviet Union, then allied. In the 1960s, the US perception of threat in the region focussed on China, but in the 1970s and 1980s, it shifted toward the Soviet Union. Asian counterparts did not always have the same threats in mind—some were most concerned, in the early post-World War II period, about Japan and at least one feared India.

The continuing relevance of deterrence in the 1990s should not be discounted. However, there may be a more immediate rationale for the US presence in a region that may be experiencing considerable domestic political turmoil and experimenting with more liberal and open democratic forms. In a period of some delicacy, while national consensus on political values and institutions is being established, the developing countries of the Asia-Pacific region need a secure external environment. An unplanned or abrupt withdrawal of an established and friendly US presence would have a considerable influence on the political climate within the smaller countries of the

region. Fears that the Soviet Union, surely a declining power, would fill this gap might be less real than fears of a new rivalry between China and Japan. In any event, it could hardly be doubted that a US withdrawal would have a profoundly unsettling effect, strengthening internal forces favoring authoritarianism and weakening those favoring democracy.

NOTES

1. This paper draws upon the author's chapter, "Politics and International Relations: The Winds of Change," prepared for Charles E. Morrison and Robert F. Dernberger, eds., *Asia-Pacific Report 1989* (Honolulu: East-West Center, March 1989).
2. Gaston J. Sigur, "East Asia and the Pacific: The Roads Behind and Ahead," United States Department of State, Bureau of Public Affairs, Current Policy No. 1084.
3. Lucien W. Pye, *Asian Power and Politics: The Cultural Dimensions of Authority* (Cambridge, MA: The Belknap Press of Harvard University Press, 1985), p. 339.
4. *Straits Times Weekly*, 19 November 1988, p. 24.
5. *Philippine Free Press*, 13 August 1988.
6. As reported in the *Japan Times*, 24 September 1988, p. 6. According to a South Korean trade negotiator, "Any deals we make will have to be passed by the new assembly, and getting a consensus will not be easy. It will require a great deal more energy to convince people, and patience will be needed." *Journal of Commerce*, 2 May 1988, p. 3A.
7. Susan Chira, "Taiwan Shift Jolts U.S. on Trade: Democratic Changes Allow Public Protest," *New York Times*, 14 May 1988.

**US-SOVIET MILITARY COMPETITION
IN NORTHEAST ASIA: THE CASE FOR
CONFIDENCE-BUILDING MEASURES**

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The dramatic improvement in US-Soviet relations in the past two years, the conclusion of the Soviet-American intermediate-range nuclear forces (INF) Treaty, the opening of new East-West arms talks in Europe, and other developments easing international tensions are creating circumstances which may be propitious for consideration of US-Soviet confidence-building measures (CBMs) to enhance crisis stability and reduce military tensions in Northeast Asia. This paper maintains that although traditional arms limitations and reductions agreements may be inappropriate to the complex, asymmetrical military-strategic situation in the Asia-Pacific region, there may be some forms of arms control—primarily confidence-building measures—that could serve American and allied interests.

NORTHEAST ASIA MORE DANGEROUS THAN EUROPE

US strategists have traditionally considered Europe a more likely arena than Northeast Asia for a superpower military confrontation, in part due to Moscow's superiority in conventional forces and its primary strategic interests in Europe. Although the chances of a war originating in Northeast Asia are even less than in Europe, the possibility of war through miscalculation, misperception, or accident in a crisis appear to be far greater in Northeast Asia where a conflict could be triggered by a superpower crisis in Europe, the Middle East, or elsewhere. The prevailing crisis instability in Northeast Asia is the result of a combination of factors, including the nature of the opposing forces, the range of strategic and theater missions of these forces, and the geostrategic asymmetries in the region.¹

In Europe, the military stand-off is primarily between similar land-based ground and air forces with naval and naval air forces playing a supporting role on Europe's flanks. US and Soviet forces confront each other across a clear demarcation line. They are also deployed on the territory of allied states, thus buffering each country's homeland from attack. The primary role of forces on both sides is in-theater conventional warfare. Tactical nuclear weapons (TNW) are deployed by NATO and the Warsaw Pact to bolster their conventional forces. On the NATO side, TNW are also intended to deter a Soviet attack by coupling the security of Europe to US central strategic systems.

In Northeast Asia, the United States and the Soviet Union confront each other primarily with naval and air forces, backed by an array of sea-based nuclear-armed aircraft and missiles. Unlike Soviet forces which are based on Soviet territory and in adjacent waters, however, American forces are forward deployed far from US shores on allied territory or at sea. In addition to this geostrategic asymmetry, there is no clear battle line between US and Soviet forces in the region, as there is in Europe, since much of the military confrontation is at sea. Forces of the two sides frequently confront, shadow, and harass each other in international waters and air space, adding to the complexity of the military environment.

In contrast with Europe, US forces deployed in Northeast Asia have critical strategic as well as theater missions.² In addition to deterring Soviet intimidation or aggression against American allies and friends in the Asia-Pacific region, US forces are deployed in Northeast Asia to deter a Soviet attack on Europe by posing the threat of US conventional strikes on Soviet forces and military installations in the Far East. Besides preparing for such “horizontal escalation”—whether the United States would actually implement such a strategy in wartime is highly questionable—US regional forces are charged with attacking Soviet ballistic missile submarines (SSBNs) and attack submarines (SSNs) in a pre-nuclear or nuclear phase of a US nuclear deterrence strategy.³

The military situation in Northeast Asia is further complicated by the presence of naval platforms with strategic, theater, and tactical nuclear weapons that are prepared to fight both nuclear and conventional conflicts. These naval forces could be used for horizontal escalation strikes with the strategic objective of deterring or responding to a Soviet initiative conventional attack in another theater. Or they could be used for nuclear strikes if the war had gone or were about to go nuclear. Many of the naval and air forces that would be involved in a conventional war would have key missions in a strategic nuclear war, including strikes against SSBNs and anti-SSBN anti-submarine warfare (ASW) forces.⁴

Sea-launched cruise missiles (SLCMs) further blur the distinction between conventional and nuclear weapons in the Northeast Asian theater. Although nuclear-armed US SLCMs may be primarily theater weapons, they can be used against strategic targets in the Soviet Union, thus making SLCM platforms strategic as well as theater targets. Moreover, the Soviets must assume in wartime that all

SLCMs are nuclear-armed and all SLCM platforms carry nuclear-armed cruise missiles even though the majority of US SLCMs are armed with conventional warheads.

In addition to this complex of missions for US forces and the intermingling of dual-purpose weapons systems and platforms in the North Pacific, the strategic situation in the region also brings into relief the problems posed by the inherent offensive orientation of naval forces at the current stage of naval technology.⁵ Although there are profound pressures on both superpowers for war avoidance, the vulnerability of naval platforms as well as the pre-emptive threat they pose places a premium on striking first in a prewar situation. Soviet naval doctrine emphasizes the importance of striking first, and the offensive nature of Soviet wartime doctrine and force structure is attested by the dominant characteristics of many Soviet surface combatants—high speed, great striking power, and relatively limited cruising ranges and re-load and re-supply capabilities—all suggesting that their employment in a long, drawn-out war was not foreseen as a major mission when they were built.⁶

This offensive, pre-emptive orientation of naval forces creates an especially dangerous environment in a crisis situation in which accidents, miscalculation, and misperception could trigger open conflict. Accidents are not unexpected in routine military operations in confrontational areas and are unlikely to escalate. Although an incident at sea in peacetime might increase international tensions and the risk of war, it would not immediately lead to sustained fighting. In a crisis, however, "the incident itself might lead to significant hostilities and direct escalation."⁷

The various forms of harassment and other interactive military activities frequently carried out in peacetime could be interpreted in a crisis as signs of imminent attack. In a period of great tension when both sides' forces are in a high state of alert, for example:

A commander at sea might easily perceive an approaching mock attack or the training of the opponent's weapon fire control radars as signs of an impending pre-emptive strike. When both sides appreciate fully the decisive advantage of striking first in the maritime environment, each will have a strong incentive to pre-empt, even if the warning indicators are mixed.⁸

Incidents at sea during a crisis pose an especially grave risk of nuclear escalation. A Soviet Backfire bomber armed with nuclear

anti-ship missiles that inadvertently came within 80 miles of a US carrier might be perceived as posing an imminent threat and be attacked by American aircraft, which could even lead to the inadvertent firing of nuclear missiles.⁹ In addition, the control of US and Soviet nuclear weapons deployed on sea-based platforms by national command authorities poses a more difficult technological challenge than does command and control of land-based forces. According to Desmond Ball:

The doctrines and operational procedures associated with sea-based nuclear weapons are subject to less well-defined thresholds and, in some cases, are quite provocative. Moreover, there are good reasons for believing that the first use of nuclear weapons could take place at sea, and for concern that the escalation dynamics of nuclear warfare in this theater are far less constrained than those that would attend nuclear operations on land.¹⁰

The crisis instability and escalatory dangers associated with naval forces are especially acute in Northeast Asia. In a major US-Soviet crisis anywhere in the world, it is likely that US and Soviet forces would begin maneuvering to both deter and to prepare to fight a general war in the highly volatile and complex military-strategic environment in Northeast Asia. Although both sides could choose not to place or keep their forces in this region on alert during a crisis elsewhere, it is increasingly likely that Moscow and Washington would calculate that military operations might or should take place in Northeast Asia and would begin moving their forces to wartime locations. Paul Bracken maintains:

During a later phase of the crisis, the Soviets may feel impelled to show some level of force in order to remind Japan and China of the consequences of taking a firm position. . . . Prior to open hostilities, the United States would move a wall of force across the western Pacific ocean to bring ground and air units into Northeast Asia and to move carrier battle groups into their strike positions within range of Soviet targets. In addition, the United States and its allies would attempt to bottle up the Soviet navy, especially its submarine force, within the seas of Japan and Okhotsk by closing the three critical straits of Soya, Tsugaru, and Tsushima.¹¹

In sum, Northeast Asia presents a complicated mix of forces, missions, and strategies that could be especially volatile in a crisis—whether generated in the theater or, more likely, in response to

developments elsewhere. This danger is exacerbated by the predominantly naval character of the regional military competition. Even incidents in peacetime—such as the 1984 collision of a Soviet submarine and a US carrier in the Sea of Japan—raise tensions, exacerbate suspicions, and reinforce worst-case planning assumptions. Potential US-Soviet military confrontation in Northeast Asia is thus more dangerous and tension-producing than in Central Europe, yet no steps have been taken to enhance crisis stability or ease military tensions in peacetime in this region. There is nothing similar to the confidence-building measures agreed upon for Europe in the Helsinki and subsequent multilateral accords.¹²

CONFIDENCE-BUILDING MEASURES AND NORTHEAST ASIA

Although the strategic, military, and geopolitical situations in Central Europe and Northeast Asia are strikingly different, some forms of CBMs may also provide an effective means of enhancing crisis stability and easing peacetime tensions in Northeast Asia. CBMs would not necessarily undermine US regional allies and friends. Moreover, CBMs would be easier to negotiate than arms limitations or reductions agreements since they bypass questions of relative military capabilities and the associated problems of quantification, verification, and asymmetrical threat perceptions.

CBMs are designed to enhance the “assurance of mind and belief in the trustworthiness of states.”¹³ Their primary objective is to reduce the risk of unintended war as a result of accident, miscalculation, or misinterpretation of intentions. CBMs are aimed at increasing crisis stability by minimizing the possibility of surprise attack and reducing the incentives for preemption in crises and escalation in war.¹⁴ They are also intended to enhance mutual security and confidence in peacetime and thus ease political tensions.

One of the most successful examples of CBMs—although not intended primarily to “build confidence”—was the 1972 US-Soviet Agreement on Prevention of Incidents on and over the High Seas. The Incidents at Sea Agreement serves four basic purposes: 1) regulation of dangerous maneuvers; 2) restriction of other forms of harassment; 3) increased communication at sea; and 4) convening of regular naval consultations and exchanges of information.¹⁵ The Agreement has reduced the possibility of misinterpretation of potentially dangerous behavior at sea thus increasing US and Soviet confidence in the non-threatening nature of each other’s naval actions. Although the

agreement has not eliminated incidents at sea between US and Soviet warships, it has significantly reduced their frequency and seriousness. The Agreement is not intended to alter the basic US-Soviet rivalry and naval competition or to impose limitations on naval activities; rather, it seems to make that competition safer and more predictable. US officials reportedly believe that the Soviets are strongly committed to living up to the terms of the accord.¹⁶

A major reason for the success of the Agreement has been the mutual interest of the superpowers in avoiding dangerous incidents at sea that could escalate or create a political crisis in US-Soviet relations. "Although harassment at sea may sometimes serve a purpose," one analyst has noted, "both sides have strong incentives to keep it limited and under control."¹⁷ The success of the Agreement must also be attributed to the involvement of two navies with a strong interest in averting collisions that endanger ships and personnel.

While not all potential CBMs in Northeast Asia would necessarily be in the US interest without dramatic changes in the global military-strategic situation, there are some areas in which confidence-building measures could be beneficial to the United States, especially in the exchange of information; notification of specified military activities such as exercises; and enhanced communications and exchange of military personnel.¹⁸

Information exchange would increase the "transparency" of opposing forces through open publication of data on force levels in the region. The US and the Soviet Union could agree to a general exchange of information about the size and composition of their fleets operating in the region, for example. An agreement could be reached requiring the two countries to inform one another of any additions to their fleets prior to deployment. Making such information available would provide for greater predictability and contribute to a lessening of suspicions about the other side's intentions.

Notification of military activities such as major exercises and weapons tests would reduce uncertainty and the risks of misinterpretation of intentions. The United States and the Soviet Union could agree to prior notification of exercises exceeding a certain size, involving certain types of ships, or taking place in specified areas. In addition, if desirable, the two sides could agree on the prior notification of transits of specific classes of ships through certain straits, coupled with a guarantee of free passage for all such properly notified transits.

Enhanced communications and exchange of personnel measures could further reduce the chances of misperception, especially in a crisis, and mitigate suspicion on both sides. Such measures could include, for example: a dedicated communications link between the two militaries' headquarters in the region, similar to the "hotline" between Moscow and Washington and the recently established Nuclear Risk Reduction Centers; the exchange of observers at military exercises; the periodic exchange of military delegations; and even permanent liaison officers at each side's naval headquarters. An accord could also be negotiated to establish procedures for dealing with military aerial incidents. A significant precedent exists in the 1985 US-Soviet-Japanese agreement on a new commercial air traffic control system for restricted military areas near the Kamchatka Peninsula that provides for cooperative efforts to track civilian flights to ensure that they do not stray off course into dangerous areas.

Measures to improve communications and for exchange of military personnel could provide a means of managing crises or accidents as well as ensuring compliance with agreements and expanding the dialogue between the US and Soviet military establishments. A first step might be an exchange of military delegations to discuss the security exchange in Northeast Asia and explore the desirability and possibility of further confidence-building steps and agreements.

US-Soviet CBM agreements could be expanded to include Japan, China, South Korea and perhaps, eventually, North Korea. Inclusion of other countries would reduce the possibility of harassment by proxy and the dangers of "catalytic" incidents involving third parties. They would also contribute to the security of the additional signatory states. Japan especially might welcome participation in a US-Soviet CBM agreement for Northeast Asia so long as Japanese involvement did not imply a weakening of Tokyo's demand that Moscow return the southern Kurile Islands to Japanese sovereignty.¹⁹ The Japanese have become increasingly concerned about dangerous and provocative Soviet naval and air activities aimed at or carried out near Japan.²⁰ Besides Northeast Asia and Northeast Asian states, CBMs could eventually be expanded to cover the entire Asia-Pacific region and, perhaps, include some of the ASEAN states and other countries with Pacific maritime interests such as Australia, New Zealand, and Canada.

Naval CBMs could be negotiated on a global or regional basis. They could be limited to US and Soviet forces or applied to the naval

forces of other Asia-Pacific countries that choose to become party to a multilateral agreement. One possible approach to naval CBMs would be to strengthen the Soviet-American Incidents at Sea Agreement by adding provisions (such as notification of exercises and exchanges of information and observers) that would apply on a global basis or in specific areas. The agreement could also be broadened to include other signatories. The advantage of expanding the current agreement is that it is a low-profile and largely technical accord that has been both relatively uncontroversial and successful. Whether the Incidents at Sea Agreement is expanded or new bilateral or multilateral accords are negotiated, talks should be restricted to “technical discussions” rather than organized as a wide-ranging Asian security conference—such as the Soviet Union has proposed—to enhance the prospects for agreements.²¹

US-Soviet CBMs in Northeast Asia would neither address nor resolve the political differences that underlie US-Soviet hostility in the region. Nevertheless, they could reduce the risks of inadvertent war, mitigate mutual suspicions and generally ease regional tensions. The implementation of CBMs in Northeast Asia not only would likely have a positive impact on the regional political atmosphere and ease tensions produced by the intensifying US-Soviet military competition, but could also avert pressure from Asia-Pacific states for more far-reaching US-Soviet regional arms control measures that could damage US security interests. Moreover, CBMs such as those discussed above could provide a US and allied response to Soviet regional security initiatives that would strengthen, not weaken, the US position in Northeast Asia and leave US deterrent strategy intact.

Among the panoply of regional arms control proposals that have been put forward by the Soviet Union, only a select few have the potential to enhance US and allied security interests.²² Soviet President Mikhail Gorbachev’s proposals for prior notification of major naval (including naval aviation) exercises or maneuvers and for “the joint elaboration of measures to prevent incidents in the open sea and the airspace above it” are perhaps worthy of consideration. The majority of Gorbachev’s arms control proposals for the Asia-Pacific region, however, would be damaging to American interests and to the security of US regional allies and friends. Moscow’s calls for limiting or reducing Soviet and American conventional and nuclear forces, and for restricting their deployments and movements, for example, could undermine US regional and global deterrence and weaken US security relationships with regional states.

Due to the geostrategic asymmetries of US and Soviet forces in the region, such measures could sharply curtail forward deployment of US naval forces while Soviet land-based forces threatening US allies were left largely untouched.²³ Gorbachev's proposals for the establishment of ASW-free zones and the elimination of foreign military bases in the region would inhibit the US ability to defend the sea lanes and project US power, if necessary, in support of the interests of the United States and its Asia-Pacific friends and allies.

REAGAN ADMINISTRATION RESPONSE TO SOVIET REGIONAL ARMS CONTROL INITIATIVES

Reagan administration officials dismissed Soviet arms control proposals for the Asia-Pacific region as primarily propaganda intended to divide the United States from its allies and friends and reduce American influence in the region while enhancing Moscow's position.²⁴ They contended that the terms of the Soviet proposals, although seemingly equal, were one-sided. Secretary of State George Shultz criticized "so called confidence-building measures" in Asia that would "weaken strategic deterrence" and contended that such measures "would close off opportunities for military aggression or reduce the temptations for political intimidation."²⁵ Admiral C.A.H. Trost, Chief of Naval Operations, charged the Soviets with seeking "to restrict the mobility, flexibility and capability of Western military power."²⁶ The Chairman of the Joint Chiefs of Staff, Admiral William J. Crowe, said in December 1987 that "it's just too early" to engage in a dialogue on confidence-building measures in Asia.²⁷ Crowe held out the possibility, however, that development of "confidence in each other's sincerity and genuineness might create the conditions for US-Soviet CBM discussions" in the future.

Reagan administration officials maintained that the primary source of instability in the Asia-Pacific region was not the US-Soviet military composition, but rather the Soviet military buildup and the aggressive actions of the Soviet Union and its allies. The United States and "most Asian nations are firmly in agreement about what needs to be done," President Reagan said in December 1987. This includes "getting Soviet troops out of Afghanistan, stopping Soviet support for the Vietnamese occupation of Cambodia, stopping the Soviet build-up of military facilities at Cam Ranh Bay, encouraging North Korea to talk sensibly to the South Koreans to reduce tensions on the Peninsula, resolving the Northern Territories dispute with Japan, and reducing the military threat to China."²⁸ The urgent

security problems in the Asia-Pacific region, from the Reagan administration's perspective, could be ameliorated only by unilateral Soviet steps, not by US-Soviet arms control measures.

CHALLENGES AND OPPORTUNITIES FOR THE BUSH ADMINISTRATION

President Bush has inherited a rapidly changing global and regional security environment that may present unprecedented opportunities and put new pressures on the United States to take some steps to enhance mutual security in Northeast Asia. In the emerging situation, CBMs may deserve consideration as a means of enhancing crisis stability and easing military tensions in Northeast Asia.²⁹

In the coming decade, the security environment in the Asia-Pacific region will likely be characterized by the further relaxation of bilateral tensions between regional states and the resolution or easing of long-standing conflicts. Many of the unilateral steps the Reagan administration demanded of the Soviet Union have now been taken or are likely to be taken in the near future. The Soviets have withdrawn their troops from Afghanistan, and Vietnam—partially in response to pressure from Moscow—has apparently decided to pull its forces out of Cambodia. The Soviet Union is also in the process of removing 75 percent of its troops and all Soviet air force units from Mongolia and has announced plans to substantially reduce its force levels in Soviet Asia.³⁰ In recent statements, Soviet officials have even suggested that Moscow may unilaterally cease using the bases in Cam Ranh Bay and Danang.³¹ Although the Soviet leadership has not yet taken the steps necessary to dramatically improve ties with Japan—namely resolution of the “Northern Territories” issue—the trend is toward improvement of Moscow's relations with all states in the region.

Dramatic changes in the global strategic environment in the last two years, especially the improvement in US-Soviet relations, may foreshadow a prolonged easing of the East-West military competition and create favorable conditions for implementation of CBMs in Northeast Asia. The Soviet Union appears to be engaged in a long-term, if not permanent, strategic shift in its foreign and domestic policies which may lead to the transformation of the Soviet Union's relationship with the West. Moscow's chronic economic difficulties require eased relations with the West to reduce external pressures and attract Western capital and technology in support of Gorbachev's strategy of accelerating socio-economic development. Consequently,

the Soviets have taken unprecedented steps to develop stable, predictable relations with the United States.

The Soviet Union's desire to improve East-West relations was evident in its willingness to make significant compromises in the negotiations leading to the December 1987 INF Treaty and in its concessions paving the way for the opening of the Conference on Armed Forces in Europe (CAFE) negotiations in early 1989. Gorbachev has taken an additional unprecedented step to improve the political atmosphere and reduce Soviet defense spending by deciding to unilaterally reduce Soviet forces by 500,000 troops, including 50,000 troops and 6,000 tanks in Eastern Europe and 200,000 troops east of the Urals.³² The Soviet leader has also broken sharply with the Soviet tradition of secrecy by openly publishing information on Soviet military deployments in Europe and has promised to reveal similar information on Soviet forces in the Far East.³³ In addition, although Gorbachev's new approach to security, including "reasonable sufficiency," remains largely theoretical, it could provide the rationale for a restructuring as well as reduction of Soviet forces in Northeast Asia.

So far, however, Northeast Asia remains an anomaly in US-Soviet relations and Soviet global efforts to ease the East-West military confrontation. There has as yet been no reduction in the level of Soviet naval and air forces in Northeast Asia or alteration of the provocative nature of Soviet military activities.³⁴ The military competition in the region remains unmitigated at a time when superpower military tensions are easing elsewhere in the world.

The military tensions in Northeast Asia appear increasingly out of sync with other regional and global trends. Most states in Asia perceive a diminishing Soviet threat and are increasingly focused on domestic development and expansion of regional and global economic ties. Although regional leaders have been circumspect in response to Soviet Asian security proposals, there is a growing sentiment in many Asian capitals for confidence-building measures as a means of providing greater stability and reducing the dangers posed by superpower military competition in the region. In addition, many Asia-Pacific analysts and officials have voiced criticism of the more provocative aspects of US maritime strategy, which they perceive to be at least partially responsible for exacerbating military tensions in the region.

Although it is unlikely that in the foreseeable future the US will face the intense pressure for arms control from regional states in Asia

that it has frequently experienced in Europe, support for CBMs and other tension-reduction measures could increase and create political difficulties in US relations with Asia-Pacific states. In the coming period, cautious US steps forward on CBMs would likely demonstrate US leadership rather than arouse concern about an American retreat from the region, as they might have done in the late 1970s and early 1980s when the Soviet Union appeared to be gaining the upper hand in US global and regional competition.

The negative US response to Soviet initiatives so far is perhaps understandable and warranted given the clear intention of some of Gorbachev's proposals to undermine US deterrence strategy and weaken the American position in the Asia-Pacific region. The United States should not let the Soviet Union gain the propaganda advantage or set the agenda, however. The United States needs to assess the military, strategic, and political implications of CBMs for US and allied interests. Some US concerns about engaging in a US-Soviet CBM dialogue for Northeast Asia could be diminished in the near-term by the easing of US-Soviet military competition generally and by a major reduction in the Soviet conventional force threat in Europe in particular. An agreement by Moscow at the CAFE talks to redress the conventional balance in Europe could significantly diminish the need for far-forward US naval options in Northeast Asia to deter or respond to a Soviet invasion of Western Europe.

The United States should first determine whether some US-Soviet CBMs in Northeast Asia would serve American interests and whether Moscow is genuinely interested in a non-zero sum effort to enhance stability and reduce military tensions in the region. Prior to any US-Soviet discussions, however, the US should explore regional security matters and CBM options in bilateral consultations with Asia-Pacific states, especially Japan. In addition, it would seem preferable to maintain a low-key, technical approach to any CBM discussions with the Soviets to head off the creation of an open-ended forum for Soviet propaganda.

The next few years may provide a unique window of opportunity in Northeast Asia to negotiate Soviet-American CBMs in the US interest that can endure even in the unlikely event of a return to Cold War tension in US-Soviet relations. Such a deterioration of East-West relations could result from a major setback in Soviet reform efforts and the weakening or ouster of Gorbachev that led Moscow to return to hard-line policies toward the United States and its neighbors. If, on

the other hand, Gorbachev is relatively successful in his domestic reform efforts and continues to take steps to ease global tensions and the military competition with the United States, US-Soviet CBMs in Northeast Asia could begin a process of reduction of regional military tensions, including unilateral, reciprocated arms reductions to enhance mutual security.

NOTES

1. For a discussion of the geostrategic asymmetries in Northeast Asia, see Bonnie S. Glaser, "Soviet, Chinese and US Perspectives on Arms Control in Northeast Asia," in Andrew Mack and Paul Keal, eds., *Security and Arms Control in the North Pacific* (Boston: Allen and Unwin, 1988), pp. 166-170.
2. Banning N. Garrett, "Gorbachev's Reassessment of Soviet Security Needs: Implications for Northeast Asia," *Security and Arms Control in the North Pacific* pp. 63-66.
3. Linton Brooks, "Naval Power and National Security: The Case for the Maritime Strategy," *International Security*, Fall 1986, vol. 11, no. 2, pp. 65-72.
4. Desmond Ball maintains that the United States would likely attack Soviet SSBNs at an early stage of a US-Soviet global war because of the requirements of US strategy, the potential use of SSBNs for ASW missions, and the vulnerability of US ASW sensor systems that would put a premium on SSBN kills at an early stage of the conflict. Desmond Ball, "Nuclear War at Sea," *International Security*, Winter 1985-86, vol. 10, no. 3, p. 23.
5. Sean Lynn-Jones maintains that in contrast to a land war in Europe, in which the defense is increasingly effective, the current state of naval technology gives an overwhelming advantage to the side that strikes first. He also asserts that "the nature of the interaction between hostile naval units creates an inherent instability at the tactical level." "A Quiet Success for Arms Control: Preventing Incidents at Sea," *International Security*, vol. 9, no. 4, Spring 1985, p. 166.
6. Ross Babbage, "The Future of the United States' Maritime Strategy and the Pacific Military Balance," paper for the "Conference on Maritime Security and Arms Control in the Pacific Region," Institute of International Relations, University of British Columbia, 19-21 May 1988, p. 9. Babbage notes that although advocates of the maritime strategy argue that the Soviets would seek to limit a war to Europe and avoid horizontal escalation to the Asia-Pacific, the Soviets may judge that their Pacific forces "would fare best if they won the 'battle of the first salvo,' caught the United States and

its allies by surprise and threw them off balance with massive coordinated attacks.”

7. Lynn-Jones, “Quiet Success for Arms Control,” p. 165. Paul Bracken divides crises that fall short of war into four classes: isolated accidents; systematic intelligence operations; subcrisis maneuvering in anticipation of a nuclear crisis; and a crisis with nuclear alerts. Paul Bracken, “Crisis and Northeast Asia,” *The Washington Quarterly*, Autumn 1988, p. 186.

8. Babbage, “The Future of the United States’ Maritime Strategy and the Pacific Military Balance,” p. 29.

9. Bracken, “Crisis and Northeast Asia,” p. 192–193.

10. Ball, “Nuclear War at Sea,” p. 3.

11. Bracken, “Crisis,” p. 189.

12. Robert O’Neill notes that the proliferation of superpower nuclear systems and of lucrative maritime targets such as carriers and battleships along with the complexity of the strategic environment in this region make the prospects for early escalation to nuclear weapons use in Northeast Asia—especially as a result of accident, miscalculation, or misperception—greater than in Europe. Robert O’Neill, “The Balance of Power in the Pacific,” *Pacific Review*, vol. 1, no. 2, 1988, p. 159.

13. Johan Jorgen Holst, “Confidence-building Measures: A Conceptual Framework,” *Survival*, vol. 25, no. 1, January/February, 1983, p. 2.

14. Andrew Mack, “Problems and Prospects for Arms Control in the North Pacific,” in *Security and Arms Control in the North Pacific*.

15. Lynn-Jones, “Quiet Success for Arms Control,” p. 174.

16. For a discussion of the benefits of the Incidents at Sea Agreement, see *Ibid.* p. 178.

17. *Ibid.*, p. 179.

18. Andrew Mack, “Problems and Prospects for Arms Control . . .” and Barry Blechman, “Confidence-Building in the North Pacific: A Pragmatic Approach to Naval Arms Control,” in *Security and Arms Control in the North Pacific*.

19. Japanese scholar Masahiko Asada has proposed bilateral Japanese-Soviet CBMs, including: 1) advance notification of major naval maneuvers; 2) mutual invitation to observers for such maneuvers; 3) measures to reduce the risk of dangerous incidents at sea during maneuvers; and 4) establishment of channels of communication and procedures for early notification of sea accident; and for consultation on subsequent actions, including assistance, to be taken in the case of such an accident. Masahiko Asada, “Confidence-Building Measures in East Asia: A Japanese Perspective,” *Asian Survey*, vol. XXVII, no. 5, May 1988.

20. Barry Blechman suggests that "CBMs requiring the prior notification of exercises and transits could be of particular value to Japan, since they could reduce the suspense and tension associated with the large Soviet naval maneuvers often held in regional waters, or with such activities as the unannounced passage of the Soviet aircraft carrier Minsk through the Tsushima Strait in 1980." Blechman, "Confidence Building," p. 214.

21. The initial Soviet proposal for an Asian collective security conference was put forward by former General Secretary Leonid Brezhnev in 1969. Gorbachev first proposed the convening of an "all-Asian forum" to discuss collective security during Rajiv Gandhi's visit to Moscow in May 1985. *Pravda*, 22 May 1985. He elaborated on the proposal a year and half later in a speech to the Indian Parliament in New Delhi. Tass, 27 November 1986, FBIS-Soviet Union, 28 November 1986.

22. Soviet proposals for arms control measures in the Asia-Pacific region have been presented in: the Soviet Government Statement on the Asia-Pacific region (Tass, 23 April 1986, FBIS-Soviet Union, 23 April 1986); Gorbachev's speech to the Indian Parliament in New Delhi (Tass, 27 November 1986, FBIS-Soviet Union, 28 November 1986); Gorbachev's speech in Vladivostok (Moscow Television Service, 28 July 1986, FBIS-Soviet Union, 29 July 1986); Gorbachev's interview with the Indonesian newspaper *Merdeka* (*Pravda*, 18 September 1988, FIS-SOV-88-182, 20 September 1988).

23. For an extensive discussion of US interests and regional US-Soviet arms limitations and reductions, see Banning N. Garrett and Bonnie S. Glaser, "Arms Control and the Management of US Security Interests in the Asian-Pacific Region," presented at the Conference on Maritime Security and Arms Control in the Pacific Region, Institute of International Relations, University of British Columbia, 19-21 May 1988.

24. Bonnie S. Glaser, "Soviet, Chinese and US Perspectives on Arms Control in Northeast Asia." For US reaction to Soviet proposals, see especially Secretary of Defense Caspar Weinberger's remarks at the Anchorage World Affairs Council, 4 October 1986; the statement of Assistant Secretary of Defense Richard L. Armitage to the Defense Policy Panel of the House Armed Services Committee, 18 March 1987; and the address by Ambassador Edward L. Rowny, Special Adviser to the President and the Secretary of State on Arms Control Matters to the Pacific and Asian Affairs Council, Honolulu, 30 December 1986.

25. Secretary of State George Shultz, "Meeting the Challenges of Change in the Pacific," address before the Stanford University Cornerstone Centennial Academic Convocation, Stanford, California, 14 May 1987, *Current Policy* No. 965.

26. Address by C.A.H. Trost to the Baltimore Council on Foreign Affairs, 7 March 1988.

27. This statement by Admiral Crowe was made in response to a question following an address to the Asia Society in Washington, DC, 14 December 1987. Transcript supplied by the Department of Defense.

28. President Ronald Reagan in written responses to questions from the *Far Eastern Economic Review*, "Rest Easy Asia-Pacific," 17 December 1987. Reagan was asked about recent Soviet initiatives in Asia and whether there was "scope" to negotiate US-Soviet force reductions in East Asia.

29. For an interesting discussion of naval CBMs and Asia, see the "Studio Nine" program with former Japanese Prime Minister Yasuhiro Nakasone, former Secretary of State Henry Kissinger, Chief of the CPSU Central Committee International Department Valentin Falin, and Director of the Institute of Television Service, 28 January 1989, FBIS-SOV-89-019, 31 January 1989.

30. This was declared by Gorbachev in a meeting with the Trilateral Commission in Moscow, 18 January 1989. Tass, 18 January 1989, FBIS-SOV-89-012, 19 January 1989.

31. Soviet Foreign Minister Edward Shevardnadze hinted during his December 1988 visit to Manila that the Soviet Union might take this step without waiting for Washington to pull out from its bases in the Philippines as a step toward easing tension in the region. RPN 9 Television, 22 December 1988, FBIS-EAS-88-246, 22 December 1988.

32. Former Japanese Prime Minister Yasuhiro Nakasone claimed after discussions with Gorbachev in late January 1989 that Soviet force cuts in Asia would not involve the removal of troops from the Kurile Islands or the Soviet Far East. NHK General Television Network, 19 January 1989, FBIS-SOV-89-013, 23 January 1989. Subsequently, however, the chief of staff of the Soviet Far East Military District told a radio reporter that a radical force reduction will also take place in the Far East Military District, which covers the east of Lake Baikal to Sakhalin. Radio Moscow in Japanese to Japan, 26 January 1989, FBIS-SOV-89-020, 1 February 1989.

33. Gorbachev told the Trilateral Commission on 18 January 1989 that "as for publishing our data on the defensive potential in the Far East, we will soon be able to do this—just as we did with relation to Europe." Tass, 18 January 1989, FBIS-SOV-89-012, 19 January 1989.

34. According to Japanese and American military sources, the Soviet Union reportedly has added a 17th *Delta*-class SSBN and a *Charlie* I-class antiship cruise missile attack submarine (SSGN) to their fleet in the Pacific, apparently violating Gorbachev's unilateral pledge in his September 1988 speech in Krasnoyarsk to refrain from introducing additional nuclear weapons into the region. Kyodo, 12 January 1989, FBIS-EAS-89-008, 12 January 1989, and the *Washington Post*, 28 January 1989.

**THE TREND OF US-ROK
SECURITY RELATIONS**

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In recent months the political, military, and diplomatic environment in and around the Korean peninsula has undergone rapid changes.¹ In his 19 October 1988 speech before the United Nations General Assembly, South Korean President Roh Tae-Woo made epoch-making proposals that aim to transform the current armed confrontation between North and South Korea into peaceful coexistence. The proposed six-nation peace conference would involve the two Koreas, the United States, the Soviet Union, China, and Japan. The construction of a "city of peace" in the Demilitarized Zone; a declaration of non-aggression at a North-South Korean summit meeting; no use of military force against North Korea; the willingness to discuss the withdrawal of American forces from South Korea; and the revision of the National Security Act, if necessary, were further suggested.²

On 15 September 1988 General Secretary Mikhail Gorbachev made a speech in the eastern Siberian city of Krasnoyarsk, expressing a Soviet need to "form economic relations with South Korea" and calling for a five-nation peace conference. South Korea's push to improve ties with China, the Soviet Union, and other socialist bloc countries has been increasingly visible since the Seoul Olympics.

Changes in South Korean domestic politics have also been remarkable. The National Assembly probe expanded to cover the National Security Planning Agency (formerly, KCIA), the National Security Command, and all departments and agencies of the executive branch. Various irregularities of the Fifth Republic have made headlines in daily newspapers. Mass unification movements and anti-American sentiment among student activists and dissidents have gradually gained power. South Korea's trade surplus with the United States has not been reduced, and Washington's pressure to rectify Seoul's seemingly unfair trade practices is expected to grow even stronger. Whatever the extent of this trade friction, South Korea has achieved an economic miracle in the years of the Fifth Republic and since the inception of the Sixth Republic, South Korea has made giant leaps forward toward a political miracle. Particularly since the Olympics, South Korea has opened a new chapter of international and security relations that cleared away the cold war structure and created a new ideology. If this pace of change continues in the

coming decade, South Korea's political, economic, and diplomatic systems are likely to be dramatically transformed.

ROK-US MILITARY ALLIANCE: CONTENTS AND CONCERNS

In the past, the ROK-US military alliance was a unilateral relationship of patron and client. The ROK provided land for military bases, various tax benefits, personnel support in the form of KATUSA (Korean Augmentation to the US Army) soldiers, and some cost-sharing. In the past 40 years, the United States has offered grant aids of over \$6 billion and has made a decisive contribution to the modernization of the ROK armed forces through technology transfers, sales of military weapons and equipment, Foreign Military Sales loans, and military education and training.

At present, a unique command structure exists between the 2 nations. Operational control over a large portion of the ROK armed forces is exercised by a US Army 4-star general for the execution of combined joint military operations in peace and wartime. The commander of the US Forces Korea (USFK), in the capacity of CINCUNC (Commander in Chief UN Command), has not only preserved the armistice structure since its inception in 1953, but can command augmentations dispatched by United Nations member countries.

Last year, the ROK Ministry of National Defense pledged, for the first time in its history, to support depot maintenance of US naval aircraft stationed in Northeast Asia and has supported the deployment of US forces in the ROK under the CDIP (Combined Defense Improvement Project) program, which totals some \$30–40 million annually.³ The give-and-take of the ROK-US military alliance is summarized in the following table.

Discussion on future ROK-US military relations requires a grasp of the essentials listed above. Because of limited space, however, I am only going to address: trends in the politicization of the ROK-US military alliance; combined command structure and operational control; the presence of US forces in the ROK; and future tasks.

POLITICAL ISSUES AND TRENDS IN THE ROK-US MILITARY ALLIANCE

The anti-American sentiment, which initially arose among radical students and activists, has slowly yet steadily spread to other South Koreans and is now very evident. Most notably, many South Koreans were infuriated at NBC's deliberately extended coverage of

ROK-US MILITARY ALLIANCE
ROK Offered

- Land for Military Bases
- Operational Control
- Cost-sharing
- Personnel Support
- Financial Support for Combined Defense like CDIP
- Maintenance Support for US Forces around the Korean Peninsula
- Participation in Disputed Areas as US Ally—Vietnam

US Offered

- Preservation of Armistice Agreement
 - War Deterrence and Preservation of Liberal Democracy through Military Commitment
 - On-site Ground, Air Combat Support in Emergency
 - Nuclear Umbrella
 - Grant Aid, FMS Loan
 - Military Sales
 - Prepositioning of War Materiel and Wartime Logistic Support
 - Technological Support for ROK Defense Industry
 - Military Education and Training
-

the brouhaha during the Olympic boxing competition. The South Korean audience and media, in turn, overacted to the alleged theft involving a US gold medalist and his friends. Throughout the Olympic games, the Soviet Union gained the most while the United States lost the most in terms of popularity among South Koreans.

Anti-Americanism in South Korea was a matter of small significance before the Kwangju incident in 1980. In the past 7 or 8 years, however, Pyongyang's psychological war against the South; disputes over the legitimacy of the President Chun Doo Hwan's Fifth Republic; ROK-US trade friction and US pressure to open Korean markets; criticism over the alleged US patronage of past South Korean authoritarian regimes; inconvenience caused by the location of the US military compound in the heart of Seoul; and criticism against the unequal SOFA agreement have all combined to fan anti-American sentiment.

A recent poll among university students reveals that barely 1.6 percent of the sample consider the United States as having liberated Korea from Japanese control and strengthened Korea as an

independent country. Some 50 percent of the sampled group considers the United States a foreign ruler that replaced Japan. In the same poll, it was revealed that only 3.6 percent of the students sampled believe the United States had no responsibility for the Kwangju incident; the remaining students feel the United States had either direct or indirect responsibility. Sixty percent of the students sampled assert that the withdrawal of US troops from Korea is necessary. Thirty-five percent of those feel it is necessary to keep the US military in Korea for a reasonable period of time. It is rather shocking, however, to find that only 3 percent of the students insist on the necessity of US troops being stationed in Korea.⁴

In particular, Pyongyang's endless propaganda calling for the withdrawal of US nuclear weapons and troops from South Korea appears to have influenced the national unification logic.⁵ Some indigenous communists and South Korean nationalists have condemned the current ROK-US military alliance as the principal obstacle to national unification. Against this background President Roh Tae-Woo declared his administration's willingness to negotiate with Pyongyang over the USFK withdrawal issue, if there were clear indications that military tension between the two Koreas had substantially eased and if Pyongyang renounced its policy to communize the peninsula by force.

In the late 1970s the ROK-US military alliance was not a subject of heated public debate in South Korea. Pyongyang simply exploited the alliance for political propaganda purposes toward the South and as a precondition to inter-Korean dialogues. It is highly probable that the more the military alliance of our two nations becomes drawn into the vortex of domestic politics, the more detrimental it will be to the development of a sounder relationship. Nevertheless, because of Pyongyang's persistence, the issues of the withdrawal of US troops and nuclear weapons from South Korea will inevitably be intertwined with the developments in the North-South Korean relationship. Moreover, the issues of the OPCON transfer and relocation of the Yongsan compound will encounter tough criticism in South Korean domestic politics. A prediction of the nature of the ROK-US military alliance in the year 2000 inevitably rests on the North-South Korean relationship in connection with South Korean domestic politics.

COMMAND STRUCTURE AND OPERATIONAL CONTROL

The command structure has changed in the 35 years since the initial phase of the Korean War. General MacArthur, the Commander

of the United Nations Command, assumed the "command authority" over the ROK forces by a stroke of pen. In his 14 July 1950 letter, President Syngman Rhee announced his assignment of General MacArthur to the "command authority over all land, sea, and air forces of the Republic of Korea during the period of the continuation of the present state of hostilities." The Agreed Minutes of 17 November 1954 between the two countries reaffirmed that it was the intention and policy of the Republic of Korea to "retain ROK forces under the operational control of the United Nations Command (UNC) while that Command has responsibilities for the defense of the Republic of Korea."

In May 1961 the ROK Supreme Council for National Reconstruction announced in its joint statement with the UNC that "it has returned operational control of all ROK armed forces to CINUNC, who will use his operational control only to defend Korea from communist aggression." It must be noted that CINUNC released certain parts of the ROK armed forces to the control of the Supreme Council for National Reconstruction. Later, in a major change in the military command structure of our two nations, the TOR for the Military Committee and the CFC, and the Strategic Directive No. 1 of July 1978 tasked the CINCCFK (Commander in Chief Combined Force Korea)—a US 4-star general—to "exercise operational control over all forces assigned or attached to the command in the prosecution of assigned missions."

