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# **Asia Defensive Postures (ADPOST): Implications of an Asian Transactions Analysis for Identifying Key States in US Defense Policy**

## **The Use of Transactions Analysis in Identifying Prominent Asian States**

### **Volume II—Basic Text**

by Bernard K. Gordon  
with  
Kathryn Young

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ASIA DEFENSIVE POSTURES (ADPOST):  
IMPLICATIONS OF AN ASIAN TRANSACTIONS ANALYSIS  
FOR IDENTIFYING KEY STATES IN US DEFENSE POLICY

Volume II

Basic Text



## ABBREVIATIONS

ECAFE	United Nations Economic Commission for Asia and the Far East
GNP	gross national product
IMF-IBRD	International Monetary Fund-International Bank for Reconstruction and Development
KEIDANREN	Federation of Economic Organizations
MITI	Ministry of Trade and Industry
SEATO	Southeast Asia Treaty Organization
UN	United Nations

## Chapter 1

### THE NEED FOR SELECTIVITY

One of the most striking aspects of the proposition that the US should reduce its military involvement in Asia is that almost nobody disagrees with the idea. Endorsement ranges from the President and his Cabinet to the leaders of the communist nations. In the US, public and political spokesmen of all partisan shadings also give their support, and many Americans regard a reduction of defense deployments in the Asia-Pacific region as the essential key toward reducing overall defense costs.

In the communist nations, some may regard a reduction of the US defense posture in Asia as an invitation, at reduced risk, to seek an expansion of their political influence. Others in the communist nations may welcome the prospect because in some cases they hope earnestly for a lessening of global political tensions. That is a view also widely held among leaders in the noncommunist nations, including many who are supporters and allies of the US.

In Japan, for example, there is a general view that the US has become "overextended." And even in the Asian areas most likely to be affected first by American military departures, the prospect is often regarded, if not with enthusiasm, at least with understanding. For some of these leaders (and some Americans) believe that if the US does not soon trim and become more selective in its Asian defense responsibilities, an even more drastic withdrawal may later be insisted upon by an aroused American people. In that event, and in a mood of renewed isolationism, it is feared that the US might reject wholesale and indiscriminately even those commitments and obligations which are of transcendent importance.

But if there is widespread support for the notion that the US should reduce its Asian military involvement, there is an equally striking lack of agreement on how that is to be accomplished. It is plain that not all varieties of withdrawal, from all places, are equally valid. This is particularly clear when it is recalled that a main thesis of President Nixon's foreign policy program reaffirms that the US is a "Pacific power" with vital interests in that region. This was stressed both at Guam in July 1969 and in the President's more formal "State of the World" report in early 1970.

This reaffirmation poses a central question for policymakers: how to square the requirements of maintaining those vital interests in the Pacific with the equally valid requirement to lessen the US defense involvement in the region. In practice, this means to identify and define the security interests of the US, and to shape policies not in excess of them.

#### THE NATURE OF THE US INTEREST

Fortunately, there is by now a significant body of informed American opinion that agrees on the broad nature of the vital US national interest in the East Asia-Pacific region. As the senior author (and many others, including officials and scholars) has pointed out,\* this interest can be identified in the briefest terms as the requirement by the US that East Asia not be subject to the controlling influence or "dominance" of any single nation. This interest applies to the East Asia region as a whole, not merely to one nation in the region, and can be identified as the primary Asian interest of the US from approximately 1898-1900 to date.

Sometimes this interest is expressed in terms of preventing Asian dominance by any one "hostile" nation.<sup>1</sup> Yet that addition seems unnecessary, for it is reasonable to expect that from the viewpoint of the US, the global distribution of power would be adversely affected by the expansionist policies (and presumably aggressive behavior) that allowed

\*Bernard K. Gordon, Toward Disengagement in Asia: A Strategy for American Foreign Policy, Prentice-Hall, Englewood Cliffs, N. J., 1969, Chaps. 1-3.

any one nation to achieve a position of dominance in a region so vast as East Asia.

It is very important that there is this broad agreement on the nature of the vital US interest in the Asia-Pacific region, and that this interest is now described in political and national security terms. This development itself represents an advance over earlier periods, as in the 1920's and '30's, when American statesmen described the US interest in terms of upholding the legal principles of the League of Nations, and in the 1940's and '50's, when American leaders explained US interests largely in terms of an American ideological contest against communism.

But however important is the fact that today there is a meaningful consensus on basic US interests, it is obviously necessary, for operational purposes, to go beyond that. In order to know which changes in Asia are in the US interest and which are not, and to shape foreign and defense policies that are responsive to those changes, it is essential to know what factors bear critically on the question of political dominance in the Asia-Pacific region. Put most briefly, the reason we need to know this is because those Asian developments that lead significantly toward an outcome of one-nation dominance need to be frustrated by US actions, while those that significantly impede such an outcome should be facilitated by the US or at least not be opposed by American actions. Other changes in Asia, if they do not bear directly on the question of one-nation dominance in the region, and however interesting and important they may seem, can and need to be the subject of benign neglect insofar as US national security policies are concerned.

While many Americans can and do agree to the preceding propositions, there is much less agreement on how they are to be made operational. Especially in terms of naming specific Asian states, there is in particular little consensus about which Asian developments fall into the category of those things that should be facilitated, those that should be frustrated, and those that safely can be ignored. But there is one point of major importance that does receive wide agreement, and this concerns Japan. Among both US officials and nongovernment specialists it is widely accepted that of all East Asian nations the state that today has the greatest capacity to affect significantly the concept of

dominance in the region is Japan—both as an actor and as an acted-upon state.

#### THE PLACE OF JAPAN IN THE US INTEREST

This can be expressed in a different way, if for a moment we consider East Asia as a system of interaction among nations. In that perspective Japan is one of the very few about which the following proposition can be advanced with great certainty: what Japan does, and what affects Japan, has a very high likelihood of affecting the entire system. Some go so far as to suggest that aside from China, Japan is the only other East Asian nation with that kind of major bearing on vital US interests. The policy implication of this view is that from the perspective of the US in East Asia—in addition to its necessary concern with China and associated Asian communist states—the most important foreign policy consideration of the US in East Asia is Japan.

There are familiar reasons why Japan occupies this role in the foreign and defense policy thinking of the US. As the nation with the world's fifth largest population, with the third highest gross national product (GNP), and as producer of the full range of heavy and light industrial products (including world leadership in such critical fields as electronics and shipbuilding), Japan is a state with an enormous war-making potential. This helps in large part to explain why a central aim of US policy in Asia has been to avoid conditions which might lead Japan either toward a renewed policy of Asian hegemony or into an alignment with a nation which aspired to that goal.<sup>2</sup> At the minimum, US policy since 1950-51 has been based on the proposition that American interests require amicable relations with Japan; it has seemed clear, in other words, that Japan possesses such present and potential great power that any major shift in its foreign policy would deeply affect the US interest regarding Asian dominance.

In practice, this has meant that the US has provided Japan with very firm security guarantees, and it has also meant that increasingly, US policies in Asia have had to be considered with Japanese perceptions in mind. These two points can be considered as assumptions for US policy, for at least two reasons. First, because it is widely understood that the US will wish to avoid giving Japan cause to embark on an

altogether independent and nationalistic defense policy, and second, because the US hopes to elicit Japanese participation in dealing with the economic development (and hence security) problems of East Asia.

But beyond this basic point of agreeing that Japan and Japanese views must be given a preeminent place in US defense thinking in the Pacific, consensus among informed Americans tends to break down. The points of disagreement concern those other nations in East Asia—particularly in Southeast Asia—whose security and independence is thought to represent a requirement for the United States. This is another way of saying that aside from Japan there is little agreement about what else in East Asia constitutes a vital US national interest.

This study is designed to deal with that problem. Its approach is based on the proposition that US vital interests in East Asia can be defined most accurately in terms of the already-identified concept of regional dominance and the political conditions that reasonably could lead to single-nation dominance. For this reason, there has been prepared for this study an analysis of interaction patterns among the nations of East Asia; its purpose is to help isolate and better identify which if any nations occupy so central a position in those patterns that major events affecting one nation are likely to bring consequences for others as well.

This means that although the initial focus may be on the states of the region, the purpose will be broader: to determine whether any of those states are important in ways that imply a meaning to the region as a whole. The reason for that broader focus is that the US interest, as already suggested, has not been expressed in terms of US dependence on any one East Asian state (or on any attribute or resource possessed or controlled by one of those states). Instead, the US interest has been defined and made operational in terms of conditions of access in the region as a whole and issues of political control that affect those conditions. Normally, therefore, only those developments which bear directly on major politico-security aspects of the region, considered as a single entity, will be relevant to vital US national interests. In practice this means that if the analyst can identify those states whose security is from a region-wide standpoint most relevant, he will at the same time have suggested most strongly the identity of the essential security interests of the US in the region.

As already indicated, Japan is the only East Asian state intrinsically important to the US in the sense that US interests would be critically affected if the basic political posture of Japan significantly altered—for example by undertaking a close relationship with the USSR or China, or by embarking on an openly hostile relationship with either of them in ways likely to lead to armed conflict. A Japan-China combination (or a Japan-USSR combination) would be an awesome prospect for the United States, and a posture of great tension between Japan and either of the two communist giants would contain a large potential for the US to be pulled in to such a conflict.

This is a main reason why it has been an objective of American policy to avoid conditions which might lead Japanese statesmen to contemplate major changes in Japan's own posture. In that sense, some nations in Southeast Asia and possibly Korea and Taiwan may be considered as instrumentally a key to the question of East Asian dominance, and it is largely for that reason that the security of Southeast Asia—particularly those parts of it which may appear to be indicators of the outcome for the region as a whole—is so important for the United States today.

This implies again the need to analyze the entire region, or "system" of East Asia, because some components, or actors within the system, are likely to have "system-determining" characteristics. Others, although geographically a part of the region, may appear to be so isolated and uninvolved with the region that what affects them will not seriously affect other states or the region of which geographically they are a part.<sup>3</sup>

For example, a state not regarded as important by most other East Asian nations, and only minimally involved with those others in politically significant ways cannot readily be shown to bear directly on broad politico-security aspects of the region. Such a state, because it does not bear on the region, will also not normally bear directly on the vital US national interest in East Asia, unless the state is in an otherwise close security relationship with the US in ways that transcend that state's Asian role.

Conversely, a state regarded by most others in East Asia as bearing importantly on their concerns, and whose behavior shows a high degree of politically significant involvement with those others, can be regarded as potentially consequential beyond its own borders, and possibly in the region (or system) as a whole. Such a state, if its potential for affecting others and the region is sufficiently great, may be called a "key state" and for that reason will have a direct and high relevance to the vital interests of the US in East Asia.

To help identify such states, and also to rank them in the order in which they appear to be central to the region, this study has adopted two methods. First, we have prepared an analysis of interaction patterns among the nations of East Asia, initially among 11 nations not including Japan and then with Japan included. The purpose of that effort has been to rank-order the nations according to the extent of their involvement in transaction categories that reflect political, economic, and strategic significance. Second, we have compared the results of these findings with the stated views of senior Asian leaders, who have been asked in interviews conducted in East and Southeast Asia to identify the states which they regard as most and least relevant to their own nations' political and security interests. The purpose of both methods has been to help isolate and better identify which if any nations occupy so central a position in East Asian affairs that major events affecting one nation are likely to bring consequences for others as well.



## Chapter 2

### KEY STATES: THE APPROACH AND METHOD OF THIS STUDY

Although an approach designed to rank-order nations has not before been applied rigorously to policy problems in East Asia, as a concept it is not new. In other regions of the world, and in East Asia as well, we are accustomed implicitly at least to thinking in terms of "key states." In European affairs, for example, Germany is widely regarded as such a pivotal actor—a state whose political fortunes bear very heavily on the international posture and foreign policy alignment of several other states. It is not by accident that the USSR has for two decades placed so heavy an emphasis on Germany in its European policy. And in East Asia, as we have suggested already, Japan is today accorded a similar pivotal status. A fundamental shift by Japan of its foreign policy stance, toward an alignment of some kind with China or the USSR (or even to a position of major political and security separation from the US) would, because of Japan's role in East Asia, represent a catalytic development that would bring in its wake profound changes in the international posture of all other East Asian states.

Such major catalysts or "key states" of the Germany-Japan variety are of course not difficult to identify. Among other things, their economic-industrial power is so pronounced and their involvement in their respective geographic regions so intense along so many lines that their "centrality"\* to the politics of those regions is undeniable.<sup>4</sup> It is

\*The concept of centrality is developed in an article by Robert A. Bernstein and Peter D. Weldon, "A Structural Approach to the Analysis of International Relations," Journal of Conflict Resolution, Vol 12, Jul 68.

the hypothesis of this study, however, that in addition to these major powers, there are other states which exercise a similar but lesser impact on the affairs of the regions and subregions in which they are located. A corollary to this hypothesis is that such states can best be identified by analyzing the patterns of interaction in these regions—on the assumption that those states regularly exhibiting the most intensive involvement and interaction, in several politically significant categories, are also those with the greatest degree of likely political significance in their regions. This does not mean that interaction alone determines political significance, or that we should ignore other considerations likely to give political and security significance to a state—such as its military power and its geographic/strategic location. It is instead reasoned that a state possessing such attributes will also, and in part as a result of those characteristics, be involved in interactions with other nations in ways that will be uncovered in an appropriately designed study of the interactions among the nations of a given region.

In this study, interaction among East Asian nations have been examined in four categories, including three that will be familiar: Political and Diplomatic (Type I); Economic (Type II); and Military (Type III). The fourth category, which we have called "Communications and Cultural" (Type IV), includes inter-nation contact in such fields as air transportation, educational and cultural ties, and press/wire service communications. For each of these four major categories the study has aimed to gather data that is measurable over a recent period of years (normally 1967-1969), and in research terms alone the result is a data collection on Asian interactions that may be unique.