I believe that, for several reasons, it is necessary for the United States to exercise OPCON over the CFC forces, which is composed mainly of the ROK forces. At present, there is no legal arrangement to replace the Armistice Agreement of 27 July 1953, under which the two Koreas have operated and have confronted one another for the last three and half decades. Because the ROK was not a party to the agreement, the UNC remains indispensable until the old agreement is replaced by a new one. In addition, military parity has not been achieved between the two Koreas and the North has not abandoned its ambition to reunify the peninsula in its own fashion.⁶ The US military presence in South Korea, therefore, is a vital deterrent and the on-site ground and air combat capabilities of the USFK are definitely needed for the defense of South Korea, for a time, at least.

On the US side, the current OPCON arrangement is necessary to win the support of the American people for a military presence in South Korea and it provides the rationale for rapid military intervention in case of war on the Korean peninsula. In a nutshell, the current operational

control arrangement is accepted as necessary as long as a significant number of US ground troops remain stationed in South Korea.

The current arrangement raises some problems, however. Under the current arrangement, the ROK cannot independently take the initiative in military operations against North Korea. This fosters South Korea's psychological dependence on the United States, and delays the well-balanced development of South Korea's military capabilities. South Korea has carried out FIP (Force Improvement Project) programs under the assumption of US air and naval support in the event of war. More importantly, the current arrangement lends support to Pyongyang's propaganda and is detrimental to Seoul's efforts to resume inter-Korean dialogues. It is generally felt that the South Koreans' national prestige is undermined as well.

The transfer of OPCON to the ROK can only be realized after certain conditions are met. First, the current armistice structure should be replaced by a new legal arrangement such as a peace treaty or a non-aggression treaty between the two Koreas. The two Koreas should become members of the United Nations simultaneously. The cross-recognition of the two Koreas by neighboring powers, and South Korea's attainment of a substantial military parity with North Korea, including a self-sufficient early warning capability are other necessary conditions.

The present ROK-US command structure is very complicated. All the US combat units available in and around the Korean peninsula are not under a unified command but in different command channels of the ROK-US CFC, the UNC, the USFK, the USPACAF and the USPACFLT. The ROK units are in the CFC, the ROKJCS, and each service headquarters. As a result of the complicated nature of the ROK-US command structure, there is a risk that these different commands might give conflicting directives, guidances, and orders to their subordinate units. Not all combat units are integrated under the CFC, even in wartime, hence confusion and ineffectiveness in executing combined operations might be unavoidable.

As regards the current ROK-US command structure and the OPCON problem in the context of military alliance in the year 2000 and beyond, the key question is how to reconcile the military aspect of increasing warfighting capability and the guarantee of US military intervention in the event of war on the peninsula on the one hand, and the political-diplomatic aspect of the status of the ROK armed forces, national pride, domestic opposition, and improvement in the North-South Korean relationship on the other hand.

To maximize the combined warfighting capabilities, the current command structure needs to be unified and streamlined. Those ROK units which at present are not under CINCCFC OPCON need to be placed under his OPCON, even in peacetime; US ground and air forces need to be placed under OPCON in peacetime as well. If, for political purposes, a separate peacetime command structure needs to be installed, it would be wise to transform the CFC into a wartime-only headquarters and to return operational control of the ROK units to the Korean Joint Chiefs of Staff chairman.

Taking into consideration the expected gradual closing of the military gap with the North, efforts to change the current military confrontation into a peaceful coexistence, democratization of South Korean society and growing national pride, my assessment is that the OPCON over the ROK armed forces should be returned to the ROK no later than the year 2000. Preparatory measures that need to be taken should include the restructuring of the CFC organization; the resolution of the UNC issue; the appointment of a ROK general as senior representative on the UNC Military Armistice Commission; the alteration of CINCCFC; and placing of US troops in South Korea under the CFC/OPCON in peacetime. The risk of military confrontation should be reduced to a large extent by changing the current armistice system into a peace structure. A hasty transfer of OPCON without these preconditions would not only weaken combined defense capabilities but would impact negatively on the peace and stability of the Korean peninsula.

With regard to the current roles of the USFK, the following questions can be raised:

- Despite the debate over US troop withdrawal from South Korea during the Carter administration, the level of US forces in South Korea has not significantly changed in the past 18 years. The ROK began to carry out its Force Improvement Programs in 1974 and has gradually narrowed the military gap with North Korea, largely as a result of its increased military spending in comparison to North Korea. It would appear that the significance of the US military presence in South Korea can only decline in relative terms. Should this occur, will the US military presence continue to play a vital role in preserving peace and security on the Korean peninsula?
- If the American military presence in South Korea is no longer vital to deter and defend against North Korean armed attacks,

which is more desirable, a phased long-term reduction or a complete short-term withdrawal?

- If neither a phased long-term reduction nor a complete short-term withdrawal is in the national interests of our two nations, is it necessary for the USFK to adjust its deterrence and defense roles against North Korean armed attacks in order to extend its regional security role in Northeast Asia?
- What is the impact of changes in the current command structure on the US military presence in South Korea?
- What are the benefits and disadvantages of the American military presence in South Korea?

In answering these questions, one should begin by examining the meaning of the US military presence in South Korea. In regard to Korean security, the major roles of the USFK can be categorized as deterrence against a North Korean invasion, combined combat power in the event of war, and truce-keeping.

First, deterrence against a North Korean invasion is not achieved by the US military presence alone. Rather, with the US PACOM forces stationed in other areas of Northeast Asia and a US nuclear umbrella, the peacetime OPCON by a US four-star general over most of the ROK combat units, in the context of the combined defense system of the two nations, appears to have worked positively in preventing renewed hostilities on the Korean peninsula. In addition, the ROK-US Combined Field Army, under the command of a US three-star general, and the proximity of the US 2nd Infantry Division to the DMZ apparently exert psychological pressure on Pyongyang.

Second, the role of the USFK as part of the ROK-US combined combat power is also very important. The combat power of the 2nd Infantry Division alone is assessed as equivalent to that of 1.7 ROK divisions, accounting for some 5.5 percent of the total combat power of the ROK Army. The 7th US Air Force in South Korea provides the ROK Air Force with vital tactical air support, accounting for approximately 30 percent of its total combat power. In particular, intelligence gathering and analysis by USFK assets and personnel is still very instrumental in deterring North Korea. Highly competent US officers with modern combat experience will be of great help in conducting future combined operations.

Third, another important role of the USFK is to observe the 1953 Armistice Agreement. South Korea is neither a UN member

country nor a signatory to the agreement. The commander of the USFK, who also wears the hats of the CINUNC and CINCCFC, can, in the second capacity, issue warnings against agreement violations and take, if necessary, appropriate military measures. It should not be forgotten that the present military confrontation between North and South Korea continues in the context of the Armistice Agreement, which is the only legal apparatus governing the situation on the peninsula.

In view of US strategic interests, the USFK is playing a very important role. The Korean peninsula, where the national interests of four major powers interact, is critical as a forward base to deter Soviet expansionism into the Asia-Pacific region and is unquestionably a key area in the Pacific. Of the US allies in the Asia-Pacific region, South Korea is the only country where a US Army division is stationed. The USFK not only plays an important role in the interests of the US regional strategy, it emphatically shows a credible commitment by the United States to the defense of its allies in the region.

If US ground troops were to be reduced or withdrawn from South Korea, demobilization would be the only way to accomplish the task. The USFK has been extremely important to Japan's security and at the same time has been a useful means to prevent Japan from becoming a military superpower, which none of the Asian countries would like to see. If one can learn anything from history, it would be the need to restrain Japan's military power under a US nuclear umbrella in order to secure Asian peace and stability. Taking these and other factors into consideration, the significance of the USFK's role in preventing Japan's military expansionism cannot be understated.

As regards the negative aspects of the US presence in Korea; it is regarded by some as a stumbling block to North-South Korean rapprochement. Pyongyang has brought up the issue of US troop withdrawal at almost every meeting with Seoul. Some radical students and dissidents in South Korea have been increasingly vocal in their demands for the withdrawal of US forces and alleged nuclear weapons from their territory. There is, however, no guarantee that a US troop withdrawal from South Korea would necessarily lead to reduced tensions and a political détente between the two Koreas.

Another criticism is that past US administrations have supported South Korean military regimes, and consequently delayed democratization in South Korea. Specifically, it is charged that the US

military presence in South Korea has had more negative than positive impacts on political and social developments in South Korea. Since the Kwangju incident in 1980, the alleged US intervention in South Korean politics has been a target of criticism among opposition groups that have apparently been successful in spreading anti-American sentiment in the country. The US military presence has also been criticized for gravely impeding the establishment of self-sufficient ROK armed forces. Dependence of the ROK armed forces on US military support is singled out as having resulted in a considerable delay in efforts to improve the balance of the ROK force structure, leaving South Korea simply unable to devise its own strategy against North Korea. Finally, radical students and dissidents focus on the alleged existence of US tactical nuclear weapons in South Korea.⁷ They view the US nuclear policy of “neither confirm nor deny” as a stark violation of the sovereignty of South Korea and a severe threat to the Korean people’s right to survive. They insist that the presence of nuclear weapons, let alone their devastating impact, will complicate the situation if war broke out on the peninsula.

The issues raised in examining the positive and negative aspects of the US military presence in South Korea are not groundless. Rather, the question is whether the US military presence in South Korea brings more benefits than costs to the two nations. If there are serious costs involved, what is the best policy to minimize the costs and maximize the benefits? After all, the cost-benefit equation is largely determined by the domestic situations of the two countries on one hand, and the international security environment on the other hand. It is extremely important to follow closely the recent trends in both environments in the two countries.

SOME POLICY ALTERNATIVES

The past US troop withdrawals from South Korea took place when there was more than one US Army division stationed in South Korea. If the United States makes a policy decision to reduce or completely withdraw its troops from South Korea, the decision will either be a virtual elimination of the Army or Air Force role, or a qualitative change in the role of the USFK—from a substantial to a symbolic one.

President Carter’s reversal of his own troop withdrawal plan attests to the fact that decisions to pull out US troops from South Korea are by no means easy to make. In the United States, the issue of US military presence in South Korea has been debated primarily in

Congress in connection with democratization in South Korea.⁸ Given the ongoing democratic reforms, political change in South Korea might play a decreasing role in the ROK-US military relationship in the future. Some major factors that will in all probability influence the role change and withdrawal of the US troops in South Korea are:

- worldwide tension reduction in line with a new US-Soviet détente;
- the twin deficits of the United States and likely change in its military policy toward allies;
- trade friction between the United States and the ROK and subsequent changes in public opinion in the two nations;
- the expanding national power of the ROK and a narrowing gap in the military capabilities of the two Koreas;
- growing anti-American sentiment in South Korea; and
- the likelihood of rapprochement between North and South Korea as a result of worldwide détente.

In view of the recent domestic situations of our two nations and the international security environment, gradual and substantial progress is expected to be made in the ROK-US military relationship. This will start with adjustments in the combined command structure, then reassessment of the USFK roles and, finally, negotiation over the level of US troops to be stationed in South Korea.

It appears that an increasingly large number of South Koreans have the perception that because South Korea is by far superior to North Korea in economic power and the Seoul Olympics were successful, North Korea will no longer pose a serious military threat to South Korea. Radical students even maintain that South Korea's military strength has already exceeded that of North Korea. An objective comparative analysis of various liberal and conservative views reveals that by the mid-1990s Washington and Seoul will move into full negotiations over the level of US troops stationed in South Korea. Timing for negotiations over the level of US troops in South Korea is subject to environmental changes.

In addition to changes in the combined command structure, the current CFC organization and functions will inevitably undergo changes. Corresponding changes will be made in the roles and optimum level of US troops in South Korea. In reassessing the roles of the USFK, it is appropriate to deal with ground and air units

separately. The principal role of US ground forces in South Korea is to counter a North Korean threat. With distinctive features and equipment, they play primarily a local role. The 7th Air Force plays an extended role, countering Soviet threats in the entire Northeast Asian region. For South Korea the tactical air support and intelligence gathering of the 7th Air Force will be necessary for a longer period of time than the US ground forces will be needed for.

The US ground forces in South Korea are believed to have some policy alternatives in response to changes in the internal and external situations of the two nations. The first alternative might be to move the 2nd Infantry Division down to a location south of, say, Taejon, without greatly reducing the level of its troops and to transform it into a mobile light infantry division. This would give it an additional role of a rapid deployment force to cover contingencies outside of the Korean peninsula. This alternative does not exclude the deployment of a small number of peace-keeping troops in the Demilitarized Zone.

From the US point of view, the strength of this alternative lies in reducing the likelihood of an automatic intervention in renewed hostilities on the peninsula and in raising the credibility of its defense commitments in the Asia-Pacific region. From a ROK point of view, this alternative allows for the continued support of US ground troops in deterrence and defense and facilitates a rapid transition into a system in which the ROK Army would lead in ground combat. It also weakens the criticism that the ROK armed forces are subjugated to US imperialist forces. There will be a lingering perception, however, that this alternative is no more than an ad hoc measure and that our two nations have to be more responsive to public opinion on US troop withdrawal from South Korea.

The second alternative might be to transfer major equipment of the US 2nd Infantry Division to the ROK Army and then pull the division out from South Korea. One regiment would be left behind as a truce-keeping force and USFK Headquarters would be maintained in the country. The third alternative might be to withdraw all US ground troops from South Korea except for a small number of troops—basically symbolic in nature—showing a credible US commitment to the defense of South Korea. The second and third alternatives can be considered only after the 2 nations reach an agreement on the preconditions for US troop withdrawal. The following points are relevant:

- Are there any unmistakable grounds for believing that Pyongyang has substantially given up its plan for unification by force?
- Do the ROK armed forces have a self-sufficient deterrence of their own against North Korean armed attacks, without the direct support of US ground force?
- Is there a guarantee that a phased long-term reduction or a complete short-term withdrawal of US troops from South Korea will help improve the North-South Korean relationship?
- Is there any consensus between our two nations on how to make adjustments in the combined defense system after a US troop withdrawal?
- What would be the most appropriate timing and agenda for a reduction or a complete withdrawal of US forces from South Korea?

The relative peace and stability on the Korean peninsula since the end of the Korean War has been due largely to the effective combined military capabilities of our two nations. To be sure, unification of the fatherland is a long-cherished dream of the Korean people and we want to realize that dream by peaceful means. I believe that a prudent change in the combined defense system will be absolutely necessary for the continued prosperity of our two nations. Another war on the peninsula would mean the complete destruction of the land and property of the Korean people. We should neither overestimate the positive impact of the US military presence in South Korea nor underestimate the growing nationalism and desire for unification among the South Koreans. Otherwise, conflicts between our two nations will intensify in many fields and this will not help the preservation of peace on the peninsula.

The issues of withdrawal and role changes of the US forces in South Korea ought to be more carefully scrutinized and negotiated between the two nations. Any solution to the issues ought to be made through close consultations between the two nations aiming for the maximization of the benefits and minimization of the costs of the US military presence in South Korea.

TASKS FOR THE FUTURE

The year 1989 is meaningful in many ways: it is the last year of the 1980s, and the start of the Bush administration. Also, the mood

of worldwide détente may bring about a reconciliation of the Korean peninsula. South Korea is about to accept political and military meetings between prime ministers as suggested by the North. Accordingly, a meeting between North and South assistant secretaries will start sometime in February. Further, Mr. Chung Ju-Young, Honorary President of the Hyundai Company, was the first South Korean businessman to visit North Korea. He talked with high officials of the North Korean government including Huh Dam, and agreed to economic cooperation between the North and South. The growth of economic exchanges between South Korea and China is visibly increasing. Marking the same trend, South Korea and the Soviet Union agreed to establishment trade offices in each others' countries beginning in March of this year. Meanwhile, the United States recently made contact with North Korea in Peking, while Japan agreed to North Korea's proposal for unconditional visits to Japan.

In the 1990s, dramatic changes in the domestic politics of the two Koreas are expected. And North Korea may, to a degree, realize its own style of "perestroika" after Kim Il Sung's death. The changes in domestic, as well as international ambience are very likely to impell changes in the existing US-Korea military alliance structure. In particular, since South-North politico-military meetings are so closely related to the US-ROK military alliance structure, both the United States and Korea will face many issues which require mutual coordination in advance. These include:

- The continuance or termination of Team Spirit: How long will it be continued and what will be the overall size of the exercise in terms of troop strength and duration of the exercise?
- How should we deal with the North Korean assertion that US military troops be withdrawn and nuclear weapons be removed from South Korea?
- In relation to the transfer of operational control, how will both Korea and the United States formulate a new combined command structure?
- How should the two governments handle the anti-American sentiment in Korea and the anti-Korean sentiment in the United States?

- What alternatives could prevent the damage that has resulted from the US-ROK trade conflict, and how could security cooperation be improved?

As long as the two nations share the common interests of a US-ROK military alliance that is critically important for the stability of the Korean peninsula as well as the security of Northeast Asia, open-minded talks and policy studies between the United States and Korea should be taken more seriously than at any time in the past.

NOTES

1. This is a revised version of the paper presented at KIDA-NDU first Defense Forum held in Seoul, 12-13 December 1988.
2. Korean Unification Board, *White Paper on North-South Korea Talks*, December 1988, pp. 513-525.
3. *Chosun Ilbo*, 10 June 1988.
4. *Dong-A Ilbo*, 17 November 1988.
5. See for example, "North Korean Proposal of Comprehensive Peace Plan for the Reunification of the Korean Peninsula, Pyongyang, 7 November 1988," in *Korea and World Affairs*, vol. xii, no. 4, Winter 1988, pp. 870-876.
6. Despite the strong allegation among some dissidents of the superiority of South Korean armed forces over North Korea, Soviet scholar Eugeni G. Mironenkov, deputy director of the Institute of Europe Academy of Sciences of the USSR, confirmed the superiority of North Korean armed forces in his presentation at the Yonsei University. *Dong-A Ilbo*, 18 January 1989.
7. Kim Dae-jung, president of the opposition Party for Peace and Democracy, supported the withdrawal of US tactical nuclear weapons in South Korea in his new year press interviews, *Chosun Ilbo*, 29 January 1989.
8. There was a suggestion of a 10 percent reduction in US forces stationed in Korea as a "symbolic gesture" in view of anti-Americanism among radical Korean students at a 3-day joint Korean-American security seminar which opened under the sponsorship of the Center of Strategic and International Studies and a Korean Research Institute in Washington, DC, *Korea Herald*, 26 January 1989.

**GORBACHEV'S SECURITY INITIATIVES
IN THE PACIFIC BASIN:
IMPLICATIONS FOR THE UNITED STATES
INTO THE 1990s**

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During most of the postwar period, the Soviet Union has had great difficulty converting its sizable military buildup (including air, ground, and naval forces) in the Pacific Basin region into political and economic influence. In fact, many of the apparent Soviet opportunities in the 1950s and 1960s failed to develop, or, at least, did not develop to the extent the United States and others feared. There are several examples of these failures in both Northeast and Southeast Asia. In Northeast Asia, the most serious problem developed between the Soviets and the People's Republic of China (PRC). Though they had once been military and political allies, the Sino-Soviet relationship deteriorated to the point that by the late 1960s, serious military engagements occurred along the common border. This conflict provided the opportunity for the Nixon administration to begin developing the formal US-Chinese relationship. While the bilateral ties between the two communist giants have improved in more recent times, there is little likelihood that the previous alliance relationship will be reestablished.

The Soviet Union also has not been able to increase appreciably its influence in Japan, although, in the 1950s, there were indications Japan might choose a neutralist foreign policy which would have altered the strategic balance in the region. Because of the northern islands issue, historical antagonisms, Soviet heavy-handed diplomatic initiatives, and mutual mistrust, the Soviets and Japanese have not concluded a peace treaty officially ending World War II, and both political and economic ties have remained limited. On the other hand, the Japan-US relationship has matured to an extent difficult to predict as late as when President Eisenhower was forced to cancel a visit to Japan because of demonstrations there against the bilateral defense treaty. Similarly, the Soviets have had only limited success on the Korean peninsula. The early economic gains of the Democratic Republic of Korea (DPRK-North Korea) have been far surpassed by the Republic of Korea (ROK-South Korea) in the 1980s. The Soviet-DPRK (Democratic People's Republic of Korea) relationship has improved since 1984, resulting in increased Soviet military access and influence. However, the Soviet Union still must be concerned about the economic difficulties confronting its ally and the instability which may occur during the imminent political succession in the DPRK.

In Southeast Asia, where Khrushchev's pledge to support wars of national liberation caused grave concern in the United States and contributed to the American involvement in the Vietnam war, the dominoes did not fall beyond Vietnam, Laos, and Cambodia. While it is true that the Soviets have increased their military capabilities in the region and on into the Indian Ocean through the defense arrangement with Vietnam and access to the bases at Cam Ranh Bay and Danang, they have had to pay a high political price. Soviet support for the Vietnamese invasion and occupation of Cambodia is not popular in noncommunist Southeast Asia and impedes efforts by the Soviet Union to improve political ties. Vietnam also is an economic drain requiring the allocation of scarce economic and military assistance from the Soviet Union, similar in some respects to the Soviet relationship with North Korea.

Both politically and economically, the majority of noncommunist countries in Southeast Asia have grown and developed in recent years, especially in comparison with Vietnam, Cambodia, and Laos. Despite questions involving American resolve in the aftermath of the Indochina war among US friends and allies in the mid-1970s, the United States has remained an Asian power willing to meet its commitments. However, the Soviet Union has confronted difficult problems attempting to extend its influence, and few countries in Southeast Asia look upon the Soviet political and economic systems as worthy of emulation. In the final analysis, to the extent the Soviet Union is a major player in both Southeast and Northeast Asia, it owes this status, in great measure, to the military forces it has deployed and the defense arrangements it has established with selected countries.

Soon after Mikhail Gorbachev became General Secretary in March 1985, he began efforts to expand the Soviet Union's political and economic influence in the Pacific Basin. Obviously, he is not satisfied that his country is perceived by many only as a one-dimensional power in a region he considers extremely important. In his famous speech in Vladivostok on 28 July 1986, he made it clear that the Soviet Union is an "Asian and Pacific country" because of its geographic location and national security interest, and he has indicated his intention to ensure that his country will play more important and diverse roles in the region than it has in the past.¹ To this point, Gorbachev has attempted to expand Soviet influence primarily in two ways. First, he has initiated new policies and modified old ones in major public statements such as his Vladivostok speech, his interview with the Indonesian newspaper *Merdeka* in July 1987, his speech at Krasnoyarsk in September 1988, and, most recently, in his speech to

the United Nations General Assembly early in December 1988. Second, he has appointed individuals to important positions within the party and state bureaucracies who have expertise in the Pacific Basin and are much more effective in making policy recommendations and implementing policies than most of their predecessors. Similarly, Soviet diplomatic officials in the region are much more astute in placing Soviet policies in the best possible context in the countries where they serve.

This paper identifies some of the Gorbachev national security objectives in Asia and the political initiatives he has taken to support these goals—as a means to this end, the recently concluded Philippine-US base negotiations will be used as a case study where the Soviet Union attempted to use anti-nuclear and anti-base positions to influence the outcome—and analyzes what these initiatives portend for American interests in the region and those of some US friends and allies. One of the most important conclusions drawn from this analysis is that Gorbachev has become a very formidable political figure in the Pacific Basin in just a short period of time, and his initiatives and policies will most likely complicate the efforts of the United States to manage its alliance relations in the years ahead.

GORBACHEV'S DOMESTIC POLITICAL INITIATIVES AND NATIONAL SECURITY OBJECTIVES

One of the first steps Mikhail Gorbachev took in his effort to redirect Soviet foreign policy was to reorganize the Foreign Ministry and appoint individuals to important positions who share his desires to elevate the Pacific Basin to a higher level of national interest. He replaced Andrei Gromyko with Eduard Shevardnadze as Foreign Minister. This was a significant move because, during his 27 years in this post, Gromyko clearly placed much more importance on Europe than Asia and the Pacific.² Gorbachev also replaced Mikhail Kapitsa with Igor Rogachev as Deputy Foreign Minister for Asian and Pacific Affairs. Since his appointment, Rogachev has traveled widely throughout Asia, and, as will be evident shortly, played a major role in attempting to influence the outcome of the Philippine base negotiations.

On the ambassadorial level, the General Secretary appointed Oleg Troyanovsky as ambassador to the PRC. Formerly, he was the Soviet delegate to the United Nations, and, therefore, not associated with the group of Soviet China specialists who tended to focus on the Sino-Soviet split rather than possible rapprochement. Gorbachev

selected Japanese language specialist Nikolay Solovyez as his envoy to Japan, a popular choice among many Japanese who interpret his appointment as an indication the Soviet Union wants to give Japan more attention.³ For the Philippines, Gorbachev chose Oleg Sokolov who previously served in the Soviet embassy in Washington, is fluent in English, and, very important, aware of the historic Philippine-US relationship. Sokolov has attended prayer breakfasts with Philippine President Corazon Aquino, has given regular press briefings, and convinced Deputy Minister Rogachev to trade jazz records with Philippine Foreign Secretary Raul Manglapus, a renowned jazz enthusiast, during a recent visit.⁴ This represents quite a change from his predecessor who was the only foreign ambassador to attend Ferdinand Marcos' inauguration shortly before he was overthrown by Aquino and her supporters in February 1986.

Gorbachev has initiated some significant organizational changes within the foreign policy bureaucracies. He divided the Foreign Ministry's East Asian Division into 3 separate directorates in order to give Asia more importance and attention. He also has attempted to restore the Central Committee's role in the policy formulation process by expanding the International Department, which will make it easier for him to exercise increased control over these policies.⁵ Through these organizational and personnel changes, Gorbachev placed himself in the position to redirect Soviet foreign policy objectives in the Pacific Basin, which he has proceeded to do.

In reviewing Gorbachev's major pronouncements on the Pacific Basin, particularly the Vladivostok speech, it is possible to identify some of his most important Asian foreign policy objectives, among them the following:⁶

- To increase Soviet political and economic influence in North Asia and reduce American influence where possible. Gorbachev is particularly concerned by the prospects of a condominium among the United States, PRC, Japan, and ROK directed against the Soviet Union and wants to prevent this development.
- To improve Soviet relations with the PRC in the effort to reduce the military threat, and thereby the number of Soviet forces deployed along the common border. Reducing the threat is important as Gorbachev attempts to focus his efforts on restructuring the Soviet economy. He needs a tranquil

international environment in order for these economic initiatives to have the best chance of success.

- To maintain the alliance relationships with Vietnam and North Korea and secure the associated benefits accruing to the Soviets.
- To downplay the military instrument of foreign policy and place the Soviet military buildup over the past several years in the context of a response to US military expansionism in the region.
- To stress anti-nuclear and anti-military base themes among the noncommunist countries of Southeast Asia, particularly the Association of South East Asian Nations (ASEAN), with the intent of driving a wedge between the United States and its allies and friends, thereby increasing Soviet political and economic influence.

Some of these objectives are not complementary. For example, attempting to maintain alliance relations with Vietnam and North Korea complicates improving ties with China. Nonetheless, as the Philippine bases issue and other examples in both Northeast and Southeast Asia will indicate, Gorbachev and his subordinates are working hard to achieve these objectives.

THE PHILIPPINE MILITARY BASES

The United States military bases in the Philippines have been central components of the bilateral relationship since the two countries negotiated the Military Bases Agreement (MBA) in 1947.⁷ While most Filipinos appreciate the security, economic, and political values of the bases, there has always been a vocal opposition challenging the retention of the bases both as a violation of Philippine sovereignty and as a potential source of nuclear conflict. One of the most persuasive spokesmen arguing that the bases violate Philippine sovereignty is the current Secretary of Foreign Affairs, Raul Manglapus. He has taken the position for many years that the Philippines can never become a truly independent country as long as the bases remain and continue "the colonial legacy." Along with other opponents, he has maintained that the presence of bases violates the ASEAN goal of creating a zone of peace, freedom, and neutrality (ZOPFAN) in Southeast Asia.⁸ In a 1979 MBA amendment, the Philippines and United States agreed to review the MBA at 5-year intervals. These reviews have occurred in 1983 and in late 1988.

Other negotiations are likely between now and 1991 to determine whether the bases will remain after the expiration of the MBA's fixed term in 1991. These negotiations will provide opportunities for those opposed to the retention of the bases to make their case in a highly politicized domestic environment as the 1992 Philippine presidential election approaches. The Soviet Union also will be in a position to exploit these tensions.

Anti-Nuclear and Anti-Base Sentiments in the Philippines

Since Corazon Aquino became President in February 1986, significant events have occurred, complicating the base issue. She appointed a Constitutional Commission to write a new charter, which was completed and ratified by a popular referendum in early 1987.⁹ This document contains 2 provisions which relate directly to the military bases:

Article II, Section 8

The Philippines, consistent with national interests, adopts and pursues a policy of freedom from nuclear weapons in its territory.

Article XVIII, Section 25

After expiration in 1991 of the Agreement between the Republic of the Philippines and the United States of America concerning Military Bases, foreign military bases, troops, or facilities shall not be allowed in the Philippines except under a treaty duly concurred in by the Senate and, when the Congress so requires, ratified by a majority of the votes cast by the people in a national referendum held for that purpose and recognized as a treaty by the other contracting state.

A strict interpretation and enforcement of Section 8 would preclude the United States from storing nuclear weapons in the Philippines or allowing them to transit on US ships or aircraft. However, the phrase "consistent with the national interest" is very important in that it could provide the Philippine President with some flexibility on the nuclear issue. The Secretary of Justice subsequently has ruled that the President does have the authority to make this determination.¹⁰ In any event, this constitutional provision conflicts with the long-standing US policy of neither confirming nor denying the presence of nuclear weapons at its bases or on its vessels and threatens the military utility of the bases.

Article 25 requires both countries to present future amendments to their Senates for consideration as treaties. While the Philippines certainly is within its rights to determine its own ratification process, a demand that the United States also consider subsequent amendments as treaties will more than likely be perceived as a derogation of United States sovereignty and probably not be acceptable. This is particularly true since the United States has treated the MBA and all of its many amendments as executive agreements not necessitating Senate approval.

The nuclear weapons issue became more controversial in April 1988 when a senator, long opposed to the retention of the bases, introduced legislation in the Philippine Congress which, if passed by both houses and signed by President Aquino, would strengthen the anti-nuclear provisions contained in the Constitution. This proposed legislation prohibits the storage of nuclear weapons in Philippine territory "including the existing military facilities of the United States," and also makes illegal the "transit, port calls, stationing, and servicing" of nuclear-armed, nuclear-powered, or even nuclear-capable ships, submarines, and aircraft.¹¹ Two months later, the Senate overwhelmingly passed this bill by a vote of 20-3.¹² It is possible that the House of Representatives will not accept the Senate version and will modify some of the provisions the United States finds most objectionable. Similarly, there is no guarantee that President Aquino will sign this legislation if passed by both houses.¹³ However, the more significant point is that the Senate must ratify any future agreement concerning an extension of the bases, and, if there is this much opposition, it does not bode well for the ratification process.

This rather brief review of the anti-base and anti-nuclear arguments against the bases is important to this analysis because it represents some of the opportunities that Gorbachev and his subordinates have tried to exploit during the last few years in an attempt to influence the outcome of the negotiations between the United States and the Philippines. Gorbachev's major policy statements and the diplomatic initiatives of his officials in the region have been relatively effective in these efforts and will complicate future negotiations. Among General Secretary Gorbachev's most significant policy statements, the Vladivostok and Krasnoyarsk speeches are particularly important because in both he stresses the necessity of developing the resources of Siberia if he is to be successful with his proposed *perestroika*, the restructuring of the Soviet economy. In addition, he used these speeches to reiterate his foreign policy objective to make

the Soviet Union a more significant political and economic actor in the Pacific Basin and be accepted as such by the other countries in the region.

The Vladivostok Speech

At Vladivostok, Gorbachev made both some general and rather specific statements relating to the United States military bases in the Philippines.¹⁴ In the general category, Gorbachev indicated that the Soviet military buildup in the region was “the minimal requirement for our defense” and a response to United States military activities in areas close to Soviet territory. In an attempt to influence public opinion on nuclear weapon policies, he proposed that the United States and the Soviet Union remove and destroy medium-range missiles from Europe and not deploy them to other geographical regions. This was an important statement at the time because there were concerns in several Asian capitals that the two superpowers would reach an agreement on the reduction or elimination of intermediate-range nuclear forces (INF) in Europe and then shift these systems to Asian sites. The Soviet leader also voiced support for the creation of a nuclear free zone in the Indian Ocean and pledged that his country continues to support nonproliferation efforts in the region. He recommended that a Helsinki-style conference be held in Hiroshima to discuss economic issues and increased regional cooperative initiatives.

More specifically, Gorbachev stated that the Soviet Union supports “the renunciation of foreign bases in Asia and the Pacific Ocean and the withdrawal of troops from others’ territory,” and he charged that the United States was attempting to create a military alliance system in Asia similar to NATO in Europe. In reference to the Philippines, he indicated that if the United States would take the first step in reducing its military presence there, the Soviet Union “would not be found wanting” in its response. The unstated inference was that the Soviets would reduce their presence in Vietnam if the United States acted first in the Philippines.

The Merdeka Interview

The *Merdeka* interview focused on nuclear weapons to a large extent.¹⁵ The General Secretary announced that the Soviet Union was “preparing to dispense with the question of retaining the 100 warheads on medium-range missiles which are the subject of discussion with the Americans at the Geneva talks” This Soviet concession cleared the way for the eventual INF Treaty with the United States.

Gorbachev did not link this proposal with what he described as the "United States nuclear presence in Korea, the Philippines, and the island of Diego Garcia," but he did criticize the United States, Britain, and France for not signing the Treaty of Rarotonga establishing the South Pacific Nuclear Free Zone.

The Soviet leader praised Indonesia for its initiatives to create a Southeast Asia nuclear free zone and outlined some other "possible measures" which he would like to see implemented in the region. First, he pledged not to increase the number of nuclear-capable aircraft in the Asian part of the Soviet Union if the United States did not increase similar systems within range of Soviet territory. Second, Gorbachev suggested that both the Soviet Union and the United States limit the scale of naval exercises and maneuvers in the Pacific and Indian Oceans, particularly those involving nuclear-armed vessels, and reiterated his desire to have the Indian Ocean converted into a "peace zone." Third, he criticized nuclear testing in the South Pacific and proposed a moratorium on such testing. He also stated that the only 2 nuclear powers in Asia, that is, the Soviet Union and the PRC, had pledged never to use nuclear weapons first, but the United States had not reciprocated with a similar statement.

Gorbachev designed these proposals and comments, in part, to place the United States on the defensive. His proposed limitation on nuclear-capable aircraft is almost identical to arms control initiatives the Soviets have made concerning similar systems in Europe. In both instances, the United States has the qualitative advantage over the Soviets in these aircraft, and Gorbachev would like to reduce this advantage, through arms control if possible. Similarly, the Soviet Pacific Fleet does not exercise as extensively as the US Seventh Fleet. One expert recently estimated that approximately 90 percent of the Soviet fleet remains in port or close to port in a primarily defensive configuration to protect Soviet nuclear systems in the Sea of Okhotsk.¹⁶ Nonetheless, by making a dramatic INF proposal and casting his country in as favorable a light as possible, Gorbachev continued his efforts, begun at Vladivostok, to keep the initiative and either force the United States to enter arms control discussions on Soviet terms or appear to be resistant to reducing tensions in the region, neither of which is an attractive option from the United States perspective.

The Krasnoyarsk Speech

The speech at Krasnoyarsk occurred at a critical stage in the United States-Philippine base negotiations, which probably was not

accidental.¹⁷ In a general sense, Gorbachev indicated that his country supported direct talks between Vietnam and the PRC to resolve the Cambodian problem and stressed that Soviet relations with several ASEAN countries, including Indonesia, Malaysia, and the Philippines, were improving and a "useful dialogue" had begun with Thailand. The General Secretary introduced seven "new proposals," although, in fact, he had referred to several of these in his previous speeches. For example, he pledged not to increase the number of nuclear weapons in the region if the United States agreed; offered not to increase naval maneuvers; reiterated his desire to convene an international conference to create a zone of peace in the Indian Ocean; and indicated an interest in establishing a "negotiating mechanism" to resolve some of the security issues in the Pacific Basin.¹⁸ Gorbachev's comments on the bases were more specific than those made at Vladivostok in 1986. The fourth of his seven proposals directly concerned the bases:

If the United States eliminates its military bases in the Philippines, the USSR will be prepared, in agreement with the Government of Vietnam, to give up the naval material and technical support point at Cam Ranh Bay.

In this manner, Gorbachev went beyond his promise at Vladivostok that the Soviet Union "would not be found wanting" if the United States withdrew its forces from the Philippine bases. Although he made reference only to the Soviet facilities at Cam Ranh Bay and said nothing about the bases at Danang, the reports in the American press treated Gorbachev's offer as a major foreign policy initiative.¹⁹

IMPLEMENTATION OF GORBACHEV'S FOREIGN POLICY INITIATIVES

Ambassador Sokolov, Deputy Foreign Minister Rogachev, and Foreign Minister Shevardnadze have taken the lead in attempting to build upon Gorbachev's initiatives. In an interview with Secretary of Foreign Affairs Manglapus at the time he presented his diplomatic credentials, Sokolov challenged the United States argument that the bases in the Philippines are a check to the increasing Soviet military presence in Southeast Asia as evidenced by its access to bases in Vietnam. According to Sokolov, Soviet forces in no way could be compared with the American military presence operating out of the Philippines. He also reiterated Gorbachev's pledge made at Vladivostok to respond positively if the United States removed its forces from the Philippines.²⁰

In a more detailed interview with a Manila newspaper in January 1988, the ambassador repeated Soviet support for ZOPFAN, the nuclear free-zone in Southeast Asia, and also referred to his country's frequently stated policy of not being the first to use nuclear weapons in the region.²¹ Specifically regarding the United States bases, he indicated his belief that these bases do not contribute to regional security; rather, regional security would be enhanced by their removal. Because the United States has military superiority in Southeast Asia according to his analysis, the United States must take the first step in reducing military forces, and the Soviets would follow this lead. Another embassy official joined in the campaign shortly after the Philippine Senate passed the anti-nuclear legislation in June 1988. He welcomed this action and congratulated the senators for their contribution toward creating a nuclear-free zone in the region.²²

In March 1988, just one month before the most recent base negotiation got underway, Rogachev visited the Philippines. In discussions with government officials, he criticized the United States for being unwilling to enter into talks with the Soviet Union to reduce foreign military bases in the region.²³ He referred directly to the Philippine bases and labeled them as "alien" to the Asia-Pacific area. Rogachev explained his use of "alien" to mean that the bases serve only US national security interests and not those of the Philippines or other countries in the region. This argument is similar to that of Foreign Secretary Manglapus who has questioned which Philippine interests are supported by the bases.

In these statements and interviews, both Sokolov and Rogachev attempted to play to the anti-nuclear and anti-base audiences in the Philippines, primarily by indicating the defensive nature of Soviet military forces in the region and the good intentions of the Soviet Union if the United States would just be more reasonable. However, neither of these diplomats have felt constrained from using threats when they felt these tactics served their purposes. In a speech before a Manila civic group in April 1988, Sokolov told his audience that Soviet defense planners assumed there are United States nuclear weapons stored on the American bases in the Philippines.²⁴ Rogachev was even more direct in an interview with visiting Philippine Senator Aquilino Pimentel in July 1988. In this session, the Soviet official told Pimentel that the Soviet Union targets the Philippines because of the United States bases located there.²⁵ In this manner, both Sokolov and Rogachev were attempting to play upon many Filipinos'

long-held fears that the bases threaten to involve the Philippines in a superpower confrontation.

Most recently, Foreign Minister Shevardnadze visited Manila in December 1988 as part of his trip to Japan and Vietnam. This was the first time a Soviet Foreign Minister has been in the Philippines since the establishment of diplomatic relations in 1976. Soviet officials touted this visit as tangible evidence of the increased importance Shavardnadze gave to the Philippines and other countries in Southeast Asia.²⁶ According to Secretary Manglapus, Shevardnadze indicated that his country might dismantle its bases in Vietnam even before the United States withdrew from the Philippines.²⁷ This offer also was reported in the United States press coverage of the Shevardnadze visit.²⁸ The Foreign Minister was building upon the theme which Gorbachev began at Vladivostok and expanded at Krasnoyarsk.

In October 1988, the United States and the Philippines did reach an agreement on the retention of the bases until 1991.²⁹ President Reagan gave his "best effort" pledge to provide the Philippines a total of \$962 million in security assistance over the course of the two fiscal years beginning in October 1989. Concerning the nuclear weapons issue, the two countries agreed in Article VI that the "storage or installation of nuclear or non-conventional weapons or their components in Philippine territory shall be subject to the agreement of the Government of the Philippines." However, this article permits United States ships and aircraft to transit, overfly, and visit the Philippines without restriction to their armaments. While the 1988 MBA review addressed the nuclear issue, base and nuclear opponents in the Philippines were quick to criticize several of its provisions, particularly those permitting port calls and visits of nuclear-armed and nuclear-powered ships and aircraft.³⁰ As the United States and Philippines move toward more substantive negotiations on the longer-term retention of the bases after the fixed term expires in 1991, nuclear weapons will remain a very contentious issue which Soviet diplomacy could exploit if Gorbachev so chooses. This review of the Philippines base issue and Soviet efforts to take advantage of some of the opportunities offered is important because it is indicative of the increased attention being given to Southeast Asia during the Gorbachev era. Another example of this increased interest is the attempt by the Soviets, in conjunction with their Vietnamese allies, to end Vietnam's military occupation of Cambodia and contribute to a diplomatic solution to this conflict.

Gorbachev made only passing reference to the Cambodia situation in his Vladivostok speech. However, he did indicate that an agreement would be facilitated by the normalization of Chinese-Vietnamese relations because any solution was "a sovereign affair of the governments and leadership of the two countries."³¹ The implication being that the Soviet Union could not directly influence the outcome of this problem. This position was quite similar to that taken by previous Soviet leaders who argued that the Soviet Union was limited in the initiatives it could take because of its pledge not to interfere in the sovereign affairs of other countries. In his *Merdeka* interview, the General Secretary went further by stating that all the parties involved understood only a political solution was possible, and he believed Vietnam would abide by its withdrawal timetable.³² By the time of the Krasnoyarsk speech, he indicated the Soviet Union was promoting the "rapid achievement of an agreement on Cambodia."³³

Despite the pledge not to interfere in the sovereign affairs of other countries, the evidence suggests the Soviets have applied pressure to encourage the Vietnamese to withdraw their military forces from Cambodia. Because of this pressure, and also because of severe economic problems, Vietnam has promised to have all of its forces out of Cambodia perhaps by as soon as September 1989, but no later than the end of 1990.³⁴ Early in 1989, high-ranking diplomats, representing Vietnam and China, met in Beijing to discuss the settlement of the Cambodian conflict and the normalization of relations between the two countries.³⁵

From Gorbachev's perspective, there would be several advantages for the Soviet Union if the Vietnamese do withdraw and a diplomatic settlement is reached in Cambodia. First, the PRC has consistently argued that Sino-Soviet relations cannot substantively improve until the Soviets convince the Vietnamese to withdraw. Second, the Soviet Union would be in a better position to improve relations with ASEAN if the Vietnamese withdrew. Third, by supporting a peaceful solution, Gorbachev is working to meet his foreign policy objectives of increasing Soviet diplomatic influence in the region by decreasing the emphasis on the military instrument of policy. Fourth, because of Vietnamese dependence on Soviet economic and military assistance programs, the Vietnamese are not in a strong position to threaten Soviet access to the bases in their country. The Philippine and Vietnamese cases indicate a much more sophisticated Soviet effort to gain political influence in Southeast Asia since Gorbachev

has been in power. Similar efforts have taken place in Northeast Asia as the following brief examples involving China, the Republic of Korea, and Japan will substantiate.