#### THE USES OF INTERACTIONS DATA

Both policy purposes as well as research purposes were served by gathering and collating this data. The research purpose was twofold: (1) to identify visible trends in Asian interactions, and (2) to provide a measurable base against which to compare already existing (but not necessarily quantifiable) professional knowledge and judgments of intra-Asian relationships.

The policy-related purposes of the data gathering fall into at least three fields. First, the data for the first time provide an empirical basis on which to identify which if any Asian states, in addition to Japan, can be considered "key states" in the region. Second, and by extrapolation from that data, it has been possible to rank-order the Asian states in terms of their politically significant interactions. Third, by combining rank orders from each of the interaction categories (Types I-IV), significant pairs and groups of country relationships have been identified. In turn, identification of what can be called "effective subregions" within the familiar geographic region of East Asia has been accomplished.

When appropriately combined with previously available data, these three considerations lead to two related sets of findings: (1) a list of those East Asian nations of major national security significance to the US, and (2) a priority-ranking of the nations on that list. The data and analysis developed by this study, in other words, provide a rank-ordered listing, expressed in terms of nations, of the major national security interests of the US in East Asia.

The utility of a designation of this kind has always been high, but never more than in a time of declining US involvement in East Asia. For in a period in which obligations and deployments of men, money, and materiel must be reduced, every commitment of resources must compete against other demands for those same resources. For that reason it is essential to be able to compare the value of alternative East Asian force-planning expenditures (whether in terms of materiel, other forms of military assistance, or the possible deployment of forces) against a standard of US security interests, and to express these interests in terms of the several nations in the East Asia/Pacific region.

As an illustration, it is readily conceivable that a requirement for the expenditure of \$10 million might be represented by a given defense need related to the security of Thailand, the Philippines, or Korea. As this requirement is translated into a potential drawdown on US Army funding, planners will need a basis on which to compare the relative value to the security interest of the United States represented by the security of Thailand, the Philippines, and Korea. The priority

ranking developed by this study is designed to help provide a basis on which such military judgments can in part be based.

#### OTHER APPROACHES TO DEFINING US INTERESTS

It is possible, of course, to approach this problem of choice in other, perhaps more familiar ways. There have been at one extreme, for example, those pragmatic judgments based on some natural resource on which the US allegedly depends, and which therefore may make access to the nation possessing the resource a vital US interest. At another extreme stand those definitions of the US interest that appear to have been based on little more than hunch and intuition. Moreover, past efforts to identify the nature of the US national interest in a given nation generally have asked the question of interest on a country-by-country basis, rather than in a region-wide or systemic context. These efforts have stressed such factors (singly or in combination) as each nation's historic, economic, or legal relationships with the US, as well as the level of US military involvement and force deployments in the given nation.

Today, among informed and influential Americans, there are proponents and advocates of a definition of US interests in Asia that reflect each of these approaches. Former Ambassador Edwin Reischauer tends to describe and formulate the US Asian interest largely in economic and trade terms, and not surprisingly he gives his greatest emphasis to Japan—with its high GNP and its impressive trade and investment connections with the United States.<sup>5</sup> Other analysts (and frequently government officials) have based their assumptions regarding US policy requirements in Asia on the existence of formal and legal ties with specific nations—and often have cited the Southeast Asia Treaty Organization (SEATO) Treaty and other formal agreements in this regard.

In such a perspective, the US interest in the security and independence of the Philippines would have to be regarded as very high, for the Philippines is a partner with the US in a tight bilateral treaty of mutual defense and security. Essentially the same argument would seem applicable to Thailand, which despite the "Rusk-Thanat agreement" of 1962 is not in an identical bilateral treaty relationship with the US. Nevertheless, Thailand is a partner with the US in SEATO, and senior US

officials frequently have emphasized that much of the justification for US involvements in Southeast Asia derives from the commitments and responsibilities implied and expressed in that treaty. There is, however, an obvious objection to this approach, for its tendency is to equate vital US interests with US commitments, which is to say that interests become the handmaiden of obligations. Logically, the reverse should be true.

A previously-cited study by Gurtov (Ref 1, p 35) illustrates the broader difficulty of such approaches, particularly in defining persuasively the US interest in such nations as Thailand and the Philippines. The study argues that there are vital US interests in seven East Asian countries—"Japan, the Republic of Korea, Australia-New Zealand, the Philippines, Thailand, and the Republic of China." This is a credible list, or at least one not to be dismissed out-of-hand. Yet in explaining why each of these nations is to be considered a "vital" US interest, Gurtov argues largely (except in the case of Japan) from a combination of historical ties and/or legal obligations—rather than from some clearly demonstrable grounds related to the present-day security requirements of the United States.

Regarding Thailand, for example, he writes (correctly) that the legal obligations of the US to Thailand are not so "definitive" as in the bilateral American treaty with the Philippines. For this reason he stresses the very firm assurances provided to Thailand in 1962 by former Secretary of State Rusk. But even this, in Gurtov's view, "is only a partial explanation of the American interest in Thailand"; a basic factor, he adds, is the "lengthy period of friendship" between the Thais and the US since the mid-nineteenth century. Thus Gurtov concludes that even if American commitments to Thailand assumed "a form substantially different from commitments to other vital interests," that "possibility would not, however, diminish the essential historical and moral interest of the United States in seeing that . . . Thailand is . . . not dominated by a hostile power." (Gurtov,<sup>1</sup> p 38, emphasis added.)

Even in the past it was questionable whether the vital interests of the United States were explicable in terms of "historical and moral interests." In the 1970's, however, when a generation of Americans appears to be altogether disillusioned about the capacity of any nation

to play the part of global policeman in defense of moral values, such grounds are likely to be challenged as naive, arrogant, or both. Instead, it must be expected that to be effective in the 1970's American defense and foreign policy must also be credible—first to Americans and then to foreign associates and adversaries. This means that in response to domestic critics and skeptics (whose skepticism can after all be well understood), US officials must be prepared to answer critical questions when they seek to identify the vital interests of the United States. Merely to assert an "historic interest" will not be persuasive in that context, nor is it likely to be accepted that the US "special relationship" with Australia and New Zealand—which "hardly needs elaboration" (Gurtov,<sup>1</sup> p 37)—will by itself justify a vital US interest or "direct commitment" to their security.

To many Americans, and particularly to planners who must be prepared to justify force planning requirements in a period of resource stringency and skepticism, it is doubtful that any Asian interest, allegedly "vital," can be dismissed with the view that it "hardly needs elaboration." Quite the contrary, for all interests need elaboration—directly in proportion to the extent that they are not readily translatable (as they are in the case of Japan) into power defined in industrial, economic, and military terms. For aside from Japan, there is today no nation in Asia whose location or resources give it such power, defined in those terms, that loss of access to that nation by the US would by itself strike a vital blow at the security of the United States.

For that reason this study seeks to identify which states have a role in the international relations of East Asia sufficiently important that developments affecting them bear significantly on the political shape of the region as a whole. For it is the region of East Asia as a whole with which the US must be concerned, partly but not altogether because some developments in the region can significantly affect Japan's foreign and defense policies—and what Japan does will affect the region greatly. Changes affecting some of the East Asian states possibly could have that kind of system-wide effect, while other nations in the region seem to have little or no significance beyond their own borders. The important question, of course, is which nations fall into these

categories, and even more explicitly, which states in East Asia are concerned with which others—and how much.

Asian leaders and states themselves provide a large part of the answer to that question, by virtue of the importance they attach to other nations in the region, and by the extent to which their nations are likely to be affected by developments elsewhere in East Asia.\* The ingredients that contribute to this quality of interrelatedness can be identified, and some can be measured. In this study, in order to better assess the extent and patterns of any such interconnections, we will focus primarily on the actual behavior of the East Asian nations—and then examine the expressed importance that leaders appear to attach to others in the region.

\*To say that East Asia is a system of relationships, in which the nation-states are the major actors in the system, is another way of making the same point. Expressed in those terms, we would say that this study is primarily concerned with the extent to which the East Asian system shows high or low internal articulation (jointing) and along what lines. A system with generally low articulation is relatively insensitive, as a system, to inputs affecting any one of its elements. Conversely, in a system with higher articulation (characterized by many lines of communication and much jointing), it can be expected that system sensitivity will be greatest regarding those members (nations, in this case) whose activity most touches and impacts on other members.

## Chapter 3

### ACTIVE AND LEAST ACTIVE EAST ASIAN STATES

As a practical matter, statesmen have been making judgments for years about the relative political significance of the different nations in East Asia. In some cases (but not all), significance has been associated with size; it is no accident, after all, that Indonesia—one of the world's largest nations in population and territory—has attracted so much attention. Laos and Cambodia, both thinly populated, traditionally have played much less prominent roles in East Asian Affairs. But whatever the criteria, judgments have been made: while most national leaders probably would prefer to have harmonious relations with as many nations as possible, in practice they have concluded that some nations warrant more attention than do others.

Whenever such judgments have been made, it also has been recognized that whatever intrinsic importance is attached to any given state, some have greater and lesser degrees of importance and influence beyond their own borders. This thought was expressed another way earlier, when a comparison was made of the likely effects within Asia of the "loss" of one or more countries to potential Chinese influence:

. . . there is a major difference, apparent to every observer, between the roles in Southeast Asia of Burma and Cambodia on the one hand, and Thailand, Malaysia, and the Philippines on the other. . . . few leaders in Southeast Asia would judge that China was the "wave of the future" because Burma had somehow been incorporated within the Chinese sphere of influence. But a very different estimate would be made if the same outcome applied, for example, to Thailand.\*

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\*See the section on "System and System Determinants in Southeast Asia" in Ref 1, Gordon, "Toward Disengagement . . ." pp 170-71.



The transaction and other data collected for this study can now add much precision and certainty to that earlier assessment. For one thing, the detailed collection of bilateral interactions allows perceiving with considerable clarity the nature and extent of the ties or relationships among the East Asian nations. One can identify from the perspective of any one state those other states with which it has the fullest relationships, and also those with which it has the least intensive ties. Consequently, it is possible to learn whether an apparently cordial political or "cultural" relationship among two or more nations is buttressed (or is not) by economic and other tangible ties—and to what extent. One can in turn better gauge the extent to which any state in East Asia is likely to be concerned with or affected by developments in one or more of the other nations. As a result, and particularly with regard to the relative significance of certain Asian states, these data provide more firm and precise support for judgments that up to now have had to be based on much less rigorous and often impressionistic grounds.

Yet this is not to suggest that earlier conclusions necessarily have been wrong. Instead, and particularly in connection with those states that commonly have been regarded as lying at the polar extremes of high or low interaction (as well as political significance) among Asian nations, the data and findings of this study are encouraging—for very often the findings do not detract from conclusions previously arrived at by others, based on their informed professional judgments.

For example, Burma's familiar reputation among scholars and observers as a "hermit state" in recent years is reinforced and can be demonstrated by an examination of Burma's measurable interactions among the nations of Asia. Normally, it is one of the least involved states. Similarly, the supposition that Thailand during the 1960's has come to play a unique role of intensive involvement in the international relations of East Asia, and also of intra-Asian political significance, is also dramatically reinforced by the findings of this study. In quantitative and interaction terms, this extreme contrast between Burma and Thailand can be demonstrated by use of a concept called "two-nation sets."

The term "two-nation set" means that a relationship of special significance exists between State A and State B, from the viewpoint of one of them. It obtains if, of all the actions which State A sends (initiates) and receives in one of the four main categories of interaction, the largest proportion is both directed to B and is received from B.\* It would also exist if the converse were true.

Of the many hundreds of transactions examined for this study, relatively few showed such a pattern of concentration between any two nations that they could be placed into the category of two-nation sets. Thirty such sets were ultimately identified, and these sets tend to illustrate the main linkages among the nations of East Asia. What became apparent on examining these sets, moreover, was that of the 11 Asian nations examined, certain states appear repeatedly as a partner in two-nation sets, while others have very few linkages of high intensity. Among the states showing very high interaction was Thailand, which appears in 11 of the 30 sets, while Burma, an example of one of the states with very little interaction, was found in only 3 of the 30 sets. Table 1 illustrates all of the "two-nation sets" that were identified in this study.† Double-pointed arrows indicate those "closest pairs" which show the highest level interaction and greatest mutuality.‡

\*By "largest proportion" is meant a share of A's outgoing and incoming transactions that is at least double the proportion that might be expected if all of A's transactions were divided equally among the other ten states. Thus 20% of incoming actions, and 20% of outgoing actions, became the minimum proportion that would be noted in order to determine "two-nation sets." These special partner relationships in most cases exceeded 20%: they reflect a share of transactions among partners of approximately 25-35%. In a very few cases almost half or more of a given nation's transactions in one or more categories was concentrated on only one other state.

†Japan, with a record of interaction with every East Asian state that dwarfs all others, was not included in this segment of the analysis. The nations whose interactions with one another were included are: Burma, Cambodia, Indonesia, South Korea, Laos, Malaysia, Philippines, Singapore, Taiwan, Thailand, and South Vietnam. Japan's involvement with all those nations is treated separately later in this study.

‡For a further discussion, see "Closest Pairs" in Chap. 4.