GORBACHEV'S INITIATIVES IN NORTHEAST ASIA

The Chinese have consistently argued that in order for relations with the Soviet Union to improve, the Soviets must address 3 obstacles dividing the former communist allies. The first of these is the Vietnamese invasion and occupation of Cambodia, which has been discussed. The second is the reduction of the number of Soviet troops along the common border, including those in Mongolia, and the resolution of territorial issues. The third is for the Soviets to withdraw their military forces from Afghanistan. Gorbachev began addressing these obstacles in his Vladivostok speech and has continued with his initiatives to the present. At Vladivostok, he placed the greatest emphasis on Sino-Soviet rapprochement by emphasizing that the two countries are neighbors involved in similar socio-economic modernization programs. Gorbachev indicated that increased economic cooperation would benefit both countries and assist these modernization efforts. In one of the most important comments, he pledged that the main channel of the Amur River would serve as the official border rather than the Chinese shoreline as the Soviets had insisted previously. This concession helped to eliminate one of the territorial issues between the two countries.³⁶

In the *Merdeka* interview, the Soviet leader discussed the gradual broadening of contacts between the two countries, particularly involving trade, scientific and technical exchanges, and improved cultural ties.³⁷ At Krasnoyarsk, Gorbachev spoke of "something new and substantial" taking place with the PRC and spoke of the improved "good will and trust" in the bilateral relationship. He also posited that both sides were ready to begin discussions to plan for a summit between the leaders of the two countries.³⁸ As evidence of the improved economic cooperation, the Soviets have provided assistance to the Chinese in modernizing some of the industrial sites, now in need of upgrading, which the Soviets built in the early 1950s.

In addition, Gorbachev has addressed the issue of Soviet troops in Afghanistan and Mongolia. In the Indonesian interview, he expressed hope that there could be a national reconciliation in Afghanistan and stated that, in principle, the decision had been made to withdraw Soviet military forces.³⁹ By the time of his speech in Krasnoyarsk, the UN-sponsored conference at Geneva had occurred

and the Soviets agreed to withdraw all of their forces by February 1989. Therefore, he referred in his speech to the "solution" of the Afghan problem.⁴⁰ Although his troop withdrawal proposal in his speech at the United Nations in December 1988 involved the European theater primarily, he did make reference to Soviet forces in Mongolia. He promised that a "considerable part of the Soviet Union troops temporarily present" would be returned to the Soviet Union after consultation with the Mongolian government.⁴¹ In January 1989, Gorbachev went even further when he announced that 200,000 men would be withdrawn from Asia, including 75 percent of the Soviet ground forces in Mongolia and all of the air forces there.⁴²

In these initiatives involving the PRC, Gorbachev had gone a long way toward reducing some of the most critical issues between the two countries, particularly the three obstacles which the Chinese have held as the *quid pro quo* for improved relations. As an indication of this improvement, China's Foreign Minister, Qian Qichen, visited Shevardnadze in early December 1988, the first such visit since 1956.⁴³ One of the primary purposes of this meeting was to make the initial arrangements for a Gorbachev-Deng Xiaoping summit, probably in mid-1989. Despite these improvements, it would be incorrect to assume the Sino-Soviet relationship will return to the close alliance of the early 1950s.

In order for the Chinese to complete their modernization programs, they must have access to Western technology, trade, and investment, a fact that Deng and other members of the Chinese governing elite are aware of. The reality will limit how far the rapprochement with the Soviets will be allowed to progress.⁴⁴ Furthermore, it is not certain that the withdrawal of the Vietnamese presence in Cambodia will necessarily result in more harmonious relations between China and the Soviet Union. If the Khmer Rouge are successful and return to power, the two communist giants could find themselves on opposite sides of this issue once again. However, the improving Sino-Soviet relationship, if carried to fruition, will allow both countries to concentrate on their domestic reforms without having to be quite so concerned about the threat from each other. In addition, the possibility of a Washington-Tokyo-Beijing triangle is reduced by these efforts. From the Soviet perspective, the resources saved from this relaxation of tensions can then be applied to restructuring the economy, which is so essential. This, in itself, is an impressive accomplishment for which Gorbachev can take major credit.

Gorbachev has been restricted somewhat in his initiatives to the Republic of Korea, primarily because of the improved relations between the Soviet Union and North Korea since 1984. Nonetheless, changes have occurred. At Vladivostok, he called for the relaxation of tensions between the two Koreas and supported North Korea's call for a serious dialogue and a nuclear free-zone on the Korean peninsula.⁴⁵ In the *Merdeka* interview, he indicated he understood the South Korean people's desire to have United States forces, bases, and nuclear weapons removed from their country.⁴⁶ Finally, at Krasnoyarsk, he encouraged efforts to reduce military confrontations on the peninsula.⁴⁷

Supporting this rhetoric, Gorbachev has taken specific actions which could change the nature of Soviet relations with the ROK. Exchanges of sporting teams have occurred for several years, but the Olympics presented a unique opportunity. Not only did the Soviets support the games and attend in the face of the boycott by their North Korean ally, they also took other actions such as the sending of the Bolshoi Ballet and the Moscow Philharmonic Orchestra to Seoul.⁴⁸ The manner in which these Soviet representatives were received by the South Koreans contrasted rather starkly with some of the unfortunate Korean-American encounters during the Olympics that contributed to increased anti-Americanism in the ROK.⁴⁹ While the extent of this anti-Americanism is limited, the Soviets have shown themselves to be much more adept at exploiting these sentiments than previously was the case.

More recently, the Soviets requested South Korea to provide a \$300 million loan for the construction of a large furniture plant in Siberia.⁵⁰ Economic contacts between the two countries remain extremely limited to this point, but the Soviet request and apparent Korean willingness to comply could indicate a change in this relationship. The opportunities for increased political and economic contacts, within the constraints outlined above, are real. From the Korean perspective, developing economic ties with the Soviet Union and Eastern Europe allows the ROK to diversify its export markets at a time when there is growing concern of protectionism in the United States and Western Europe. Politically, if the Soviet Union were willing to exercise some influence over North Korea to reach a solution on the reunification of the Korean peninsula, this initiative would be welcome in Seoul.

Soviet-Japanese relations have remained strained since the end of World War II, primarily because of serious differences over

what the Japanese refer to as the northern islands or northern territories. As a result of the Soviet Union's entering the war against Japan just weeks before the war ended, the USSR gained control over the Kurile Islands. Japan has never accepted that four of these islands, Etorofu, Kunashir, Shikotan, and the Habomais, are part of the Kurile chain. Therefore, they demand that the Soviets return these islands to Japanese sovereignty. Although the two countries established diplomatic relations in 1956, they have not signed a peace treaty officially ending the war because of this dispute over the northern islands. Further complicating the problem, the Soviets have stationed sizable military forces on Etorofu, the largest of the islands, which the Japanese view as a direct provocation. The USSR has been reluctant to return these islands because of their importance in protecting Soviet strategic systems in the Sea of Okhotsk and also because of concern that this would set a precedent for other countries having territorial disputes with the Soviet Union.⁵¹

Because the short-term prospects are not good that this territorial dispute will be settled, the extent of economic contacts between the two countries that otherwise might be very promising is limited. In many ways, the two economies are complementary, with Soviet raw materials attractive to Japan balancing needed Japanese manufactured goods, technology, and investment, particularly in Siberia. However, both trade and technology transfers have been limited because of the political dispute. Bilateral trade reached only \$4.9 billion in 1987, less than 2 percent of Japan's total trade, and was not expected to exceed \$5 billion in 1988.⁵²

It is in this context that Gorbachev has attempted to influence the relationship with Japan. At Vladivostok, he praised Japan for its many accomplishments, but also issued a warning about what he interpreted as evidence that Japan was becoming less committed to the 3 non-nuclear principles and the "peace constitution" that have influenced Japanese security policies in the postwar years. However, he did mention the possibility of increased economic contacts and cooperation between the 2 countries.⁵³ In the *Merdeka* interview, he emphasized that this cooperation need not be limited to economics, but could also have political implications leading to increased stability in the region. Again, he voiced caution by indicating that plans for his proposed visit to Japan had been delayed by unspecified forces in Japan.⁵⁴ At Krasnoyarsk, Gorbachev mentioned meetings with influential Japanese political leaders, including former Prime Minister Nakasone, which he found encouraging for an improved bilateral

relationship. However, Gorbachev did reiterate the theme he introduced at Vladivostok when he expressed concern about the "persistent" Japanese military buildup and the growing burden-sharing of security responsibilities with the United States in the region. The General Secretary warned that these actions could jeopardize the economic gains Japan has made by reviving historical memories of previous behavior.⁵⁵ This combination of the carrot and stick approach was apparently repeated by Foreign Minister Shevardnadze during his visit to Tokyo in December 1988. Little progress was made on either the resolution of the northern islands or the signing of a peace treaty. Nonetheless, the joint communiqué did indicate that the 2 sides had agreed to establish a permanent working group to continue discussions on "difficulties" between them—which was interpreted to mean the territorial dispute.⁵⁶ This represented a slight modification of Soviet policy which had previously refused to acknowledge that the issue existed.

IMPLICATIONS FOR US NATIONAL SECURITY INTERESTS IN THE PACIFIC BASIN

In order to evaluate the effectiveness of Gorbachev's initiatives in the Pacific Basin, it is imperative to remember how the level of Soviet status had declined in the region by the end of the Brezhnev period. Brezhnev was most concerned with the containment of China and relied upon the military instruments of foreign policy, including alliances and force buildups and deployments, to achieve this goal. As a result, Gorbachev in 1985 found his country accurately described as a one-dimensional power by most Asian countries, and a non-participant in much of the political and economic dynamics occurring.

Gorbachev has made some progress in increasing Soviet political and economic influence in Northeast Asia. His most successful efforts have been in achieving a certain rapprochement with the PRC. The Soviet withdrawal from Afghanistan, to be completed by 15 February 1989, attempts to convince the Vietnamese to remove their forces from Cambodia. A pledge to reduce Soviet military forces in Mongolia and along the Sino-Soviet border, and concessions on some of the territorial issues have gone a long way toward meeting the 3 obstacles the Chinese have imposed to improved relations. It appears likely that a summit meeting involving Gorbachev and Deng Xiaoping will occur later this year; because both Gorbachev and Deng desire reduced tensions so they can concentrate on domestic

reforms, there has been a convergence of interests which has contributed to this rapprochement.

The Soviet Union has increased its economic interchanges with the ROK which serve the interests of both countries, and its participation in the 1988 Olympics improved its image in Seoul. However, the alliance with North Korea limits the extent of these economic and political ties. The northern territories dispute remains the main impediment to better relations with Japan, and Gorbachev has not been effective, so far, in resolving this issue. Japan could be a major source of investment and technology for the development of Siberia—very important to the success of Gorbachev's economic reforms—but he apparently has determined that the costs are too high at present, and it seems unlikely that this dispute will be resolved in the near future.

The Soviet fear of a Washington-Beijing-Seoul-Tokyo condominium in Northeast Asia directed against the USSR is more a function of historical Russian paranoia concerning the possibility of a two-front war than a reflection of actual US policy, although certain proposals such as horizontal escalation and the improving relationship between the United States and PRC did raise legitimate concerns in the Soviet Union. Nonetheless, Gorbachev's initiatives have contributed to a reduced perception of the Soviet threat, so that if there ever was a grand design for an anti-Soviet alliance in the region, the chances of its formation have been reduced. In this regard, Gorbachev has succeeded, to a degree, in creating a more tranquil security environment in which to concentrate on domestic reforms.

Vietnam appears to be more of a challenge to Gorbachev than does North Korea, even though the former is as dependent on the Soviet Union as is the latter. The fact that Vietnam achieved independence and reunification after decades of fighting only to become dependent on the Soviets must cause some resentment among the Vietnamese leaders and population. Evidence of this resentment occurred soon after Gorbachev's Krasnoyarsk speech in which he offered to withdraw from Cam Ranh Bay if the United States would withdraw from its bases in the Philippines. Since Vietnam considers Cam Ranh Bay and Danang to be Vietnamese bases with facilities provided for Soviet use, it objected to this Gorbachev proposal as a violation of Vietnamese sovereignty.⁵⁷

Of even larger concern to the Vietnamese is the improving Sino-Soviet relationship. In the past, Vietnam has experienced instances

when its interests were sacrificed to the larger geopolitical objectives of both China and the Soviet Union, the 1954 Geneva Conference being a classic example. Therefore, despite Vietnamese dependence on the USSR, its withdrawal from Cambodia could provide opportunities for increased contacts with and assistance from the West. Two other Gorbachev objectives—playing down the use or threat of the use of military force, and actively supporting anti-nuclear issues—are closely related and designed in part to place the United States on the defensive in the Pacific Basin region. In the *Merdeka* interview, Gorbachev made specific reference to nuclear weapons and their lack of utility in solving international disputes.⁵⁸ He reiterated this theme emphatically in his UN speech in late 1988.⁵⁹ The Philippine case study provides several examples of both anti-nuclear and anti-military proposals. More important than this rhetoric are the specific examples of action such as the Soviet withdrawal from Afghanistan, Soviet pressure on Vietnam to withdraw its forces from Cambodia, and proposed Soviet reductions of forces from other parts of Asia.

In evaluating Gorbachev's attempts to achieve his foreign policy objectives, two conclusions can be drawn. First, he has had mixed success in increasing Soviet political and economic influence in the region. His efforts to improve relations with China represent his most important achievement to date. On the other hand, he has made only limited progress in improving ties with Japan, and the Soviet Union has relatively little to offer the non-communist countries of Southeast Asia. Second, the General Secretary has been effective in placing the United States on the defensive in the Pacific Basin, particularly on nuclear and military issues. In the longer term, this may be more important than the initial attempts to improve bilateral relationships in the region and represents a fundamental change from the initiative of former Soviet leaders. It is imperative that the Bush administration come to grips with the challenges Gorbachev has extended and develop policies and proposals to protect and enhance United States interests.

NOTES

1. A copy of Gorbachev's speech at Vladivostok is available in *Foreign Broadcast Information Service* (hereafter *FBIS*), *Daily Report*, Soviet

Union, 29 July 1986, pp. 1–20. For special references to the Soviet Union as an Asian and Pacific country, see p. 12.

2. *Far Eastern Economic Review* (hereafter *FEER*), 14 August 1986, pp. 36–37.

3. *Ibid.*, p. 36.

4. *The Wall Street Journal*, 21 September 1988, p. 27, and *The Washington Post* (hereafter *WP*), 17 December 1988, p. 16.

5. *FEER*, 14 August 1986, p. 36.

6. For two recent studies of Gorbachev's foreign policy initiatives, see Sheldon Simon, *The Future of Asian Pacific Security Collaboration*, particularly pp. 21–43 and Stephen M. Meyer, "The Sources and Prospects of Gorbachev's New Political Thinking" in *International Security*, vol. 13, no. 2, Fall 1988, pp. 124–163. See also *FEER*, 4 August 1986, pp. 24–25.

7. For background on the military bases, see William E. Berry, Jr., "The Military Bases and Postwar U.S.-Philippine Relations" in Fred Greene (editor), *The Philippine Bases: Negotiating for the Future* and *The U.S. Military Bases in the Philippines: The Evolution of the Special Relationship*, forthcoming from Westview Press.

8. For good interviews with Manglapus, see *FBIS, East Asia*, 4 February 1988, p. 35, and 16 March 1988, pp. 38–40.

9. *FEER*, 19 February 1987, pp. 14–15 and *The New York Times* (hereafter *NYT*), 8 February 1987, p. 1. The full title of the Constitution is The Constitution of the Republic of the Philippines.

10. *FBIS, East Asia*, 21 July 1988, pp. 30–32.

11. *FEER*, 5 May 1988, p. 38.

12. *NYT*, 7 June 1988, p. 6.

13. For Secretary of State Shultz's reaction to the Senate bill, see *NYT*, 17 June 1988, p. 6.

14. *FBIS, Soviet Union*, 29 July 1986. For the specific references to the Philippines, see pp. 16–18.

15. *FBIS, Soviet Union*, 23 July 1987, pp. 1–11. See specifically pp. 4–6.

16. Simon, pp. 41–42.

17. For a copy of the Krasnoyarsk speech, see *FBIS, Soviet Union*, 19 September 1988, pp. 43–60.

18. For Gorbachev's seven "new proposals," see *ibid.*, pp. 58–59.

19. *WP*, 17 September 1988, p. 1.

20. *FBIS, East Asia*, 25 November 1987, pp. 34–35.

21. *FBIS, East Asia*, 25 January 1988, pp. 32–36.

22. *FBIS, East Asia*, 9 June 1988, p. 32.
23. *FBIS, East Asia*, 28 March 1988, pp. 28–31.
24. *FBIS, East Asia*, 27 April 1988, p. 33.
25. *FBIS, East Asia*, 18 July 1988, p. 46.
26. *WP*, 17 December 1988, p. 16.
27. *FBIS, Soviet Union*, 23 December 1988, p. 17.
28. *NYT*, 23 December 1988, p. 3.
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32. *FBIS, Soviet Union*, 23 July 1987, p. 8.
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41. *FBIS, Soviet Union*, 8 December 1988, p. 18.
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43. *NYT*, 1 December 1988, p. 13.
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45. *FBIS, Soviet Union*, 29 July 1986, p. 17.
46. *FBIS, Soviet Union*, 23 July 1987, p. 8.
47. *FBIS, Soviet Union*, 19 September 1988, p. 58.
48. *WP*, 27 September 1988, p. 12.
49. *WP*, 8 October 1988, p. 21.
50. *WP*, 17 December 1988, p. 16.
51. See Simon, p. 33, for more on the strategic value of these islands to the Soviet Union.

52. *NYT*, 20 December 1988, p. 10.
53. *FBIS, Soviet Union*, 29 July 1986, pp. 12 and 15.
54. *FBIS, Soviet Union*, 23 July 1987, pp. 8-9.
55. *FBIS, Soviet Union*, 19 September 1988, p. 58.
56. *NYT*, 21 December 1988, p. 9 and *WP*, 21 December 1988, p. 21.
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Plenary Address:
CAMBODIA: THE ENDGAME AND BEYOND

Dr. Noordin Sopiee



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As every chess theoretician knows, there are three parts in every game. There is the opening, the middle game, and the endgame. It is, of course, possible to date the opening of the Cambodia game from 1970, when Prince Sihanouk was deposed in a coup, civil war ensued, and the United States and Vietnam started their intervention in earnest. It is also possible to date it from the Khmer Rouge assumption of power shortly before the fall of Saigon. There will be little controversy in dating the Cambodia conflict as we know it today from the Vietnamese invasion and occupation.

The middle game was typically characterized by intense diplomatic activity; the Vietnamese belief that the situation was "irreversible" and Hanoi's attempt to establish and shore up a puppet regime in Cambodia under Heng Samrin; the Soviet Union aligning determinably behind Hanoi; an internal guerrilla war of varying intensity inside the country; the formation of the Coalition Government of Democratic Kampuchea under Prince Norodom Sihanouk, backed by China, Thailand, the rest of ASEAN, and the United States; and the prospect of a permanent Vietnamese garrisoning of a state that would be part of a larger Vietnamese imperial system encompassing all of Indochina.

The endgame is hardly one year old. Yet so fast have been the moves in recent months that we have come to expect, somewhat unrealistically, a quick finish. I shall examine some of that momentum, the situation today, and the scenarios for ending the present game. I shall also speculate about Southeast Asia in the 1990s.

ABOUT ENDGAMES, PLAYERS, AND THE CAMBODIA CONFLICT

As every good chess theoretician ought to know, there are four outcomes of the endgames. Regardless of his position and that of his opponent, the beginner merely attempts a win, or may concede defeat. The more tutored may, at some point, maneuver for a draw. The fourth option is to abandon the game. Even at this early stage, the point might be made that with regard to Indochina, there was a messy settlement of the Vietnam conflict in 1954 and again in 1973; there was a messy settlement in the case of Laos in 1962 and again in 1974. There could well be a messy settlement of the Cambodian

conflict in 1989 or 1990. Without in any way minimizing the centrality of the Vietnamese military invasion, it is certainly important to recognize that the Cambodian conflict is both an internal and an international conflict. There are legally 2 parties and politically 4 players (for now) in the internal conflict: the Khmer Rouge, the KPNLF (Khmer, Peoples National Liberation Front), the Sihanoukists (in a loose CGDK, legally recognized by the UN) and the Democratic Peoples Republic of Kampuchea, now fully under Mr. Hun Sen. At the international level, on the one side are the PRC, Thailand, the ASEAN states, and the United States; on the other side are Vietnam and the Soviet Union.

THE MOMENTUM TOWARDS A NEGOTIATED SETTLEMENT

For almost exactly nine years, the Cambodian conflict was stuck in a stalemated middle game. The stalemate served the interests of China, the United States, Thailand, and the ASEAN states as a group. The Soviet Union, Vietnam, and the Khmer people were the primary sufferers, in ascending order of severity. A less imaginative Soviet Union and a feeble PRK were constrained by a Vietnam that believed it had to tough it out, a determination derived from its regional ambitions, and Hanoi's refusal to concede that it had been guilty of a most grievous miscalculation. Vietnam was sustained by the belief that time was essentially on its side. The resistance was similarly constrained by its principal allies, China and Thailand. Then, the aging, nationalist, and weary Sihanouk moved, to the consternation of both China and Thailand, countries about which the Prince has not a shred of illusion. In January 1988, Sihanouk and Hun Sen met for a second time in Paris. Indonesia then took the initiative to convene the Jakarta Informal Meeting (JIM) which met in July.

In June, the twelfth round of Sino-Soviet normalization talks was convened in Moscow. This was followed in Beijing in August by the first high-level discussions on Cambodia between the PRC and the USSR. The JIM Working Group met first in October. In November, Sihanouk, Son Sann, and Hun Sen met in Paris. In December, Chinese Foreign Minister Qian Qichen went to Moscow. And before the end of the year, Siddhi Savetsila, who is not well known for being either naive or a dove, had given it as his opinion that "We have almost reached the end of the tunnel. We can see the light." The new year has seen a speed-up of the momentum. From 9-12 January the Foreign Ministers of Thailand and Vietnam met in Hanoi, on

16–18 January, Vietnamese First Deputy Foreign Minister Liem and Chinese Vice-Minister Liu met in a path breaking meeting in Beijing. In a surprise (“shocking”) move earlier this month, Mr. Hun Sen was invited to meet Premier Chatichai Choonhavan in Bangkok. Foreign Minister Siddhi Savetsila flew off to Beijing for a meeting with his Chinese counterpart. The three Khmer resistance factions met for the first time in 18 months in the Chinese capital to map out their strategy for JIM II, which was held from 19–21 February in Jakarta.

Amidst the to-ing and fro-ing, the Khmer Rouge has been forced to come forth with proposals of its own; it is now clear to everyone that the Soviet Union wants to settle quickly; Vietnam has, in fact, withdrawn a very large number of troops from Cambodia and convinced just about everyone (including all the 3 factions in the CGDK) that it is deadly serious about total withdrawal by 31 December 1990 under almost all the likely conditions. Everyone is now agreed that the process of total Vietnamese withdrawal should be conducted in parallel with the phased termination of foreign military assistance to all factions in the conflict in Cambodia, despite previous Thai and Chinese opposition to linking the Vietnamese withdrawal to anything. All are agreed that machinery and forces must be in place to prevent “a return to genocidal policies” and conditions must be created to prevent the Khmer Rouge from returning to exclusive power in future. China now goes along fully with this. Indeed, at the 9 February meeting of the 3 factions of the CGDK held in Beijing, the Khmer Rouge was party to the joint statement calling for a 2,000-strong UN supervisory force that would not only keep Vietnam out of Cambodia but also block a return to power by the Khmer Rouge.

Despite the PRK’s and Vietnam’s preference for the contrary, all parties are agreed that the Khmer Rouge should be encouraged to take part in an internal political settlement and in the national reconciliation process. (If they do not do so peacefully, they will simply do so by other means.) As part of this process, it is agreed also (at least in declaratory terms) that all parties should be allowed to take part in general elections and that some form of multipartite body should be established to determine how elections for a representative national assembly should be conducted. There is also full agreement on the introduction of some international mechanism and on some international conference on Cambodia. With regard to many of these areas of agreement, there is a considerable disagreement on many nuts and bolts areas. Agreements in principle can be another thing when one

goes from the abstract to the concrete. There are enormous possibilities for disagreeing later with regard to what has been previously agreed to. But movement there has certainly been.

Twelve months ago, I discussed, at some length, the various possible end-states for Cambodia—10 to be exact—suggesting that Thailand would settle for a continuation of the stalemate while wishing for a pro-Thailand Cambodia (referred to as the “Australian Solution”). China, at that stage, still preferred a pro-Beijing Cambodia, dominated by a more moderate Khmer Rouge (referred to as the “Democratic Kampuchea Solution”), although it was fully committed to a maintenance of the stalemate as the first, best practical option. At that stage, Vietnam’s preference was for the “Laos Solution,” for a Cambodia that would be legally sovereign but less than politically independent, a Cambodia that would not threaten Thailand but one that would take into the fullest account the interests and policies of Vietnam on all the major issues, that unswervingly went along with Hanoi on all the critical issues, and had a permanent and powerful Vietnamese military presence.

It was then suggested that a possible compromise solution (defined as “Solution Five”) would be a Cambodia that is legally sovereign, politically independent, regionally neutral though sensitive to Vietnamese and Thai critical interests, internationally non-aligned, and unthreatening to both Vietnam and Thailand. Whatever their maximalist preferences, it would appear that today all the critical players (including the Khmer Rouge) and the supporting cast find nothing objectionable to this solution which is now acceptable to all. The distance that has been traveled with regard to the end state is not a short one. The real world problem now is how to get from here to there.

CONDITIONS WORKING FOR AN EARLY NEGOTIATED SETTLEMENT OF THE EXTERNAL DIMENSIONS OF THE CONFLICT

There are two conditions for a speedy resolution of any conflict. First, the critical actors must want a speedy resolution. Second, they must be able to work out the essential terms for a viable solution (which is very often closely connected with just how badly they want such a solution). On this score, there is much good news to report concerning the external actors to the Kampuchea conflict. There are those who believe that the Soviet Union is a recent convert to a speedy resolution of the Cambodian conflict: that view is erroneous.

Indeed, the Soviet Union has been the external power most keen on a quick solution (provided, of course, that it is one that does not sacrifice the Soviet alliance with Vietnam or its facilities in that country).

Even before Gorbachev, the Soviet Union saw much virtue in a speedy resolution for reasons that were and are obvious. First, the continuation of the Kampuchean problem was a most serious obstacle to Moscow's rapprochement with China. Second, it opened the way for PRC advancement in the Pacific, particularly in the ASEAN community, and particularly with regard to Thailand. Third, the problem appeared to be a great help to the United States diplomatically *and politically* among the same states. Fourth, it was an obstacle to diplomatic, economic, and political Soviet advances in the region. Fifth, especially in the Gorbachev years, being on the bad side was not helpful in creating a new image of the Soviet Union worldwide. The Soviet Union believed then, as it believes now, that its position vis-à-vis Vietnam and Indochina can be secured without the Cambodian albatross around its neck provided, of course, that no serious offense was caused to Vietnam. Most clearly, Gorbachev's Soviet Union has exerted the most substantial pressure on the Vietnamese to pull out their troops and to be flexible on the entire Cambodian question.

While there appears to be dissent in Vietnam about unilaterally and unconditionally pulling out all Vietnamese troops from Cambodia by the end of 1990 and about "Solution Five" in general, there seems little doubt now that the present Vietnamese leadership are indeed committed to a total withdrawal under most conditions and that they are willing to accept Solution Five. The reasons for this are equally clear. Vietnam today is on its knees economically and in the grip of serious political trouble domestically. After 10 years of military effort and incredibly naive expectations about what it would take to do what it had to do in Cambodia, the Vietnamese people and most of their leaders are weary of war. Hanoi has revealed that, in all, its conflict with Cambodia has cost it 60,000 casualties. Politically, therefore, there is a need to bring the boys home. Financially, there is need to reduce the burdens of occupation and to secure much needed foreign aid. (\$2 billion a year from the USSR is not enough quantitatively or qualitatively).

Strategically, there is a need to make peace with a PRC which has indeed bled Vietnam white and to concede to Soviet pressure. The sense of diplomatic isolation, which is supposed to leave men of steel completely unmoved, has had its bite. The demands of

Vietnam's own *perestroika* is seen to dictate an opening to the world, to foreign investment, foreign technology, and foreign trade, things not possible as long as Vietnam remains militarily in Cambodia. (The Vietnamese appear, at this stage, extremely naive about the possibility of securing these things from the outside world). The force of Vietnamese nationalism makes dependence on the Soviet Union most uncomfortable. The Vietnamese, who cannot but see the undeniable and dramatic economic advancement of their neighbors in ASEAN, are unprepared to see their country fall backward into time, squeezed between a fast growing Chinese giant and fast growing Thailand/ASEAN.

The other two critical external players in Cambodia are, of course, Thailand and China. Both nations were, until recent months or even weeks, unyielding in their commitment to a continued stalemate. The Thai turnaround is testimony to the difference that the leadership of the new Thai prime minister, Chatichai Choonhavan, has made. Underlying the turnaround is the new sense of confidence now existing in Bangkok, a supreme confidence founded on a realistic assessment of the Vietnamese threat and Thailand's dramatic economic performance, especially in the last two years. Mixed with this heady brew appears to be an explicable if difficult-to-explain expectation about the economic potential of Vietnam, Cambodia, and Laos.

Perhaps more important has been the equally unexpected change in Beijing. The extent of change should not be exaggerated. The kind words at the time of the first high-level meeting in 10 years between Vietnam's First Deputy Foreign Minister Dinh Nho Liem and Chinese Vice-Minister Liu Shuqing (16-18 January) should be compared with the views expressed by Chinese Foreign Minister Qian Qichen in the 21 February interview with the *New York Times* on the eve of Mr. Bush's visit to China and at the end of the JIM II meeting in Bogor. In discussing Cambodia, Mr. Qian strongly criticized Vietnam, saying, "Vietnam is not trustworthy. We cannot believe its words, and the international community should exert more pressure on it." However, it does appear today that the Chinese are prepared for a settlement of the Cambodian problem. The Chinese may not quite have their heart in it, but there is little doubt about where their minds have told them to go.

There are good reasons why China is more flexible today than it has been in the last 10 years—if China does not today stand for

movement toward a negotiated settlement, it will stand alone. In any case, the lesson has been taught; Vietnam has been bled. In 1989, the Vietnamese have withdrawn 50,000 troops and seem intent on total troop withdrawal by the December 1990 deadline they themselves have set. Hanoi has consciously and deliberately gone through the process of atonement. With the Thai turnaround, there is no longer the necessity to demonstrate inflexibility. As Nayan Chanda has argued, for the time being, at least, Beijing also seems to have reached the conclusion "that it has reached the limit of what it can achieve in Cambodia through its Khmer Rouge allies, whose inability to defeat the Vietnamese and whose bloodstained image makes them a diminishing asset." Like every other civilized nation, China does not want to be seen huddled around the same campfire with the Khmer Rouge. Perhaps there is also now no felt need to ensure a very pro-China Cambodia since Beijing has secured a firm friend in a dynamic Thailand, and there is little prospect of a consolidated Indochina under an antagonistic and strong Hanoi. It will be quite a long time before Vietnam will consider another imperial stretch.

It is also possible that what the Chinese used to consider the most serious obstacle to Soviet rapprochement with China is now something of an obstacle to Chinese rapprochement with the Soviet Union, in a situation where there is a more equal desire for rapprochement. China might also see some further concessions realizable, should it now be seen to play ball on Cambodia, when the Gorbachev-Deng summit takes place in May 1989. Clearly, a most positive factor also working for an early resolution of the Cambodian conflict is the weariness that all the critical players seem to feel with regard to the present stalemate. Everyone is tired of Cambodia.

There are other positive factors working at the international level. Not the least of these is the desire to turn even further inward toward great domestic targets on the part of the external Communist players: the USSR, China, and Vietnam. Other big positive developments have been the momentum of Sino-Soviet rapprochement, which has truly picked up steam, the "promising" start to establishing a *modus vivendi* between Vietnam and the PRC, between Bangkok and Hanoi, and Phnom Penh and Vientiane. All these factors led to a new ambience in which the potential for reconciliation as well as cooperation should not be underestimated. Compared to this array of positive fundamentals working for reconciliation at the international level of the Cambodian conflict, it is difficult to marshal a

list of factors working in the other direction. Despite some positive factors this, unfortunately, cannot be said with regard to the internal dimensions.

FACTORS WORKING FOR NATIONAL RECONCILIATION

Whatever is said about any of the present 4 Cambodian factions there is no denying the force of Khmer nationalism. All 4 factions are at this stage deeply concerned about the survival of the Cambodian state. The largest concentrations of Khmer today are firstly in Phnom Penh, secondly on the Thai side of the Cambodian border, and thirdly, in Orange County, California. There are indeed good reasons to worry about whether much further delay will not destroy the fundamental basis for the existence of an independent state of Cambodia.

There would appear to be “killing fatigue” and “fighting fatigue” on all sides, not at all surprising when it is remembered that from the time of the Sihanouk overthrow to the Khmer Rouge takeover in 1975, possibly as many as 600,000 people died. The killings of the Khmer Rouge period are too distressful to elaborate on; the killing did not end in 1978 and half a million Khmers are today refugees. The only question now is how many leaders in the Khmer Rouge have had enough. There is the widespread realization among the PRK that they cannot achieve total dominance and sufficient peace and stability; and there is realization on the side of the democratic resistance that they cannot now or in the near future destroy the PRK. The various Khmer factions cannot ignore the changing international environment and the pressures arising from the present policies of their backers. Unfortunately, however, the Cambodian conflict is not a proxy war.

NEGATIVE FACTORS WORKING AGAINST NATIONAL RECONCILIATION

Forceful though some of the above realities are, there are stronger factors working against national reconciliation between the four factions. The sense of mutual suspicion, mutual contempt, and often mutual hatred is understandably intense. (In June in Beijing, for example, Prince Sihanouk said: “One has either to be naive or an idiot to believe that the Khmer Rouge of the 1980s can be different from the Khmer Rouge of the 1970s.”) There is the problem of unequal strengths on the ground, yet, according to the formula put forward by the CGDK, there is to be an equal, quadripartite government. Such a government, should it be possible, can only come about

through compromise. It would mean an unequal burden of sacrifice and an unequal benefit. The PRK believes that it is in control of most of Cambodia. Why should it give this up in order to be 1 of 4? Not to be minimized is the fact that without adequate safety measures, one is asking contending leaders, between whom little love is lost, to reside together within Cambodia—the sheep to lie down with the wolves—which raises the matter of ensuring sheer physical survival. By far the greatest obstacle to national reconciliation at this stage is the fact that while all share some common nationalist aspirations, each group remains intent on pursuing personal and factional interests. And because there is suspicion about whether the universally touted process of national self-determination can be fair or will even be implemented in the end, it is around the issue of power sharing that three-quarters of the problems of reaching a negotiated agreement between the internal players will revolve at this stage. The major outstanding issues—the structure and functioning of the “interim” administering authority; the international control mechanism; disarmament of the fighting forces; the forms and processing of self-determination; and all the questions of sequencing—will all be involved in the fundamental question of power sharing.

The PRK strategy at this stage is patently clear: divide and rule. Its intent is to construct what, in an alliance theory, is called “the minimum winning coalition,” thus ensuring that it shares as little power as possible. The top priority option is to co-opt Prince Sihanouk as a figurehead and to absorb FUNCINPEC, a political arm of the noncommunist resistance. With a powerless prince at the head of a powerless Council of National Reconciliation, and an act of self-determination to be carried out under the auspices of the Council but by the PRK administrative apparatus (who else is there to do the job?) it is gambling on a full and legitimized election to power. The KPNLF strategy is also clear. Since it is by far the weakest faction, it is naturally intent on ensuring the establishment of a quadripartite government.

Prince Sihanouk’s present strategy is also quite plain. First, he would like to stand above the fray and above the 4 factions; thus becoming, in effect, the fifth faction. He would be the fifth force able to hold sway and be the final arbiter. Thus the preference for 4 of everything: 4 ministers for every ministry, 4 armies, a system of government that would ensure perpetual deadlock, and thus, inevitably, a reference to the prince.

The Khmer Rouge’s strategies are harder to discern and prove. But it would not be surprising if the Khmer Rouge feels constrained

to go along with the political game while maintaining its military options. Should a political process of national reconciliation be secured or knocked together, with a lot of external actors doing the knocking, the Khmer Rouge is by no means the only faction capable of adopting a dual track strategy.

Endgame Scenarios

Given this pattern of positive and negative fundamentals, it is not surprising that movement has been greatest at the level of the external conflict. There is a need for intellectual humility in making a projection. Strange things have happened of late and even stranger things may be in train. But one clear possibility is what might be called the "Sideshow Scenario." According to this scenario, the external actors proceed to a resolution of the international dimension of the conflict and more or less wash their hands of the whole matter, leaving the internal actors to sort it out. In terms of international relations, Cambodia becomes a sideshow, out of mind and, with the assistance of the international media, out of sight.

The Khmer Rouge can start the fighting again. Everyone seems to be puzzlingly agreed that they have enough supplies for 2 years, though the fighting could, in fact, go on for substantially longer. China need do nothing. The Soviet Union can cut the war-related assistance to Vietnam and the PRK. The Vietnamese, who appear confident about the PRK, can withdraw in phases, even by the end of this year. All 4 internal players can be left to fend for themselves. The greatest problem will be for Thailand which, presumably, will have to ensure that all fighting Khmers are off their soil and the border is more or less sealed. This could be a partial solution. Thailand's threatening or doing this could, in itself, also be the means of forcing an internal resolution of the conflict. The most likely shorter term outcome could be a tripartite coalition, with Prince Sihanouk and Son Sann and their factions playing various roles.

A second scenario might be called a "Gradualist External Disengagement Scenario" whereby the external players gradually reduce their participation, in keeping with what is likely to be increasing disinterest in full engagement. This does not require the external actors to meet to reach a formal agreement between themselves. A third scenario could come out of the PRK and the Sihanoukists, and possibly the KPNLF, coming to an agreement among themselves, trying to co-opt the Khmer Rouge or part of the Khmer Rouge, and then seeking international guarantees and the agreement of the external

players. This might be called the "PRK Domination Scenario." While a few months ago, one would have expected neither Thailand nor China to go along, this might not be the case in the foreseeable future. A fourth scenario is the "Comprehensive Solution Scenario," the successful conclusion of what is now being tried. A fifth scenario is a return to the middlegame: stalemate at a relatively high level of external engagement and internal conflict. All 5 scenarios are possible. Significantly, the last is perhaps the least likely. It should be noted that while a continued stalemate at the middlegame intensity was and will remain unthreatening and not burdensome to the ASEAN states, China, or the United States times have, in fact, changed.

Southeast Asia in the Nineties

There is reason to suppose that unless history changes direction for reasons that do not now readily suggest themselves, interstate relations between the states of Southeast Asia will continue to improve in relative terms. There are many factors underlying the easing of tensions in the last 5 years. Vietnam is no longer seen as a serious threat, or as being capable in future of being a serious threat. Thailand is now supremely confident and supremely poised to make further headway with regard to comprehensive development and expansion by other, legitimate, means. There is a palpable loss of faith in socialism as a political method, even among the faithful. It has lost appeal throughout Southeast Asia while ASEAN has a great sense of resilience.

The Cambodian issue is likely to continue to lose its power as a serious obstacle to better relations between all the states of the region. Depending on quite a few variables, it is possible to conceive of a South Asian Forum encompassing all of Southeast Asia; it is possible to conceive of an ASEAN of 7, 8, 9, 10—or even 11 members. Security will remain a serious concern of all governments. But more and more, in coming years, as the dominoes fall, the struggle will be seen in economic terms. More and more the states of ASEAN can be expected to turn to the task of extending to the rest of Southeast Asia the zone of peace, goodwill, and cooperation that they have built in the ASEAN community. Many things can go wrong, especially on the economic front, but there are reasons for a degree of cautious optimism.

**THE PHILIPPINES AND THE FUTURE
OF REGIONAL STABILITY**

Dr. Carolina G. Hernandez



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As I remarked at last year's Pacific Symposium, the Philippines is becoming more stable as economic recovery gets underway and stability will increase if the economic recovery can be sustained. Developments in the Philippines during 1988 have furthered the existing trend, even though various problems of poverty, high population growth, and environmental decay continue to pose critical challenges to the country's long-term welfare. It is imperative that the developments in 1988 in the area of economic recovery be sustained if the Philippines are to make any meaningful contribution to future regional stability. The continuing dependence of the country on US military assistance and protection cannot go on indefinitely without serious loss of political credibility on the part of those who govern in the Philippines.

Having said that, the reality of the military presence of the United States on Philippine soil needs to be addressed. While this presence is generally thought to have a stabilizing effect on the region, increasingly it is also becoming politically polarizing and a highly contentious domestic issue for the host country. Government critics have used President Corazon C. Aquino's position on the bases issues as a target for attack, demanding that a decision be made right away and not in 1991 when the Military Bases Agreement (MBA) expires after 1 year's notice.

Because the Philippines, like the rest of ASEAN, believes that genuine and long-lasting stability lies not in external military guarantees, but in the achievement of domestic economic prosperity, social well-being, and political harmony, the struggle to achieve these goals must be a necessary component of any discussion about the Philippine role in regional security and how it can effect future regional stability. Hence, this paper will deal with domestic political and economic developments before addressing the future of the Clark and Subic Bay military bases and the Philippine role in the future of regional stability.

**FROM REVOLT TOWARD NORMALITY:
THREE YEARS OF THE AQUINO GOVERNMENT**

The late Senator Benigno "Ninoy" S. Aquino once remarked that because of the havoc wreaked in the Philippines by martial law

and dictatorship, whoever succeeded to political power would not last 6 months. When President Aquino came to power, speculations on how long she would stay at the helm became a national pastime. This question also gripped not a few foreign observers. President Aquino, however, has stayed in power and has, surprisingly, continued to enjoy immense popularity, even if at a diminished level, in spite of the perception by the average Filipino that nothing much has changed in his country—or in his life, for that matter—since February 1986.¹

Indeed there remain areas where much needs to be done just as there are areas where significant change has taken place. In assessing the Philippines' efforts to achieve stability, one should ask whether the country is better off at present than 3 years ago, or even a year ago. One must also take into account the most basic issues which needed the urgent attention of the newly installed government when Mrs. Aquino came to power if there were indeed to *be* a government to look into other areas of equal priority. Given this perspective, one can be a little less demanding, a little less harsh in assessing the gains achieved by the country since February 1986.

Political-Security Aspects

Political institution-building, in terms of putting in place structures of democratic governance, was almost completed with the ratification of a new Constitution in February 1987, legislative elections in May 1987, local elections in 1988, and *barangay* (village) elections in March 1989. The legislature has been able to enact a number of important laws including the Comprehensive Agrarian Reform Law in 1988. It is natural that competition for turf definition characterizes much of contemporary executive-legislative relations since these are the first executive and legislative officials to serve under the new constitutional order. Overriding political ambition is also apparent among many in the legislature who dream of becoming president after Corazon C. Aquino's tenure.

The judicial branch has undergone a reorganization which reduced the number of undesirables in that branch. The current Chief Justice of the Supreme Court, Marcelo B. Fernan, has launched a major reform program designed to upgrade not only the competence of the members of the judiciary, but also to speed up the delivery of justice. Cognizant of the critical role this plays in winning support for the new constitutional order and popular support from the communist insurgency, the present judicial leadership has relentlessly pursued

the reform program despite financial obstacles and the forces of inertia in its ranks. Reform of the military has apparently yielded some tangible fruits in terms of punitive measures being taken against erring soldiers and in terms of an apparent turn in the tide of the communist insurgency's popularity in the government's favor in 1988.