Table 1  
TWO-NATION SETS

POLITICAL/DIPLOMATIC	
<u>Cambodia/Indonesia</u>	<u>Singapore/Malaysia</u>
<u>Indonesia/Malaysia</u>	<u>Taiwan/So. Vietnam</u>
<u>Laos/Thailand</u>	<u>So. Vietnam/Taiwan</u>
ECONOMIC	
<u>Burma/So. Korea</u>	<u>Singapore/Indonesia</u>
<u>Cambodia/Singapore</u>	<u>Taiwan/Thailand</u>
<u>Philippines/So. Korea</u>	<u>So. Vietnam/Taiwan</u>
MILITARY	
<u>Burma/Thailand</u>	<u>Philippines/Indonesia</u>
<u>Cambodia/Indonesia</u>	<u>Singapore/Malaysia</u>
<u>Laos/Thailand</u>	<u>Indonesia/Malaysia</u>
<u>Malaysia/Thailand</u>	<u>Taiwan/Thailand</u>
	<u>Thailand/Malaysia</u>
COMMUNICATIONS/CULTURAL	
<u>Burma/Thailand</u>	<u>Philippines/Taiwan</u>
<u>Indonesia/Malaysia</u>	<u>Singapore/Malaysia</u>
<u>So. Korea/Taiwan</u>	<u>Thailand/Malaysia</u>
<u>Laos/Thailand</u>	<u>So. Vietnam/Thailand</u>
<u>Malaysia/Indonesia</u>	

To continue for a moment with the example of Thailand, it will be seen on examining the list of sets that Thailand's high interaction relationships are with quite a large number of states: Burma, Laos, Malaysia, Taiwan, and South Vietnam. This suggests not only the wide geographic extent to which Thailand is interactive in East Asia, but also the degree to which Thailand is regarded—from the viewpoint of so many nations—as a primary partner. For of the 11 sets in which Thailand appears, in nine of them Thailand is identified (from the viewpoint of another state) as the nation to which most actions were sent, and from which most actions were received.

#### ANALYZING TRANSACTIONS: CATEGORIES OF INTERACTION

These sets, as well as a number of other interaction patterns which will be mentioned, were determined by examining more than a

thousand transactions in four categories among 11 East Asian states during the 3-year period 1967-69. The categories, as previously mentioned, were Political and Diplomatic (I); Economic (II); Military (III); and Communications/Cultural (IV). In each category, of course, there were several types of transactions included, and because those sub-types are not equally significant, a system of weighting was adopted prior to final counting and evaluation.

This was done in order to avoid distortions which might result from a mere counting of transactions on the basis of frequency alone. Some types of transactions might by their nature occur relatively often, although any one might be of relatively low consequence. Another type, although within the same broad category, and although of relatively higher significance, might be expected to occur with relatively less frequency. In the field of military transactions, for example, a specific defense or military arrangement between two states was regarded in this study as more significant than visits by senior officers. Similarly, in the category of political and diplomatic transactions, more weight was given to a visit by a head of state to another nation's capital than to the visits of parliamentary delegations.

As in any such measurement where it is necessary to assign weights, a matter of judgment was involved; the values adopted were intended to be reasonable (rather than arbitrary) and to reflect the author's experience gained in earlier studies of East Asian international relations.<sup>6</sup> But the more important point is that the weights and values arrived at were applied consistently in each category and do not carry over to another category. Thus it is unlikely that the transactions of any one state necessarily are misrepresented as a result of this method, or that the ascription of weights in one of the four main categories has affected the measurement of transactions in the others.

Within each of the four main categories, the major types of transactions that have been analyzed for this study should now be identified. The central purpose in establishing each of these categories as a framework for collecting and organizing data was to portray accurately the quality of relations among the nations of East Asia. For this reason, and in addition to the collection of measurable data, numerous interviews

on substantive matters were conducted in mid-1970 with senior East Asian officials, cabinet ministers, and many qualified observers in Asian research centers, universities, and international organizations. These interviews, which in many cases represented a continuation of conversations that the senior author has had with senior Japanese and Southeast Asian officials almost annually since 1962, were designed to supplement and qualify the statistical (and other measurable and documentary) material collected within the four transaction categories. At the same time, those categories were chosen with two expectations: first, that they reasonably reflect much or all of the most important elements normally involved in relations among states; and second, that within each of the interaction categories (and their subdivisions) data would be available that would to the largest practical extent be susceptible of quantification.

In Category I, Political and Diplomatic Transactions, the data are organized into four sub-types:

- (1) the level of diplomatic relations and the type of representation among the Asian nations, specifically the number of embassies and consulates maintained by each state in all other East Asian nations;
- (2) the existence of diplomatic agreements as well as "incidents";
- (3) visits by leaders of government and heads of state, senior ministers, officials, and parliamentary delegations to other states; and
- (4) the membership (or representation) by each nation in a wide range of international governmental organizations, including those at the global, regional, and subregional levels.

Category II, Economic Transactions, gave rise to a wealth of quantifiable information of great interest, and in some cases this study has uncovered data not before available to American scholarship—particularly in ways that could be used systematically. The seven major categories for which the data were collected include:

- (1) an identification of the formal economic ties among the governments of East Asia, including their trade, commercial, and related arrangements;

- (2) a cataloging of governmental or authorized membership with other Asian states in regular or continuing economic conferences;
- (3) visits of official and private economic delegations for such purposes as increasing bilateral trade and investment;
- (4) the existence of overseas branches of banks;
- (5) provision of economic assistance and training by one Asian state to one or more others;
- (6) the size (dollar-value) and composition of the regional trade of all East Asian nations, including an identification of their principal Asian trading partners; and
- (7) the value and composition of investments (of several kinds) received from other East Asian states, as well as investments directed toward other East Asian nations.

In Category III, Military Transactions, the authors gathered data that would reflect the level and quality of any defense-related relationships among two or more states, recognizing that in a global region where many governments are strongly influenced and sometimes dominated by military establishments, it was important to distinguish between those international actions done by a national political leader who is also a soldier as compared with those actions undertaken specifically in a defense framework. Data were collected that allowed identification and enumeration of three major kinds of binational and multinational military transactions among East Asian nations during the period 1967-69:

- (1) military agreements and related arrangements;
- (2) instances of military assistance, including troop and officer training and force deployment; and
- (3) visits for defense purposes by senior military leaders and delegations to other states.

In Category IV, Communications and Cultural Transactions, the authors portrayed the extent to which persons and groups other than governments are involved with and are likely to be aware of matters in other East Asian states. For this reason extensive data were gathered in three main fields, including:

- (1) travel and tourism in East Asia in terms of the numbers of visitors and tourists, as well as in terms of a profile of all

- airline transportation in the region (expressed in terms of passengers, passenger-miles and ton-miles);
- (2) the extent of regular representation by Asian newspapers, press/ wire agencies, and broadcast services in other Asian states; and
  - (3) cultural and communications agreements and exchanges.

#### SOURCES AND METHODS

A very wide and rich variety of sources were consulted, both in East Asia and the US, to develop the measurable data in all four categories of interaction. Included were a number of statistical and other publications and documents prepared by international and national organizations in Asia; the daily press of six East Asian nations and Japan, as well as other periodical material; government reports of all; translations of daily radio broadcasts of all East Asian governments and news services; and finally, a large body of unpublished data made available to the authors in the field by officials of several governments and international organizations in East Asia. Much of this material was provided in response to personal requests during visits to a number of Asian capitals in June and July 1970, and was used to amplify, complete, and help corroborate findings based on data previously developed in the US.\*

\*A complete listing of all sources consulted would be impractical, and would include, for example, lists of transactions provided specifically for this study as a result of the cooperation of a number of cabinet ministers and their staffs in several East Asian governments. Special thanks are due, among others, to Foreign Ministers Romulo, Thanat Khoman, and Adam Malik; Finance and Trade Ministries in their respective capitals, and to a number of government departments and ministries in Tokyo for providing personal assistance in gathering data for this study. In addition to this ad hoc cooperation, basic data on which much of this study is based were developed from materials regularly consulted and collected by the authors at RAC during the past several years (and specifically for the 1967-70 period):

Following is a partial list, or sample of the types of materials consulted. A complete listing of reference sources will be found in the Bibliography. Individual country sources include regular coverage of Asian daily newspapers such as the Straits Times (Malaysia and Singapore), Angkatan Bersendjata (Indonesia); and Manila Times; and daily radio broadcasts for all Asian states as reported by the Foreign Broadcast Information Service; weeklies, including Réalité's Cambodgiennes, Mainichi Shimbun, Asian Almanac; bi-monthly and monthly publications (in many

Since the purpose of collecting these materials was to provide a basis for ranking the East Asian states, both in terms of their interactions as well as their perceived significance of one another, it was necessary to process the data through several stages. The method chosen, through a number of counting and sorting steps, allows the patterns and intensities of national interactions to be seen clearly. Much of the next chapter is devoted to identifying those patterns; it will be useful first, however, to close this chapter with a brief illustration of the steps that led to those findings.

Initially, basic information and raw interaction data among the dozen East Asian nations (in the 1967-69 period) were divided into the major transaction categories, and grouped according to whether an action was initiated ("sent") by a state or reported as having been "received."

cases made available to the authors by embassies in Washington, D. C.), such as Forward (Burma), Malaysian Press Digest, Indonesian News and Views, Singapore Monthly Statistics and Yearbooks from such countries as Taiwan, Malaysia, the Philippines, Singapore, Korea, Japan, and Thailand. United Nations (UN) and UN Economic Commission for Asia and the Far East (ECAFE) documents relied on extensively include the International Monetary Fund-International Bank for Reconstruction and Development (IMF-IBRD) Direction of Trade Monthly Reports and the Direction of Trade Annual 1964-1968, and the yearly Economic Survey of Asia and the Far East published in Bangkok at ECAFE headquarters. Monthly and annual Economic Reports from the Central Banks in various Asian countries, including those from Malaysia, the Philippines, Thailand and Japan, proved most valuable.

A wide range of printed and mimeographed publications covering specific economic topics, published internally by the governments, were also made available to the authors. Examples include "Statistical Data on Foreign Investment in Indonesia 1967-70 (1st quarter)," Foreign Investment Board, Djakarta; "Trade and Payments System of the Philippines," and "Memorandum on trade missions sent abroad 1967-1969"—Department of Commerce and Industry, Manila. Sources not available in English included two Japanese annual economic reports, Handbook on Overseas Economic Cooperation (1969, 1970 issues), edited by Research Division, Overseas Economic Cooperation Fund, Tokyo, and Economic Cooperation: Its Present Situation and Issues—1969—published by the Ministry of Trade and Industry (MITI), Tokyo, as well as specific reports and access to statistics in the countries visited.

Other reports covered such topics as information from the national tourist offices in Vietnam, Thailand, Singapore, Philippines, Indonesia, and Japan; ECAFE statistics, and articles by staff members of the various ministries. General reference books and periodicals most frequently used include: Asia and Australasia 1969, 1970; Stateman's Yearbook; Yearbook of International Organization; Far Eastern Economic Review (Weekly and Yearbook); Asian Survey; and Pacific Affairs.



A set of tables was prepared for each sub-type of transaction, and where appropriate, the sums were assigned values. This set which shows total transactions by country, and which contains essentially raw data, can be found in Appendix B. For illustrative purposes, however, one such table is provided here (Table 2). This particular table, which shows the membership of East Asian nations in 21 regional and global organizations, provides raw data for the analysis of interactions in Category I (diplomatic and political contacts among East Asian states).

These basic data tables were then combined to form matrices, each one showing the total weighted value of transactions that were initiated and received by each of the states in one of the four main transaction fields. In the field of economic interaction, for example (Type II), the material presented identifies not only trade and investment relationships, but also a wide variety of other forms of bilateral and multilateral economic transactions, termed "general economic variables." The matrix that reflects this form of economic activity is illustrated in Table 3. The full set of matrices, for all fields, will be found in Appendix C.

The data provided in each matrix led next to the preparation of a table designed to show "PATTERNS OF REGIONAL INTERACTION" in each of the four main transaction fields. Organized by country, each table indicates the proportion of each nation's transactions (both as sender and receiver) that is accounted for by every other state. Table 4 illustrates the patterns of interaction in the military field. Similar tables for the other categories of interaction are provided in Appendix D.

Finally, the matrix also led to the preparation of a table in which actors are listed according to their rank both as initiators and receivers of actions in each transaction category. Table 5 illustrates such a listing in the field of military transactions, showing the weighted sum of national actions and their respective ranks.

Table 2  
POLITICAL/DIPLOMATIC: MEMBERSHIP IN TWENTY-ONE REGIONAL AND GLOBAL ORGANIZATIONS<sup>a</sup>

Country	Organization <sup>b</sup>																				Total		
	ASEAN	ASPAC	ECAFE	ADB	APO	APU (Parl.)	MRC	CP	SEAMEO	SEA	MCED,	ITC	ARPC	ACC	BATU	APU (Retail)	OANA	PATA	ABU	EATA	ICC IATA	Member-ships	Points <sup>c</sup>
Burma			X					X										X			X	4	2
Cambodia			X	X		d	X	X		d								X				5	2
Indonesia	X	d	X	X	X	X	e	X	X	X	X	X	X	X	X	X	X		d		X	15	6
So. Korea		X	X	X	X	X		X		X		X			X	X	X	X	X	X	X	13	6
Laos	d	d	X	X	X	X	X	X	X	X	X				X	X	X		X			9	4
Malaysia	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		13	6
Philippines	X	X	X	X	X	X	e	X	X	X	X			X		X	X	X	X	X	X	17	8
Singapore	X		X	X	X	X		X	X	X	X			X	X	X	X	X				10	4
Taiwan		X	X	X	X	X	e	X						X		X	X	X	X	X	X	13	6
Thailand	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	19	8
So. Vietnam	d	X	X	X	X	X	X	X	X	X	X				X		X	X	X	X	X	14	6
Japan <sup>f</sup>		X	X	X	X	X	X	e		X	X	X	X	X	X	X	X	X	X	X	X	15	58

<sup>a</sup>This table is illustrative of basic data used throughout this study. For other tables showing similar information in Economic, Military, and Communications/Cultural categories, see App B. Main source: Yearbook of International Organizations, 1966, 1967, 1968.  
<sup>b</sup>ASEAN, Association of Southeast Asian Nations; ASPAC, Asian-Pacific Council; ECAFE, United Nations Economic Commission for Asia and the Far East; ADB, Asian Development Bank; APO, Asian Productivity Organization; APU (Parl.), Asian Parliamentarians Union; MRC, Mekong River Commission; CP, Colombo Plan; SEAMEO, Southeast Asian Ministers of Education Organization; MCED, SEA, Ministerial Conference for the Economic Development of Southeast Asia; ITC, International Tin Council; ARPC, Association of Rubber Productivity Countries; ACC, Asian Coconut Community; BATU, Body of Asian Trade Unions; APU (Postal), Asian Postal Union; OANA, Organization of Asian News Agencies; PATA, Pacific Air Travel Association; ABU, Asian Broadcasting Union; EATA, East Asia Travel Association; ICC, International Chambers of Commerce (those with international committees); IATA, International Air Transport Association.  
<sup>c</sup>Assigned points: 2-8 points based on a four-part percentage breakdown of full membership in 21 possible organizations (designated by the letter X). The points, reflecting this high, medium-high, medium-low, low breakdown are as follows:

Organizations	Points
1-5	2
6-11	4
12-16	6
17-21	8

<sup>d</sup>Observer country; no points assigned.