The Department of National Defense (DND) claimed that it had "stemmed and reversed the tide of communist insurgency"² and had achieved 6 "firsts" in military security operations. These include the decline in the regular strength of the Communist Party of the Philippines/New People's Army (CPP/NPA) by an unprecedented 8.4 percent over 1987 (or, from 25,200 to 23,060 NPA regulars); the achievement of a favorable firearms loss ratio with a net gain of 618 firearms recovered from the NPA; a significant reduction (7 percent decrease from 1987) in the number of rebel-influenced *barangays*; the highest number of captured rebel leaders in a single year; and the lowering of the combat fatality ratio of government troops from 1:1.5 to 1:2.1.³

These "firsts" were perhaps achieved partly as result of the military's attempt to improve its image and to win popular support. Another factor was the adoption by the CPP/NPA of a hard-line approach focusing on military operations, to the apparent neglect of subversion—the thing it does better than guerrilla warfare—through its front organizations, in an apparent belief that it had achieved strategic stalemate vis-à-vis the Philippine government.⁴ The insurgency's pro-people appeal becomes questionable against the background of its hard-line approach. This involved uprooting trees to strike back at loggers who refuse to pay revolutionary taxes; burning bridges (and thus cutting off people's access to markets and schools), in an effort to inconvenience the military; and purging suspected deep penetration agents.

Filipinos have also stood their ground against both the NPA and the military, demanding and creating peace zones where combatants from both sides are no longer allowed to operate. These zones are to be found in the Cordilleras in the North, Bicol in the Southern Philippines, Samar in Eastern Visayas, and even in Mindanao. Filipinos want an end to war so that they can begin to address the basic problems of food and freedom, jobs and justice.

The persistence of popular clamor for peace and for the resumption of peace talks, between the government and the communist and Muslim insurgents, has struck a responsive chord in the government.

President Aquino expressed the government's willingness to resume peace talks with the rebels. Unfortunately, the initial response from the CPP/NPA through the National Democratic Front (NDF) spokesman Satur Ocampo imposed the pre-condition that the government should first exercise the option to terminate the MBA when it expires in 1991 before peace talks can begin. Such a condition is unlikely to be accepted by President Aquino who wishes to keep her options open until 1991.

Civil-military relations have also improved. While there remain renegade soldiers with some allies in the active service, they no longer appear to have the capability to overthrow the government. They are capable of staging what a senior military officer calls "media events" but not a serious coup d'état. The great majority of the officers have adjusted to the new constitutional order. The changed attitude is, in part, due to the apparent conjunction of military and civilian political thinking regarding the prosecution of the communist insurgency and government's redress of military grievances in the area of superannuated generals, promotions, salaries, and human rights. Quite a sizable number of generals earned their promotion under the new dispensation; President Aquino can count on their loyalty not only to the new constitutional order but also to the present leadership.

Unfortunately, allegations of human rights violation by military and paramilitary forces continue. The Philippines was cited by several international human rights groups, and even the US State Department, as one of the worst human rights performers in 1988. Some in the military allege that this is part of a propaganda drive against the present government by the NDF that is being carried out through international agencies. Filipino citizens are naturally disturbed by these allegations against a government that is founded on a promise of respect for human rights and a new moral order.

Economic Aspects

The biggest achievement of the government is in the area of the economy, which posted a 6.7 percent GNP growth in 1988, a growth which could have been higher had not destructive typhoons hit the country during the last quarter of the year. This growth was in excess of the target of 6.5 percent set by the National Economic Development Authority (NEDA). While the growth remained consumption-led, there are indications that this could be replaced by an investment-led growth in 1989 with the entry of new foreign investments. These investments hit \$1.2 billion in 1988 and are expected to

grow in 1989 as Thailand's investment absorbability reaches its limit and as Taiwan and other "tiger" economies in the region search for new places of investment to get around the suspension of the Generalized System of Preferences (GSP) by the United States for their products. Taiwan accounted for nearly half of the new investments in the Philippines in 1988, mainly in the field of real estate.

The highest growth (8 percent) was posted by the industrial sector while agriculture lagged behind, although it also grew to some extent, together with fishery and forestry, by 5 percent. This lag is due to the devastation caused by several typhoons; the shortage of agricultural credit; and ecological deterioration due to rapid population growth and poor government management. The importance of arresting environmental decay through strict conservation policies and population control needs to be fully appreciated by significant groups in both the government and society.

The sustainability of this level of growth is in question, not only because of adverse global economic conditions (including the anticipated increase in the price of oil) but also because of the onerous debt burden which stands at \$28.2 billion. The Philippines will use over 50 percent of its 1989 budget to service its debt so that it can continue to earn the good housekeeping seal of the World Bank and the International Monetary Fund (WB, IMF). This will no doubt affect economic growth.

While there are no easy solutions to the debt burden, anti-debt activists argue that the country has no option but to restrict debt repayments if economic growth is to be sustained. There is no way that economic growth can be sacrificed if political stability is to be fully realized. Ironically, experts claim that between 1987 and 1992, the Philippines will be paying \$16 billion (for debt repayments) more than it will be receiving from advanced industrialized countries in trade, investment, and aid.⁵ How can the Philippines cope if its economic growth is severely limited by debt repayments? The worst part is that servicing the foreign debt under present circumstances would mean limiting growth rate, and if the reduction of the debt burden over time lies in effective long-term growth, as the World Bank claims, such easing off of the burden may be too long in coming, in which case political and security goals, vital to overall economic well-being, could very well be compromised.⁶

Another aspect of Philippine society that militates against economic well-being is the high rate of population growth, estimated

to be between 2.4 percent and 2.8 percent annually. This compounds the problems of unemployment and poverty which stood at 9.1 percent and 5.2 percent respectively in October 1988. Poverty cannot be solved by the redistribution of wealth alone because there are definite ceilings on the land and other resources which are required to sustain human life. An effective population program is an imperative which must be squarely faced by the government at this time.

Despite continuing difficulties in the political, security, and economic fields, substantive gains have been made in restoring a modicum of stability and economic growth that has facilitated the gradual return to normalcy. A democratic political structure is now in place, extremists are being thwarted in their goal of toppling the government, and the economy has been turned around. It is significant that since August 1987, extremists of the right have not been able to stage any coup attempt against the government. This has driven many foreign media people away from Manila to other Asian capitals where political events are more exciting.

THE FUTURE OF THE MILITARY BASES

The MBA expires in 1991 upon one year's notice by either party. For the remainder of the agreement, the United States has pledged to exert its best efforts to deliver a compensation package worth \$962 million in hard components. Other concessions include the freeing of the Economic Support Fund (ESF) for whatever uses the Philippines sees fit, and the acknowledgment that permanent facilities in the bases belong to the Philippine government. The review agreement also required that the United States obtain prior approval from the Philippines for storage or installation of nuclear, chemical, or other non-conventional weapons at the bases. Unfortunately, the review agreement skirted the new constitutional mandate for a nuclear weapons-free Philippines by continuing to recognize the neither confirm nor deny policy of the United States for transits, overflights, and ship visits by nuclear-class vessels and aircraft on Philippine territory. As a result, the review agreement was severely criticized as contravening the new constitution by anti-base advocates in and out of the Philippine Senate.

While pro-base sentiments (provided beneficial terms are secured for the Philippines) are probably held by a majority of Filipinos, support appears to be growing for the notion that the bases should not remain in the Philippines indefinitely and certainly not under the current MBA. The presence of the US bases has polarized

significant groups of Filipinos and has been used by the CPP/NPA as a battering ram against the government. It is offered as Exhibit A in its portrayal of the present administration as the "US-Aquino dictatorship."

In order to assist the government in making a decision on the bases after the expiration of the MBA in 1991, the secretary of foreign affairs sought to determine if an ASEAN consensus could be arrived at. Not surprisingly, his consultations with member countries prior to the Manila Summit in 1987 failed to achieve this goal. Except for Singapore, which believed that the bases were necessary for regional security, the other ASEAN states considered the bases a bilateral concern between the Philippines and the United States. It is not clear whether Secretary Raul S. Manglapus really thought that an ASEAN consensus on the bases was possible or not. If he knew beforehand that agreement was likely, the "failure" of his mission meant that the future of the bases could be decided, irrespective of a role in regional security, should the Philippines determine that hosting the bases beyond 1991 was no longer either politically feasible or economically worthwhile.

Filipino grievances related to the bases are often not understood by other nations in the region. Not having been American colonies, they have no appreciation of the difficulties posed by the continuing presence of the bases, at a time when the Philippines seeks meaningful independence and national sovereignty. Not having been privy to years of struggle to remove the remaining colonial impediments to sovereignty, they think Filipinos are just overly sensitive about their relations with the United States. Historical records show the undue advantage exacted by a superior power from its weak ward and, after the restoration of independence in 1946, from its equally weak partner. The struggle to remove the objectionable features of the MBA has been marked by Filipino frustration and US reluctance to yield, in a reasonable way, to Filipino aspirations.

Even the Japanese fail to appreciate Filipino sentiments on the matter. At a recent conference on ASEAN and Japan, our Japanese counterparts asked the Filipino participants, "Why are you so anti-American?" Their bafflement seemed genuine, and so we patiently tried to explain that we are not really anti-American but merely voicing an assertion of what we feel ought to happen in Philippine-American relations as we seek to improve the present state of affairs. Perceptions that the United States exerts an inordinate influence on

Philippine foreign relations has led the Philippines to seriously attempt to develop a truly independent foreign policy. One of the perceived impediments to independence is the continuing presence of the bases in the country and conditions that we find objectionable. Because the MBA is tenable until 1991, the government feels obligated to honor the agreement for its lifetime. The question is: what is likely to happen after that?

The decision-making environment for this issue has substantially changed in recent years. Not only is the clamor against the bases becoming stronger, it is expanding beyond its original advocates among the left wingers and the so-called Nationalist bloc. It now includes individuals with different political orientations as well. The new Constitution also set the limits of what is possible through its nuclear weapons-free provision and the transitory provisions which define under what conditions a new agreement on the bases could be concluded. These include the two-thirds' concurrence of the Senate; the recognition of the agreement as a treaty by both parties; and, if necessary, the submission of the treaty to the electorate in a special plebiscite.

The present Senate is composed of members who are mostly against the extension of the MBA and who are likely to be persuaded to vote against a new bases treaty by the Senate leadership. It is suspected that the Senate's known opposition to the bases could be the rationale behind the proposal to abolish the chamber and revert to the unicameral system of the previous regime. The abolition of the Senate would make the transitory provision requiring Senate concurrence to a new bases treaty obsolete and thus remove one important impediment toward a new treaty.

The notion that the bases are not permanent is becoming popular among opinion leaders. It is interesting that in 1987 two studies submitted to the Senate Foreign Relations Committee proposed an agreement to phase out the bases. One argued for deferred termination and the other for immediate termination of the MBA.⁷ Both studies proposed the conclusion of an agreement that would, in effect, phase out the bases within a certain period, during which the Philippines could prepare itself for the time when US military forces and facilities would no longer be present.

A number of government officials are apparently inclined to support a phase-out. Recently, Defense Secretary Fidel V. Ramos argued for a phase-out by 1998, to mark the centennial of Philippine independence from Spain. However, his proposal is for an extension of

the present MBA. He also made it quite clear that this is his personal opinion and must not in any way be taken as the position of the executive department, much less that of the government itself. Ramos' posture is markedly different from that of two earlier studies which argued for either a new agreement for phase-out or a withdrawal agreement. A mere extension of the MBA would not solve issues regarding sovereignty and other objectionable features of the agreement.

Earlier, Emmanuel B. Pelaez, Philippine Ambassador to the United States, advanced the proposal later aired by Secretary Ramos. This idea coincides with one expressed by former Secretary of State George Shultz, who thought that the United States would require at least 5 years from 1992 to withdraw from the Philippine bases. Coincidentally, despite the Soviet offer to withdraw from Cam Rahn Bay if the United States pulled out of the Philippines, the Soviet Foreign Minister announced during his recent visit to Manila that the Soviet Union did not intend to drive a wedge between the Philippines and the United States and that the Soviet Union would like to see a global dismantling of foreign bases and troop withdrawals by the year 2000. This made a prominent Philippine newspaper suggest that "the superpowers have already felt each other out on the bases."⁸ The suggestion is that Philippine government officials could simply be toeing the superpower line on this issue.

Regardless of whether it is somebody else's line, the phase-out proposal appears to be the most desirable for all the concerned governments. A phase-out suggests a period of transition where foreign military presence is progressively reduced until the final stage of complete pull-out is achieved. It also offers several advantages. These advantages include the following:

1. It will provide the United States with the lead time it needs to develop alternative arrangements, such as parcelling off its bases among a number of countries in the region, while political costs for the continuing presence of the bases in the Philippines are reduced.
2. It will provide countries in the region the lead time they need to build political and diplomatic fences of security and prepare for the time when foreign military bases, for one reason or another, will no longer be present in their midst.

3. It will contribute to the gradual realization of ASEAN's goal to make the region a Zone of Peace, Freedom, and Neutrality.
4. The present host country will be assisted, in the least destabilizing manner, in gradually converting the bases to whatever uses it may see fit.
5. It will, hopefully, facilitate the eventual development of a measure of self-reliant defense in the Philippine armed forces.
6. It will deprive the CPP/NPA of a major rationale for carrying out the insurgency.
7. It will shore up the remaining goodwill the United States enjoys in the Philippines and, thus, preserve the good things which remain in Philippine-American relations.

A gradual phase-out will assure the containment of whatever destabilizing effects the withdrawal of US presence in the Philippines might entail. Because of the increasing politicization of the bases issue and constraints imposed by new constitutional arrangements, a gradual phase-out is preferable to a situation where the Philippine government is left to the buffeting of domestic demands for the immediate removal of the bases. This could erode gradually improving political stability and might even reduce the popular support enjoyed by the present government.

One concern that is often expressed by observers is that the withdrawal of the United States from the Philippines would almost certainly lead three major powers in the region to step into the vacuum left by the United States, or to assert their dominance in the region. These three powers are the Soviet Union, Japan, and China. Such a view, however, assumes that contemporary military and political realities in the region will extend into the future, or that the US military presence will be completely removed from the region. If the Soviet proposal that foreign bases and troops be withdrawn from the region by the year 2000 becomes effective, the context of regional security might change substantially to make this concern no longer realistic.

In the case of Japan, its fears regarding the alteration of the status quo stem from the dispute over the Northern Territories, some of which have been militarized by the Soviet Union, and from concern about the security of the sea lines of communication from its oil

sources in the Gulf through the international straits and the South China Sea to Japan. Complete removal of a US presence in the region would compel Japan to rearm. However, a gradual phase-out and the possibility of burden-sharing through bases-sharing followed by the eventual withdrawal of *all* foreign troops from the region should reduce these fears considerably. Another positive development is the Soviet New Asia Policy seeking accommodation, tension reduction, and confidence-building among the states in the region.

In the case of China and the Soviet Union, domestic prosperity and social well-being are urgently necessary to their societies. The domestic imperatives clearly point to the need for priority economic development in their national agenda. They will be preoccupied with this need and will want a stable regional environment for undertaking this task. Hence, the prospects of a relatively peaceful region are very good at present.

JAPAN'S ROLE

Japan's search for security is constrained by its own uneasiness regarding its ASEAN neighbors who were victims of Japanese aggression during the war, and still harbor latent suspicion about Japanese long-term motives. Thus, Japan, saddled by the burden of the past, has difficulty making unilateral moves which could fan ASEAN fears. Japan's partnership with the United States remains an important vehicle through which its security concerns are protected.

Persistent problems in the US-Japan relationship, especially "Japan bashing" in the United States, must impel Japan to consider other options, such as another role in addition to the economic one. The potential new role would be political or military. Japan appears anxious to determine the sentiments of its neighbors regarding its new role which could also enable Japan to respond to US demands for burden-sharing. The United States seeks the means by which the twin deficit might be redressed, but the burden of the past still lies heavily on Japanese shoulders and is still evident in ASEAN attitudes. It is very necessary for Japan's close cooperation and consultation with ASEAN to continue. If undue fears of Japanese remilitarization are not to develop, Japan should also continue to support ASEAN's objective of creating a stable regional order through the national resilience of its members. This is where Japan can make the most lasting contribution to the establishment of regional security. Japan should give serious attention to ASEAN's appeals for trade liberalization and improved grant-loan mixes in Japan's Official

Development Aid since these would further the attainment of economic prosperity in the region.

In the case of the Philippines, Japanese enthusiasm in participating in the Multilateral Assistance Initiative (MAI), a mini-Marshall Plan for Philippine economic recovery, is noteworthy. The Philippines can make good use of the \$10 billion assistance package spread over five years envisaged by MAI. It is clear that these resources should be devoted primarily to rural development, the Comprehensive Agrarian Reform Program (CARP), and infrastructure development. The latter includes rationalization and upgrading of roads, bridges, transportation and communication facilities, and education. The quality of Philippine human resources needs to be upgraded, because these are the resources that any type of development goals should serve.

The MAI should also be used to arrest rapid population growth and environmental decay, two areas which have reached critical proportions in recent years. Because of the scope of the tasks that lie ahead in securing Philippine recovery, the MAI should not be linked to the future of the bases. The neglect of socio-economic problems outlined above would only erode whatever value the maintenance of the bases in the Philippines symbolizes because an escalation of social unrest is the most likely result.

TOWARD A REALISTIC PHILIPPINE CONTRIBUTION TO FUTURE REGIONAL STABILITY

The Philippines can contribute to future regional stability by redressing key domestic social, economic, and political problems which cause social unrest, revolt, and insurgency. The ongoing communist insurgency and Moro secessionism force the Philippines to fight a war while simultaneously attending to the removal of the causes of insurgency. It needs all the assistance it can get. Friendly countries should consult the Philippine government about the best means to assist in this effort. Hence, consultations with key ASEAN leaders, Japan, the EEC, the United States, China, and even the Soviet Union should be encouraged.

The Philippines' modest success in reversing negative economic trends is a small, important step toward the achievement of long-term stability. While the communist insurgency suffered some setbacks in 1988, the prosecution of the insurgency through military operations cannot lead to eventual long-term success unless the

causes of social unrest are removed. This is why the conventional approach to debt repayment has serious implications for the generation of resources to build industries, create jobs, build schools, and deliver health and other social services to the people.

The immediate removal of the US bases would be destabilizing not only for the region, but also for the Philippines itself. Hence, a stage-by-stage phase-out is probably the most reasonable approach to adopt. It may be possible to get both nations to adopt this position provided the phase-out agreement clearly defines the time frame, the obligations of each party during each stage, ownership of various components of the military facilities, criminal jurisdiction, labor conditions, and the like. Undoubtedly, this will be a difficult process but it will make a valuable contribution to future regional stability. In sum, a Philippine contribution to regional stability is concomitant to the achievement of national resilience and the building of friendly relations with its regional neighbors rather than in hosting the military bases indefinitely.

NOTES

1. For a review of the Philippines in 1988, see Carolina G. Hernandez, "The Philippines in 1988: Reaching Out Towards Peace and Economic Recovery," *Asian Survey*, forthcoming, February 1988.
2. From the year-end accomplishment report of the Department of National Defense as cited in the editorial, "Toward Greater Stability in 1989," *The Manila Chronicle*, 2 January 1989, p. 4.
3. Antero Soriano, "Insurgency tide reversed—Ramos," *Manila Standard*, 28 December 1988, p. 6.
4. Tom Marks, "The NPA misfires in the Philippines," *Asian Wall Street Journal*, 31 January 1989, p. 10.
5. "UP Economics push for confrontation debt tack," *Business Star*, 21 December 1988, p. 6.
6. Hernandez, "The Philippines in 1988."
7. Of the two studies, that by Narciso G. Reyes, David Sycip, and Carolina G. Hernandez was for deferred termination, and that by Edmundo Garcia and Francisco Nemenzo for immediate termination.
8. "Nothing New," editorial of the *Philippine Daily Globe*, 28 February 1989, p. 4.

ASEAN SECURITY AFTER KAMPUCHEA

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The 1990s portend a transition in Southeast Asian international politics parallel to the global counterpart. The scope of these changes will be comprehensive, affecting all regional actors; their direction will be toward a depolarization of security arrangements in which the alignments formed from the 1950s through the 1970s will evolve into more porous arrangements. External mentors (the United States and the Soviet Union), while still active players in Southeast Asia, would no longer claim a dominant influence in regional politico-military affairs. Interactions between Association of South-eastern Asian Nations (ASEAN) members and the Indochinese states (Vietnam, Laos, and Cambodia) will grow in tandem with new opportunities for Soviet and American economic relations with yesterday's adversaries.*

This transformation in regional security will develop from a combination of propitious circumstances in which the actors primarily responsible for the confrontation of the previous three decades are simultaneously seeking change:

- Vietnam is militarily weary, economically exhausted, and politically in crisis as the ruling party faces rampant cynicism throughout the society.
- Both the Soviet Union and China prefer to concentrate on economic construction and are working to effect a mutual détente which will include Southeast Asia.
- Faced with a massive balance of payments deficit and a declining dollar, the United States foresees a lengthy period of no growth defense budgets and a continued low priority for Southeast Asia as a region for naval and air deployments.

While these conditions suggest a more relaxed security situation for Southeast Asia in the coming years, they do not explain how current problems will be resolved or whether the alterations on the horizon will occur smoothly. Recalling that the polarization of the last three decades at least had a comforting predictability, statesmen now face

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the more discomfiting prospect of new ties with old enemies while attempting to retain some security guarantees from the current order.

This paper examines the major unresolved security issues in Southeast Asia and assesses prospects for their resolution during the forthcoming era of political transition. ASEAN's creation in the late 1960s was based on the belief that local disputes were wasteful and self-defeating. Political consultation to resolve local problems and to present a united front against external challenges would enhance the ability of each state to insure its own integrity. Moreover, reliance upon friendly outside powers for security guarantees by most ASEAN members (Philippines, Thailand, Malaysia, Singapore) was accepted since it fit the general belief that regional order should not be based on a regional concentration of power. The absence of a strong military component in ASEAN affairs meant that all the Association could offer a threatened member would be diplomatic solidarity. In the case of Vietnam's occupation of Cambodia, ASEAN's record of support of Thailand proved exemplary. Effective coordination of ASEAN diplomacy against Hanoi's invasion raised the worldwide esteem in which ASEAN was held. Unfortunately, however, the Cambodian conflict also underlined ASEAN's greatest weakness: an inability to protect Southeast Asia from the intrusion of unwanted external powers as mentors to regional adversaries—in this case, the Soviet Union for Vietnam and China for Thailand and the international pariah Khmer Rouge.¹ Resolution of local conflicts and the extrication of outside actors has become ASEAN's primary security goal as the 1990s approach.

ASEAN SECURITY CAPABILITIES

If the ASEAN states are to manage their own security environment, then they must develop the capabilities to act in a regional setting. In fact, the armed services of these states began to create air and naval forces in the mid- and late-1970s as their economies grew sufficiently to permit the expansion of military budgets. This ASEAN shift from a predominant concern with internal insurgences to the establishment of conventional forces with limited power projection occurred for several reasons: the atrophy of communist insurgent groups in the late 1970s following the split between China and Vietnam and increased political and economic stability within ASEAN societies (excepting the Philippines); concern in Singapore, Thailand, and Malaysia particularly about the military capabilities and intentions of Soviet-supplied Vietnam after its invasion of Cambodia; and

the realization that to defend and exploit 200-mile Exclusive Economic Zones (EEZs) required air and maritime surveillance. By the late 1980s ASEAN governments had acquired respectable regional power projection forces. Several ASEAN states were also upgrading their air and naval inventories in anticipation of maritime defense needs in the 1990s.²

In addition to acquiring a squadron of F-16s, Singapore is upgrading 50 A-4s with F404 engines which increase thrust by 20 percent while reducing aircraft weight by 1,000 lbs. The retrofitted A-4 needs 30 percent less runway, and has 40 percent better acceleration, in effect creating a virtually new air-to-air fighter. Combined with E2C AEW aircraft, the Singapore air force can detect hostile planes at a distance of 400 kilometers, providing an extra 30 minutes to react. With air-to-air missiles, Singapore F5-Es and A-4s constitute a formidable regional air defense around the Strait of Malacca.³ Significantly, Indonesia will provide the Singapore air force with a weapons exercise range in Sumatra being prepared for the joint use of both countries. Thus, Indonesia will be added to Brunei, Thailand, the Philippines, and Taiwan as locations for permanent Singaporean military training facilities.⁴

Malaysia will upgrade its defense establishment with \$3 billion worth of new arms from Great Britain, to include two squadrons (24) of Tornados and two submarines. The Malaysian army will add 50 new 105mm and 150mm artillery pieces as well as short-range surface-to-air missiles and air defense radars. In effect, these acquisitions when employed in the mid-1990s, will transform Malaysia's military from a counter-insurgency force into one designed to fight a limited regional conflict. (The only other ASEAN member operating a submarine is Indonesia.)⁵

Malaysia's broad-gauged force modernization is motivated by concerns over the Soviet naval buildup at Cam Ranh Bay, concern over Vietnam's intentions in the South China Sea, and China's growing blue water capability—all in the vicinity of Kuala Lumpur's offshore oil and gas production wells near the disputed Spratly Islands. Unlike the F-16, acquired by Thailand, Singapore, and Indonesia and primarily viewed as an air superiority aircraft, the Tornado can also be used in ground and naval attack roles. Moreover, the Tornados would be more than a match for Vietnam's Mig-23s.⁶

For Thailand, the F-16 adds an offensive dimension which could be used to hit Vietnamese staging areas in Laos and Cambodia.

ASEAN States and Vietnam's Armed Forces Equipment 1986-1987

Country	Army	Navy	Air Force
Indonesia	Tanks: 100 AMX-13 41 PT-76 AFVs: 114 APCs: 400 Artillery: 170 105mm ATKs: 480 M67s Helicopters: 145	2 Submarines 12 Frigates armed with Harpoon SSMs 3 Corvettes armed with Exocet SSMs 8 FACs armed with Exocet SSMs 2 Minesweepers 75 Amphibious Ships 17 Combat Aircraft 12 Armed Helicopters 5 Marine Regiments (12,000)	81 Combat Aircraft 29 Skyhawk A-4s 14 Northrop F-5s 13 OV-10F Broncos 8 F-16s (on order) 12 Armed Helicopters Remainder Misc.
Malaysia	Tanks: 26 Scorpion AFVs: 394 APCs: 619 Artillery: 206 105mm ATKs: 155	4 Frigates armed with Exocet SSMs 16 FACs armed with Exocet SSMs 4 Minesweepers 2 Amphibious Ships	72 Combat Aircraft 39 A-4s 18 F5 E/Fs 12 P-7s 3 C-130s
Philippines	Tanks: 28 Scorpion AFVs: 45 APCs: 220 Artillery: 260 105mm 12 155mm ATKs: 3	3 Frigates 18 Corvettes 13 Armed Patrol Craft 78 Amphibious Ships 9500 Marines (Much of the above equipment is unserviceable) 2 Ex-US destroyers on order	51 Combat Aircraft 12 F-8s (phasing out) 10 F-5 A/Bs 26 T-28Ds 3 F-27s 41 Bell UH-1H Helicopters 25 Airlift Aircraft
Brunei	Tanks: 16 Scorpion AFVs: 2 APCs: 24 SAMs: 12	3 FACs armed with Exocet SSMs 2 Amphibious Ships	18 Armed Helicopters
Singapore	Tanks: 300 AMX-13s APCs: 1000 Artillery: 108 155mm ATKs: 90 AD Guns: 80	12 FACs armed with Gabriel SSMs 2 Minesweepers 1 Corvette (on order)	180 Combat Aircraft 76 A-4 Skyhawks 29 F-74 Hunters 4 T-75s 35 F5-E/Fs 2 E-2C AEW 59 Helicopters 8 F-16s and 2 E-2Cs (on order)
Thailand	640 Tanks (half in reserve) 88 AFVs 670 APCs Artillery: 18 130mm 184 155mm 40 105mm ATKs: 150 AD Guns: 150 175 Helicopters	6 Frigates 2 Corvettes armed with 8 Harpoon SSMs 6 FACs armed with Gabriel and Exocet SSMs 9 Minesweepers 42 Amphibious Ships Naval Air: 25 Combat Aircraft: S-2Fs and F-27s	160 Combat Aircraft 18 F-5As 36 F-5E & Fs 35 OV-10Cs 26 AV-23As 12 A37-Bs 6 AC-47Ds 20 N-22Bs 3 ELINT Aircraft 49 Cargo 47 Helicopters 8 F-16s on order
Vietnam	2050 Tanks 20 AFVs 2700 APCs Artillery: 200 130mm ATKs: numerous AD Guns: 3000 SAMs: SA-7	7 Frigates armed with Styx SSMs 65 FACs 29 Amphibious Ships 27,000 Marines	270 Combat Aircraft 30 Mig-23s 40 SU-20/22s 200 Mig-21s 135 Cargo 200 Helicopters

The decision to acquire the aircraft was made in 1983 when Vietnamese intentions and actions along the Thai border were far from clear. Additionally, because Thai logistics have been so rapidly expended in protracted border fights against Vietnamese army units, Bangkok has also made arrangements for a \$100 million joint weapons stockpile with the United States. In fact, Thai defense officials are developing parallel supply sources: heavier fighter technology, more sophisticated and expensive systems, such as the F-16, from the United States and lighter, more easily maintained, cheaper weapons from China, including light tanks, armored personnel carriers, 130mm artillery, minesweepers, and four frigates. The Chinese weapons will be sold at approximately 10 to 30 percent of their market value.⁷

These large-scale conventional weapons acquisitions imply that, despite Vietnamese promises to withdraw from Cambodia in 1990, Thai authorities still see Indochina as a major threat to Thailand's security. Growing dependence on Beijing for weapons and plans for a Chinese arms stockpile in Thailand have worried Indonesia and Malaysia, however. Jakarta is particularly concerned that the stockpile could be used to supply the Khmer Rouge, thereby delaying a negotiated settlement to the Vietnamese occupation of Cambodia.⁸ The longer-term meaning of the arms supply relationship with China indicates a Thai decision to keep a cap on its defense budget so as not to inhibit economic growth while simultaneously developing a significant regional capability to control its air and maritime zones as well as its land borders.

The only ASEAN military which remains devoted exclusively to counterinsurgency is the Philippines'. Military authorities have bemoaned the obsolescence of the air force and navy, noting that the average age of air force planes is 35 years, while the country's ships are at least 45 years old. In effect, neither service can provide credible defense. Indicative of the Philippines minimal sea defense capability was the navy's admission that it could not defend the Turtle Islands, jointly claimed by the Philippines and Malaysia, in the event of a Malaysian decision to occupy.⁹

ASEAN's smallest member, Brunei, will probably affiliate with Malaysia and Singapore in the Five Power Defense Arrangement (FPDA) by the early 1990s. Brunei already has strong defense ties with FPDA members who regularly train in Brunei's jungle territory. The FPDA itself (Malaysia, Singapore, Australia, New Zealand, Great Britain) is welcomed by the other ASEAN states. There seems

to be little regional sentiment favoring its dissolution. To the contrary, the possibility exists for an expansion of the current Integrated Air Defense System (IADS) among the 5 to include Thailand and Indonesia as they acquire AEW and F-16s. Adding Bangkok and Jakarta to the FPDA air defense arrangements would virtually create an ASEAN-wide system for monitoring the sea and air spaces of Southeast Asia.¹⁰ Thailand and Indonesia, Indonesia and Malaysia, and Thailand and Malaysia exercised regularly in the late 1980s so that their armed forces are already experienced in joint maneuvers.

THE USSR, CHINA, AND ASEAN

From Khrushchev's time, Soviet status in world affairs has been inordinately based on a single dimension—military power. Although a noteworthy achievement, by the 1980s even that dimension was threatened with rapid deterioration as Russian technological development lagged badly behind the West. Simultaneously, Russian-style communism lost its luster as a politico-economic model for developing states when the Soviet economy fell even further behind world standards. For Gorbachev, the challenge is to rebuild the economic, political, and social basis of his country—the underlying structure of the USSR as a superpower. To achieve these ends, resources must be retransferred from military to civilian activities.

There appear to be 3 new axioms in Gorbachev's security thinking:

- Security is mutual; Soviet security cannot be enhanced at the expense of other states' security;
- Reasonable sufficiency should be the combat basis of Soviet armed forces;
- Soviet strategy should be based on defensive not offensive capabilities.¹¹

The emphasis on stability provides doctrinal support for politico-diplomatic efforts to reduce regional tension. Yet, these efforts could also jeopardize Soviet relations with important allies, such as the Vietnamese, who may have to abrogate their own security objectives while Moscow reforms its Southeast Asia policy. One interpretation of the doubling of Soviet aid to Vietnam to approximately \$2 billion annually is that it so increases Hanoi's dependency that the latter has no choice but to support Moscow's policy for a negotiated solution to the Cambodian occupation.¹²

ASEAN is a far more important component of Southeast Asia than is Indochina with 4 times the latter's population and territory. If the Soviets can reduce the regional perception of Vietnam as a threat to stability, then Moscow can accentuate trends toward multipolarity, weakening the US linkage. Beginning with his Vladivostok speech in July 1986, followed by an interview with the Jakarta newspaper *Merdeka* a year later and the Krasnoyarsk address in September 1988, Gorbachev has outlined an Asia (and ASEAN) policy designed to invigorate bilateral relations through economic opportunities.

Moscow has proposed joint ventures, ship repair contracts for the Philippines and Thailand, ship building contracts to Singapore, offered to buy Thai rice (especially after the United States failed to honor its commitment), and proposed expanded trade relations with each ASEAN member.¹³ Taking a page from the policy books of the United States and Japan, the Soviets have even offered to assist the Philippines economic recovery through a multimillion dollar assistance package of loans, grants, and technical aid.¹⁴ Nevertheless, Soviet economic inroads have been limited by an inability to provide either the quantity or quality of Western trade, services, and investment. In fact, Soviet exports to ASEAN have declined in recent years because of complaints about obsolescent equipment and difficulty in obtaining spare parts.¹⁵ It seems that any significant enhancement of Soviet economic links to Southeast Asia must await the success of *perestroika* rather than being a component of it.

Politically, the Soviets may be more successful. In his message of greetings to the December 1987 Manila ASEAN summit, Gorbachev, apparently for the first time, unreservedly endorsed ASEAN's Zone of Peace, Freedom, and Neutrality (ZOPFAN) concept, tying it to the achievement of a Southeast Asian nuclear-free zone.¹² Thus, the Soviets have endorsed ASEAN's most cherished security goal, a policy the Americans do not approve. Soviet officials have also reassured the Philippines that it is not a target for nuclear attack despite the presence of US bases and that no support comes from Moscow for communist rebels.¹⁷

Unlike the Soviet Union, which is very much on the outside trying to get in, China sees itself as an ASEAN ally, benefiting from its backing of ASEAN's efforts to elicit a Vietnamese withdrawal from Cambodia and from its staunch support for Thailand as the front line state. This current advantage may well be vitiated, however, over

time. Indonesia and Malaysia worry about China's ties to the Khmer Rouge and its growing blue water naval capability in the South China Sea. Indeed, China is seen as more of a long-term threat to Southeast Asia than is the Soviet Union—a superpower whose homeland is far away and whose forces serve to balance those of the PRC. ASEAN leaders remember that the communist insurgents they battled into the 1970s all identified with Maoism, despite Beijing's disclaimer of any material aid. (Ironically, Chinese assistance to the Cambodian resistance recalls the PRC's earlier backing for revolutionaries bent on overthrowing ASEAN governments.)

Even China's modernization policy under Deng Xiaoping, which requires a lengthy period of peace, is viewed suspiciously by many ASEAN analysts, who see its ultimate purpose as being to augment China's military capabilities. Thus, US aid to the PLA (People's Liberation Army) is considered misguided insofar as it enhances Chinese air and maritime strike capabilities.¹⁸ These concerns appear overdrawn, however, when China's military industries are examined. Bomber and fighter factories have been converted primarily to civilian production, turning out only three or four military aircraft per year. Moreover, US assistance for the avionics of China's F-8 is for a defensive interceptor, not an offensive fighter-bomber. Much the same situation applies to the navy. Naval shipyards are devoting most of their construction time to merchant vessels as part of the economic modernization program. The military ships being built are 1950s- and 1960s-pattern frigates, destroyers, patrol boats, and diesel submarines, whose primary task would appear to be sea defense against the USSR.¹⁹

To mount an attack on ASEAN, China would have to reorder its domestic priorities and change its defense doctrine, risk weakening its ability to counter the Soviet Union, and jettison its efforts over the past 15 years to establish good political and economic relations with the Association, in addition to destroying its relationship with the United States and Japan.

Chinese analysts believe their greatest security-diplomatic success within ASEAN to be the bonds the PRC has forged with Thailand. For a decade Thailand has cooperated in the shipment of Chinese supplies to the Cambodian resistance and has benefited from Chinese military pressure on Vietnam. In 1987, Beijing began to sell a range of military equipment to the Thai army at giveaway prices; and in 1989 negotiations began for the creation of a Chinese-supplied arms stockpile in Thailand, an unprecedented event for both

countries. Creation of the stockpile would institutionalize the special relationship between Beijing and Bangkok and assure its continuation even after the resolution of the Cambodian conflict.

Chinese analysts believe that Thailand will retain this special relationship as a guarantee against Vietnamese intervention in Cambodia, should the Cambodian outcome turn sour.²⁰ While the United States supports the Chinese stockpile plan as adding to Thailand's security, Indonesia and Malaysia look askance at the prospect of a permanent security link between China and an ASEAN member. They suspect the stockpile could be used to supply the Khmer Rouge and, therefore, further delay a Cambodian settlement. Thai leaders insist that the stockpile will be used exclusively by their own army for rapid resupply in the event of an attack.²¹

THE CAMBODIAN CONFLICT AND ASEAN

Central to any assessment of the future of ASEAN security is the resolution of Vietnam's Cambodian occupation and the future role of Indochina in Southeast Asia's regional order. All actors important to the region are either directly involved as political participants in the search for a solution (ASEAN, Vietnam, and the 4 Cambodian political groups) and/or as backers for one or another group of participants (the USSR, China, and the United States). Preferred outcomes range from the maintenance of the Vietnamese-installed Heng Samrin regime in Cambodia (Vietnam) to its complete dissolution and replacement by a Singapore-led noncommunist government (Thailand, Singapore, the United States). The most probable result will fall somewhere in between, through a political solution brought about by the exhaustion of the participants.

Rather than rehearse the convolute diplomacy of the 1980s over Cambodia, this study addresses the goals of the major actors as they affect the region's future.²² For Vietnam, a significant policy change occurred at the Sixth Party Congress in December 1986 when a reform leadership, bent on ending the Socialist Republic of Vietnam isolation and rebuilding its economy, indicated a willingness to compromise over Cambodia in order to facilitate a withdrawal of PAVN (People's Army of Vietnam) forces by 1990. The diplomatic logjam was loosened some more when Thai Prime Minister Prem Tinsulanonda visited Moscow in the spring of 1988, eliciting a Soviet promise to encourage Vietnam to broaden its view of an acceptable successor coalition for Cambodia. In the Soviet case, improvement of Sino-Soviet relations had taken precedence over its Vietnam alliance

by the late 1980s. In practical terms, the Vietnamese and Chinese preferences began to converge with the former agreeing to include Khmer Rouge "moderates" such as Khieu Samphan in a future Cambodian coalition, while China would accept the Heng Samrin group as a legitimate partner after Vietnamese forces withdrew.²³

Despite the diplomatic retreat, Hanoi's view of its geopolitical security needs have not changed. Its leaders still believe that Indochina is a single security unit and that Vietnam's safety depends on the maintenance of a special relationship with Laos and Cambodia. At minimum, regimes in these two states must pose no threat to Vietnam's vulnerable western border. A big question, then, revolves around Hanoi's willingness to accept a Cambodian regime in the 1990s which could well be noncommunist as long as there were international guarantees that this regime should remain nonaligned. Acceptance of this arrangement would imply that Hanoi had abandoned its 1970s self-image as the leader of a revolutionary vanguard for Southeast Asia. If Vietnam were to see itself as a status quo power, then relations with ASEAN would quickly develop. This trend would be accelerated if Sino-Vietnam relations improved sufficiently to reduce Hanoi's fear of a possible Chinese drive to its south. Once the SRV believes that China no longer presents a security challenge, the need for a militant alliance among the Indochinese states is reduced.

Reaching that happy combination of developments remains a major problem for the next several years, however. Despite their ostensible willingness to become just one member of a 4-part coalition led by Prince Sihanouk, the PRC-backed Khmer Rouge appear to be preparing for a new onslaught once the Vietnamese have withdrawn most of their forces. The Khmer Rouge refuse to exclude any of their leaders from a post-Vietnam settlement; and their forces may double those of the 25,000 affiliated with the Sihanouk and Son Sann groups.²⁴ Chinese specialists on Southeast Asia insisted that if the Khmer Rouge were excluded from a negotiated settlement, they would fight. Moreover, even if a 4-part coalition government was established, the outcome would still be renewed civil war because of the incompatibility of such a hydra-headed entity.²⁵

The relocation of Khmer Rouge camps in 1988 to staging areas within a few miles of the Thai-Cambodian border away from any UN Border Relief or Red Cross supervision bears out this prediction. International relief officials believe this is the first phase of a Khmer

Rouge plan to seize territory inside Cambodia beginning in 1987 in anticipation of these developments.²⁶ Nor is there any indication that China plans to stop supplying its Khmer Rouge client, promising to freeze such assistance only after all Vietnamese forces are out of Cambodia and a quadripartite government is in place.²⁷ It would appear, therefore, that for the foreseeable future, Thailand and China both see the maintenance of a strong Khmer Rouge force to be essential for the destruction of the Vietnamese position in Cambodia. In short, traditional security views still prevail in Bangkok and Beijing, despite rhetoric designed to reassure the international community that the Khmer Rouge should not return to power and that China supports the establishment of an international supervisory committee and international peacekeeping forces in Cambodia.²⁸

Western observers believe that Soviet pressure has led Vietnam to compromise on both the withdrawal of PAVN forces from Cambodia and the acceptance of a Khmer Rouge component in a reconciliation government.²⁹ The latter particularly reassures Beijing that its interests will be represented and is, therefore, in line with Soviet efforts to effect a Sino-Soviet rapprochement. Nevertheless, even after a PAVN exit, Hanoi may have other sources of influence in Cambodia, including the return of up to 300,000 Vietnamese civilians, who had been living in Cambodia in the early 1970s, and the transfer of thousands of Khmer-speaking Vietnamese and Khmer Krom soldiers to the Heng Samrin army. Additionally, thousands of PRK cadres have been trained in Moscow and Hanoi and will maintain close ties to the USSR and Vietnam.³⁰ Nor have references ceased in either Hanoi or Phnom Penh about the "Cambodia-Vietnam-Laos alliance of special friendship."³¹

The ASEAN blueprint, supported by the United States, would combine the withdrawal of Vietnamese forces with the internationally supervised disarmament of all 4 Khmer factions. An international control commission would subsequently arrange elections for a new government.³² (Neither Vietnam nor the PRK are prepared to accept the termination of the latter's government, however.) ASEAN's hope is that a security trade-off can take place: China's abandonment of the Khmer Rouge in exchange for the withdrawal of Vietnamese forces from Cambodia, Thailand, and Vietnam, allaying mutual security concerns.³³ China's reluctance to abandon the Khmer Rouge inhibits these developments, however, because of other outstanding issues in Sino-Vietnam relations, related to the border question, the South China Sea islands, and the overall relationship. Until these issues are

negotiated, as Leszek Buszynski notes, the Khmer Rouge will continue to be a bargaining chip for China; and ASEAN hopes for a Vietnam-China disengagement over Cambodia will not be fulfilled.³⁴

In effect, Vietnam must make a decision in the early 1990s whether economic reconstruction based on new ties with the West and ASEAN are a greater priority than the maintenance of political dominance in Cambodia. The latter option has also precluded normalization with China, while Beijing forges a new relationship with Hanoi's Soviet mentor. The trend of events does not run in favor of Vietnam's current policy. Rather, withdrawal would elicit several benefits: ending the expense of occupation; securing Vietnam's western border; creating a basis for large-scale economic assistance from the West; reduced tension with China; and, ultimately, alternatives to total reliance on the USSR.³⁵

ASEAN POLITICO-ECONOMIC RELATIONS WITH INDOCHINA

The ASEAN states are not agreed on Vietnam's future role within the region. Although all members of the association insist that Vietnamese soldiers return to their own territory, Vietnam's subsequent acceptability as a security partner is an open question. For Indonesia and Malaysia, Vietnam is potentially an important regional partner without whose participation ZOPFAN cannot be achieved. For Malaysia, particularly, once Vietnam ceases to threaten ASEAN security, Hanoi can become a constructive regional member. Singapore and Thailand have held a more skeptical view of the SRV as a possible partner. They are wary of the Soviet connection, particularly if the United States leaves the Philippines bases in the 1990s. As the front line state, Thailand has been able to dominate ASEAN policy toward Indochina. While Kuala Lumpur and Jakarta express misgivings over the growing network of politico-military ties between Bangkok and Beijing, neither Malaysia nor Indonesia would break with Thailand over these concerns. A rupture would only enhance China's importance to Thailand and the PRC's opportunities in Southeast Asian affairs.³⁶

Despite political pressures on Vietnam to leave Cambodia, by the late 1980s Hanoi's economic relations with ASEAN were on the upswing in anticipation of a new era. Malaysia offered technical aid as soon as the Vietnamese troops were withdrawn. Thai consumer goods were finding their way to Vietnam in large quantities via Singapore. Indonesia was trading directly with Vietnam, even selling

thousands of tons of fertilizer from a joint venture plant in which Thailand holds equity. The Philippines, too, signed agreements for long-term economic and cultural cooperation—all before any political settlement had been reached for Cambodia.³⁷

Thai leaders are reassessing their own influence capabilities in Indochina after a Vietnamese exit from Cambodia; and their conclusions seem promising. Prime Minister Chatichai Choonhavan is taking a more flexible line toward Indochina, influenced by M.R. Sukhumphan Boriphath, a new foreign policy adviser from the Institute for Strategic and International Studies, Chulalongkorn University. Sukhumphan has argued that although Laos is part of Vietnam's security sphere, Thailand can still encourage flexibility in Vientiane's foreign policy and reinforce traditional Laotian ethnic and economic linkages to Thailand.³⁸ Thailand's burgeoning economy, given regular access to Laos and western Cambodia, will create economic spheres of influence with concomitant benefits for Thai security. Cultural affinities between Thai and lowland Laos people, based on a common religion, wet rice cultivation, and similar language will also enhance these relations.