<sup>e</sup>Cooperating country; no points assigned.

<sup>f</sup>Points not included for JAPAN POLITICAL/DIPLOMATIC MATRIX (Table G18) App G.

Table 3  
ECONOMIC MATRIX: GENERAL ECONOMIC VARIABLES<sup>a</sup>

Agreements, Conferences, Delegations, Training and Assistance, Foreign Banks

Sender country	Receiver country											Sender total/points <sup>b</sup>
	Burma	Cambodia	Indonesia	South Korea	Laos	Malaysia	Philippines	Singapore	Taiwan	Thailand	South Vietnam	
Burma	--	--	--	5	--	2	1	1	--	1	1	11
Cambodia	--	--	--	--	--	--	--	5	--	--	4	9
Indonesia	--	--	--	2	--	11	5	10	9	4	2	43
South Korea	5	--	5	--	--	5	10	2	9	1	6	43
Laos	--	--	--	--	--	--	--	--	--	--	--	0
Malaysia	1	--	12	4	--	--	1	10	2	10	1	41
Philippines	--	1	8	9	--	1	--	1	5	1	2	28
Singapore	1	8	14	1	1	11	2	--	5	3	1	47
Taiwan	--	--	7	11	1	4	6	5	--	14	10	58
Thailand	--	--	7	1	1	14	--	2	12	--	2	39
South Vietnam	--	4	--	4	--	--	--	--	8	--	--	16
Receiver total/points	7	13	53	37	3	48	25	36	50	34	29	335

<sup>a</sup>For the other tables showing MATRICES in Political/Diplomatic, Military and Communications/Cultural categories, see App C. The numbers shown in this matrix represent the total number of "points" (see next note) compiled by each nation in its non-monetary economic relationship with each other state. The matrix is derived from information contained in the economic category BASIC DATA (Tables B9 through B13) App B. These were in turn based on sources that include Asian daily newspapers and broadcasts, The Far East and Australasia, 1970; Far Eastern Economic Review Yearbooks, 1968 through 1970; and other journals.

<sup>b</sup>Points shown represent a combination of actions (not individual actions), reflecting the weighting system used in this category. For a complete explanation of point values see App A. In the economic category of interaction the following apply:

- 1 point--each delegation, training and assistance program, and overseas bank branch
- 4 points--each formal agreement and ongoing conference or committee

Table 4

MILITARY: PATTERNS OF REGIONAL INTERACTION<sup>a</sup>

Country	Rank	Percent <sup>b</sup> of total actions	Country	Number of points <sup>c</sup>	Total <sup>c</sup>	Partner if 2- nation set <sup>d</sup>	
BURMA	Sender: 1	100	Thailand	2	2	Thailand	
	Receiver: 1	100	Thailand	2	2		
CAMBODIA	Sender: 1	33	Indonesia	2	1, 1, 6	Indonesia	
	3.5	17	So. Korea, Philippines, Singapore, Taiwan	1, 1			
	Receiver: 1	75	Indonesia	3	4		
	2	25	Thailand	1			
INDONESIA	Sender: 1.5	28	Philippines, Malaysia	13, 13	44	Malaysia	
	3	17	Thailand	8			
	4.5	7	Cambodia, So. Korea .	3, 3	38		
	6.5	4	Taiwan, So. Vietnam	2, 2			
	Receiver: 1.5	24	Malaysia, Thailand	9, 9	38		
	3	21	Philippines	8			
	4	13	So. Korea	5			
	5	8	Taiwan	3			
6.5	5	Cambodia, So. Vietnam	2, 2				
SO. KOREA	Sender: 1	30	So. Vietnam	7	23		
	2	22	Indonesia	5			
	3.5	17	Philippines, Taiwan	4, 4	11		
	5	9	Thailand	2			
	6	4	Malaysia	1	2		
	Receiver: 1	45	Thailand	5			
2	27	Indonesia	3	7			
3	18	Taiwan	2				
4	9	Cambodia	1	37			
Sender: 1	100	Thailand	2				
LAOS	Receiver: 1	86	Thailand	6	44	Thailand	
	2	14	Malaysia	1			
MALAYSIA	Sender: 1	43	Thailand	16	16		
	2.5	24	Indonesia, Singapore	9, 9			
	4	5	Taiwan	2	17		
	5	3	Laos	1			
	Receiver: 1	39	Thailand	17	11	Thailand	
2	30	Indonesia	13				
3	25	Singapore	11	16			
4	5	Taiwan	2				
5	2	So. Korea	1	8			
Sender: 1	50	Indonesia	8				
PHILIPPINES	2	36	So. Vietnam	5	16		
	3	13	Thailand	2			

(1)

(2)

PHILIPPINES	Receiver:	1	39	Thailand	17	Thailand
		2	30	Indonesia	13	
		3	25	Singapore	11	44
		4	5	Taiwan	2	
		5	2	So. Korea	1	
SINGAPORE	Sender:	1	50	Indonesia	8	
		2	36	So. Vietnam	5	16
		3	13	Thailand	2	
		4	6	Taiwan	1	
	Receiver:	1	46	Indonesia	13	Indonesia
TAIWAN		2	25	Thailand	7	
		3	14	So. Korea	4	28
		4	7	Taiwan	2	
		5.5	4	Cambodia, Singapore	1, 1	
	Sender:	1	92	Malaysia	11	
THAILAND		2	8	Philippines	1	12
	Receiver:	1	75	Malaysia	9	Malaysia
		2	17	Thailand	2	12
		3	8	Cambodia	1	
	Sender:	1	28	Thailand	5	
SO. VIETNAM		2	22	So. Vietnam	4	
		3	17	Indonesia	3	18
		5	11	So. Korea, Malaysia, Philippines	2, 2	
	Receiver:	1	38	Thailand	8	Thailand
		2	19	So. Korea	4	
THAILAND		3	14	So. Vietnam	3	21
		4.5	10	Indonesia, Malaysia	2, 2	
		6.5	5	Cambodia, Philippines	1, 1	
	Sender:	1	27	Malaysia	17	
		2	14	Indonesia	9	
SO. VIETNAM		3	13	Taiwan	8	
		4	11	Philippines	7	63
		5.5	10	Laos, So. Vietnam	6, 6	
		7	8	So. Korea	5	
		8.5	3	Burma, Singapore	2, 2	Malaysia
SO. VIETNAM		10	2	Cambodia	1	
	Receiver:	1	43	Malaysia	16	
		2	22	Indonesia	8	
		3	14	Taiwan	5	37
		5.5	5	Burma, So. Korea, Laos, Phil.	2, 2, 2, 2	
SO. VIETNAM	Sender:	1	60	Taiwan	3	
		2	40	Indonesia	2	5
	Receiver	1	29	So. Korea	7	
		2	26	Thailand	6	
		3	20	Philippines	5	24
SO. VIETNAM		4	17	Taiwan	4	
		5	9	Indonesia	2	

<sup>a</sup>For the other tables showing PATTERNS OF INTERACTIONS in Political/Diplomatic, Economic, and Communications/Cultural categories, see App D.