Thailand's new diplomacy was formalized through Prime Minister Chatichai's November 1988 visit to Vientiane which culminated in agreements for the development of communications networks, electrical power enterprises, and joint ventures for Laotian export industries.³⁹ In effect, Thailand was moving from a defensive posture, fearful of Vietnamese military and subversive intentions, toward a more positive economic diplomacy designed to create new dependencies first in Laos and later, perhaps, in Cambodia.

THE SPRATLYS AND THE SOUTH CHINA SEA CONFLICT

Even if the Cambodian conflict is settled in the early 1990s, ASEAN security differences with Vietnam and China will persist in conflicting jurisdictional claims over the Persian Gulf and Northeast Asia and over the Spratlys in the South China Sea. Ownership of the islands, sited astride the major sea lanes between the Persian Gulf and Northeast Asia and over rich fishing and mineral laden seabeds, is both a strategic and economic prize.⁴⁰ The naval and air force upgrades in several ASEAN states have been motivated, in large part, by the high stakes of South China Sea control. If the United States leaves the Philippine bases in the 1990s, the perception of a regional power disequilibrium may further ASEAN efforts to build their own force capabilities.

China and Vietnam claim all of the Spratlys, a 33 island archipelago covering over 70,000 square miles in the middle of the South China Sea. The Philippines and Malaysia occupy respectively 8 and 3 of the islands nearest their shores. Vietnam occupies 21 islands in the west and central part of the archipelago. Hanoi, Kuala Lumpur, and Manila have all stationed forces on some of the islands they occupy. The Philippines incorporated the islands it claims into Palawan province, while Malaysia has upgraded naval and air facilities on Labuan in Borneo to secure sea lanes between the Malayan Peninsula and Sarawak as well as to serve as a base for South China Sea operations.

While the ASEAN states among themselves have agreed to the joint development and exploitation of overlapping maritime zones (Malaysia-Indonesia-Thailand) or at least to negotiate their differences (Malaysia-Thailand; Indonesia-Philippines), no such agreements have yet been reached with China or Vietnam. Thailand is also affected since its Exclusive Economic Zone (EEZ) overlaps both Vietnam's and Cambodia's. Moreover, Bangkok has refused to accept the 1982 Vietnam-Cambodia maritime boundary accord on the grounds that the PRK is not a legitimate government but a Vietnamese surrogate.⁴¹ Thai fishing boats have been seized by Vietnamese naval vessels.

Indonesia and Malaysia have defined a common security interest in developing their South China Sea jurisdictions. They exercise regularly together and with Singapore and Thailand. America's annual "Cobra Gold" maneuvers with Thailand also demonstrate US interest in the region's security. In effect, a series of bilateral and multilateral exercises all through the 1980s reveal a growing ASEAN capacity to monitor and perhaps defend each state's respective maritime jurisdiction with the assistance of such security partners as the United States, (and Thailand, and possibly the Philippines), Australia (and Malaysia via the Fire Power Defense Arrangement).

China's activities in the South China Sea increased markedly in the last half of the 1980s. In 1986, the Chinese navy conducted two sets of exercises in the vicinity of the Spratlys. In late 1987, Beijing announced that it had set up a number of "observation stations" in the islands—the first evidence of actual PRC occupation. The *Paracels* and *Spratlys* were incorporated subsequently into the new province of Hainan.⁴²

In March 1988, a new phase of the South China Sea conflict began with a naval battle between Vietnamese and Chinese ships.

The PLA navy contingent reportedly included 3 frigates equipped with sea-to-sea missiles and automatic cannon.⁴³ China's military move in the Spratlys was explained privately as an effort to obtain some territory before the other contenders had occupied all significant islands. The timing was optimal because Vietnam was still a pariah in Southeast Asia, as a result of its Cambodian occupation. Beijing gambled that the Soviet Union would not respond to a short, decisive naval encounter and, in the event, was proven correct. Not only did the Soviets not endorse Hanoi's claims to the Spratlys, but they urged Hanoi to negotiate a resolution to its difference with the PRC.⁴⁴

The Spratlys clash also raised antennae in the ASEAN states. Indonesian and Singaporean analysts expressed concern over China's action which seemed to contradict its stated intention to resolve territorial disputes peacefully.⁴⁵ Moreover, China was building an amphibious assault capacity in its South Sea Fleet with some 4,000 combat marines and accompanying armor.⁴⁶ Malaysia's foreign minister, Abu Hossan Omar, predicted that if China insisted on enforcing its claim to the full archipelago, the PRC would replace Vietnam as the greatest threat to regional stability in the coming decade.⁴⁷

While China has more than tripled the size of its South Sea Fleet in the 1980s from 20 to 70 vessels, it has also attempted to reassure those ASEAN states with claims to the Spratlys that it is prepared to resolve differences peacefully through negotiations. In other words, China's military muscle in the South China Sea is directed against Vietnam, not ASEAN. This policy is probably of little comfort to Malaysia and the Philippines, however, given the presence of 20 PLA warships anchored in the Spratlys.⁴⁸

Although ASEAN's primary fear in the South China Sea is focused on the possibility of an expansion of Sino-Vietnamese hostilities, it should be noted that an altercation has also occurred between Malaysia and the Philippines. In April 1988, 49 Filipino fisherman were seized in waters claimed by both countries and held by Malaysian authorities for 4 months. Manila and Kuala Lumpur have agreed to hold talks on their conflicting maritime boundary; but, at the same time, each side has sent more forces to the vicinity—the Philippines with 1,000 marines garrisoned there and Malaysia extending its presence from 1 to 3 atolls in 1986. Philippine authorities have admitted, however, that they do not have the naval strength to enforce their claims.⁴⁹

The Sino-Vietnam conflict was extended to the ASEAN diplomatic arena in Hanoi's November 1988 offer to negotiate its overlapping claims with the Philippines, including their possible submission to the International Court of Justice. China's response was to declare any negotiations over the Spratlys which did not include the PRC to be "acts disregarding China's sovereignty and territorial integrity."⁵⁰ Without the maintenance of external naval forces sympathetic to ASEAN concerns, the Spratlys' issues could divide the mainland and maritime states of the Association. Thailand could choose, for example, not to become involved in its partners' conflicting claims if the reassurance of a US naval and air presence was no longer available.

FOREIGN BASES AND THE FUTURE OF ZOPFAN

Although all ASEAN states prefer American armed forces to remain a familiar feature of the Southeast Asian air and maritime environment, none is keen to play host in an era when foreign bases are seen to compromise a nation's sovereignty. This politico-psychological fact is underscored by the particular historical, political, and economic problems of the Philippines. Historically, the US bases are viewed by many Filipinos as a continuation of colonialism or, at least, a prominent reminder of the country's dependence on the United States. Politically, the US relationship is still identified with the corrupt Marcos regime, despite Washington's strong support for Mrs. Aquino. Economically, the bases account for perhaps 5 percent of the Philippines GNP, injecting some \$350 million annually into the national economy. Yet the economic importance of the bases only reinforces the image of Philippine weakness, particularly when the country's leaders openly insist that the islands face no external threat. This perception means that there is little mutuality in the security relationship. The Philippines sees the bases as economically beneficial but as a security benefit only for the United States—in sum, a neological vestige. This combination of factors bodes ill for any long-term renewal of the bases arrangement.

Nevertheless, even most of those Filipinos who desire a termination of the bases do not propose a precipitous US exit. That would be both economically and politically destabilizing. It could lead to a loss of foreign investor confidence in the Philippines, a diminution of US stature in Southeast Asia, and the possibility of Chinese and Japanese initiatives into the South China Sea for their own security needs, in addition to the prospect of Vietnam exerting its claims to the Spratlys.

With respect to domestic Philippine politics, a precipitous US exit would achieve several goals for the Philippine communist party. First, the removal of the bases would undermine the Philippine-US security treaty and increase the prospects for a nonaligned Philippines. Second, it would lead to reduction in American financial support for the Philippine government, rendering the latter more susceptible to external pressures and internal challenges. Third, the blow to the national economy of the loss of its second largest employer would undermine Philippine credit worthiness, investor, and consumer confidence. Finally, the ensuing economic distress and uncertainty could polarize Philippine politics, leading either to a coalition government progressively dominated by the political left or to a military coup and a new Marcos-style regime. Neither outcome would enhance regional security.

The October 1988 Philippine-US agreement on a compensation package for the last three years of the current arrangement is a hopeful sign that the Aquino government will support the continuation of the bases for at least a limited period after 1991. The Aquino government rejected a Congressional antinuclear resolution which would have prohibited nuclear-armed or powered ships from Philippine facilities.

Into this delicate period of transition in Philippine-US relations has been injected the volatile new element of Soviet diplomacy under Gorbachev. In hopes of improving the USSR's stature in the region, weakening the US military presence, and moving Southeast Asia toward ASEAN's ZOPFAN, in September 1988, the Soviet General Secretary proposed the mutual elimination of Soviet and American bases from Southeast Asia. While the United States immediately rejected the trade as one of "unequal value," the situation created some embarrassment for Washington. Until Gorbachev made his Krasnoyarsk offer, the Pentagon had insisted that Soviet facilities at Cam Ranh Bay contributed a major air and naval base. Subsequently, official US commentary has downplayed the importance of the Soviet bases in comparison to those in the Philippines.

Gorbachev's initiative has not been cost-free for the USSR, however. Vietnamese leaders greeted his unilateral offer to leave Cam Ranh Bay coldly, pointing out that although the Soviets had a perfect right to remove their forces from Vietnam, the bases were Vietnamese territory; and Russian forces were stationed there because of the SRV agreement. Emphasizing its independence, in November

1988, Hanoi floated the idea of opening Cam Ranh Bay to other countries to help foster a nonaligned Southeast Asia.⁵¹

The probability for abrogation of the Philippine base arrangements sometime in the 1990s is growing. What are the alternatives of forces in Southeast Asia? Two outcomes are certain: relocation of the bases will be costly, and forces will be dispersed rather than concentrated in a single country. One study foresees a transfer of US forces to Japan, South Korea, Australia, Guam, Micronesia, and Singapore. Relocation costs could reach more than \$10 billion in the 1990s, including defense construction and vastly increased operating costs during an era when no growth defense budgets are anticipated.⁵² Naval and air bases in Micronesia would be up to 3,000 kilometers from Southeast Asia and, therefore, an extra day's fast steaming time from the heart of the region. Nevertheless, with nuclear powered ships and modular microelectronic systems, US Navy surface vessels by the end of the century will probably be able to patrol Southeast Asian waters as effectively as they do today from close-in bases.

Moreover, Thailand and Singapore have told US officials that the facilities could be made available on a contingency basis if the United States left the Philippines. Australian Labor government officials seem less accommodating, however, although one reported that they had been told Malaysia would consider hosting some US ships in the event the Philippine bases were closed.⁵³

ASEAN's dominant view on foreign military bases was probably best summed up by Malaysian Defense Minister Tengku Ahmad Rithaudeen, when he said that the status quo should "remain as it is" until a nuclear weapons-free zone concept is implemented. At that point, all foreign military bases must go. Until then, arrangements such as the Philippine bases and the FPDA—under which Australian air force F-18s are deployed in Malaysia—should be sustained in order to insure a regional balance of power.⁵⁴

Even Indonesia, ASEAN's strongest proponent of a NWFZ, accepts the wisdom of this position. After all, neither ZOPFAN nor a NWFZ is self-implementing. It must be accepted by the great powers. The unilateral exit of the Americans from the Philippines could upset the regional balance and, therefore, undermine the realization of ZOPFAN. As Donald Weatherbee points out, it would move "the strategic frontier between the ASEAN states and the communist states out to a sea zone" without the protection of a large US air and naval presence in the vicinity.⁵⁵

Opposing pressures on ASEAN both to accelerate Southeast Asia's neutralization and maintain its security were highlighted in the December 1987 Manila Declaration of the Third ASEAN Summit. In that document, ZOPFAN and a regional NWFZ were cited as the goals of Southeast Asian security. At the same time, however, the legitimacy of security cooperation between ASEAN states and non-ASEAN members "shall continue in accordance with their mutual needs and interests."⁵⁶

Gorbachev's offer to close down Cam Ranh Bay as the Americans leave the Philippines constitutes an effort to accelerate the neutralization process in Southeast Asia. It may be difficult to resist in the coming decade. Assuming the dismantlement of both US and Soviet facilities as well as a dispersal of the former to other parts of the Asia-Pacific, then a scenario suggested by Muthiah Alagappa of Malaysia's Institute for Strategic and International Studies may offer a reasonable procedure. Alagappa states that the termination of US facilities be sufficiently gradual that the Philippine economy can be weaned from the US military, that alternative facilities can be located and built for US forces, and that the ASEAN states themselves can build up their own maritime capabilities to cope with South China Sea contingencies.⁵⁷

IN THE 1990s

As the 1990s approach, ASEAN statesmen see signs of hope for regional security as well as new challenges. The acceptance of Vietnam's political preeminence in Indochina (minus its military presence in Cambodia) may finally end a succession of 3 Indochinese wars dating back to 1945. Yet, the prospect for American (and Soviet) withdrawals from Southeast Asia bases would create a dangerous new maritime environment in which Chinese and Vietnamese claims to the Spratlys would have to be met by ASEAN forces not yet ready to deter or defend.

Gorbachev's conciliatory stance toward ASEAN, embodied in the offer to leave the Vietnamese bases, if the Americans exit the Philippines, represents the Southeast Asian version of a broader Soviet policy designed to separate the United States from its friends and allies by means of diplomacy. By reducing the perception of the Soviet Union as a threatening power, the Soviets hope to undermine US efforts to sustain a loose ASEAN security coalition against the USSR and to buttress the position of those who object to following Washington's plans for defense burden-sharing.

On the other hand, even the Soviets may have second thoughts about urging a precipitous combined Soviet-American departure from Southeast Asia if such an occurrence leads to stronger ties between Thailand and Singapore with China. The Chinese connection could be particularly important to Bangkok in this instance as a guarantee for Thai security against a Vietnamese decision to reoccupy Cambodia.

It is also unlikely that Japan will extend its declared security zone beyond 1,000 nautical miles from Honshu if both US and Soviet Southeast Asia bases are terminated. Tokyo has devoted considerable economic aid and diplomatic effort in the 1980s to reassuring the ASEAN states that it has no intention to engage in military activities outside the Japan-US Security Treaty or beyond Northeast Asia. Although the JSDF will have the largest number of F-15s and guided missile frigates deployed in Asia, there would be little reason to move them south of the Bashi Channel. Somewhat more probable would be indirect Japanese assistance for the development of ASEAN defense forces. This would be effected not through the direct sale of arms but through economic assistance which would help offset national defense budgets. Japan might also be willing to provide dual-use technology.

As the decade advanced, both the Soviets and Americans would gradually close down their bases. The Soviets would return to Vladivostok from which Southeast Asia is protected by the Japanese straits and the US and Japanese air and maritime forces around them. The US forces that had previously been stationed in the Philippines would disperse to locations that would still permit them to deploy regularly in the region. These developments, in turn, could lead to an ASEAN declaration that ZOPFAN had been created while, at the same time accepting the continuing presence of US and Australian forces in Southeast Asian waters and air space. Whether such a happy scenario will come to pass awaits the test of time.

NOTES

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**SECURITY IN SOUTHEAST ASIA IN THE 1990s:
US-ASEAN RELATIONS FROM
AN INDONESIAN PERSPECTIVE**

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The United States plays an important role in the Asia-Pacific region, including Southeast Asia. There is no doubt that the sub-region of Southeast Asia is very much affected by developments that take place in the Asia-Pacific region as a whole. In the economic field, for instance, the sub-region has become an integral part of the highly dynamic, fastest growing region in the world. Continued structural adjustments in the economies of the region will bring about greater interdependence and, in certain sectors, will even result in an integration.

Similarly, strategic and security linkages have developed between East Asia and Southeast Asia such that the two areas have become inseparable. However, the strategic and security needs of these two areas continue to differ because the tensions in superpower relations in Southeast Asia are generally at a lower level of intensity than in East Asia. Underlying these developments are the closer political relations that have developed among the various countries in the region and have played a key role in the creation of regional stability. ASEAN-US political relations have been one such important development. Since the relations are asymmetrical in nature, emphasis, in this paper, will be given to the importance of the United States to ASEAN.

THE US ROLE IN THE REGION

The growing importance of the Asia-Pacific region in world economic development and political affairs definitely has a significant influence on US policy toward the region. However, US posture in the region continues to be determined in the first place by its global role as a superpower. Therefore, the relevant question is whether the role of the United States as a global power, or the American hegemony, is declining, as argued by Yale historian Paul Kennedy, Princeton political scientist Robert Gilpin, and many others. The debate on this issue has attracted a great deal of attention among the American public and has made Paul Kennedy's book a national best seller, particularly in the light of the 1988 presidential election campaigns and the coming of a new era after 8 years of the Reagan administration.¹

Kennedy admonished Americans and their leaders that unless the United States adopted fundamental new policies and approaches on

education, technology, and productivity seeking new ways, through diplomatic means, to alleviate her defense burden, and unless the United States could formulate a new, consistent, and long-term military strategy, the country's role in the world indeed would decline in a similar way to Great Britain's as a result of her "imperial overstretch."²

Critics have pointed out that Kennedy's criteria for a declining hegemonic power do not apply to the United States. They argue that it is the United States that has created and supported the prevailing alliance systems of the West which have made Japan and Western Europe US competitors and strengthened in relative terms the position of those countries vis-à-vis the United States. The United States never intended to establish an imperium. Today, despite the growth and development of their respective economies, neither Japan nor Western Europe is pursuing a policy to replace the United States as the new hegemon. The European Community (EC), will not be in the position to do so unless it can integrate itself into a political union, while Japan consciously avoids such a position in view of the real constraints she faces.³

Brzezinski, for example, recognized the usefulness of the debate on the US global position in the reformulation of US policies in face of new circumstances. A strategic doctrine on how the United States should promote and strengthen her national security; an understanding of her geopolitical constraints, which will determine the focus of US participation and involvement in regional affairs; and an agreement as to how the United States should exercise her global role are required.

The lessons from history, as drawn by Kennedy in addressing the declining role of the United States, have also been questioned by Charles Wolf, Jr. of the Rand Corporation.⁴ According to Wolf, there are two reasons underlining the argument for the current US drawdown and decline and the future trends. First is the decline of the US share in overall world GNP. Wolf argues that this observation is correct if the decline is compared to the position in the 1950s when Western Europe and Japan had not recovered from the destruction of the war. If the comparison is made with the period starting in the mid-1960s—or even with 1938—however, the share of the United States in the global production has remained nearly the same; it was 22 percent and now it is 24 percent.

As Wolf points out, Japan and other Pacific countries have indeed grown faster than the United States, but the US GNP has

grown faster than those of Western Europe, Eastern Europe, the USSR, and most of the developing countries, and this explains why US shares in the world GNP have remained virtually unchanged. According to the estimates made by the Rand's Commission for Strategy, led by Ikle and Wohlstetter, in 2010 the GNP of the United States would reach about US \$7.9 trillion at 1986 constant prices, with a yearly growth of 2.6 percent (based on a conservative assumption of capital formation, growth in job opportunities, and productivity changes). On that basis it is predicted that the share of the United States in world GNP in 2010 would not have changed.

Second is the view that US power today is no longer effective. Wolf recognizes that the United States is confronted with too many problems and that US limitations and constraints are widely apparent, be it in the economic field (to open the Japanese market), in security affairs (burden-sharing with allies in NATO), or in political affairs (replacing the Sandinista government in Nicaragua with another). Wolf emphasizes, however, that it should also be admitted that in the so-called era of hegemony the United States could not prevent Cuba from becoming communist, although it is only 150 miles away from Florida. The United States could not prevent nuclear proliferation (France in 1960, the PRC in 1964, and India in 1974). Nor could the United States dissuade France from walking out of NATO (1967), or prevent South Vietnam from falling to the communists (1975).

In contrast, the results of US policies and approaches during the "declining" period of the 1980s, Wolf argues, have, on the contrary, been significant. The United States has helped the democratization process in El Salvador, the Philippines, South Korea and, possibly, Panama; it has attained the INF Agreement with the Soviet Union, which is important for the security of Europe and Asia; it has helped to push the withdrawal of Soviet forces from Afghanistan; and it has helped to defend the freedom of the sealanes in the Gulf. Furthermore, in the competition between the belief in a market, private-based economy on the one hand, and the anti-market collective economy on the other hand, the 1980s have also seen the former gaining ground. Meanwhile, it is the Soviet Union, the strongest competitor of the United States, which is experiencing a relative decline, while the US allies and friends have greatly improved their position.

From a theoretical point of view, perhaps W.W. Rostow's review of Kennedy's book is the most interesting.⁵ From a historical point of view, Rostow distinguishes between such hegemonic power

as that exercised by Philippe II, Louis XIV, Napoleon, Wilhelm II, and Hitler who sought total control over the European continent through accumulation of economic power, and a power which plays a "balance of power" strategy, as did Great Britain in face of the hegemonic power of Europe (France), or the United States, after World War II, in both Europe and in Asia through the establishment of alliance systems. The United States does not need to be in a position of absolute, dominating economic power: the out-dated Bretton Woods system can be replaced by a new economic system acceptable to the major economic powers. Other criticisms, by Edward Luttwak, William Pfaff, and George Will, related to Kennedy's arguments, purport to show that the decline of US power is relative and has taken place over a long period. In the final analysis, the United States remains the largest economic power in the world.⁶ Even the relative decline is caused mainly by the increase of the economies of US allies and friends, particularly in the Pacific region.

It can be concluded, therefore, that it is premature to talk about the decline of American hegemony, not only because the American people and the government are still in the position to adequately respond to any challenges, but also because the countries that are making great progress in the Pacific region are consciously forming various arrangements, cooperating to maintain the prevailing international order, and are willing to cooperate in sharing the burden with the United States. None of the US allies and friends in the region has the ambition or the ability to replace US hegemony.

US ROLE IN THE ASIA-PACIFIC REGION IN THE INTERMEDIATE TERM

For the next 5 years, no fundamental changes are to be expected with regard to the US role in the region, mainly as a result of the success, stability, and consistency of US policies toward the region. This has been achieved largely because of the bipartisan support for US policy toward the region since the end of the Vietnam War, both within the administration and in congress, except for the brief period in the early years of the Carter administration when a plan was made to withdraw US ground forces from South Korea and to reduce the number of US Navy and Air Force personnel deployed in the Western Pacific.

The Reagan administration, moreover, has given greater attention to the Asia-Pacific region because the region is considered the most dynamic economically while remaining politically and militarily

stable. This stability is partly due to the presence of sufficient US conventional forces in addition to nuclear forces. The environment, in turn, has been conducive to the pursuit of national development efforts in many countries in the region. It is for the purpose of maintaining this stable environment that US military bases in Japan and in the Philippines have been considered vital.

It is feared that the removal of US military bases from Subic Bay and Clark Field will lead the United States to rethink its forward deployment strategy in the Western Pacific, particularly in Southeast Asia. The question of US military bases in the Philippines is a delicate one, especially since negotiations for the extension of the agreement are taking place in an era when Filipino nationalism is at its height.

The Asia-Pacific region itself is undergoing a fundamental change toward multipolarity in the economic, political, and security fields; relations previously based on an alliance system are changing into alignments which are less rigid in nature.⁷ The change in political multipolarity began with the Nixon Doctrine, announced in 1969, which stipulated, in essence, that the United States left the responsibility to Asian allies and friends to defend themselves first, and put the emphasis of US strategy on forward deployment strategy in cooperation with East Asian maritime states. This trend toward such a multipolar world became more apparent after President Nixon visited Beijing in 1972. The unfavorable reaction to the review of the agreement on the military bases in the Philippines was understandable. However, it must be assessed against the background of internal political changes in the Philippines.

The bases are of prime importance in supporting US and Japanese capabilities to balance the Soviet presence in the Okhotsk Sea and in guarding the security of the SLOCs (sea lines of communication) in the Pacific region and to project power to the Indian Ocean and the Persian Gulf. The bases are considered to be of greater importance politically, since they symbolize the US presence in and commitment to the region. The US presence guarantees that an adequate balance of forces exists in the region vis-à-vis Soviet naval capabilities in the Pacific. This balance allows the countries in the Asia-Pacific region to pursue their national development efforts to the utmost.

The costs of relocating would be so high (US\$ 10 to 12 billion) that it would be difficult to secure the necessary appropriations from

the congress. The bases' strategic geographical location, availability of skilled workers, and the relatively low operational costs could not be duplicated elsewhere. But of greater importance would be a disturbance in the balance of power and a possible withdrawal of the US presence from Southeast Asia, leaving the vacuum to be filled by the Soviet Union, the PRC, or Japan. A Japanese military presence in the region would cause grave concern not only among the regional states but also within the Japanese body politic, itself unprepared as it is to accept a greater security role independent of the United States.

Finally, the bases are also important to the Philippines itself. Ultimately, normal relations between the United States and the Philippines will only be achieved by the removal of the bases. Temporarily, the bases are vital to the Philippines, bringing the Philippines enough attention and the necessary economic assistance for its reconstruction. In the absence of the bases economic relations with and assistance from the United States, Japan, and the EC, including trade and investment, would not be forthcoming in comparable magnitudes (about US\$ 2 billion annually in the form of ODA (Official Development Aid), while private investments are increasing). In addition, surveillance of the smuggling of weapons into the Philippines can be done through the US military bases while Philippine external defense requirements can be supported by the United States so as to reduce the Philippines' own defense and military expenditures.

The United States and the Philippines have concluded the review of the bases agreement which mainly concerns the issue of compensation. A big question mark remains with regard to the renewal of the agreement to be negotiated in 1989 which will involve more complicated issues, including the entrance of nuclear weapons and unlimited access for Seventh Fleet operations from the bases. The successful conclusion of the negotiations will require the interest and involvement of countries other than the United States. The ASEAN countries, through ways they deem appropriate, should show a greater responsibility in supporting, for the time being, the continuance of the bases, although the issue remains basically a bilateral US-Philippines matter.

The bases constitute an emotional issue for the Filipino people because they are seen as a symbol of US neocolonialism. This dates from the Philippine struggle for independence against Spanish rulers which was interrupted when, in 1898, the Americans won the war against Spain and acquired the Philippines. After World War II,

while other Asian nations gained their independence, the Philippines maintained good relations with the United States as the emerging superpower. This relationship has become the cornerstone of Philippine foreign policy, even though relations are of a "love-hate" nature.

An extension of 10 years appears to be needed to secure peace and stability in the region. A new strategy will have to be formulated: the environment is changing and technological development will rapidly alter the bases' structure. The functions of Subic and Clark could be radically reduced. The granting of access for operational purposes in the broadest sense would be important, without linking access to the question of nuclear weapons in ships and airplanes.

The United States is no longer willing to carry alone the costs of international defense and security and is currently pursuing a strategy of burden-sharing with its allies and friends. Today, with a share of about 35 percent of total Western countries' GNP, the United States bears more than 60 percent of the Western countries' defense expenditures. US-Japan relations will continue to be the cornerstone of US presence in the Asia-Pacific region. This policy has been reiterated by the Reagan administration. During the Nixon, Ford, and Carter administrations emphasis was given to "strategic" relations with the PRC in containing the Soviet Union. Japan, on the other hand, was viewed as dependent on the United States and unable to go it alone strategically.

Reagan changed this strategy; he does not seem to believe that the PRC can be trusted ideologically, and, moreover, the PRC has changed its strategy in the context of US-PRC-Soviet triangular relations by adopting a more equidistant relationship with the United States and the Soviet Union. Underlying this change in PRC policy is the perception that since the beginning of the eighties the Soviet Union no longer constitutes an immediate threat to PRC security. Meanwhile, Japan has become an economic power and, under the Nakasone administration, had made serious efforts to implement the so-called Defense Midterm Review which enhanced Japan's capability to share the US defense burden. Japan has also increased "strategic aid" and ODA.

It can be assumed that any future US administration, be it Republican or Democratic, will foster the strategic relationship with Japan. The United States will expect greater burden-sharing by Japan in the Asia-Pacific region and in other parts of the world, primarily in

the form of Japanese "strategic aid" and ODA to countries, such as Mexico or the Central American region, facing serious economic problems caused by domestic instabilities or external threats. In the medium term, US-Japan relations are likely to confront many difficulties, because of the increased interdependence and even integration in the economic, political, and security fields of two societies that are very different culturally. Serious frictions have emerged, particularly as a result of the bilateral trade imbalance, unfair competition in the Japanese construction sector, and competition between US companies and Japanese enterprises in superconductors and high technology areas.

Although Japan has made a positive response to the demand for burden-sharing, continuing pressures are to be expected, particularly if the issue is linked to US-Japan economic problems and the trade imbalance.⁸ Increased burden-sharing in terms of increased Japanese ODA and strategic aid has definitely met with favorable responses throughout the Asia-Pacific region. If these initiatives were translated into increased military and defense capabilities, however, serious regional problems could be expected to arise. If Japan's increased defense capabilities develop gradually and in the framework of defense burden-sharing with the United States, they will likely meet with growing acceptance.

Continuity in US policies toward the Asia-Pacific region are to be expected under the Bush administration. The Asia-Pacific region is vital to the United States because of its economic dynamism and because it is the most important US trading partner. The US maintains a favorable balance in the region compared with other regions. The region does not have "flash-points" as does Europe, the Middle East, the Persian Gulf, or Central America and it is strategically more peaceful than those regions so that US attention will not be overwhelming but will still be sufficient. In addition to burden-sharing with Japan and other allies, the United States will maintain forces in South Korea, although the lion's share of the burden will have to be shouldered by South Korea. US-South Korean economic relations will continue to increase, although serious problems may arise as the United States continues to pressure South Korea to open markets (including agricultural products); to revalue the Won against US dollar; and to provide US intellectual property rights sufficient protection.

The United States will further strengthen her economic relations with the PRC and, more selectively, security relations in order to

keep a close relationship. With further normalization of Sino-Soviet relations, China's equidistant policy in the US-PRC-Soviet triangular relationship will become more pronounced. US relations with the PRC cannot, therefore, develop into a full strategic relationship. Rather, US policy will be aimed at commitment to the prevailing regional and international order, so that the PRC will restrain arms sales to aggressive states or to those that are currently involved in a conflict such as Iran and Iraq. China also should be willing to put greater pressures on the Khmer Rouge, to speed a political settlement of the Kampuchean problem, or to use its influence to guarantee that North Korea will not take provocative actions against South Korea. With regard to the Khmer Rouge problem, it has become clear to the United States that it needs to be careful in military relations with the PRC since China's views on security and strategy in Southeast Asia do not always parallel those of ASEAN, with which the United States also needs to maintain good relations.

The issues of the Philippine bases and Kampuchea apart, US-ASEAN relations are likely to be mainly in the economic field. Issues of access to the US market, the GSP, and protection of intellectual property rights are of prime importance. Furthermore, transfers of capital and technology remain highly important to ASEAN countries that view the United States as a counterbalance to the overwhelming regional presence of Japan.

Political relations between ASEAN and the United States will be concerned with the US presence in and her commitment to the security of the region; in light of this, the bases in the Philippines are considered beneficial to the peace and stability of the region. ASEAN interest in the maintenance of the US presence derives from concern that the vacuum created by a withdrawal of US forces from the region will be exploited by other great powers. The other great powers have their own ambitions in the region—and are not necessarily more favorable to the ASEAN countries.

US relations with the South Pacific will become more important in the future as the region assumes greater strategic significance to the United States. Greater political instabilities are likely as a new generation takes over leadership in various countries, particularly in Melanesia (Papua New Guinea, Vanuatu, the Solomons, and Fiji), and more nationalistic attitudes develop in the region. Although cooperation within the ANZUS framework has been weakened by the disagreement regarding New Zealand's nuclear policy, it could regain

importance. However, ANZUS might possibly no longer provide a sufficient link to the South Pacific states because of increased resentment among their new leaders of Australian and New Zealand paternalistic leadership in the region. Hence, the establishment of good relations between ASEAN and South Pacific states could complement the relations of these states with the United States, Australia, and New Zealand.

Soviet-American relations in the medium-term will still be characterized by competition and cooperation. Greater emphasis may be given to cooperation which both superpowers will deem necessary in view of their difficult internal economic problems. Both sides will probably continue their efforts to reduce tensions through arms control and disarmament and dialogues on regional conflicts and human rights issues. In this connection, Confidence Building Measures (CBM) and arms reduction initiatives, including reductions of nuclear weapons deployed in the Asia-Pacific region, are likely to gradually materialize as progress is achieved in the central balance between the United States and the Soviet Union in Europe. In turn, the idea of establishing a nuclear weapons-free zone (NWFZ) for Southeast Asia can be further promoted and become more acceptable to the great powers, particularly the United States. The United States would then likely accept a greater Soviet involvement in political and economic affairs of the region.

THE US ROLE IN THE ASIA-PACIFIC REGION IN THE LONG TERM

As stated earlier, the burden-sharing between the United States and Japan in the region will increase in the future. When that happens, it will be impossible to separate the US presence in the region from Japan's role in the region. The result of the burden-sharing will be that Japan is no longer confined to an economic role while the US role is exclusively in security and defense, as today. Japan's desire to develop her conventional defense capabilities in the framework of alliance with the United States (not merely becoming a US sub-system in the containment of the Soviet Union in the Okhotsk Sea), and to defend her own islands and surrounding waters is a legitimate one and is likely to materialize in the longer term. The degree of openness on the part of Japan to discuss and consult with its friends on the direction and implementation of such a strategy is of consequence. The transparency of the debates on this matter within the Japanese body politic is also important to prevent misunderstanding among Japan's neighbors.

The future implementation of the US-Japan burden-sharing scheme would be global rather than regional. For example, it is already contemplated that Japan should provide specific aid to Mexico and Central America and increase her ODA within the framework of the strategic aid program. There also are proposals for the establishment of free trade agreements between Japan and the United States, possibly to include Canada and Mexico.⁹ Thus, one should not be surprised to see the process of integration between Japan and the United States proceed rapidly and greater burden-sharing in all fields between the two countries to materialize. However, it should also be recognized that, on the basis of the Rand study cited earlier, US GNP will stay at about 22 to 24 percent of the total world's GNP in 2010, suggesting that the United States will remain the world's strongest economic power. US economic presence and involvement in the Asia-Pacific region will continue over the longer term, although emphasis will be given to the Northeast Asian region.

The idea of Pacific economic cooperation has merit, in ensuring that the US presence be felt throughout the region since only through such cooperation could Washington give due attention to the entire Pacific region with its diverse states and subregions. Focusing on development in the Pacific and on cooperation in which all regional states are involved will aid the US decision-making process, usually preoccupied only with 1 or 2 critical issues or regions. Furthermore, multilateral approaches, such as Pacific economic cooperation, can help to moderate the diffuse bilateral frictions with Japan, which are likely to continue. Burden-sharing will be more attainable in the framework of a stable and effective regional cooperation in what is to become the world's most important region. In addition, the appeal of economic cooperation in such a dynamic region should be powerful enough to respond to the challenges from other parts of the world, such as the West European integration scheduled for 1992.

The long-term development of Soviet-American relations and Sino-American relations cannot easily be predicted. The relationships between the three countries are still undergoing changes that open up several possibilities. The first scenario, assuming that the American and Japanese societies become more closely integrated in various ways, and that they assume a predominant position, envisages the Soviet Union and the PRC coming closer together to counterbalance US-Japanese dominance. This emergence of two new blocs in the region may produce greater tensions, given their respective capabilities aided by their tremendous military might. It remains

unclear in which direction Sino-Soviet relations will evolve since the PRC is particularly cautious not to become dependent on the Soviet Union again. Furthermore, the PRC is interested in economic cooperation with Japan and the United States in modernizing its economy. All in all, this first scenario is not a very likely one, but, if it did come about, the developing countries, particularly non-aligned countries in the region, would face serious pressure to take sides with either 1 of the 2 blocs. It would be difficult for the developing countries to act as an independent force under a bipolar international system where the blocs became so much larger and stronger. Nonetheless, regional cooperation among developing countries could alleviate, in part, the pressure exerted by the blocs.

The second scenario involves a totally new *economic* era in the region. Tensions are greatly reduced because of strong interests in economic development among the countries in the region. Economic interests provide the stimulus to serious efforts to reduce tensions and rivalries in the security field between the Soviet Union, the United States, and the PRC. There is the likelihood, however, that new economic strains will replace the old tensions. It is equally unclear whether this situation can be expected to emerge, should a sense of economic interdependence become so strong as to make the nation-state become irrelevant. This scenario appears too idealistic to be realized.

In this second scenario, the developing countries in the region must make certain adjustments to become more pragmatic, flexible, and responsive so as to be able to exploit the rapid development of the world economy. Compared with the developing countries in other regions, those in the Asia-Pacific region will benefit more from such an economic development. Here the question is how to balance one's national and regional interests with global solidarity with the developing countries as a whole. It seems clear by now that the outdated patterns of relations between the North and the South, as well as the South-South relation itself will be replaced by novel ones. Probably, this will call for the strengthening of sub-interregional relations, such as between ASEAN and the South Pacific Forum; between ASEAN and SAARC (South Asian Association for Regional Cooperation); or between ASEAN and the Gulf States Regional Cooperation. This interregional cooperation can also involve developing and industrialized countries, as between ASEAN and the industrialized countries of the Pacific in the form of the APC (ASEAN-Pacific

Conference). Another form of dialogue is through regional cooperation involving the industrialized and the developing countries as practiced in the PECC (Pacific Economic Cooperation Conference).

In the third scenario the United States and Japan would remain within an alliance system in which their respective relations with the Soviet Union and the PRC were conducted independently, because each wished to maintain their present position. The difference between this third scenario and the first scenario lies in the differing perceptions of the United States and Japan on their respective relations with the Soviet Union or the PRC. Frictions and tensions between the United States and Japan, resulting from differences in values, might increase in the future and could cause a rift in US-Japan relations; the alliance relations could gradually be replaced by an alignment.

Already today one can discern the different nuances in the respective US and Japanese relations with the Soviet Union and the PRC. For example, US relations with China have developed rather smoothly because the two countries share the common—although limited—strategic objective of containing the Soviet Union. On the other hand, Japan's relations with China, despite significant improvements over the past few years, will always contain elements of competition for leadership in the Asia-Pacific region. They will also be seriously affected by their divergent interpretations of Japan's actions during World War II, and historical and cultural relations between Chinese and Japanese in general. US-Soviet relations have improved and cooperation in a variety of fields is developing; in contrast, Japan-Soviet relations have not evolved because Japan's claims to the 4 northern islands have been largely ignored by the Soviet Union. In the third scenario future relations among the 4 great powers would be similar to those prevailing today. This means an equidistant pattern of relations among the United States, the PRC, and the Soviet Union, while the US-Japan relationship will still be much closer because of a shared common strategic objective in their policies toward the Asia-Pacific region.

In order for the United States to continue to play a global role it should effectively deal with the pressing problems of eliminating the budgetary and trade deficits, increasing productivity, increasing savings, improving the quality of education, and sharing the international burden with her allies and friends. The United States also needs to formulate long-term policies on how it should pursue

international objectives; on what strategy should be adopted, and on the cost to be borne, either alone or in cooperation with her allies and friends in pursuit of those objectives.

The United States must properly assess her approach to international issues and the external challenges she faces. The United States will need to restructure her relations with allies and friends and to develop a proper mechanism of consultation and consensus-building with them; to seek ways to reduce regional and global tensions and to pursue efforts toward global arms reduction; to promote CBM with her adversaries, particularly the Soviet Union; and, finally, to structure her relations with the developing countries through multilateral approaches.

THE IMPORTANCE OF THE UNITED STATES FOR ASEAN

ASEAN is an indigenous regional cooperation in Southeast Asia and not an externally sponsored one such as ANZUS, SEATO, or the Five-Power Defense Arrangement (FPDA). Although it is not a military-oriented organization, the prime motivating factor for its establishment was to harmonize the perceptions of threats among its member countries in order to develop peaceful relations and promote cooperation in the economic, social, and cultural fields.

For historical reasons, US relations with each of the ASEAN countries differ in scope and intensity. The Philippines and Thailand, through bilateral agreements and the Manila Pact, are allies of the United States; Malaysia and Singapore adopt a nonaligned orientation, but are indirectly linked with the United States because of their membership in the FPDA—whose other members, Great Britain, Australia, and New Zealand, are US allies; Indonesia prefers a nonaligned orientation and will not involve herself in any defense arrangement with other countries. Brunei maintains traditionally very close relations with Great Britain, but is now actively involved in ASEAN. Despite those differences, these countries share a common interest in developing close economic relations with the United States and other Western industrial economies, as well as Japan and the Asian NICs (newly industrializing countries). This economic relationship has significant political implications in that it links ASEAN to the Western world politically, and to an international order supported mainly by the United States.

In the preceding section it has been argued that in the short, medium, and longer terms the United States is likely to continue to

play a dominant role in the Asia-Pacific region as well as globally. Despite the trend toward greater burden-sharing of the US international role, US support to the international order that has prevailed since the end of World War II remains vital. It is expected that the United States will continue to play a major role in the security and military fields, whereas in the economic field other countries, particularly Japan, will be expected to assume greater responsibilities in line with their economic capabilities.

Political relations with the United States will remain important for ASEAN, since the stability of the Asia-Pacific region is enhanced by the continued US presence in the region. ASEAN's main task is to structure a political relationship with the United States and Japan in such a way that these countries will take due account of ASEAN's interests in the formulation of their policies toward the Asia-Pacific region. ASEAN needs to develop relations not only with the US administration but also with the congress. It should also present itself more forcefully to the US public in general and to the various interests and professional groups in the United States. This is not an easy task, but ASEAN has an advantage in that it is the only example of regional cooperation among developing countries which is considered successful and which adopts a moderate political attitude internationally.

In order to be able to exert political influence, ASEAN must evolve into a real and effective regional cooperation, particularly in the economic field. In the final analysis, much depends on ASEAN's assessment of the importance of the United States for ASEAN, and on overall efforts to influence the US decision-making process concerned with ASEAN and the Asia-Pacific region. Only ASEAN in its entirety could mobilize sufficient strength to gain attention in the decision-making process and to influence public opinion in the United States. No single ASEAN country, not even the Philippines which hosts the vital US military bases, commands such a capability on its own.

ASEAN has the support of and even has become a favorite in the United States because ASEAN has contributed successfully to the maintenance of stability, peace, and development of a region which is of considerable importance to the United States. The once favored "Domino Theory" did not materialize in Southeast Asia. To the contrary, developments in the region, which ASEAN assisted, have been favorable to US interests economically and politically as well as in the security realm. In addition, ASEAN has adopted a moderate

stance and has played a positive role in various international fora such as the UN, the Non-Aligned Movement, the Organization of Islamic Conference (OIC), and the UN Conference on Trade and Development and General Agreement on Tariffs and Trade negotiations. Although not all the policies of individual ASEAN nations parallel those of the United States, such divergences as exist have not led to conflict or serious friction.

ASEAN's interests in maintaining good relations with the United States are based on a variety of reasons that include continuous access to the huge US market; an active US role in the solution of the debt problem of some of the ASEAN countries; continuous capital flows and technology transfer—as well as better access to the US economic policy-making process in general. In the political and security fields, ASEAN seeks a continuation of the positive US role and presence in the region and close US cooperation with Japan. ASEAN is also interested in US efforts to reduce tensions with the USSR by strengthening CBM and promoting disarmament efforts; a balance in the US relations with China and ASEAN; a better understanding on the part of the United States of ASEAN's internal economic and political developments; and ASEAN's role in international fora, which cannot always coincide with that of the United States. In cultural relations ASEAN hopes for the promotion of better understanding; more studies and research about each other's societies; greater access to higher learning in the United States for ASEAN students; greater appreciation on both sides of the differences in the stages of development and value systems through regular dialogues and exchanges of leaders, scholars, and young people.

FUTURE PROSPECTS

Naturally, there are obstacles in ASEAN-US relations, simply because of the asymmetrical nature of the relationship. The United States is a superpower with global interests and a global role, whereas ASEAN represents mainly a regional interest. The United States sees the Soviet threat from the perspective of global competition and competition with the Soviet Union in the region as a zero sum game. The ASEAN countries view the Soviet Union as a threat, too, but they realize that the Soviet Union could also play a role in the region. For instance, the USSR could hasten settlement of the Kampuchean problem by pressuring Vietnam to withdraw from Kampuchea. Economic relations with the Soviet Union—negligible today—could be further promoted to complement ASEAN's

international economic relations. Essentially, ASEAN is prepared to see greater Soviet involvement in Pacific economic development, including Soviet membership in the PECC.

The second divergence of views concerns relations with the PRC. ASEAN remains suspicious that the United States favors relations with the PRC more than with ASEAN, either for strategic reasons to contain the Soviet Union, or because of China's huge future economic potential. In addition, the United States views China with a great deal of romanticism. Reagan put Sino-American relations in their proper place while duly recognizing the PRC as a big power in the Asia-Pacific region. Indeed, one could conclude from examining US-China relations and US-ASEAN relations that the US administration and congress now attach sufficient importance to US-ASEAN relations.

The third issue relates to the Zone of Peace, Freedom, and Neutrality (ZOPFAN) and the Southeast Asia Nuclear Weapons Free Zone (SEA-NWFZ). In establishing the regional ZOPFAN the Southeast Asian nations want to be in the position to determine their own destiny. ZOPFAN is not directed at efforts to reduce the great powers' presence in the region, but it is aimed at achieving a balanced presence, in the sense that no single great power would have a dominating influence in the region. The United States should not perceive ZOPFAN to mean that ASEAN wants a US withdrawal from the region; the United States provides a counterbalance to the Soviet Union and the PRC, and possibly also to Japan in the future.

The SEA-NWFZ embodies ASEAN's long-term regional approach on nuclear disarmament and its desire to strengthen the non-proliferation treaty (NPT). It results from ASEAN's conviction that it is the right and the duty of every nation to work toward nuclear disarmament. ASEAN is realistic enough to know that this regional objective can be achieved only gradually and over the longer term because its attainment depends largely on the success of US and Soviet central and global disarmament efforts. In realizing its objective ASEAN should have a better understanding of US strategy which still rests on nuclear deterrence.

The fourth issue is that of the US bases in the Philippines. This issue, though essentially a bilateral issue between the Philippines and the United States, will indirectly have an effect on the relationship between ASEAN and the United States. ASEAN member countries should, therefore, assist the Philippines and the United States in

reaching a satisfactory settlement of the bases issue. The settlement should accommodate the legitimate needs of the Filipino people during the nation building phase, especially during this difficult period in the Filipino process of democratization and increased nationalism; it should also accommodate the continued US presence in the region which is vital to the Asia-Pacific region, including ASEAN.

The US presence in the region is of greater importance today because of present fluidity in great power configuration, with both the Soviet Union and the PRC seeking greater political and economic roles in the region. The United States and Japan are, at the same time, undergoing fundamental changes. Their enduring relationship could lead to increased tensions and create uncertainties throughout the region. The Philippine bases guarantee continued US and Japanese economic presence in the region which is vital to the region's economic development—a process that greatly assists leadership transition in some countries.

The fifth issue concerns differences in cultural and political values. In the ASEAN countries the perception is that the American system of government does not guarantee that, as a world leader, the United States follows consistent policies. This is because the American democracy is so complex in its decisionmaking process, which is characterized by ongoing frictions and conflicts between the administration and congress, and in which the press and mass media, research institutions, and scholars also play an important role. The US desire for its form of democracy to be adopted by other nations has led to the formulation of their highly moralistic foreign policy. This is manifested in the indiscriminate implementation of certain values, such as human rights, which often cannot readily be transferred to developing societies and countries where the political values, culture, and stage of development are so different than those in the United States.

Another emerging problem in congressional insistence on applying indiscriminately the principle of reciprocity toward the developing world in the area of trade—including trade in services—and making trade preferences and market access conditional upon the respective party's perceived policies on the protection of intellectual property rights.

Special attention should be given by the ASEAN countries to the role of the foreign press and press coverage in their respective countries. In view of the importance of relations with the United States,

ASEAN countries should take into account the American political system and the importance given to freedom of the press. ASEAN countries also need to accommodate the free press principles, although in some cases the press may have a strong tendency to oppose the establishment (including big business), and to become arrogant and self-righteous, imposing their own views on the public.

Finally, ASEAN and the United States tend to diverge in their views on economic relations. The United States, strongly influenced by the philosophy of capitalism, has put greater emphasis on the role of the private sector than on the public sector in economic relations. In the ASEAN countries, and in the developing world generally, government assumes the predominant role in policy decisions and in the process of economic growth and development. Although privatization and greater reliance on market forces are now being emphasized in the ASEAN countries, basic differences in the role of government in the economy will remain. The suggestion of a trading bloc between the United States and Japan has caused some alarm in ASEAN—because this will lead to the end of multilateralism and will divide the world into trading blocs—especially in view of the possibility of a highly protectionist Western Europe in 1992. There have been proposals that the free trade area with Japan could be expanded to include Canada and Mexico. However, the support for this idea greatly depends on the success of the Uruguay Round negotiations.

In meeting these challenges ASEAN needs to step up its concerted efforts to strengthen economic cooperation among its members and to seek new means to secure access to major markets which may, in future, form a new trading bloc. Therefore, the idea of Pacific economic cooperation could be of great value to ASEAN in assuring its access to the Pacific markets, particularly Japan and the United States. It could also possibly prevent the creation of a trading bloc in the Pacific region that would include only the industrialized countries.

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**THE ANZUS ALLIANCE:
IS IT RELEVANT FOR THE 1990s?**

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Is the ANZUS alliance relevant for the 1990s? The answer is a qualified, "Yes, if . . ." and the challenge lies in the "if." Formal dissolution of ANZUS or even a SEATO-like mothballing seem highly unlikely. The commitments of the three governments and the practical benefits derived from cooperation are sufficient virtually to assure the alliance's formal continuance. The real issue is the importance that will be accorded to the alliance in the national policy-making of the members.

The timeframe being considered, the 1990s, is actually the very near future, the period into which we are now rapidly moving. The force structures and doctrines that must see the countries through much of that decade are already in place. The question is whether current alliance policies and processes are suitable to the task of sustaining broad political effectiveness and popular support for the alliance.

The United States suspended its security commitment to New Zealand under ANZUS in 1986, in response to passage of legislation formalizing New Zealand's policy of denying port access to nuclear powered or armed warships. However, the New Zealand government regards its membership in the alliance as remaining intact, and Australia—while disagreeing with New Zealand's policy and understanding the US action—has explicitly reconfirmed that its ANZUS ties with New Zealand remain in effect. So New Zealand remains an important part of the overall alliance equation.

THE CHANGING CONTEXT

The 1990s present different challenges in security, politics, and economics to ANZUS from those of the previous decades, and the alliance must adapt to these changes in security, politics, and economics if it is to retain relevance.

Security

Major changes in the global and regional security environment include: the advent of reformist governments in China and the Soviet Union declaring their focus to be on economic growth and their interest in a more open, market-oriented system; the successful conclusion of the International Nuclear Forces treaty reducing, for the first time, the level of nuclear armaments; initiatives by Soviet leader Gorbachev opening the possibility of general reductions in levels of

Soviet and Western alliance armaments and confrontation; and progress toward the settlement of regional conflicts in Iran, Afghanistan, Namibia, and Kampuchea.

These developments present the beguiling prospect that peace may be breaking out—that the Cold War may be over and the democracies have won. The jump from these projections to questioning the continuing relevance of military alliances is an easy one for people longing for peace and politicians faced with difficult budgetary trade-offs. A parallel trend has seen perceptions of a decline in US power and will and, therefore, a possible decline in the efficacy of the United States as a security partner. Aspects of US policy and conduct over the last two decades have raised questions about its value as an ally. Doubts stemmed from the pronouncement of the Guam doctrine telling allies to look first to their own defenses, through the debacle in Vietnam and the malaise of the Carter era, to the increasing consciousness of America's economic problems and the clamor for burden-sharing from allies in more recent years.¹

In the Asia-Pacific region, the extraordinary dynamism and the growing strength of many regional states have given particular focus to the sense of the emergence of a multipolar order and the end of US predominance. Potential changes over the next decade in the US military presence in the region—the future of Philippine bases, the joint command arrangements and the disposition of US forces in Korea, and burden-sharing and support arrangements for US forces in Japan—could all reinforce the sense of a diminished US role.

Politics

The influence of the Vietnam experience continues to pervade the politics of the ANZUS countries. The generation that came to political maturity during the traumatic period increasingly occupies positions of political influence and decisionmaking power. The attitude of many in this group toward government decisionmaking and toward the traditional justifications for national security policies is one of fundamental skepticism, influenced by their experience of the failures and deceptions of the Vietnam/Watergate period.

The activist politics associated with the anti-nuclear movement which gained prominence throughout the Western democracies in the eighties are also not likely to abate as we enter the next decade. Although the nuclear issue itself has been defused somewhat by

success in arms reduction negotiations and will decline further if there is continued progress in this process, the parallel political movements which have formed around the cluster of new ecological and social issues will continue to criticize defense spending or at least to argue for shifts in budgetary priorities from defense to other areas.

The combined impact of these political forces on the alliance is clearest in New Zealand, where a new political coalition, catalyzed by the anti-nuclear movement, was a major influence behind the Labour Party's adoption of the anti-ship visit policy which led to the rupture of ties with the United States. Although the impact on national policy has been less dramatic in Australia, a similar coalition has elected some members to Parliament, organized demonstrations, and disrupted foreign naval visits, most recently on the occasion of the Bicentenary naval salute in October 1988. In the United States, the corresponding political forces fuel pressures for reductions in the US international role.

In Australia and New Zealand, these trends are accompanied by a growing spirit of nationalism, which has been further boosted in New Zealand by the dispute with the United States over nuclear ships and in Australia by the experience of the Bicentenary. Through the lens of an assertive nationalism, the imperative of alliance cooperation can easily appear as a derogation of national sovereignty, with the result that governments feel a more or less constant pressure to demonstrate independence from the influence of their great and powerful friends.² The politically influential left in the two countries adds an explicitly anti-American element to the tendencies.

Economics

The international environment for all three partners has changed, and their competitiveness has declined, leading to the adoption of painful reform measures and serious budget constraints. These constraints are producing increasing pressure on defense spending, and in the United States, demands for greater "burden-sharing" by allies. International trade conflicts have, meanwhile, increased in intensity with resulting bilateral tensions between the alliance partners—at times in bitter clashes between Australia and the United States over subsidized agricultural exports. Powerful domestic interests are involved in all three countries, and the volatility of alliance relations has increased significantly as questions are raised about the linkage between alliance and economic/trade policies. The alliance is no longer taken for granted in the member countries, especially by the

two antipodean partners. The need and ability of the alliance to protect national security interests are no longer as clear as they once were, and the costs of alliance participation (whether in the form of dangers of nuclear accidents, the risks of being targeted by the Soviets, or a more generalized sense of reduced national autonomy) are more visible.

A particularly telling indicator of the impact of these trends is the changing attitude in Australia concerning the balance of benefits within the alliance. For a long time, Australians viewed the benefits of the US alliance as essentially evenly divided, with a larger group seeing their country as the primary beneficiary of the alliance than saw the United States in this position. More recent polls show that this order has now been dramatically reversed, with twice as many Australians now seeing the United States as benefiting more than Australia.³ If this trend continues and the alliance comes to be generally regarded in Australia as primarily an American rather than a mutually beneficial arrangement, nationalist sentiment will make significant practical cooperation increasingly difficult to sustain.

ADAPTING THE ALLIANCE LINE

The responses of each of the three governments to these changes in the environment have been distinctive, largely uncoordinated, and to varying degrees problematic.

The United States: Maintaining the Strategic Focus

The essential US position is that the existing basic defense and alliance policies remain appropriate to the current situation. US spokesmen stress the following themes:

- The Soviet threat remains the paramount concern, and is still growing, particularly in the Pacific; the ANZUS alliance is a vital part of the global and Pacific regional collective security system which guards against this threat;
- Changes in Soviet declaratory policy have yet to be reflected in Soviet force structure; the real motives behind these moves are unclear, and may be only a continuation of past Soviet political strategy of driving wedges between the United States and its allies;
- Western strength, deterrence strategy, and alliance solidarity have brought the Soviets to negotiations that produce positive results;

- ANZUS cooperation (now bilateral with Australia) provides regional security in the Southwest Pacific, and supports Australia's Pacific leadership role as well as the US regional presence and influence.⁴

These arguments are not necessarily wrong, and many may be quite well founded. The important question for alliance relevance is how persuasive these arguments are to the various audiences involved. In the United States, although there is pressure for reduced US defense spending and international involvements, the ANZUS alliance itself is not a domestic political issue and the focus on the superpower balance and global US responsibilities still has considerable importance. However, there are signs that the traditional arguments are not as persuasive as formerly in Australia and New Zealand.⁵ In the words of a New Zealand participant in a recent gathering of Pacific parliamentarians, "The US speech hasn't changed since the 1950s; the world has." In the face of this kind of skepticism, sticking with (or slightly repackaging) the old arguments may no longer be sufficient.

New Zealand: The New Forces Prevail

If the alliance is largely unpoliticized in the United States, in New Zealand alliance policies fell victim to a highly politicized environment. During the first post-Vietnam decade, as the anti-nuclear movement spread and anti-ship visit protests grew in numbers and visibility, New Zealand's National Party government conducted neither a detailed reappraisal nor a national debate on the nature of New Zealand's security interests and policies. The government relied largely on simple arguments reiterating traditional pro-alliance positions, and in some cases, used ANZUS-related issues to deflect attention from domestic problems. As the new politics progressively captured the popular imagination in the late seventies and early eighties, the government's approach was increasingly ineffective. Spurred by growing public sentiment, the Labour Party in 1983 adopted the policy of banning visits by nuclear powered or armed ships, and when Labour was elected to government in July 1984 (in an election called, though not primarily determined, on this issue) strong popular majorities supported that stance.

One of the factors that was not fully considered was the possible consequence of the anti-nuclear policy on New Zealand's ANZUS participation. It was only after the die was effectively cast that the Lange government seriously addressed the conflict between its ship

visit policy and that of the United States. It was later still that the New Zealand public was asked (through polls) what it would do if forced to choose between the nuclear ship policy and ANZUS ties with the United States. These polls indicated a preference (by relatively narrow though growing margins) for ANZUS membership.⁶ However, this information came too late to affect government policy, because by this time the ship visit policy had become part of a set of tradeoffs within the Labour party on the government's total program including its bold economic policy reforms.⁷

The New Zealand government commissioned both independent and government reviews of overall defense policies, the results of which appeared in 1986 and 1987 respectively. The authoritative 1987 government review concluded that there was no foreseeable threat of attack against New Zealand and that New Zealand should most appropriately adopt (and equip itself for) a regionally focused defense policy with particular emphasis on the South Pacific (inter alia, withdrawing its battalion previously stationed in Singapore), plus civil defense and disaster relief roles. The report embraced the twin concepts of defense self-reliance (the ability to operate and sustain forces independently) and continuing close cooperation with Australia under the ANZUS umbrella. It also endorsed continued involvement in the Five Power Defense Arrangements in Malaysia and Singapore (though not a permanent troop presence), and possible participation in UN peacekeeping operations. The rejection by the 1988 Labour party conference of a government plan to build a new series of naval frigates (jointly with Australia) raised further questions about New Zealand's future force structure and its ability to operate with Australia's forces.

Australia: Seizing the Initiative

Australia's current Labor government has gone the furthest of the three governments in a conscious effort to develop a new, politically relevant rationale for the alliance and for its overall defense posture. The first steps in this process included:

- A debate within the Labor Party on this issue in 1982, while still in opposition, on the issue of nuclear ship visits. This resulted in a decision to accept such visits as a necessary part of the alliance relationship;
- A review of ANZUS policy immediately after election to office of 1983, leading to the basic conclusion that alliance

membership remains beneficial and vital to Australia's security;

- A 1984 statement on the roles and functions of the US-Australian joint defense facilities, starting a process of "demystifying" the facilities designed to dampen concerns by making more information available about them, including their important role in the arms control field;
- A strong emphasis in foreign policy on arms control, particularly in the nuclear field (for example, the promotion of the South Pacific Nuclear Free Zone Treaty in the South Pacific Forum), showing responsiveness to public concerns on these issues; and
- The clear expression of differences with US policies in a number of areas including the MX missile, SDI, a comprehensive test ban, and Central America. Australia's robust independent policy making demonstrated its freedom from undue US influence.

After Kim Beazley assumed the defense portfolio in late 1984, he launched a thoroughgoing review of Australia's defense strategy and capabilities. In the 1986 Dibb Report, the 1987 defense White Paper and a series of subsequent statements and speeches, the Australian government elaborated a set of security policies and rationales built around the concepts of self-reliance, alliance, and defense-in-depth. The key elements of the new policy include: definition of the principal areas of Australian defense interest as being the immediate Southwest Pacific and Southeast Asian regions; estimation that there was little chance of global conflict or direct attack on Australia but greater likelihood of low-level harassment or interference with Australian maritime economic activities; the probability of localized instabilities in the region; and elaboration of a force structure designed to enable Australia to deal independently with the more likely threats while also being capable of use for longer-range operations should the government so decide.

In the new formulation, the alliance relationship with the United States was presented both as an essential underpinning for the self-reliant policy—through access to intelligence, technology, resupply, and training—and as a good practical exchange in which Australia provides port and air access to US ships and aircraft and hosts the joint defense facilities. The positive role of the facilities as an Australian contribution to international strategic stability and arms

control verification was also stressed. The risks associated with alliance membership, and particularly the facilities, were acknowledged, but held to be justified both as part of the alliance contract and as a contribution to the interests of the broad Western community.

The reformulation provided a clear, practical justification of defense policies and alliance participation on the basis of an independent assessment of Australia's national interests. It skillfully met and outflanked much of the Left's criticism of the alliance, the anti-nuclear movement, and skeptics of the Vietnam generation. Beazley easily won approval of the emerging new formulations from the Labor Party conference in 1986. In the 1987 election campaign the focus on defense and alliance issues was relatively minor compared with the 1984 election. In 1988 the government announced a new ten-year extension and expanded the Australian management role in the joint facilities—an arrangement that has been a longstanding target of the Left and other critics.

However, while it gained acceptance from the party and the domestic public generally, the new rationale encountered problems with some other audiences. By reversing the traditional priority of Australian security policy from global/regional (forward defense and alliance cooperation) to national (independent defense of Australian territory and immediate surroundings within an alliance framework), the new posture raised concerns in the US defense community. Because of its focus on potential direct threats to Australian territory (despite considerable Australian efforts to anticipate and dampen this problem), it complicated Australia's already-sensitive relations with neighboring Indonesia as a result of the inevitable attention which was thrown on Indonesia as a possible source of threat. The underlying concept of building a force structure to match the more likely threats left Australian policymakers in a relatively weak position to take issue in the name of alliance cooperation with New Zealand's even lower-effort assessment. (If Australia has few direct threats, New Zealand has none.)

Partly as a result of these problems, the period since the issuance of the Dobb Report and then the White Paper has seen slow but steady further refinements of the language of Australian defense policy pronouncements. Increased emphasis has been placed on the broad range of Australian security interests, the uncertainties and changeability of the regional security environment, and the need for a variety of capabilities and a flexible force structure. Australian policy

statements also continue to consistently stress the continued relevance of the ANZUS alliance to its fundamental security interests as well as Australia's role as a member of the Western community.⁸

AN ALLIANCE CONCEPT FOR THE 90s

Each of the three national approaches just described has its merits: the wisdom of retaining time-tested policies, the need for realism in matching requirements and capabilities, and the need to deal imaginatively with the new political forces. Each has shortcomings as well, however, and a fully effective, comprehensive formulation has yet to be devised. Each member of the alliance has an individual perspective and differing needs and priorities; the alliance itself plays multiple roles and speaks to multiple audiences, both in and outside the member countries. And, as long as there is a clear perception of the genuine mutuality of interest in the relationship and of the benefits it brings to each of the partners, the ANZUS alliance can be maintained.

It seems clear that a comprehensive alliance policy must cover at least three distinct levels of operation. First, ANZUS contributes both militarily and politically to the global and Pacific alliance network and the deterrence strategy. Second, the alliance has a major role in the maintenance of regional and subregional, South Pacific stability. Third, ANZUS supports, and must not detract from, the individual national security capabilities and commitments of its members. At different times, the relative importance of these functions will differ for each of the members but they need to be accepted by all the parties if mutuality is to be sustained.

The global aspect of the alliance, as US policymakers underscore, is more pertinent than ever at a time when there are alluring, but as yet unrealized prospects of a more stable central balance and a more peaceful environment. The continued demonstration of will and unity on the part of the democracies could now actually be the key to achieving these long-sought objectives. The alliance is more than a good bargain or a series of specific exchanges of services between its members; it is a means of protecting the fundamental common interests and security of the community of democratic nations. To discount the significance of this function would potentially endanger these interests. Political problems for the smaller alliance member governments occur because of the difficulty, in many cases, of explaining either the practical impact of their contribution on the power balance or their ability to influence alliance decisions

(particularly where they may disagree with some aspects of the policies being pursued). This area, however, remains the heart of the global security network. The case can be made and, precisely because it is not always self-evident, it needs to be made articulately and persistently.

In operational terms, ANZUS always has been and remains primarily a regional alliance. The current evolution of the policies and force structures of Australia and New Zealand simply reinforce this reality, and sharpen the focus on the Southwest Pacific region where Australian and New Zealand interests have long been considered predominant. For years, the United States effectively (if shortsightedly) delegated responsibility for the South Pacific to Australia and New Zealand, and there continues to be a tendency on all sides to treat their activities in this region in essentially national rather than alliance terms. The increasing fluidity of the political and security situation and the growing direct American interest and involvement in the region give it increasing salience as a focus of alliance interests. Although the United States understandably does not wish to see its partners renounce possible involvement in the more distant parts of the region, it has every reason to welcome and encourage as significant contributions to alliance interests their increasing activities in the South Pacific and their involvements in Southeast Asia as well. At the national level, the differing individual concerns, commitments and capabilities of each of the partners need to be clearly recognized. They need not be inconsistent with alliance objectives.

ALLIANCE PROCESSES

Successful alliance cooperation is as dependent on effective procedures as it is on agreed concepts. The new realities place an even greater premium on effective consultation and shared decision-making, which, in a fast-moving environment, can be extremely difficult to sustain. In practice, the picture in this regard has been mixed. In the eighties, the record of contacts and consultations between Australia and the United States has probably been the best in the history of the alliance. There have been a particularly intensive series of consultations on arms control issues, a priority with both governments. However, there have been problems as well. US decision-making on certain issues of major interest to Australia and New Zealand, such as the South Pacific Nuclear Free Zone Treaty, has been characterized by unnecessary delays which prolonged and compounded differences. In one highly sensitive area, US-Australian

dealings on the issue of US agricultural export subsidies have been characterized more by confrontation than by consultation, further inflaming emotions on a sensitive issue to the detriment of the overall relationship.

Because of the pressures in Australia and New Zealand for demonstrations of independence from their larger ally, alliance consultations can present even greater problems for Australia and New Zealand. For example, even after the Hawke government's 1983 review reaffirmed the centrality of the alliance to Australian security policies, the Dibb review and then the White Paper, both of which touched directly on major areas of alliance interest, were prepared essentially without consultation with the United States (or, apparently, New Zealand). There is no evidence of efforts by the New Zealand Labour party to consult with US officials on the nuclear access policy prior to the party's election to government—a period which offered perhaps the best opportunity to lay the groundwork for an accommodation or to at least assess the possible costs of failure. There are no panaceas here; constitutional, procedural, and political factors mean that, at best, the consultation process will remain delicate and imperfect. But the changing security and political environment requires careful attention to key personal relationships and puts a premium on the skillful and sensitive management of alliance relationships.

THE NEW ZEALAND PROBLEM

New Zealand's present ambiguous status within the alliance seriously complicates a number of the alliance interests. The present situation imposes particular burdens on Australia, which faces the delicate and costly task of attempting to sustain separate cooperative relationships with both partners. The New Zealand problem also inhibits effective coordination with respect to the South Pacific, where all three states are increasing their involvement.

As long as the left wing of the Labour party maintains effective veto power within party councils over national security policymaking, and the general public remains largely captivated by a nuclear nightmare and an absolutist response to that problem, significant changes in approach cannot be expected. The ongoing debate over cooperation with Australia in the frigate program illustrates the continuing trend. A return to office of the National party would result in changes both in some specific policies and in overall emphasis and presentation. This would not, however, necessarily change the underlying situation unless it were prepared and/or accompanied by a far

more extensive national debate about the basis of New Zealand's long-term security interests than has taken place to date. Even if the Nationals immediately and forcefully took on the ship visit issue and brought New Zealand back into full ANZUS participation, this would lead to a lasting resolution only if a real national consensus were mobilized strong enough to survive a return of Labour to government. A seasonal alliance relationship is neither sustainable over the long run nor particularly meaningful in practical terms. The New Zealand problem has not destroyed the alliance, and will not do so, but it has added major complications and uncertainties to the role of the alliance and perceptions of its effectiveness which can only be reversed by a return of New Zealand to full participation.

FOCUS ON AUSTRALIA

Odd as this might seem to Americans, accustomed to thinking of themselves at the center of every relationship, Australia is actually the central figure in the ANZUS alliance. It was the main force in the formation of the alliance in 1951. Geographically, Australia provides the southern anchor of the network of US security relationships in the Asia-Pacific region, and it plays the leading role of the alliance partners in the South Pacific. Australian governments must also face the direct political costs of their alliance relationship, which is not the case for the United States. As a practical matter, ANZUS will last only as long as there is Australian support for it.

One means of both reflecting this reality and at the same time possibly influencing perceptions of the alliance in Australia would be to give greater acknowledgment to Australia's central role. In major part this can be accomplished simply through the language used in public comments and policy statements on both sides. In addition, more US solicitation of Australian assessments and recommendations on regional issues within the ambit of the alliance would underline US recognition of Australian interests. (It need not, however, imply blanket US agreement with Australian positions, any more than the reverse.) Greater US attention to Australia generally in its public diplomacy would also reinforce the value the United States places in Australia's alliance role.

More formal institutional recognition would, of course, have still greater impact. One such possibility would be the designation of an Australian "Director General" of ANZUS with responsibility for performing the communications and coordination functions now accomplished on a largely ad hoc basis among the partners. (This

would not be a command position, of course, as ANZUS has no integrated military organization on the NATO pattern, but a policy role in advising member governments.) An organizational innovation of this sort would establish a visible linkage between the alliance and the national interests of the antipodean partners by shifting the primary locus for alliance management to the region.

Given the fact that Australia maintains its ANZUS links with both the United States and New Zealand, such an arrangement would also provide for the continuing involvement of New Zealand in deliberations affecting alliance interests while its US security ties remain suspended. At the same time, it might also give Australia stronger standing to pursue a dialogue with New Zealand on its nuclear and other defense policies. There are numerous possible pitfalls in any such innovation, and inertia alone probably renders this a largely hypothetical proposition. However, institutional changes should not be excluded as part of the effort to ensure that the alliance retains its relevance in the new security and political environment of the nineties.

ANZUS *can* continue to be relevant in the 1990s. The real key to achieving this objective is to ensure that the alliance is again *seen* to be relevant by the elites and the people of the three partners. Whether it can regain lost ground depends largely on the wisdom, imagination, and communication skills of the leaders and policy-makers in all three countries. Some of the elements of a solution seem clear, but the necessary overall prescription remains to be put together. Only the political leaderships in each country can judge what would work best in their situation and whether they are willing to invest the necessary effort and political capital to make it work.

NOTES

1. Extensive polling by the United States Information Agency in Australia reveals that, while confidence that the United States would come to Australia's defense remains high in absolute terms, there has been a gradual decline through the 1980s, dropping by 10 percent over the decade from nearly 80 percent to under 70 percent. Responses to a more general question as to confidence in the ability of the United States to deal with world problems show a greater shift: in 1978, those who said they had confidence in the United States exceeded those who had not by 60 points (78 percent to 18 percent); by 1988, even after the successful conclusion of the INF agreement

had raised confidence levels compared with the previous year, the spread was only 12 points (55 percent to 43 percent). The fact that this decline in confidence coincided with a period of strong reassertion of US national strength and will under the Reagan administration demonstrates that such trends in opinion, once established, are hard to change. See: William Watts, "Australia, New Zealand and the United States: Changing Perceptions, Changing Policies," paper submitted to the East-West Center, 28 September 1988; Gordon A. Tubbs, "Australian Views of the U.S., the U.S. Alliance, and U.S. Agricultural Policies," Research Memorandum, United States Information Agency, 15 December 1988.

2. A USIA survey in Australia in October 1988 indicated that, while by a margin of 78 to 14 percent Australians favored remaining in the ANZUS alliance, 4 out of 10 (39 percent) believe Australian foreign policy is "too closely linked" to US foreign policy. (Tubbs)

3. In an October 1982 poll, 31 percent of Australians believed Australia benefited more from the alliance, 25 percent believed the United States benefited more, and 32 percent thought both benefited equally. In October 1988 the corresponding percentages were 41, 21, and 32. (Watts, and Tubbs)

4. Recent statements of these themes by American officials with responsibilities for Pacific security policies are: "Reflections on Pacific Security" by Admiral Ronald J. Hays, USN, Commander in Chief, US Pacific Command, Asia-Pacific Defense Forum, Fall Supplement, 1988; and "U.S.-Australia Security Relations: A Mature Partnership for Pacific Peace," remarks by Lt. Gen. Michael P. Carns, Deputy Commander in Chief, US Pacific Command (representing the shared views of Lt. Gen. Carns and Assistant Secretary of Defense Richard L. Armitage) at a Strategic and Defense Studies Centre conference on "Australia and the World, Prologue and Prospects," The Australian National University, Canberra, 7 December 1988.

5. In October 1988, only 6 percent of the Australians surveyed by USIA saw a Soviet threat to Australia, down from 16 percent in the similar survey a decade earlier. (In a 1986 survey, a similar 6 percent had claimed to see a threat from the United States). See the data on declining confidence in the United States cited in note (1) above.

6. The first New Zealand poll to ask this question, conducted in March 1985, recorded a standoff—45 percent each chose ANZUS ties and the ship visit policy. When the question was repeated in October of that year, by a margin of 48 percent to 44 percent the respondents chose ANZUS. A slightly different survey conducted in April and May of the following year produced a pro-ANZUS majority and a wider margin of 52 percent to 44 percent. Source: Watts.

7. See "The World Turned Upside Down? Change and Continuity in New Zealand Politics in the Postwar Era," by Roberto G. Rabel, Department of

History, University of Otago, conference paper presented at the East-West Center, Honolulu, August, 1988.

8. For a very recent, comprehensive statement see "Australian Defense Policy," address by Minister for Defense, Kim C. Beazley, to the Bicentennial Conference on "Australia and the World: Prologue and Prospects," Strategic and Defense Studies Centre, Australian National University, December 1988.

**THE EVOLUTION OF AUSTRALIAN
STRATEGIC DEFENSE THINKING**

Commodore H.J. Donohue, RAN



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**“If a man does not know to what port
he is steering, no wind is favourable.”**

Seneca 4 BC–65AD

Australia, inherently European in background and with close political and economic ties to the United Kingdom in the early postwar years, has recently achieved increased and more informed public debate on strategic issues. The trend in Australia's strategic perceptions led to the promulgation of the Policy Information Paper, *Defense of Australia 1987*, which clearly enunciated Australia's current perceptions and the recent higher profile of the Australian government in the West Pacific region generally. Over the past 20 years strategic perceptions have changed slowly but fairly steadily, with a growing awareness that Australia had to come to grips with her Asia-Pacific environment.

Several key elements have shaped the development of Australia's strategic policy since the Second World War. The first and major influence has been the gradual tendency from a commitment to the British Commonwealth or Empire to a more independent national state. Throughout Australia's history an emphasis on maintaining a close affiliation with major allies has been perceived as the only practical means of enhancing security. Australia alone could not realistically defend itself against a major threat. The enormous size, extreme inhospitality, and relative isolation of the Australian continent, together with limited population and financial resources, have always made access to the resources of a major ally an extremely attractive option. This reliance on allies, although reducing the feeling of vulnerability, has tended to inhibit the development of strategic independence.

Australia's contribution in support of major allies' strategies was to send forces abroad. Thus, since 1945 Australians have played a supportive role in Korea (1950–53), the Malaysian Emergency (1948–60), Indonesian Konfrontasi (1963–66), and Vietnam (1962–73). The past 20 years, however, have seen a fundamental change

with a growing acknowledgment of the need for a self-reliant defense policy aimed at the defense of Australian interests and, ultimately, to the realization of this policy.

Over the past 40 years, the political developments in Southeast Asia and the Southwest Pacific, whereby states have moved within one generation from colonial status to independent nationhood, has reaffirmed the strategic importance to Australia of the nations in her region. In response to regional political developments, and particularly following the significant reduction in the direct military involvement of Australia's major allies, there has been an increasing realization that Australia's future lies in the region, rather than as an extension of a major power's strategy.

The key planning document which shapes Australian defense policy is the "Strategic Basis" series of papers, produced every three to five years. These documents draw upon intelligence assessments and examine Australia's strategic circumstances and their broad indications for defense planning. Each paper is reviewed by the Defence Committee, (chaired by the Secretary of Defence) a committee that includes the government's most senior service and civilian advisers and is ultimately endorsed by government. Over the years these papers have become more rigorous in their approach to assessing the factors impinging on Australia's defense interests. Australia has to come to terms with a situation in which it faces no clearly identifiable threat and has developed an approach to defense planning that reinforces favorable strategic circumstances while guarding against future uncertainty.

THE EARLY POSTWAR YEARS—EMPIRE DEFENSE

In the early postwar years Australia saw its potential enemies as the enemies of Western democracy in a global struggle with the forces of international communism. Australia's defense considerations centered on possible contributions to the global strategies of Australia's major allies and the forces needed to support this role rather than on forces required for local defense. In its 1946 review of Australia's strategic circumstances, the Defence Committee concluded that:

.... the basic ingredient of Australia's defense must be Empire Cooperation since the size of this country demands for its defense, armed forces and an industrial potential quite beyond our present capacity ... (Australia's military forces)

should be so organized and trained that they can fit in as complete units with Empire forces in any theatre, keeping particularly in mind the Pacific Theatre¹

The essential and durable elements of the early postwar strategic perceptions were:

- the risk of direct military threat to Australia was low;
- the potential enemy was the USSR;
- the concept was of one grand design for world security, based on the empire and the United States;
- cooperation in empire defense would be on a regional basis with Australia taking an increasing share of the burden in the Pacific; and
- the Australian forces should be shaped primarily for overseas commitment with allies and adapted to home needs if the need should arise.

Prime Minister Ben Chifley at the 1946 London Conference made Australia's position clear, stating: "in the absence of an overall plan, the only possibility of developing cooperation in Empire Defense is on a regional basis ... and that Australia ... must make a larger contribution" ... which could ... "best be done in the Pacific" in close cooperation with United Kingdom, New Zealand, and the United States.²

In 1948, the overall strategic situation was seen as relatively benign with the political threat to Australian interests focused on Soviet activities in the Middle and Far East. The effect of nationalistic movements and the general unsettled political situation in Southeast Asia did, however, introduce a cautionary note. The success of the communist revolution in China was also viewed with some concern.

The 1950 strategic assessment considered the USSR capable of overrunning Europe and the Middle East before effective measures could be taken by the allies. This assessment, coupled with the situation in Korea, Malaya, Indochina, Persia, and events in Czechoslovakia and Central Europe, was seen by government as a pattern of planned communist aggression.

The United States had tended to assume that Europe was the main arena for communist expansion, but the Korean War abruptly changed US assessments of the priority of Communist goals and focused attention on East Asia. This US concern, together with the goodwill flowing from Australia's rapid provision of military

assistance in Korea, led to a more favorable US view on the establishment of a formal defense pact in the Pacific. The result was the negotiation of the ANZUS treaty, tabled in mid-1951 and ratified on 29 April 1952.³ Thus, the close relationship established between Australia and the United States during World War Two was revived and has remained. This period saw a heightened fear of an imminent world war. The Prime Minister reiterated in parliament that Australia needed to be ready now and over the next few years for war and noted, "If we are ready (for war) by the end of 1953, and if the other democratic powers are also ready, then war will probably not come at all."⁴

In a statement to parliament in February 1952, the then Minister for Defence raised the principal strategic considerations influencing the expansion and acceleration of Australia's defense preparations. In relation to the Cold War, it was considered essential to check the aggression occurring in Korea and Malaya and Australian forces were deployed overseas to these areas. In the case of "Global War" Australia would play a full role within the Allied strategy, and in "Local Defence" the control of sea and air communications around Australia was seen as the key. Invasion was considered most unlikely and the primacy of the maritime environment in Local Defense was recognized. The overall warning time for global war was thought to be very short.⁵

This was the era of hot (or global), cold, and limited wars and of the domino theory. Australia's overall strategy was one of "defense in depth" or "forward defense." The maintenance in friendly hands of the land route from China through Indochina and Malaya to the archipelago and Australia's north was seen as vital to prevent communist influence and power from coming within striking range of Australia. Australia's aim was, therefore, to keep the threat distant from its shores.

By late 1952 the likelihood of global war was assessed as more remote, although the Cold War had intensified and a prolonged period of defense preparedness and cold war activity was forecast. In this context, the rapid rise by communist China into a potentially significant military power was viewed with concern and seen as Australia's main threat. The focus on Southeast Asia increased; 2 issues were identified which were to hold the attention of Australian strategic thinking for the next 20 years:

- Indochina is the key to the defense of Southeast Asia; and
- While Indochina is held, defense in depth is provided for the Australia-New Zealand main support area.⁶

Australia's defense policy was articulated thus:

(a) To join with the other Commonwealth countries, the United States, and the countries of Western Europe in organizing essential deterrent forces, in building up effective defenses and in working out the necessary plans, preferably on a regional basis, in accordance with Article 52 of the United Nations Charter.

(b) To counter the spread of communism by all-means-short-of war and resist further aggression.⁷

During the early 1950s, with the focus on Indochina, Australia saw advantages in a regional defense arrangement to supplement ANZUS. Following the Geneva Conference on Indochina and Korea in 1954, Australia supported US proposals to create a defense organization in Southeast Asia. The concern of the countries involved was such that the SEATO defense pact was established between Australia, France, New Zealand, Pakistan, Philippines, Thailand, the United Kingdom, and the United States and was signed in Manila on 8 September 1954, some 7 weeks after the Geneva Conference.⁸

THE MID-FIFTIES—ERA OF FORWARD DEFENSE

The 1956 Strategic Basis paper repeated many of the themes of its 1952 predecessor with an emphasis on the Cold War, the "continuing world-wide struggle between Communism and the Free World...short of armed struggle." The strategic perception of developments in Southeast Asia, especially the communist insurgencies, largely reflected this continuing preoccupation. Responding to the complex politico-military situation in Southeast Asia the 1956 document accepted a need for direct Australian involvement in regional military activities, noting that success in Cold War action would be dependent upon close coordination in the military and political fields.

In the context of regional conflict, the concept of "defense-in-depth" was more fully developed. Three successive lines of Australian defense were envisaged, beginning with support, under South East Asia Treaty Organization arrangements, for the defense of the Indo-Chinese mainland. Should this fail, contingency plans would be implemented to defend a position on the border of Malaya. Consideration of the immediate defense of the northwest approaches to Australia would depend on the probable form and scale of attack at any given time. It was, however, assessed that Australia would "have time to build up to meet this threat provided her basic defense

structure is sound.”⁹ Significantly (with the benefit of hindsight), the 1956 Strategic Basis recognized implicitly that, in some potential military situations in Australia’s area of primary strategic interest, direct allied assistance might not be forthcoming.

Thus, during the 1950s strategic guidance developed only in minor ways, despite the French defeat in Indochina and the establishment of SEATO. The forward defense concept, now focused on Malaya, was restated, as was the perception of Australia’s dependence on a policy of collective security. Perhaps the fading prospect of global war and a strengthening of interest in preparedness for limited war were the main shifts.

THE DEMISE OF FORWARD DEFENSE—1959–1967

The 1959 assessment of Australia’s defense policy represented a major change in defense thinking. While acknowledging that Australia’s ultimate security was still linked to the United States and the United Kingdom, the document envisaged a range of threats to Australia’s vital interests which could emerge without necessarily involving broader Western concerns. In certain circumstances, “Australia might have to rely completely on her own defensive and economic capacity for an indeterminate period.”¹⁰ The paper also foreshadowed the demise of SEATO and predicted that United Kingdom resources might no longer permit a major contribution in the Far East in view of priority commitments in Europe and the Middle East. The crucial change in this paper was the recognition that a number of situations might arise in which Australian forces should be prepared to act independently.

The paper set down radical new criteria for the shaping of the Defence Forces:

The organization of our defence must take into consideration two main requirements, viz: The retention of non-communist South East Asia in friendly hands, and a future situation where we may be called upon to defend New Guinea or the north-western approaches by our independent efforts. As our forces could be reshaped only over a long period of years, they should be designed primarily with the ability to act independently of allies. Such forces could act conjointly with allies in regional defense arrangements. On the other hand, forces shaped solely to act in concert with major allies would not necessarily be capable of an independent role.¹¹

Despite the realism of its approach, the 1959 strategic paper was rejected by the government of the day. The cabinet minute merely says:

Cabinet directed attention to the conclusion that the Australian forces should be designed primarily with the ability to act independently of allies. It found difficulty in accepting this conclusion and invited further discussion of the matter.

It is not known why cabinet made this judgment that rejected the long-standing policy of planning primarily for a role in association with allies. Cabinet, from their historical perspective, saw no reason for this and possibly could not subscribe, even in principle, to such a major revision in defense policy.

Through the 1960s the major focus was on Southeast Asia. Australia faced a deteriorating strategic environment; her forces would most likely be required for anti-insurgency and limited war operations. This led to the objective of continuing progressive development of self-supporting forces. Although these forces would still contribute to allied operations, the primary emphasis was on forces to defend Australia.

Indonesia was naturally the center of closer attention than before, although Indonesia alone, despite the increase in her military power, was considered unlikely to constitute a major threat to Australia while Australia and her allies retained a forward military posture in Southeast Asia. The Indonesian confrontation with Malaysia raised the requirement for Australia to respond to situations which might arise from Indonesia's expanding capability and aggressive policies. The changed situation reinforced the view that "Australia must rely on her own independent military capability and collective security arrangements for her defence and the maintenance of stability in the area".¹²

THE GROWTH OF A SELF-RELIANT STRATEGY

The 1968 strategic basis paper marked the start of a new era. The end of forward defense was foreshadowed and also the British withdrawal from east of Suez. The experience, both for the United States and Australia, of Vietnam together with the emergence of Indonesia, Malaysia, Singapore, and Thailand as securely established states with independent foreign and security policies, no longer

prepared to concede the Western colonial powers any substantial role in their future, called for new concepts. Nixon's doctrine was anticipated about a year before it was enunciated on Guam; it was expected that once the United States had disengaged from its present involvement in Vietnam, it was likely to bring about "important modifications in its attitude and policies—particularly the need for the countries of South East Asia to do more to contribute to their own and regional security".¹³

Growing signs of détente between the superpowers and international support for maintaining the integrity of nation states also brought a fundamental change in the assessment of what had previously been perceived as the "threat from the monolithic world communist movement."¹⁴ These changing perspectives did not, however, represent any lessening of the importance which strategic guidance attached to a stable and secure Southeast Asia as Australia's strategic shield. The possible need for deployments to support Southeast Asian nations in certain circumstances was acknowledged, but the inability of Australia to step into the military shoes of either the United Kingdom or the United States and the importance of economic and other non-military strategies in combating insurgency were also recognized.

By 1971 the anticipated changes in the level and nature of US and British involvement in Southeast Asia had come to pass. The declaration of limited commitment by President Nixon in 1969 required Australia to focus more on the dynamic forces operating within the region than on the influences and roles of the major external powers. Main features of the future strategic environment were assessed:

- no direct threat to Australian security was foreseen in the 1970s outside of the unlikely contingency of a general war; but
- there were trends which could have the potential of developing in a later decade into a more active threat to Australia's security.¹⁵

With these perceptions and to support the security of Malaysia and Singapore after the withdrawal of British forces east of Suez, Australia participated in the Five Power Defense Arrangements (FPDA), established in 1971 between Malaysia, Singapore, Australia, New Zealand, and the United Kingdom.

A NEW ERA IN STRATEGIC THINKING

Following the end of Australia's participation in the Vietnam war a major review of Australia's defense policy was necessary. The 1973 Strategic Basis paper contrasted the regional tensions and conflicts of the 1960s with a perception of the future—one that subsequently proved generally accurate. It anticipated that Southeast Asian nations would be preoccupied with their own national affairs and local disputes. The 1973 paper included a summary of Australia's security still relevant 16 years later:

Australia is remote from the principal centres of strategic interest of the major Powers, namely Western Europe and East Asia, and even those of secondary interest, the Mediterranean, the Middle East, and the North West Pacific. Having ratified the Nuclear Nonproliferation Treaty we are not a factor in the Powers' nuclear calculations and dealings. We are not a principal party in the shaping of any regional affairs relevant to their interests, nor are we under present threat from our immediate neighbours. Because of its location and size Australia is a difficult country to invade, conquer and occupy. Moreover, we are a power of sufficient substance to discourage any thought that we may be susceptible to low-level pressure . . . it can be said that Australia is at present one of the more secure countries in the world.¹⁶

The thesis that had been evolving since 1959 was now doctrine. The primary criteria for developing the Australian Defence Force was to meet the requirements of direct national defense, not the support of overseas commitments with allies. Following a brief excursion into the notion of Continental Defence, this concept was developed to encompass the defense of Australia's broader strategic interests.

By 1975 the concepts of "lead time" and "expansion base" had crystallized in the concept of a "core force," with relevant skills and equipment capable of timely expansion to deter or meet a deteriorating situation. Substantial global and regional involvement of Australian military forces was firmly rejected. In an embryonic attempt to sketch a long-term strategic concept, the 1975 paper observed: conventional forces can only attack Australia by using sea and air approaches, and Australian strategy should look to having adequate naval and air power for interdiction, including forward operations, while at the same time having in being those ground and other forces capable of dealing quickly with any lodgements which might nevertheless be made.¹⁷

The 1976 defense white paper noted that Australian defense interests were not confined to the presence or absence of threat but were concerned with a broader range of developments, including those that introduced uncertainty into Australia's strategic prospects. Australia's policy was to support the favorable prospects in Southeast Asia and continue defense cooperation in the region; increased self-reliance was also stressed.¹⁸ Concerning warning time, which had previously been related to "Government acceptance of a perceived threat," the 1976 Strategic Basis paper observed that this was too narrowly based and that defense planning and preparations could be expected to be responsive to adverse strategic changes in advance of a perceived threat.¹⁹ In 1977, SEATO was effectively voted out of existence. Theoretically, the treaty remains alive but, in practice, it is dead. Hardly anyone noticed the demise of this organization which had been moribund for many years.²⁰

The 1979 Strategic Basis paper noted that while conflict in the Middle East (with a consequent threat to world oil supplies), and the position of Vietnam with respect to the Soviet Union and China were possible areas of instability or change, the likelihood of a significant deterioration in Australia's strategic circumstances was, at least in the shorter term, still remote. Australia did not have the military strength to contribute in any significant way to the outcome of hostilities between the superpowers, and priority must continue to be given to the independent defense of Australia. As had earlier papers in the series, the 1979 paper acknowledged the continuing value of the ANZUS alliance. The alliance was seen as an expression of Australia's membership of the Western strategic community and as promoting stability and security in Australia's neighborhood in addition to providing tangible military benefits in the event of a substantial threat to Australia emerging. No direct threat to Australia was considered to be in prospect, but the paper again emphasized the importance of Australia's being able to demonstrate that it was "serious and competent in defence matters, and capable of responding effectively to low-level pressures or military attacks and of timely expansion for response to more substantial threat."²¹

The 1979 document built selectively on the foundation of its predecessors in 1975 and 1976. The focus on maritime contingencies was further sharpened to give priority to capabilities for the defense of "any military convoys, our coastal shipping, focal areas proximate to Australia and our off-shore resources." The paper also reaffirmed the assessment, going back as far as 1971, that even with the support

of a major power, it would take at least 8 to 10 years from the development of a regional capacity to mount a major military attack against Australia.²²

In 1983 this important judgment was repeated and earlier deliberations on the defense of Australia consolidated and augmented. Forms of military pressure that are credible in the shorter term are illustrated by reference to relatively small-scale harassment and raids on remote settlements, coastal shipping, and other targets around Australia's north. The paper emphasized the core force philosophy to guide judgments on force capability requirements.

Drawing upon the judgments and information contained in a comprehensive security outlook, the Strategic Basis paper put forward a comprehensive, detailed defense policy. The three fundamental objectives of that policy were:

- The development of military capabilities appropriate to the independent defense of Australia;
- The promotion of regional stability and security; and
- Support for maintenance of the global balance and avoidance of superpower conflict through our alliance with the United States.²³

The strategic guidance formulated by the Defence Committees since the 1976 white paper may thus be regarded as a natural progression within the broader strategic context, each building on its predecessor. Although some strategic concepts have been developed in more detail, there was substantial continuity of thinking. A philosophy of defense self-reliance in a regional context has been articulated that has accurately reflected regional developments and defined Australia's situation as a natural participant in the region. Understanding of Australia's alliance arrangements, particularly with the United States, has matured and these are now seen as cooperative and mutually beneficial, without imposing unrealistic obligations.

DEFENSE OF AUSTRALIA

The Minister for Defence commissioned Paul Dibb in early 1985 to undertake a comprehensive review of the content, priorities, and rationale of defense forward planning in light of government endorsed strategic and financial guidance. The report, published a year later, was a most important contribution to the formulation of an appropriate defense policy. Dibb's central conclusions involved a downplaying of the core force concept and stressed that low levels of

military conflict could arise within short warning times from military capabilities already available in the region. The paper, entitled *The Review of Australia's Defence Capabilities*, was not well received in some quarters at the time—the result, I believe, of cursory examination and a somewhat emotional response to the postulated benign strategic environment and the potential isolationism of the strategy of denial proposed in the document.

Dibb's paper represented a major milestone in the evolution of Australian strategic defense thinking. With its wide-ranging approach to Australia's defense planning problems, it set the scene for a more cohesive approach to this important function within the defense hierarchy. It has also been invaluable in informing the public defense debate.

The Review of Australia's Defence Capabilities formed the basis for the defense white paper, *Defence of Australia 1987*. The white paper firmly committed Australia to a self-reliant defense posture within the framework of an interdependent set of alliances and regional associations. It accorded priority to the development of a balanced defense force, capable of meeting the postulated credible contingencies within the context of a strategy of "defense in depth".

A strategy of defense in depth does not envisage Australian forces being stationed in mainland Southeast Asia as the earlier forward defense strategy proposed, but gives priority to the development of defense capabilities able to exert, independently, decisive military power within Australia's area of direct military interest. This area includes Australia, its territories and proximate ocean areas, Indonesia, Papua New Guinea, New Zealand, and other nearby countries of the Southwest Pacific.²⁴ The strategy recognizes the fundamental importance of the maritime approaches to Australia's security (this was articulated, but on a grander scale, in the early 1950s). The white paper argues that Australia needs to focus more on the region and indicates Australia's responsibilities within that region, as well as reinforcing the overall utility of ANZUS and the US alliance. The paper emphasizes that security policy does not only relate to direct military threats, but the ability to manage strategic developments in Australia's broad region to reinforce the present favorable strategic outlook.

More recently, the government has reaffirmed its intention to contribute to regional security and to maintain close practical cooperation with ASEAN and the Southwest Pacific nations.

Within this area of broad strategic interest we intend to develop and maintain defence relations, cooperate in the development of defence capabilities, and undertake military deployments, visits and exercises with our regional neighbors.²⁵

FUTURE CHALLENGES

There are developments in Southeast Asia which will have an effect on Australia's future strategic environment. It is a region of changing alignments and arrangements involving a gamut of large and medium powers. Because of the changing strategic perspectives in the region there is a shift in defense force structures away from a concentration on the more traditional ground forces to a more balanced force structure with an increasing recognition of the potential value of the maritime environment and the need to control its security. Australia sees closer cooperation developing in this area.

The states of the South Pacific are also in a period of transition and Australia aims to support a stable and secure region in which changes can take place peacefully. This relates significantly to the maritime environment and the Australian government has announced that it intends to give the same priority to defense relations in the South Pacific as it accords to older and more established defense relations with the countries of Southeast Asia.²⁶

In December 1987, Australia concluded a new security commitment with Papua New Guinea, bringing that arrangement into line with our existing commitment to Malaysia and Singapore through the FPDA.²⁷ This latter defense arrangement has been revitalized in recent years with a greater emphasis on maritime exercises and training and on the traditional land and air exercises.

The ANZUS alliance and the bilateral arrangements with the United States remain essential components of Australia's defense posture, but are not seen as providing assistance which could involve the United States in high political and economic costs. Intelligence exchanges, preferred customer status in defense purchases, access to military technology, assurance of resupply, and training and exercises will continue to reinforce Australia's ability both to protect its own interests and to contribute to regional security.

The challenge for the future is to be able to adjust and develop our regional security commitments to an increasingly complex and demanding strategic environment; this challenge will place demands on our policies and capabilities but, if accomplished properly, will be

fundamental both to Australia's standing in the region and to our own long-term national security.

NOTES

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***NOT* WANDERING OFF INTO AN
INTERNATIONAL NO-MAN'S LAND**

Dr. Dora Alves



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Before considering possible directions for New Zealand's future defense policy, it is only sensible to take a backward glance to review quickly the history of defense in New Zealand and then to summarize changes in defense posture since the New Zealand Labour Party (NZLP) came to power in 1984.

The year 1840 is an important date in New Zealand's history; it saw the signing of the Treaty of Waitangi, Britain's annexation of the country, and the arrival of the first New Zealand Company settlers. The New Zealand Army had its genesis four years later in response to a raid by Maori Chief Hone Heke.*

GENESIS OF NEW ZEALAND'S FORCES

Queen Victoria, in extending the rights and privileges of British citizens to the Maoris, recognized their rights to undisturbed possession of their land, but no specific arrangements were made for the defense of the colony. When there was friction over land claims between the settlers and the Maoris the only military forces in the colony were small detachments of imperial troops. Thus, Hone Heke's rebellion resulted in the first Militia Ordinance in March 1845. When the Anglo-Maori Wars broke out in 1860, the government organized the Colonial Defence Force, Special Forces (to counter the Maoris in the bush), and the Armed Constabulary. By 1870 the last British regiment had left the country. Although between 1858 and 1909 almost every settlement had a corps of Volunteers, New Zealand still lacked an effective army. Under the Defence Act of 1909, the Volunteer force was replaced by the Territorials and a system of compulsory military training.

SERVICE OVERSEAS

New Zealand first sent troops overseas in September 1899, two weeks before the outbreak of the Boer War. In South Africa these mounted riflemen won an enviable reputation. Ten years later, British instructors started to create a new army in New Zealand. Officer cadets began to attend Australia's new Royal Military College, Duntroon. The patterns of close association thus established have continued.

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On 29 August 1914, a force of 1,413 New Zealanders occupied German Samoa unopposed. The feats of the Australian and New Zealand Army Corps—ANZAC—at Gallipoli are legendary but New Zealanders also served with distinction in Sinai-Palestine and on the Western Front. Just under 10 percent of the dominion's 1914 population provided troops for overseas and the World War I casualty rate was a staggering 58 percent.

In World War II, New Zealand aircrew in RAF bomber and fighter units served from the early days of the war; it has been estimated that 1 pilot in every 12 in the Battle of Britain was a New Zealander. New Zealand also served in the Middle East, Greece, and Crete, and in Italy. In the Pacific, New Zealand troops garrisoned the Crown Colony of Fiji and deployed and fought on a number of Pacific islands. At the war's end, out of approximately 140,000 troops, New Zealand counted 11,625 dead. On the homefront, the Home Guard was established in 1940 to augment local defenses, protect vulnerable and key points, and to give timely warning of enemy movements. At the height of its strength, it numbered 124,194 men.

POSTWAR YEARS

New Zealand forces were active in the postwar years. They provided a component of the British Commonwealth Occupation Force in Japan. From 1950 to 1958, when it was abolished by the Labour government and territorial service made voluntary, a Compulsory Military Training Scheme existed. During the Korean war 3,794 soldiers served in New Zealand's Kayforce. New Zealand soldiers served also during the Malaysian Emergency from 1955–1960. During the period of Confrontation, 1964–1966, the army served in Malaysia and Borneo. Two officers and 20 other ranks of the Royal New Zealand Engineers were sent to Vietnam in 1964 in a non-combat role and a small administrative headquarters was established in Saigon. By the time New Zealand troops were withdrawn by the Labour government in 1972, 3,890 volunteers had served in Vietnam with 35 killed in action and 187 wounded. Early in 1980, New Zealand soldiers formed part of the Commonwealth Ceasefire Monitoring Group in Rhodesia, departing after the elections.¹ The Lange government has supported New Zealand participation in UN peacekeeping forces. Summarizing the results of 140 years of New Zealand defense activities, it must not be forgotten that as New Zealand developed from colony to dominion to independent nation,

its economic and defense links with Britain remained close. Revisionist historians may see New Zealand as fighting other peoples' wars in other peoples' countries but, at the time, it was not thought of in that way, as contemporary diaries attest. During the 1930s, New Zealand's stance was gradually evolving in international relations.

INTERNATIONAL RELATIONS

The first Labour government in 1936 began to take an attitude more independent of Britain in foreign affairs and, as war clouds gathered, New Zealand doubted that Singapore would prove a secure bastion. In 1938 Australian Prime Minister J.A. Lyons agreed to the suggestion of New Zealand Prime Minister M. J. Savage that the two countries have direct consultations. During the war years, the long-standing system of direct communication with London was at last supplemented by simultaneous contact between the antipodean countries, although the governments were not represented in each other's capitals until high commissioners' offices were set up in 1943—high commissioners being the equivalent of ambassadors among the Commonwealth countries. Through the years, Australia and New Zealand adopted increasingly independent postures. Australia withdrew some of its forces from the Middle East as the Japanese onslaught accelerated. New Zealand, more distant from operations and feeling less threatened, did not. Though they were not always in agreement, both countries wanted more say in the direction of the war and in the peace settlement.

In 1944 the Australian and New Zealand Agreement was signed by two Labour governments.² Closer cooperation, the establishment of a regional zone of defense, and a claim to a greater share in decision-making in the Pacific—which the countries felt they had earned by their expenditure of blood and treasure—were salient features. US reaction was not positive and momentum was soon lost. From 1944, in the words of the Corner report, New Zealand made a determined effort "to promote the establishment of a system of global security under a world authority³. It constantly opposed the idea of regional security arrangements outside overall United Nations control."⁴

In the fifties, New Zealand participated in the Colombo Plan and in ANZAM. (The first approached the problem of security in Southeast Asia with economic and social action, the second were consultations between British, Australian, and New Zealand officers on the security of the British colonies of Malaya and Singapore.) New

Zealand identified firmly with the West, as exemplified in the decision to raise a division for service in the Middle East, should need arise.

ANZUS AND THE START OF THE ANTI-NUCLEAR MOVEMENT

After the war, Australia and New Zealand were concerned by the threatened spread of communism and the potential rebirth of Japanese militarism. The formation of NATO prompted the idea of a Pacific pact and the ANZUS treaty of 1951 was the result. New Zealand accommodated to a changing world as Britain's power declined and the decolonization of the Pacific islands began with Western Samoa's independence in 1962. In 1971, New Zealand played a major role in the establishment of the South Pacific Forum after France and the United States insisted that political matters not be discussed in the South Pacific Commission which included the metropolitan "colonial" powers as well as the island states. The Forum's members were Australia, New Zealand, and the independent island nations.

Since Britain was excluded the ANZUS treaty marked a turning point for the former colonies of Australia and New Zealand. The latter's independent nationhood and Pacific awareness developed further as Britain joined the European Community, an event which had a profound impact on New Zealand's exports of dairy products and lamb; President Nixon defined the US defense posture in what came to be known as the Guam Doctrine; and New Zealand's third Labour government came to power under Norman Kirk in 1972.

In the two years before Kirk's death, New Zealand gave less emphasis to security matters and assumed leadership in world protests against nuclear testing. Kirk was to have a powerful influence on subsequent opinion in New Zealand. At the time of the "Buchanan incident" early in 1985, there was little understanding in the West of the depth and intensity of anti-nuclear feeling in New Zealand. The anti-nuclear movement was shrugged off as the work of a few crazies blocking US ships in Auckland harbor. However, anti-nuclear sentiment, closely tied to the Labour party, had deep roots.⁵

Since 1969 the NZLP's annual conferences have concentrated on economic and social affairs, laying stress on moral suasion. They have opposed the sending of New Zealand troops overseas. The party has advocated non-military pacts of friendship, withdrawing from

military alliances and, first under Kirk's powerful leadership and then under his successor, Wallace Rowling, has stressed independence in foreign policy. For the first time the party supported the motion that no foreign warship that normally carried or could be carrying nuclear weapons be permitted to visit New Zealand or use its facilities. The desire, first observable in the 1970s, for a larger independence with greater contacts with the Third World was more often articulated. New Zealand's rejection of the idea of being defended by an ally using nuclear weapons did not originate with David Lange, but had its genesis in the early 1970s.⁶

In 1966, the New Zealand government considered that collective security required New Zealand to assist allies in matters affecting national interests. In 1972, as New Zealand troops were being withdrawn from Vietnam, the Labour government spoke of making an appropriate defense effort on New Zealand's behalf and for the sake of national security. It stated, furthermore, that defense cooperation entailed reciprocity.

NATIONAL PARTY'S VIEWPOINT

Throughout the National government of Robert Muldoon (1975–1984), New Zealand's growing involvement in the Pacific region was apparent. The consultative process afforded by ANZUS was valued as a considerable benefit to a smaller power. Collective security made a constructive contribution to international problems and amplified the defense efforts of a small power as well as giving the power good standing with its partners and a certain standing with potential adversaries. The Secretary of Foreign Affairs, Mervyn Norrish, discussing the nuclear danger during this period, said categorically, "New Zealand can do more to promote arms control, to promote stability and better relations as a member of ANZUS than outside it."⁷

It was emphasized that the single most important fact of the ANZUS alliance was the provision of a structure within which issues bearing on the strategic interests of the partners could be broached. The National party saw a demonstrated continuity in New Zealand's approach to international defense and security issues. It did not, however, seek merely to merge the country's defense contributions with those of its larger partner. In May 1984, Secretary of Defence D. B. G. McLean affirmed:

In our own region, we propose a New Zealand role commensurate with our own direct national interests and resource. That role is to be nationally directed and controlled. It would be able to mesh in with allied efforts as needs be.⁸

(As an aside, in the ANZAC context, in 1983–84 New Zealand's defense expenditure was 2.3 percent of GDP and 4.2 percent of government expenditure while Australia spent well over A\$5 billion, or 9 percent of the total budget.)

DEFENSE GOALS

As McLean said, the 1983 *Defence Review* expanded trends discernible in that of 1978. In 1983, it was argued that defense capabilities needed to be organized on a 20–30 year time span. The 1987 Lange government's review, with an inadequate appreciation of lead times, says the contingency of invasion is so remote that it need not form the basis for strategy. Both the 1983 and 1987 reviews require the preservation and integrity of New Zealand, its 200-mile EEZ, and the Cooks, Niue, and Tokelau for which New Zealand has defense responsibility; the ability to respond militarily to low-level emergencies in the South Pacific; maintenance of an expansion base permitting a response to high level contingencies—restricted in the 1987 review to the South Pacific region—promotion of the security and stable development of the South Pacific countries by the provision of practical military assistance; strengthening of defense cooperation with Australia; and the maintenance of the ability to operate in New Zealand's strategic area.

LANGE GOVERNMENT

With the change of government in August 1984, after an election in which 64 percent of the voters supported parties with an anti-nuclear stance, events were put in train that eventually led to a break between the United States and New Zealand. Prime Minister Lange did not discourage the idea that an accommodation might be found. However, the NZLP's attitude hardened after the annual party convention demanded a withdrawal from ANZUS and a move toward non-alignment. The government's policy of refusing port access to ships that are nuclear-powered or nuclear-armed conflicted with the US policy of neither confirming nor denying the absence or presence of nuclear weapons.⁹ The rift deepened when a visit by USS *Buchanan*, fitted with ASROC (antisubmarine rockets), a theoretically nuclear-capable system, was rejected in February 1985.

The United States cancelled future joint exercises and training, familiarization visits, and military courtesy calls. Most of the intelligence flow ceased—though not intelligence that might be vital to New Zealand's security. The US administration insisted that there be no economic sanctions against New Zealand, but stated that those who chose to change significantly a situation that was stable and had served the common interest for a long time must bear the burden. In September, Deputy Prime Minister Geoffrey Palmer brought proposals to Washington for restoring bilateral relations, but these were unacceptable to the administration.

Paul Wolfowitz had expressed the Reagan administration's viewpoint in February 1985:

... With words, New Zealand assures us that it remains committed to ANZUS. But by its deeds, New Zealand has effectively curtailed its operational role in the alliance. A military alliance has little meaning without military cooperation.¹⁰

Ambivalence in the NZLP's defense posture has been noted by a number of commentators. Ramesh Thakur has questioned how a people and a government holding the beliefs they do about the United States can possibly be sincere in stating that they are loyal members of the Western alliance with the exception of holding strong anti-nuclear policies concluding, "it is difficult to reconcile grave suspicions of US motives and behavior with professions of faith in American leadership and alliance."¹¹

A FRIEND, NOT AN ALLY

The United States suspended defense ties with New Zealand, considering that New Zealand's policy was in material breach of Article 2 of the ANZUS treaty, after 35 years of trilateral alliance. A bilateral alliance with Australia continues and the alliance relationship between Australia and New Zealand remains in place.

CONFUSION AND DISAGREEMENT

The New Zealand government's defense policies are not supported by a clear national consensus or bipartisan endorsement. On the one hand, a majority of New Zealanders feel that the arms race is out of control and that something needs to be done. They hold the United States and the USSR equally responsible for proliferation and take no comfort from the paradox of the nuclear deterrent. They find it insupportable that nuclear testing is carried on in the South Pacific, and they feel New Zealand is responsible for protecting the fisheries,

so vital to island nations, from contamination. On the other hand are those concerned that membership in ANZUS has been made a party political issue while the nuclear issue has been overemphasized. These people contemplate New Zealand's maritime environment, considering that while remoteness may bring a degree of security it also entails long, exposed lines of communication. New Zealand's trade is now and will remain predominately with the northern hemisphere. Surprisingly, the 1987 *Defence Review*, described as representing the most fundamental change in defense policies since World War II, says, "... any substantial interdiction of our overseas trade would pose difficulties for any aggressor."¹²

At a time of deep division among New Zealanders, the Corner Committee was appointed to examine the approach to be made to defense and security by taking submissions, holding public hearings, and commissioning a public opinion poll. The results were mixed. Less than one-third of the population believed that the USSR posed a threat. While 72 percent wanted to remain in ANZUS, 74 percent wanted to be nuclear free. It was determined that 52 percent would choose ANZUS even with ship visits and that 44 percent, wishing to keep nuclear ships out, were prepared to abandon ANZUS.¹³ The maintenance of defense links with Australia was overwhelmingly supported. More than one quarter of the community believed that military cooperation should extend to complete defense integration with Australia. After an exchange of letters between the prime minister and the committee, Lange said that the committee had failed to negate his contention that ANZUS did not provide any absolute or unconditional security guarantee.¹⁴

Malcolm Templeton, in an independent commentary on the political and strategic background for the review of New Zealand's defense structure and capabilities, considered that in 1986, New Zealand's security needs required to be determined and its defense policy clarified.¹⁵ Templeton thought it was arguable that there was no comprehensive, integrated defense policy or at least that there was widespread confusion and disagreement about it.¹⁶ He also noted that the democratic ideal of a bi- or multipartisan defense policy seemed unattainable in New Zealand.

THE ANZAC TRADITION

Lange underscored the ANZAC connection after the rift with the United States and yet the Canberra Pact offers no guarantee: it advocates a closer degree of defense cooperation than has actually been

achieved but no explicit commitment to joint action in the event of a threat to or an attack upon either nation. Templeton recognized that a joint defense of the South Pacific would be more impressive to the island nations and to a potential aggressor, but he suggests that the disparity in size makes the connection more important to New Zealand than to Australia. In addition to geostrategic differences, there are differences in operational perceptions; Australians could consider that New Zealand was not pulling its weight; and that the high cost of Australian ships and weapons might be a difficulty for New Zealand.¹⁷

At the end of 1988, it is ships—the “ANZAC” frigates—that pose Lange’s most difficult defense policy problem. He has to decide whether, in face of considerable opposition from his own party, he will agree to New Zealand buying the 4 ships originally projected. The background to the quandary, made the more difficult by New Zealand’s economic situation, is a profound difference of perspective, unlikely to diminish, between Australia and New Zealand.

Australia has not been willing to abandon ANZUS, which it regards as the essential component of its strategic relationships, for a “matter of principle,” as Palmer described the anti-nuclear stance. The Australian government recognizes that though the alliance is not a formal commitment to collective defense planning, it is the framework for close and practical cooperation between defense forces and for political and economic consultation covering shared Pacific interests. It regards allied access as essential.

Australia and New Zealand have much shared history—4 of the 6 Australian colonies and 5 of the 6 provinces of New Zealand were founded from Britain, the others being extensions of New South Wales; they have long shared a common labor market that ebbed and flowed with the vagaries of the market; and after World War I, both were autonomous communities within the British Commonwealth. However, there is also a certain residual mutual resentment. This is usually expressed jocularly over yachts, horseflesh, or rugby, but it is apt to surface when questions like the ANZAC ship purchase are in dispute.

INTERMITTENT COOPERATION

The antipodean relationship has known periods of close cooperation, although through the thirties Australia and New Zealand took different positions on some defense and foreign policy issues. Later,

both failed to participate directly in wartime policymaking for the Pacific. Together they established the South Pacific Commission. The New Zealand-Australia Free Trade Agreement (NAFTA) of 1965 was a predecessor of Closer Economic Relations (CER) which have recently become even closer. As a result, CER is sometimes suggested as a quid pro quo for New Zealand participation in the ANZAC ship project.¹⁸ In the new CER protocols, it is agreed that all remaining barriers to free trade between Australia and New Zealand will be removed by 1990, creating a single trans-Tasman market in all goods and services by that date. A Memorandum of Understanding on cooperation in defense supply was signed in 1969. Australia and New Zealand were both instrumental in shaping the Treaty of Rarotonga, signed on 29 August 1985, trusting that it was shaped in such a way that the United States would sign the protocols. The Reagan administration, giving precedence to global considerations, declined to sign the protocols, as did other Western powers.

Now that the former trilateral arrangement has become "an open-ended triangle," with Australia at the apex, New Zealand finds itself in a different situation in dealing with Australia, which had been described in the 1978 *Defence Review* as "the single most important strand in our international network."¹⁹ It is incontrovertible that, as both countries affirmed throughout World War II, "In a strategic sense the two countries are one."

For the past decade, New Zealand has said that it can best contribute to the strength of the Western world by helping preserve peace and security in its part of the world, especially the South Pacific. The capability to do this has become more urgent in the light of two coups in Fiji, political strife in Vanuatu, and bitter racial strife in New Caledonia. In the maritime environment of the region, New Zealand must have naval capabilities if it is to do what it has pledged to do and must replace its aging *Leander*-class ships. New Zealand is presently cooperating on the ANZAC ship project under an MOU (Memorandum of Understanding) signed in March 1987. The future of New Zealand defense policies will be greatly influenced by whether or not it withdraws, as it did from the MOU signed with the intention of jointly designing and procuring conventionally powered submarines. The 1987 MOU says that New Zealand would expect to take delivery in the mid-1990s of two frigates and of the final two toward the turn of the century.

ANTI-ANZAC SHIP CAMPAIGN

From at least mid-1988, the prospects of eventual cooperation on the ANZAC frigates have taken a roller-coaster ride. Not unexpectedly, the annual New Zealand Labour Party conference urged the abandonment of the joint project since it was "excessively costly and unnecessary for New Zealand's needs." Powerful and well-funded New Zealand peace groups have mounted a well-argued propaganda campaign with glossy pamphlets. The campaign stresses the high unemployment rate (which stood at 9.4 percent in October 1988), and the danger that New Zealand would be tied to Australia and, by extension, the United States. One anti-nuclear campaigner is reported as saying, "It is the strongly pro-American Australians who are trying to draw us back into ANZUS."²⁰ The campaign has made important converts, among them Hugh Fletcher, director of Fletcher Challenge Ltd., who discounted threats that a rejection of the project would affect CER and said that CER concessions were overrated anyway.²¹

The anti-frigate groups are widespread and persistent—particularly with their emotionally charged graffiti calling for schools not ships and jobs not ships. There is the potential for them to exploit latent anti-Australian sentiment and to influence those without much grasp of strategic matters. The leftish New Zealand Seamen's Union staged a sit-in at the offices of the New Zealand Shipping Corporation, which the government plans to privatize. The union president told TV interviewers that the price of the frigates could usefully be applied to the shipping line which has had persistent losses.²² Lange, who under the influence of Hawke and Australian Defence Minister Beazely has shown signs of treating defense concerns more seriously, was exasperated by the involvement of the anti-nuclear groups, saying that it gave rise to suspicion about their motives since the ANZAC project was not a nuclear issue.

POLITICAL ASSESSMENTS

The National Party leader, Jim Bolger, has protested that the 25 percent Qantas purchase of Air New Zealand was part of a package deal involving the ANZAC ship that was, in effect, a political accommodation the government was trying to find with its Australian counterparts. The spokesman for Civil Aviation Minister Bill Jeffries insisted, however, that there was no question of a deal, that a commercial decision had been made independently of political considerations. Members of the National party are concerned that the project

will take most of the defense funds for the next 20 years and may effect plans to replace the Strikemaster with light attack aircraft and to meet the army's need for a supply ship. The plan for 8 Australian and 4 New Zealand ships will keep the costs down for both nations. New Zealand has been offered up to half the cost of the order in industrial and other offsets—but the offer has been greeted with no great enthusiasm by New Zealand manufacturers.

The changed tone of Lange's defense comments is important because it may indicate the direction of future New Zealand defense policy. In a speech called "Facing Realities," which had considerable impact in Australia, Lange said:

Over the longer term, the course we are now embarked upon takes us in the direction of the integration of the two economies. That gives our relationship with Australia an importance altogether different from any other. It also goes some way towards explaining why the security relationship with Australia must now carry such importance. Our interests are not identical . . . but the scope of our shared interests is wide. And just as it is impossible for us to limit our Pacific horizon to the Kermadecs, we cannot regard our interest in Australia's security as confined to this side of the Blue Mountains. That has implications for New Zealand defense policy.²³

(The Kermadec islands, 30.00S and 178.30W, were annexed by New Zealand in 1887. The Blue Mountains in New South Wales, so called for the blue haze rising above the eucalypts, were the first barrier crossed by the Sydney colonists in their westward expansion).

Lange made two important speeches on trans-Tasman relations in August and another early in November countering the urgings from the Nuclear Peacemaking Association that the government should "dig in its toes" to stop Australia's "blackmailing" over the ANZAC ship project and suggestions that New Zealand needed a new foreign policy for neutrality. Lange noted that the final decision was some way off—actually, in mid-1989—but he gave particular weight to three things: the balance of priorities within a limited budget; the fact that a regional defense policy made little sense without the ability to perform certain basic naval tasks; and that for operational reasons and to achieve logistic efficiencies, there were compelling arguments for going the same way as the Australians, if possible. In sum, strategic logic pointed New Zealand in the direction of a combined ANZAC fleet.

LANGE, 1988

This is an unambiguous statement. Because the new trends in Lange's attitude toward defense are so important, we will summarize his other points. The prime minister stated that he regarded trans-Tasman relations as central to the economic and strategic future of New Zealand and the South Pacific region. He said, "*We are part of the wider global community.*"²⁴ (emphasis added). Lange declared that on external issues much of what he read and heard was nostalgia or wishful thinking; forgetting the difference between being principled and being credulous was risky; the line between idealism and naiveté was a fine one.

Noting the prevalence of tired myths, Lange categorized much of the current debate on foreign policy and security as working by reflex rather than analysis. Perceptions had altered: ideology was not the rubric it had been. Within the prime minister's lifetime there had been massive shifts in the economic balance that ultimately had had politico-strategic consequences. Characterizing the Guam Doctrine as both prophetic and perceptive, Lange noted the new choices and new responsibilities of individual nations. He decried the popular belief that the greatest cause for fear lay in nuclear confrontation between the superpowers, saying, "What frightens me more is the emergence of new nuclear states."²⁵

RELATIONS WITH AUSTRALIA

Lange stressed the need for a pause in the process of change in New Zealand, both to avoid outstripping the country's capacity for change, and to regain lost confidence. New Zealand's strategic interests could not be looked at in isolation from those of Australia and, in the view of both governments, security could not be fenced off from other areas of the relationship. While it was not new to acknowledge Australia's importance to New Zealand's security, the concept that New Zealand had a contribution to make to Australia's security might be novel. While basic orientation differed between the two countries, the New Zealand government had concluded during the defense review process that the nation needed the ability to deploy forces on a small scale throughout the South Pacific, alone or with the Australians. "What the Government must be concerned about is being prepared and able to meet what may be the much more serious security requirements of the 1990s and the early part of the next century."²⁶ The costs of the ANZAC ships would be high, but the costs

should be seen in their proper context; any new ships would have to come out of existing levels of defense funding and alarmist headlines suggesting that the government was about to pay out more than NZ \$2 billion dollars on the navy were nonsense.²⁷

Two weeks earlier, in addressing the Open Australia-New Zealand Business Council's Joint Conference, the prime minister said he was beset by people who imagined the logic of the nuclear weapons policy pointed to a policy of neutrality and isolationism. New Zealand's interests, however, did not stop at the EEZ. New Zealand was a South Pacific country, inescapably involved in the affairs of the region. He made the point that the same trends that were reshaping the Pacific Basin's commercial and political environment would also affect New Zealand's own strategic environment. Problems were more likely to affect Australia, in which case it would be a question of New Zealand's capacity to help Australia. In an environment growing increasingly more complex, it was sensible for New Zealand to work as closely with Australia on defense as in other areas of external policy. Issues such as the ANZAC ship project needed to be seen against the background of a long-term commitment to working with Australia on common security interests.²⁸

Lange is using a new vocabulary. In his significantly titled address, "Facing Realities," he acknowledged that the monolithic view of the Pacific islands had to go. The government had to think increasingly in terms of relations with individual countries and individual leaders and could not assume that New Zealand and New Zealanders had a secure place in the region. Security policy carried major costs and risks and it was important to get it right. For the government of New Zealand, the question of turning its back on old friends and wandering off into an international no-man's land simply did not arise. New Zealand had no direct military role in the northern hemisphere and it was now plain that it could realistically achieve little militarily in Asia. It had shared direct military responsibilities in the Asia-Pacific Basin region and with Australia and would give serious consideration to any request for assistance from governments in the region. The possibility existed that situations could arise in which diplomatic solutions alone might not suffice—a judgment that did not come easily to New Zealand but one that had been forced upon it by experience.

Lange saw no role for New Zealand in any nuclear strategy nor reason for New Zealand's defense efforts to be shaped for a possible

role in a global conventional war. However, he thought it necessary to provide the armed forces with the effective resource management that would be based on the detailed review of force structure and capabilities now being made by defense force planners and the Quigley resource management review.

ECONOMIC ASPECTS

Obviously, New Zealand's defense posture cannot be divorced from its economic situation, as Lange has been at pains to point out. Douglas' reforms have resulted in an annual inflation rate of 3.5 percent. Tax reform has cut the top personal marginal rate to 33 percent. A general consumption tax has been introduced and the company tax rate slashed to 28 percent. So far, economic growth has not been good. The government has used sales rather than spending cuts to reduce budget deficits. High unemployment has resulted from the overvalued dollar and high interest rates. At present the corporate tax rate is one of the lowest in the West. New Zealand has to find new markets since its own market is too small to support manufacturers and it is far from markets. Tax reforms have been designed, in part, to lure Australian business.

Early in September, Opposition leader Bolger said that Lange had "kneecapped" Douglas to regain control of economic management. Now Douglas is out; on 14 December, Lange appointed David Caygill after Douglas' resignation as Minister of Finance. In a press statement, Lange reaffirmed the cabinet's commitment to economic policies followed since 1984. His words were echoed by Caygill, a former Associate Minister of Finance and Minister of Trade and Industry. The earlier relationship between Douglas and Lange did not survive Lange's rejection of Douglas' flat tax scheme, and the sacking of cabinet member Prebble and Douglas aide Bevan Burgess.

Cabinet supports the ships purchase and Foreign Minister Russell Marshall and Defence Minister Bob Tizard have spoken in support of the project. The latter has said that rejecting the project would negate the conclusions of the 1987 *Defence Review* and the concept of collective regional security and would lay open a path of non-alignment and isolationism. Like his prime minister, Tizard considered that much of the current debate was not based on facts and he sought to further that debate by cutting down on misconceptions. In his opinion, the 1987 *Defence Review* was being deliberately misunderstood by some.

TIZARD'S ASSESSMENT

Tizard claimed that in the past New Zealand's armed forces and foreign policy had brought it credibility on the world stage disproportionate to its size, saying that there must be continual reassessment of the changing matrix of social, economic, and political factors. (The efforts of Labour Party President Ruth Dyson to rally opposition to the frigate purchase have centered on social priorities.) Tizard underscored the advantage of interoperability and of having purpose-built equipment. Acknowledging that identity of view with Australia was not likely to be achieved on everything, the minister stated that New Zealand was not about to compromise its sovereignty. Strategic interests, reflecting political separateness, overlapped, rather than coincided. "In many respects, the ANZAC ship project is the litmus test on how far this joint relationship will go," he said.²⁹ Referring to the two alternative frigate designs—the Dutch M-class or the West German Meko 200—Tizard said: "Both designs are able to operate in some of the harshest seas in the world, sustain travel over long distances, and operate the helicopters vital for many tasks."³⁰ This needed to be said for the public discussion has entirely ignored such practical matters.³¹

The quickening pace of change in the Asia-Pacific region makes forecasting potential defense policies difficult—forecasting Lange's probable future policies was *always* difficult. The old colonial issues and the East-West issues are, as Beazley points out, fast disappearing or otherwise changing. India, the PRC, and Japan are increasingly important; Singapore, Malaysia, Indonesia, Thailand, and South Korea are becoming more significant in the region; the South Pacific island nations want direct contact with the United States, not to have Australia and New Zealand acting as intermediaries.

The Lange government has had time to consider this along with the unrest in the South Pacific and the results—economic as well as military—of its break with the United States. Lange's recent speeches indicate a new awareness rather than the jaunty insouciance in defense matters that characterized his early period in government.

Compromise with the United States over nuclear questions appears unlikely while a Labour government is in power in New Zealand. The National party, whose defense experts have given more attention to geostrategic considerations, would wish to return to the ANZUS fold if it were in power. The question of port visits would remain, however. At present, the country opposes nuclear ships.

Furthermore, the young people that the National party wishes to appeal to support the NZLP's anti-nuclear platform. It is the older people who regret the disappearance of traditional defense ties with Britain and the United States. Whatever the stance of a National government in power, the United States would clearly have problems with an alliance liable to change in defense essentials with every change of government.

As many analysts have pointed out, there is no consistent defense policy in New Zealand at the moment, nor is there informed debate. (The careless talk of patrol boats in New Zealand's stormy waters is an example of this.) The No Frigates Campaign's rebuttal of Tizard's 29 November speech never suggests a viable alternative to the frigates. New Zealand spokesmen imply that remoteness brings invulnerability—though recent events disprove this. At the same time, they feel a responsibility to the small nations of the South Pacific. But to play that role, New Zealand forces need ships, aircraft, and up-to-date equipment. That is the heart of Lange's difficulty, a difficulty compounded by the disappointing economic situation.

The New Zealand government has talked much about the ANZAC connection in the past few years. Australia certainly wants to cooperate with its Pacific neighbor and to maintain interoperability. It has suffered financially in seeing that no break occurs. Australia's interests, however, are different from New Zealand's. Australia is more conscious of its neighbors to the north than is New Zealand. With the withdrawal of the New Zealand battalion from Singapore, Australia is directly more involved in the Five Power Defence Arrangements (signed in 1971 by Australia, Malaysia, Singapore, New Zealand, and Britain), Australia sets store on its entrée to the political and defense strategies of the region. If Australia continues to assist New Zealand, it expects New Zealand to be willing and able to help reciprocally. So the differences between New Zealand and its only ally are considerable. But what can Lange do *but* cooperate with Australia? Lange wants to remain the leader. He has demonstrated that when he senses that the country is not behind him he can slow down and moderate his policies. Perhaps, with Marshall and Tizard supporting him, he will be able to outmaneuver the anti-frigate campaigners and satisfy the bulk of the people to whom the Australian alliance is important.

NOTES

1. M. R. Wickstead, compiler, *The New Zealand Army: A History from the 1840s to the 1980s*, (Wellington: Government Printer, 1982).
2. Dora Alves, *The ANZUS Partners*, Washington DC: CSIS, Georgetown University Center for Strategic and International Studies, 1984.
3. *Defence & Security; What New Zealanders Want*, Report of the Defence Committee of Enquiry, July 1986.
4. *Ibid.*, p. 9.
5. Dora Alves, *Anti-nuclear Attitudes in New Zealand and Australia*, Washington DC: NDU Press, 1985.
6. French nuclear testing at Mururoa has been opposed for a long time by Australia, New Zealand, and the Pacific island nations. While today the island nations are, to a degree, disturbed by the United States-New Zealand disagreement, they strongly support New Zealand's efforts to keep the Pacific nuclear free. This sentiment currently overrides any regrets for the rupture of solidarity.
7. Mervyn Norrish, "ANZUS: Implications for the South Pacific and New Zealand," Wellington, Press Club, 9 June 1983.
8. D.B.G. McLean, "New Zealand's Strategic Position and Defence Policies," Conference on *The ANZAC Connection*, Canberra, Australian National University, 10-11 May 1984.
9. The official US position is that since no operational distinction can be made between the nuclear and non-nuclear components of the US Navy, the NZLP's ban, in effect, closes New Zealand ports to US ships. In the Pacific, nuclear power is particularly important because it reduces the fleet's need for refueling. The ports and waters of allies are looked on as an integral part of deployment planning and tactical operations, and the integrity of an alliance is threatened if the partners curtail their obligations.
10. Paul Wolfowitz, Pacific Symposium, National Defense University, Washington, DC, February 1985.
11. Remesh Thakur, *Asian Defence Journal*, July 1987, p. 56 et seq.
12. 1987 *Defence Review*, p. 27.
13. *Defence and Security*, p. 44.
14. For an examination of Lange's legalistic interpretation of the ANZUS treaty, see Michael McKinley, *The ANZUS Alliance and New Zealand Labour*, Canberra Studies in World Affairs, No. 20, Canberra: Australian National University, 1986.
15. Malcolm Templeton, *Defence and Security; What New Zealand Needs*, (Wellington: Institute of Policy Studies, 1986).

16. *Ibid.*, p. 2.

17. Seeking interoperability, New Zealand has bought Steyr light infantry weapons made in Australia to an Austrian design; ordered Australian-made Hamel 105mm artillery pieces; and is considering a joint training scheme for RNZAF and RAAF pilots.

18. The ANZAC ship project, for eight Australian and 2 + 2 New Zealand ships, has narrowed down design contenders from 23 to 2. Two consortiums of Australian and New Zealand industry have been formed around these two. Tender documents will be submitted by 19 January, and New Zealand will make its final decision mid-1989. The New Zealand Ministry of Defence has a total project forecast of NZ\$2 billion—working out at about \$100 million a year for 20 years or \$70 million over a 30-year period. This is a fraction of social expenditure. For both Australia and New Zealand the selected design must be capable of accommodating additional systems at a later time should the original basic sensors and weapons become inadequate. A range of 6,000 nautical miles at a transit speed of 18 knots and an endurance of at least 30 days have been specified.

19. 1978 *Defence Review*.

20. See Richard Long, *The Australian*, 6 October 1988.

21. Frank Cranston, *Canberra Times*, 4 October 1988. Fletcher told a group of accountants in Wellington, "If you're going to blow one-and-a-half billion dollars on four lousy frigates which won't even get to the scene of the action before the war is over—well, that's unbelievable."

22. *Ibid.*

23. David Lange, "Facing Realities," Wellington, 10 August 1988, p. 7.

24. "Facing Realities," p. 1.

25. *Ibid.*, p. 3

26. David Lange, "The Trans-Tasman Relationship," Wellington, 25 August 1988, p. 6.

27. "The Trans-Tasman Relationship," p. 7.

28. David Lange, Wellington, 3 November 1988.

29. B. J. Tizard, Address to the New Zealand Institute of International Affairs, 29 November 1988, p. 13.

30. *Ibid.*, p. 11.

31. B. J. Tizard, Address to Canterbury Officers Club, Christchurch, 8 December 1988. On 4 December, Tizard's office issued a 14-page public information paper on the ANZAC ship project illustrating the vital importance of maritime defense. At that time, Tizard said, "I hope people will, before criticizing the project, carefully contemplate the information paper."

Naval needs are a key policy issue.” Among the key points in the paper were the government’s plans to shift resources into maritime capabilities; that it had been decided to specify more limited capabilities than naval advice had first suggested. The design would be similar to the NATO frigate, though range and endurance would be greater than required for Mediterranean or North Atlantic operations; top speed would be lower; armament would be comparatively light surveillance; communication facilities would be important, and basic self-defense capability against air and surface attack and some ability against submarines will be required. Speaking to the Canterbury Officers Club, Tizard said, “. . . compared with the government’s social spending, the allocation to the ANZAC ship project is minor.”

Plenary Address:
**SECURITY IN THE SOUTH PACIFIC IN THE
1990s AND BEYOND—A NEW ZEALAND VIEW**

Sir Ewan Jamieson, Air Marshal, RNZAF (Ret.)



Air Marshal Sir Ewan Jamieson (Ret.) is presently a Distinguished International Research Fellow at the Institute for National Strategic Studies, National Defense University. He was New Zealand Chief of Defence Staff from April 1983 until his retirement in October 1986. As Chief of the Defence Staff Sir Ewan was the principal military adviser to the minister of defence and deputy chairman of the Defence Council. He commanded the New Zealand Armed Forces through the three Service Chiefs of Staff. Sir Ewan is a prolific author and lecturer on ANZUS and strategic topics.

Not since the repulse of the Japanese invasion fleet in the Coral Sea in May 1942 has there been any real likelihood of a major military threat to any nation in the South Pacific. Perhaps the closest we have come to it was two years ago when there seemed some possibility of intervention in Fiji. Fortunately, wise councils prevailed.

I expect that, for the next decade or more, the region's real security concerns will stem from two roots. First, from the special vulnerability of a remote and, economically, relatively weak collection of nations in a world in which international conflict seems more likely to be economic than military. Second, from internal instability arising in the main from either economic problems or the delayed effects of the past colonial impact. That is not to imply that, because they face no apparent military threat, the nations of the South Pacific can afford to dismiss as irrelevant to their security developments in the rivalry between the world's great powers. Despite their geographic remoteness from the earth's strategic fulcrum they, too, will be affected should the global balance shift. The outcome of current global issues will affect security in the South Pacific almost as much as any other part of the world; then, there are security issues peculiar to our region, as well as the special importance to New Zealand of the changed Australian connection to consider. Finally, the prospects for New Zealand to form a more constructive relationship with the United States during the next decade or more need to be examined.

GLOBAL ISSUES

We live in unusually fast moving and perplexing times. It may be that we are entering a new age as dramatically different as was the change from hunting and gathering societies to agriculture. None of us really understands the new relationships that are dawning. We can try, and should do so, but any temptation to act the Delphic oracle about how the world will be in 10 or 20 years needs to be moderated by a good deal of modest uncertainty. No doubt it has always been risky to attempt to predict the future pattern of security and foreign relations. Today that is even more true while the Russian conundrum called *perestroika* remains unsolved. A vital element of the riddle is whether Mikhail Gorbachev will make fundamental and irreversible changes to the Soviet system which will move it permanently away from totalitarianism. Or, once the Soviet Union has climbed out of its

present economic mire and so become a true superpower, able to match the United States at more than just the military level, will there be an equally startling change of direction back to something like the old aggressive Soviet approach to the world? Will the expertly publicized changes then turn out to have been little more than the expedient window-dressing needed to obtain from the West the economic and technological assistance which it alone can supply?

Hope, based on relief from immediate anxiety, is not a solid foundation for policy. Until the West can answer those questions with real confidence it would be prudent to attach to any assistance it grants conditions designed to ensure permanent improvements are made to the repressive Soviet system we have known for so long. The democratic world should be careful not to sell to the communists (and most certainly not at a subsidized price) the rope which could be used later for its own execution. Western firms eager to rush in to find commercial gain may have to be restrained to protect greater interests.

In today's uncertain situation it may be pertinent to recall Churchill's much quoted comment on the unpredictability of Soviet policies, contained in a radio broadcast he made in October 1939. He was speaking soon after the invasion of Poland and the subsequent signature of the "Soviet-German Frontier and Friendship Treaty" which, incidentally, gave the go-ahead for the thoroughly unfriendly crossings of the Finnish frontier and the subjugation of Latvia, Lithuania, and Estonia. He said, you will remember, "I cannot forecast to you the actions of Russia. It is a riddle, wrapped in a mystery inside an enigma; but perhaps there is a key. The key is the Russian national interest." Churchill's comment remains valid 50 years on. If we want to get closer to penetrating the uncertainties surrounding Gorbachev's *perestroika* we should seek first to identify what Soviet interests his changes are intended to serve. After all, they are not being made for the good of any nation other than the USSR. When we have that sorted out we may be better placed to react prudently.

Plainly, there are at least two inescapable facts pushing Mikhail Gorbachev along his reformist path. Their implications are also compelling enough to convince Soviet Communist Party die-hards of both the right and the left, who might otherwise be expected to denounce his betrayal of Marxist-Leninist orthodoxy, that, at this time, they must tolerate him and his heretical "new thinking." The first fact is, as Mr. Gorbachev acknowledged in his speech to the United Nations

last December, that "in the age of nuclear weapons it is futile to seek political power through military means." That is a revolutionary change in the position of the leadership of a nation which has for so long mortgaged its citizens' standard of living in an attempt to achieve global military supremacy. The present Soviet leader has now said precisely what those who oppose the basic line pursued by the Committee for Nuclear Disarmament (CND) and the so-called "peace movement," have been saying for years. Surely his should be accepted as the last word on the matter. It seems to me there could be no more convincing witness than the leader of the Soviet Union to the truth of the argument that the existence of nuclear weapons is the most powerful present curb on resort to unrestrained warfare. If one accepts the validity of Gorbachev's reasoning (as I do in this case) it is clear that it would be irresponsible to press for the elimination of all nuclear weapons until some new and equally dependable guarantee against the unrestrained use of military power has been put in place.

The second fact is, of course, that the Soviet economy is very sick indeed. The communist political economic system has been proved just as much a failure as all the other "highly centralized, despotic, and severely orthodox" systems which have preceded it through the ages. Unless a cure is effected the Soviet Union is doomed to fall further and further behind the Western capitalist world and so, inevitably, lose its present status as one of the two super-powers. In today's world, relative economic performance is at least as important as relative military strength in setting global status. It would seem that Gorbachev is a late convert to the simple philosophy stated by President Eisenhower more than 30 years ago when he said: "There is no defense for any country which busts its economy." As a distant observer, located in the South Pacific, it seems to me those two incontestable facts interact to shape Mikhail Gorbachev's "new thinking." Since massive military force is no longer usable as a political king hit and extravagant expenditure on redundant defense forces must prejudice economic development, it is only logical that the Soviet Union should adopt policies calculated to bring its balance of military and social investment more into line with that of its global rivals.

The fact that the Soviet Union is prepared to make large cuts in its conventional forces should not surprise. It demonstrates that Gorbachev's declared belief in nuclear weapons as a restraint on the

utility of military force is genuine. It also acknowledges the gross imbalance which was known to exist, even though denied by previous Soviet leaders and many still active in Western peace movements. Despite slashing cuts in manpower and conventional weapons the Soviet Union will retain a comfortable advantage over the West. On the other hand, if the cuts are not made, the possibility of its achieving a substantial economic improvement will be remote. While pleased to see these moves toward a less threatening balance we need not be unduly grateful for the unilateral reductions so far announced. They serve Soviet interests very well indeed. The Soviet Union can expect to gain more than cost benefits from the much publicized cuts. They should also improve the tarnished image of the Soviet form of socialism and so both encourage more generous Western investment and make political infiltration easier in the future. In all respects, then, while nuclear weapons remain an effective deterrent to the use of military power and the Soviet economy is in deep trouble, the policies now being adopted best serve immediate Soviet interests and, at the same time, promise to strengthen and perpetuate its status as a superpower able to foot it with the United States and, possibly, even stay ahead of Japan.

What can be expected once the Soviet Union has come through its present economic crisis if, at that time, the last nuclear curb has been removed, is quite another question. It is not one I would want to address until the final form and permanence of the changes arising from Mikhail Gorbachev's "new thinking" are clear beyond dispute. Until that time, and while Gorbachev remains in command in Moscow, there is little danger of Soviet military aggression anywhere; possibly, least of all in the South Pacific. Soviet political intervention is also likely to be less aggressive so long as Western economic assistance is critical to its recovery. While that situation exists South Pacific concerns about a Soviet military or political threat will recede and no longer provide a compelling reason for regional security arrangements.

REGIONAL ISSUES

During the last 10 years or more the smouldering grievances of many of the indigenous people of the South Pacific have flared up. Today, it might be argued, they represent the single issue which most threatens the stability of the region. Ignition was not entirely spontaneous. From time to time there has been evidence of links between local activists and the Soviet Union, Libya, and Cuba. That is hardly

unexpected since it follows what has long been the common pattern elsewhere. What is more surprising is that a nation with the Soviet Union's dismal record in the treatment of its own ethnic minorities and the hapless people of East Europe should expect to have any credibility in its claims to support the allegedly ill-used people of the South Pacific. But it has got away with these double standards for so long that I suppose it will continue to try. Perhaps its own increasingly obvious problems with ethnic discontent inside the USSR and the subject Baltic States, together with the need to improve its image as a constructive international member, will moderate its behavior throughout the next decade. Let us hope so. The complex and sensitive problems of ethnic friction are more likely to be settled satisfactorily if free from external interference.

It is worth noting, however, that in January Gorbachev ruefully remarked in an interview in Moscow that one reason his "new thinking" foreign policy was under attack at home was for betraying national liberation movements. It is not impossible that in order to moderate criticism and so strengthen his position on more important domestic issues he might find it expedient to renew support for some radical indigenous movements in the South Pacific. However, there is very little to be gained in such a sparsely populated and strategically unimportant part of the world and the harm it might do to more important Western relationships would jeopardize the economic assistance the Soviet Union must have. Even if I am right, there is little cause for rejoicing. Should the Soviet Union find it prudent to keep its nose clean in the South Pacific there will be no shortage of less inhibited local agitators. The central core of South Pacific activists may be small but it has an effect out of proportion to the number of its members, partly because of their mutually supportive links and their catholic involvement across the spectrum of fashionable protest issues.

For example, I noted in January that one of New Zealand's more versatile anti-nuclear, anti-alliance, anti-American, anti-French activists had enjoyed what was for her, no doubt, a fulfilling season of goodwill in the Philippines. There, together with a small group of fellow New Zealand agitators, she had given support to protests against US bases and, on the side, sought out and publicized opposition to the exotic timber industry which successive New Zealand governments have helped develop as an aid project. Apparently some local tribal people fear that the development of the industry will destroy much of their traditional way of life with little, if any, financial

return to them. It is an understandable concern in a country not noted in the past for the impeccable management of its public funds. It is one with which we can all sympathize. It is also one best handled by quiet negotiations between representatives of the donor and recipient governments. That was already going on. Quiet diplomacy, however, is not for the members of the protest network. They are more interested in increasing anxiety than in removing it. It is, perhaps, just a coincidence that the (NPA) movement has long resented the development of a new forestry industry in the region. Its success would strengthen central government's hold on local sympathies and so undermine the NPA's subversive campaign. Whatever their real motives, under the guise of concern for disadvantaged minorities, outsiders are able to add an extra dimension to the efforts of local radicals in stirring up real or imagined grievances and so create added problems for governments already hard pressed to cope with chronic economic and social difficulties. Such activists have ample material with which to work in the South Pacific. Although, through the region, the causes of indigenous discontent may differ greatly, they generally share one common quality. Their origins lie in a colonial past.

NEW ZEALAND

In New Zealand the principal complaints are concerned with compensation for land and other natural resources unjustly expropriated 100 or more years ago during settlement by the main wave of white immigrants. Unquestionably, there were injustices done—even if not all of today's claims for compensation will stand thorough examination. As a result of those wrongs many Maoris today suffer economic and other social disadvantages. Throughout the whole New Zealand population it is generally accepted that, although compensation has previously been attempted in many cases, more needs to be done before the ledger is balanced well enough to justify drawing a line across it for all time. The question is not whether action is needed. It is rather how to strike a balance which is just for all New Zealanders, Maori and non-Maori, in today's circumstances and takes fair account of the credits for past benefits received as well as the debits for injury suffered.

Perhaps in easier economic times a settlement satisfactory to everyone could have been arrived at quickly. Today, as economic pressures bear most heavily on the young and the unskilled (of which the Maori have a disproportionate share) the injury of past injustice

has become so mixed with the pain of the present high rate of unemployment that judgment as to cause is confused and, on the Maori side, extravagant claims are made. The non-Maori side, also suffering hard economic times, has more inclination to see any demand for recompense for injuries suffered by past generations as little better than an attempted opportunist rip-off, based on grounds not relevant to today's realities and which, if agreed, would inflict further pain on them. The search for a just settlement will demand careful examination of long past events and attitudes. One historical fact of significance is that the first British emissaries and the Maori came together in 1840 (the year of annexation) in a spirit of mutual generosity. It was only later, as the swelling tide of white settlers inundated the land, that conflict arose and sour disillusion grew among the Maori. Enduring settlement of today's discontent is likely only if the original spirit can be recovered.

One of the worst manifestations of modern Maori disenchantment is the growing strength of the nationally organized gangs that now exist on the fringe of society. Over the last few years these gangs, which first came together for mutual support and companionship, have become more violent and taken to crime as a collective business. There have been sporadic outbreaks of violence between rival gangs for many years but now they turn murderous more often than in the past. Intense competition in the lucrative business of illegal marijuana cultivation and distribution may be a main cause. Regardless of why it is happening, the more common use of knives and guns in a country in which resort to weapons to settle personal differences had traditionally been considered contemptible is a special worry. The gang cult will not lose its hold on young Maori men until they can find rewarding employment to channel their restless energies toward. It is not just a question of a depressed economy causing a lack of jobs. An equally serious problem is that of defective education. Until there is more equality in the success rate of Maori and non-Maori as they pass through the present common stream of schooling there will continue to be a major difference in the rates of employment and advancement. Those who, for lack of education or skill, are unable to get work, will continue to drift into collective crime as they take comfort in the fellowship of other young men in the same depressed and humiliated condition and hit back at the society they believe has failed them.

For all that sorry story and the history of the Maori as a warrior people, the likelihood of any attempt being made to settle the great

issues of racial grievance by violent means is remote in New Zealand, in contrast to some other South Pacific nations. The merging of the New Zealand races has gone too far to allow an easy taking of sides. In many cases, it is fair to suggest a person's self-identification as Maori is more a statement of a perception of socio-economic status than an objective assessment of the dominant component of racial origins. There is no simple solution to present grievances. The disparity in numbers (something like 1:8) between descendants of the original people and those of the settlers is now so great there could be no question in equity of splitting natural resources down the middle and calling it quits. In any case, most New Zealanders of all races are determined to avoid the South African folly of separate development. In that determination lies the most powerful guarantee that the problem will be worked through successfully.

FIJI

In Fiji the problem is fundamentally different. There has been little intermarriage between the Fijian and Indian races. Each clings jealously to its distinctive culture. Two distinct and obstinately separate divisions therefore remain within the one community committed to self-imposed separate development. A second difference is that the Indians were not party to the compact between the original people and the British Crown in 1874. Most of them were brought in later by the colonial government as indentured laborers and allowed to remain after their terms of indenture had ended. Indians can therefore be branded by the indigenous Fijians as interlopers foisted upon them by a now departed colonial master.

While most Fijians may be reconciled to suffering the Indians to stay as useful contributors to the nation's economy, there are few prepared to allow them sufficient political power to threaten the Fijians' grip on their land or their control of domestic politics. When Dr. Bavadra was elected in April 1987 the Fijians proved unready to accept a parliament in which the governing party comprised a substantial majority of Indians (7 Fijians, 19 Indians, and 2 part-Europeans). He was possibly imprudent to name a cabinet which was tilted, if less decisively, against the Fijians (6 Fijians, 7 Indians, 1 part-European member) although it is hard to see how much further he could have gone to ensure balance considering the numbers he had to work with. The coups and their turbulent aftermath have raised racial consciousness in Fiji to a degree of passion not previously seen in a nation which, on the surface at least, had been one of smiling

acceptance of all. It would be optimistic in the extreme to expect an early return to anything like the complacent attitudes which existed before the 1987 elections. Only time and the slow erosion of old societal differences will offer any real prospect of a true amalgamation of the two races into one nation where all citizens enjoy truly equal rights and privileges. That is a hard fact with which all must come to terms both within Fiji and those countries wishing to work in partnership to coax it toward a more democratic future.

Today, the ultimate guarantee of ethnic Fijian supremacy is the Fiji Military Force which remains loyal to Major General Sitiveni Rabuka. While that condition lasts, even such hereditary high chiefs as President Ratu Sir Penaia Ganilau and Prime Minister Ratu Sir Kamisese Mara, both venerated by almost all ethnic Fijians, must move cautiously in their attempts to moderate Rabuka's policies. There are, nonetheless, some early signs that Rabuka's hold on popular support may be weakening. If that is so it could loosen his control of the Army and so ease the way for more fundamental improvements. One sign of problems ahead for Rabuka comes from increasing opposition to the bans on almost all non-religious activities on Sundays. At the time of the second coup, and at the urging of fundamentalist Methodist leaders, Rabuka imposed restraints on Sunday activities more appropriate to the narrow-minded strictures of 19th century missionaries than a modern state. Inevitably, these ordinances are causing irritation and so weakening Rabuka's popularity. It may not be too fanciful to see in this development a remarkable resemblance to the undermining of popular regard for the rule of Oliver Cromwell when, as Lord Protector, and responding to the demands of a zealous, narrow-minded Council, he imposed an even stricter code of behavior on the England of the seventeenth century. As occurred in England then, so in inherently relaxed Fiji today, uncompromising restrictions are proving irksome and unpopular.

The growing opposition must eventually force Rabuka to make a difficult decision. Either he must accept relaxation of the arbitrary code imposed in his name, and so lose some of his standing with the powerful church leaders, or he must go the full distance and, with the less certain support of the Army, again assume absolute power for the unpopular purpose of enforcing an anachronistic regime of sabbatarianism. In either case his days as an unquestioned leader of the ethnic Fijians will be shortened. Just as in 17th century England, demand will surely grow for a return to more liberal ways.

Then the more moderate traditional leaders can be expected to regain real authority and Fiji will have started on the road to recovery.

Fiji is central to more than the geography of the South Pacific. How the present unhappy situation is handled by such outsiders as Australia and New Zealand will have a lasting effect on their future relationships with all their South Pacific neighbors. Provided they refrain from trying to force a quick European-style solution the prospects are good for gradual recovery of something like the old *modus vivendi* between the main races in Fiji and Fiji's return to acceptability as an active partner in the region. It is important to all of us that this happens.

NEW CALEDONIA

In New Caledonia the causes of indigenous unrest are again fundamentally different from those in either New Zealand or Fiji. In the French territory the problem does not arise so much from a colonial past as from an urge for real decolonization. In the South Pacific the claim that New Caledonia is an integral part of metropolitan France simply does not ring true. Similarly, the policy of giving new, perhaps temporary, French residents in New Caledonia voting rights equal to those of the original people in polls held to decide the fate of the territory is of unconvincing justice. For all that, the fact is that there are now people of two races committed to living in a territory too small to allow subdivision. Some form of compromise must be found if there is not to be intolerable hardship for one group or the other. Until now little willingness to accept compromise has been shown by either side. But, just as the coups in Fiji have shocked most of its citizens into a new awareness of the need to find a non-violent solution to their troubles, so in New Caledonia the tragic episode of fatal kidnapping and rescue, shortly before the last French elections, should have cooled the ardor of local hotheads inclined to find a quick and decisive answer by the use of force.

The change of government in Paris and the appointment of Prime Minister Rocard has given France another chance. Most important, time has been found to work through the problem. The interim arrangement of semi-autonomous districts should reduce interracial friction for a time. Of more importance, that experience should provide the salutary lesson needed to convince everyone that it is economically imperative to integrate their limited resources if the state is to be viable in the future. The residents of New Caledonia

now have a chance to work out an acceptable answer. Let's hope they are left alone to take that opportunity.

The solution of the problem in New Caledonia is complicated by the unwelcome French nuclear testing elsewhere in the South Pacific. Stubborn determination to carry on their testing despite widespread regional opposition has aroused emotions almost beyond reason. In addition, the reckless folly of the *Rainbow Warrior* affair served to reinforce France's image as arrogant and uncaring of genuine regional concerns. It won't be easy to change that all too common perception. There is no point in the French trying to win their case with logical argument based on the scientific measurement of radioactivity or an appeal to the legal rights of sovereignty. Opposition is now too deep-rooted to be moved by Gallic logic. If France wants any real acceptance in the South Pacific it must first remove its test site from the region. It might then expect more active assistance in finding a universally acceptable solution for New Caledonia.

The INF Treaty and the consequent run down of the United States' nuclear guarantee to West European security can be expected to strengthen France's understandable determination to maintain its own nuclear force. It will therefore see a need to keep a test program going. However, increased confidence that the Soviet threat will be low everywhere during the next 10 years should reduce the urgency of the French testing program. If that is so, it would be politically possible to run down the use of the South Pacific test site and eventually move to another less controversial location. The advantage to France in improved regional relations should encourage Paris to look seriously at, say, obtaining American agreement to follow the British to the Nevada range. Such a move could be expected to contribute significantly to the regional harmony which is needed for true security.

THE AUSTRALIA-NEW ZEALAND-UNITED STATES (ANZUS) CONNECTION

The first point I would make is that, in my opinion, New Zealand is too small in population, economy, and natural resources to stand alone. It is below the critical mass required to be self-sustaining. Even if not spelled out so bluntly, that fact has long been recognized in the policies which have been followed. It is, for example, the main reason why New Zealand has worked so hard over the past 10 years or so to develop a Closer Economic Relationship with Australia. It was at the heart of our past staunch adherence to the

British Commonwealth and ANZUS defense associations. The fact may be obvious but the New Zealand government did not appear to give it much weight when it adopted policies which led inexorably to our being cast out from ANZUS in 1985.

In my view, the most serious loss suffered at that time was not of the security guarantee provided by the greatest Western military power. It was rather of the extraordinarily close relationship we had enjoyed with the West's economic and intellectual powerhouse. That is why I see the breach within ANZUS as possibly the most serious injury New Zealand could have suffered as it sets itself to survive in an increasingly difficult world. The fact that the wound was self-inflicted has made it all the more painful. Since the split, the Australians have worked hard to keep the trans-Tasman defense and economic relationship as strong and active as possible. While making it plain they neither admire New Zealand's extreme anti-nuclear sensitivity nor welcome the harm done to shared security interests by what is, in effect, a ban on nuclear capable ships, the Australian government appears to have concluded it is more useful to keep its smaller neighbor involved as a contributor than to indulge its own exasperation by sidelining New Zealand completely.

The trans-Tasman relationship has changed fundamentally. Australia is now of critical importance to New Zealand which, at this time, has nowhere else to turn. New Zealand, in both trade and security, is useful to Australia but not essential. This unequal dependence puts the smaller nation in the uncomfortable position of having to bend the knee where once it had been able to claim something more like equal partnership. The new relationship does not sit well with many New Zealanders, traditionally proud competitors in all fields with their larger cousin, but it is the unavoidable result of the new reality which has to be accepted.

Australia has become more active throughout the whole South Pacific, even in areas where it was previously content to let New Zealand play the leading role. It is therefore not surprising to find a French correspondent in *Le Monde* recommending that in future France should concentrate more on Australia than New Zealand when seeking to influence developments in the South Pacific. A number of commentators in the New Zealand media found that advice an affront to their country's regional status. I don't see why. It was no more than the sensible judgment any disinterested analyst might be expected to arrive at after a tour of the South Pacific today. An

amusing aspect is that those most ready to take offense were almost certainly among those who cheered most loudly when the political die was cast which led predictably to New Zealand's present diminished status and influence—and not only in the South Pacific.

The connection between economic and defense security in any nation is today more obvious than ever. We are all going to face difficult new problems caused by economic changes in a world transformed by computers and robotics. The rapid industrialization of previously backward nations, which in the early years of that process will have very low wage rates, is going to cause fierce international market competition and consequent resentment over a new distribution of wealth. Historically affluent nations will find more and more of their industries uncompetitive. While innovative switches to new industries, and new methods of operating old ones, will help keep them afloat, there will be frequent factory closures to accommodate and chronic unemployment problems. That kind of international transformation cannot occur without new tensions arising between individual states and trade blocs. They will have in them the seeds of future conflict. The best that can be expected is increased protectionism and occasional trade wars. The worst is that, as in the past, confrontation over economic issues will lead to blows being exchanged. Any new economic grouping is therefore likely to have a mutual security aspect to it. In that respect, I would suggest that, in the nuclear era of receding military threat, alliances based on a conjunction of economic and security interests are more likely to last, because of their more obvious immediate benefits, than are alliances of the old kind based solely on shared security concerns.

Even when the Australia/New Zealand trade amalgamation is complete the new unit will be no more than a minnow among the sharks of the powerful trade blocs now being put in place. The addition of the South Pacific island states is no answer. Such a move might serve to encourage stability in the region; it would add nothing of substance in economic terms. In fact, it would be a drain on the more developed economies. A global free market, made in the image of GATT fulfilled, seems more and more unlikely. Small nations putting their trust in the fulfillment of that dream for their economic survival are in danger of finding themselves on the outside enviously looking in. If the ANZACs are to prosper in a world rapidly moving to fulfill Orwell's vision of a few self-contained super trade blocs, they will have to gain entry to one of those now in the process of

formation. Which way should they turn? To a bloc formed under the leadership of Japan or one under the United States?

At present that would seem to be the choice for all Pacific countries. Perhaps the choice will disappear. That is, perhaps it will be possible for the two most vigorous economies in the world, Japan and the United States, to find sufficient common benefit to come together in one bloc. How long such a trade alliance would hold together against the centrifugal forces of natural rivalry between the two is a good question. In any case, it is questionable whether it would be healthy, in terms of global economic balance, for those two economic superpowers to be bound together in one super trade bloc. A healthier situation might be for each to head a bloc not too dissimilar in economic muscle from a fully developed European Community or a revitalized East European/West Asian bloc (within which the Soviet Union might play a major role). In a global structure comprising a number of not too disparate centers of economic power there would seem to be more likelihood of compromise and cooperation than where one group commanded overwhelming strength.

For Australia and New Zealand a close relationship with Canada and the United States would almost certainly be easier and more solidly based than with an Asian alternative in which the ANZACs would stand out as historically and culturally anomalous. The 4 English speaking nations historically have much more in common than comradeship in war. They also share most social and political standards. Provided the present irritating bone of contention can be removed, the 4 could easily work together in a new, more comprehensive form of association than the circumscribed and now less essential security partnership. What I am suggesting is development of an expanded agreement replacing and going beyond the increasingly inadequate ANZUS treaty. That is not to suggest such a group would be sufficient to satisfy the needs of a global military and economic superpower. It could be no more than one coherent cell in a large conglomerate of such groups centered on the United States in much the same way as the existing network of security alliances was put together over the last 30–40 years.

If New Zealand decides it needs to find acceptance in a new, more broadbased relationship with the United States it must look again at the manner in which it implements its nuclear-free policy. It would be naive to think it possible to gain entry to an advantageous economic alliance with the United States while implementing an

anti-nuclear policy in a way which harms America's principal global security interests. Since the present disconnection arose from changes initiated by New Zealand and that country would stand to gain most from a new form of association, the onus is on New Zealand to begin the process of reconciliation.

A number of other friends and allies of the United States have proved that sensible accommodation can be found. The Danes provide the most recent example of how a national nuclear-free policy can be reconciled with a continued close and trusting relationship with a nuclear power. It could provide a reasonable basis on which to work out a mutually acceptable answer to New Zealand's present difficulty. Provided there is in the leadership of both countries a genuine desire to find an answer, backed by faith in each other's integrity, a solution should be possible. For its economic survival in the new highly competitive world which is opening up, I believe New Zealand must find a more positive and constructive relationship with the United States. I see the greatest impediment to that being inflexible anti-nuclear fundamentalism pursued for domestic political advantage rather than the national interest. Sooner or later that fact is going to register with the majority of New Zealanders, all of whom stand to suffer avoidable economic pain unless a more moderate, less doctrinaire approach is adopted. When that realization dawns the way will be open for New Zealand to recover not only a constructive relationship with the United States but also some of its old, more equal partnership with Australia. Even though I claim no special prophetic insights and know that Wellington is a long way from Delphi, I am prepared to forecast that such a change will occur during the 1990s.

Plenary Address:
**A NEW AGENDA TO SERVE
LONG-STANDING US INTERESTS**

The Honorable Richard L. Armitage



Richard L. Armitage became Assistant Secretary of Defense for International Security Affairs on 9 June 1983 and resigned from that position in June 1989. Mr. Armitage represented the Department of Defense in formulating and developing politico-military relationships between the United States and other countries, excluding NATO members. He supervised security assistance programs and oversaw activities relating to Law of the Sea and policies concerning US special operating forces and counterterrorism. After graduating from the US Naval Academy Mr. Armitage served as a naval officer in Vietnam and in the US Defense Attaché's office in Saigon. He later became Senator Robert Dole's Administrative Assistant before establishing a consulting firm specializing in Asian affairs. Mr. Armitage was a member of President Reagan's National Security Transition Team, a senior adviser to the Interim Foreign Policy Advisory Board, and Deputy Assistant Secretary, International Security Affairs for East Asia and Pacific Affairs.

This year's symposium comes at a time when a broad review of our National Security Policy is being undertaken at the direction of President Bush; the review will include our relationship with the Soviet Union and our policy in East Asia and the Pacific. This is my own attempt to look ahead at US national interests in Asia and the many changes in the region, and to reconcile the two in a policy agenda which the American people and our neighbors in the Pacific can support. The understanding and support of the American people is crucial to the process of reassessing our policy in Asia. Profound changes now occurring in the region have not been fully understood within the United States. Those of us whose responsibility it is to interpret and explain events need to do a better job of it. But I also believe that the American people hold strong views of their own which must be more clearly reflected in our policy agenda in the years ahead.

US policymakers have watched the breath-taking growth of democracy in the Philippines and the Republic of Korea (ROK) with joy and also pride, because we know that in each case the US security commitment helped democratic processes to emerge and survive. Vigorous political debates now flourish in the Philippines and the Republic of Korea; however, instead of recognizing proud, head-strong nationalism for what it is, many Americans hear an ugly refrain of anti-Americanism. US relations with both the Philippines and the ROK must accentuate the strong bonds of common interest if they are to avoid falling victim to negative perceptions on both sides.

Another case is the extraordinary economic success of Japan and Korea. Americans have long associated US security policy in Asia with sacrifice and even generosity, recalling our postwar role in reconstructing Japan and our steadfast defense of the ROK against North Korean aggression. Today, it should be obvious that these sentiments have eroded as the American economy has been out-competed in some aspects of the trade sector by these same security partners. Many Americans do not realize that the very stability which allows the United States as well as its Pacific partners to compete peacefully in the economic marketplace depends, to an important extent, on the continued US role and military presence. A truly successful US policy must continue to serve the common security interests of the United States and its major Pacific partners, but it

must do so in a way which has the full understanding, acceptance, and enthusiastic commitment of the American people. This goal is not beyond our reach, but it will require more give-and-take on both sides.

The third and, probably, most important area in need of reassessment and redefinition is the new Soviet approach to international affairs. I say "new," recognizing full well that Soviet military power in the Pacific rim has shown few signs of lifting the shadow of intimidation it has cast upon the Asian community for many years. Nevertheless, it is by now indisputable that Soviet leader Mikhail Gorbachev is departing from the policies and practices of Stalin and Brezhnev. Soviet "new thinking" in Asia is not driven by altruistic or unselfish motives, but clearly the Soviets are looking to participate more fully in the economic life of the Pacific rim. Whether or not they can do so will depend not on statements of intention, no matter how sincere. Rather, it will depend on whether in practice Soviet trade policies move toward the open, market-oriented principles which have undergirded the Asia-Pacific success story, and whether the Soviet military posture in the Pacific becomes less threatening. Gorbachev has made a positive impression on the American people as he has, in general, on the world as a whole. The greater openness he has permitted within the USSR, the INF treaty and unilateral cut-backs he has planned in Europe, and now the withdrawal from Afghanistan have all directly answered explicit US foreign policy objectives.

In Asia, the Soviets have proposed confidence-building measures, nuclear-free zones, mutual US-Soviet abandonment of forward-deployment bases, and the establishment of new multilateral organizations to address a range of issues. Many people undoubtedly view this abundance of peace offerings as a blessing, and some even regard Gorbachev's initiatives as the basis of a Pacific agenda for the 1990s. I do not view the Soviet rhetoric as the basis of a Pacific agenda, nor do I believe the Pacific rim countries view it as such. Asian peoples have a long history of well-founded suspicion of Soviet power which will not be overcome by words alone.

US policy, however, must reflect the thinking of the American people. Throughout 1988, all of the trends I have mentioned were prominently discussed in the media and in congress. Serious trade imbalances, with Japan in particular, fueled an emotional discussion

of allied burdensharing in NATO and the Pacific. Demonstrations and attacks against US diplomatic and military facilities in Korea appeared frequently on television, and the newspapers reported many calls by Filipino political figures for the United States to vacate Clark Air Base and Subic Bay. Against this backdrop, Gorbachev appeared friendly—to East and West alike. Along with many other policy-makers in Washington, I took every opportunity to urge caution in responding to the Soviets' "new thinking" in Asia, and to appeal for reason in addressing our transitory differences with our Pacific security partners.

Remember, there was a presidential election fueling the debate in 1988. Entire schools of thought were developed purporting to demonstrate that the United States had no further need to maintain its forward security posture in the Pacific, and that we could no longer afford it in any case. I recall that I disputed the thesis of American decline one year ago at the NDU Pacific symposium. Fortunately, not only was I in very good company, as many distinguished and persuasive figures made similar rebuttals throughout the year; but we were right. After the tremendous economic performance of 1988, no one could credibly argue that the United States lacks the wherewithal to remain a leading economic and political actor in world affairs well into the future. Moreover, the American people did not elect a decline theorist to the White House. They elected George Bush as our 41st president, a man with a truly unique relationship to the Asia-Pacific region. President Bush has served his country in the Pacific, in wartime as a decorated fighter pilot, and in peacetime as an eminently successful diplomat. His interest in and concern for Asia is well known and graphically illustrated by his recent trip to Japan, China, and the Republic of Korea.

I hope and believe that the United States can put last year's "wrong thinking" behind us and set a sensible policy agenda which addresses the Kremlin's "new thinking" on terms which truly serve our national interests, and the interests of peace and stability in the Pacific—two mutually compatible goals. It seems to me that such an agenda will need to reconcile the newly emerging economic priorities of the American people with the views of our Pacific neighbors in a manner that continues to keep the peace and minimize local tensions in Asia.

Those who have argued that the way to regenerate America's economic future is to abandon military commitments and investments

in the Pacific rim are entirely mistaken. Apparently, they believe that there is no longer any threat to American interests in Asia, or that the US military role is interchangeable with the roles of other states. Yet how dangerous it would be to tempt North Korea to use its military superiority against the South before the Republic of Korea can translate its economic success into an equal or greater military capability. How insensitive and irresponsible it would be to remove the US umbrella of deterrence from Japan, urging it to spend its great wealth on state-of-the-art offensive weaponry, just as the Japanese and their Chinese, Korean, and Soviet neighbors are consigning the unhappy era of Japanese militarism to the history books. How shortsighted we would be to stop pressing the Soviets and the Vietnamese to withdraw all Vietnamese forces from Cambodia. How foolhardy we would be to fail to support the formation of a Cambodian government led by Prince Sihanouk, the only Khmer leader with the ability, stature, and legitimacy to lead Cambodia's recovery. How immoral it would be to stand back and allow Cambodia to again be dominated by the murderous Khmer Rouge.

All of these Pacific issues remain very important to the US national interest. Surely we have not so soon forgotten why the Soviet Union accepted the zero option and signed the INF agreement, and why the Red Army gave up its attempt to conquer Afghanistan? If we want peace, we have to deal from strength. No one else can do it in our place.

I am not suggesting that there cannot be restructuring of our presence in the Pacific. Threats change, budgets impinge, and the attitudes of democratic voters and legislators throughout the alliance community ebb and flow with their own special rhythms. But a restructuring, to be fully successful, must be accomplished with wisdom, caution, consultation, and full agreement between ourselves and our security partners. And above all, it must fulfill the military requirements dictated by the threat. I hold the view, therefore, that a US Pacific policy agenda for the 1990s should begin from the proposition that we will energetically explore prospects for reduced tensions in the area, including consideration of some of the Soviet Union's suggestions; but we will do so from the position of strength in which the United States presently finds itself. We *are* strong, not only in terms of pure military capability, but in terms of the strength of the collective security arrangements in the Pacific rim, and the democratic legitimacy and social stability of the state on whose territory our forces are based.

We could be even stronger, I believe. The US policy agenda must capture a major new American priority: economic security. There is no reason why the United States should not overtly aspire to a greater share of the investment and trade market in the Pacific. Current trade imbalances have already led to four straight years of real cutbacks in our defense budget; and the level for fiscal year 90 will remain frozen. Clearly, economic security is a component of national security.

US policy is most effective when American citizens can identify a solid moral underpinning of our role among the world's nations. US efforts to achieve superpower arms reduction, resolution of regional conflicts, and political and economic freedom have continued unabated for several decades now. Yet lately, negative perceptions, and fears of new global trends not fully understood, have taken root in the United States and obscured the basic soundness and great benefit of US foreign policy to our own national interest and to the international community alike. We in Washington *must* speak clearly to these fears and reestablish a popular consensus for US policy based on enlightened and principled self-interest.

There is no reason for our economic competitors to be policy adversaries; only neo-mercantilists and isolationists look at the world in those terms. Free trade, open markets, shared security responsibilities, and harmonious policy relationships are the standard which we set in the postwar era, and to which we must aspire in the future. For this effort to succeed, America's security partners must take some meaningful new steps. We must resolve the burden-sharing issue on terms which appear reasonable to the American people. That means greater expenditures by both Japan and Korea. The terms of a solution must also appear reasonable to our Pacific allies. Burden-sharing is *not* solely a question of dollars and cents; it is measured in common sense by taking into consideration the very tangible political, social, *and* military burdens without which we could not sustain a credible Pacific deterrent.

At the end of the day, when Japan and Korea have made reasonable adjustments, the United States will have to agree that enough is enough and an equitable balance of burdens has been restored. The Philippines must think long and hard about what its security and economic posture will be if it tries to exact too high a price for the retention of US access to its bases after the current basing agreement expires in 1991. The American people still treasure our bond of

partnership with the Philippines; but, if our presence is not wanted there, I expect we will not try to substitute money for friendship. For one thing, our resources are not unlimited.

In sum, I see the potential for a very positive US role in the 1990s, fully backed by the American people, and based upon sound strategic principles and true partnership. Such a role could be defined in these terms:

- We will honor our commitments in East Asia and the Pacific.
- We will maintain sufficient military forces in the region to defend our interests and support our friends and allies.
- Unless and until Soviet military power is curtailed and reduced, we will take the primary responsibility for providing deterrence in the Pacific Rim, for our own and our friends' security.
- We will expect our friends and allies to reciprocate our efforts on their behalf.
- We will support, and where appropriate, lead efforts to reduce tensions in the region by promoting the peaceful settlement of disputes and the elimination of intimidation and coercion as instruments of national policy. Indeed, the United States is uniquely suited to play an honest broker role between and among our diverse neighbors in Asia.
- We will continue to promote political democracy and free market economics as the best guarantors of peace, prosperity, human fulfillment, and human rights in the 1990s.

That is my concept of a new US Pacific agenda: an affirmative, engaged role aimed at keeping the peace, reducing tensions further, strengthening natural bonds between free states, and promoting a fair economic deal for those willing to compete. It is a vision for cooperative relations, in which our Pacific friends and neighbors meet the United States part way. President Bush minced no words en route to Tokyo last week. He said, "We are a Pacific power and we intend to stay a Pacific power." To anyone looking for clues about the direction of the president's Pacific policy reassessment, that's not a bad start.

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