<sup>b</sup>Percentage figures are based on weighted point totals found in MILITARY MATRIX (Table C3) App C.  
<sup>c</sup>For a complete explanation of point values see App A. In the Military Category of Interaction the following apply:

3	47	Taiwan	8	
4	13	Philippines	7	63
5.5	11	Laos, So. Vietnam	6, 6	
7	10	So. Korea	5	Malaysia
8.5	8	Burma, Singapore	2,2	
10	3	Cambodia	1	
	2	Malaysia	16	
Receiver:	43	Indonesia	8	37
	22	Taiwan	5	
	14	Burma, So. Korea, Laos, Phil.	2, 2, 2, 2	
	5	Taiwan	3	5
SO. VIETNAM	60	Indonesia	2	
Sender:	40	So. Korea	7	
Receiver	29	Thailand	6	
	26	Philippines	5	24
	20	Taiwan	4	
	17	Indonesia	2	
	9			

<sup>a</sup>For the other tables showing PATTERNS OF INTERACTIONS in Political/Diplomatic, Economic, and Communications/Cultural categories, see App D.

<sup>b</sup>Percentage figures are based on weighted point totals found in MILITARY MATRIX (Table C3) App C.

<sup>c</sup>For a complete explanation of point values see App A. In the Military Category of Interaction the following apply:

- 1 point—each visit, training and assistance program, advisory mission
- 2 points—each arrangement, including security agreements, border pacts, joint patrols, intelligence exchanges, supply route privileges, combined military headquarters, and integrated defenses
- 3 points—troops stationed in another Asian state.

<sup>d</sup>Two-nation set—if highest ranking partner accounts for at least 20% of transactions in both sender and receiver categories.

Table 5

MILITARY: SUM AND RANK OF INTERACTIONS<sup>a</sup>

Rank	Sender Country	Total points <sup>b</sup>	Rank	Receiver Country	Total points <sup>b</sup>
1	Thailand	61	1	Malaysia	44
2	Indonesia	44	2	Indonesia	38
3	Malaysia	37	3	Thailand	35
4	So. Korea	23	4	Philippines	26
5	Taiwan	18	5	So. Vietnam	24
6	Philippines	14	6	Taiwan	21
7	Singapore	12	7	Singapore	12
8	Cambodia	6	8	So. Korea	11
9	So. Vietnam	5	9	Laos	7
10.5	Burma	2	10	Cambodia	4
10.5	Laos	<u>2</u>	11	Burma	<u>2</u>
		224			224

<sup>a</sup>For the full set of tables showing SUM AND RANK of actions/actors in each field, see App E. Information for this table was derived from MILITARY MATRIX (Table C3) App C, and is based on sources that include: Asian daily newspapers, journals, broadcasts; individual country year-books; foreign affairs bulletins published by governments in the Philippines, Malaysia, Thailand; interviews in Asia, June 1970.

<sup>b</sup>Numbers shown are weighted; not individual actions.

## Chapter 4

### INTERACTION FINDINGS: CLUSTERS AND RANK-ORDERS OF STATES

At this stage in the analysis, when it was possible to see more clearly the rankings of states in terms of their interaction in all four categories, an important finding of this study became apparent: those states which are most active in one category tend also to be the most active—as initiators, recipients, or both—in all other categories. The reverse appears even more clearly to apply: those states least active in any one category of interaction are also least active in all categories.

This can be shown in several ways, but the point will be clear if the place-ranks in the preceding table (Table 5) are compared with the country rankings in the three other main categories. These ranks are shown in Appendix E, under the heading SUM AND RANK, or Tables E1, E2, and E4. It will be seen there that regardless of the interaction category, the country-rankings in all four tables tend generally to fall in the same places.

With few exceptions, for example, the same three nations (Thailand, Malaysia, Indonesia) regularly occupy the first four places (most interactions), while Burma, Cambodia, and Laos occupy the last three places almost without exception. Thus of a possible eight times that any nation might appear in any one place-rank (since each nation's actions as sender and as receiver were counted separately in each of the four tables), Burma and Laos were always ranked in one of the last three places, for a low-actor score of 100 percent. Cambodia appeared in one of the last three places seven out of eight possible times (87.5 percent).

At the high end of the ranking scale, Thailand, Malaysia, and Indonesia show almost the same consistency across the four categories. Of a possible eight times in which any nation might appear in one of the first



three place-rankings, Malaysia appeared seven, Thailand six and Indonesia five times. Moreover, not only do those three states so often rank highest in interaction, but a considerable gap separates them from all others. Taiwan and the Philippines, closest runners-up, appeared less than half as often, i.e., in two of the first three places out of a possible eight times (25 percent), and as the tables also show, no other state appears more than once in any of the first three places.

Arranged in this way, these data serve an important identifying function, for in terms of each type of interaction they point in a broad way to the states which occupy the extremes on each interaction-scale. This information shows which nations are most involved—politically, economically, militarily, and in other ways—with all other states in East Asia. It also points to those that are least involved in most aspects of the region's international relations, and just as clearly it indicates those states—again with consistency—which fall into a middle category. For with few exceptions, Singapore, the Philippines, Vietnam, Taiwan, and Korea (though not necessarily in that order) regularly occupy place-ranks four through eight among the eleven nations in most categories of interaction.

#### FINAL AVERAGE RANKS

The data, moreover, allow further refinement. Additional arithmetic can establish not only the rank of each state in each interaction category, but also a rank-order, from the viewpoint of each nation, of all those other states with which it interacts.<sup>7</sup> This permits comparison of the intensity of every Asian nation's relationship with every other state, and shows how this ranking varies—if it does—from category to category.

That base also shows how the nations stand in relation to one another in a composite ranking, i.e., across all fields of interaction. A composite table can be especially useful because it reflects all four transaction categories and ranks the states both as senders and as receivers. It is strongly indicative of the order in which the states of East Asia, judged by their own behavior in a wide range of activities, are interrelated and interdependent, and hence the order in which they are likely to regard one another as significant. These final and composite rankings are shown next, in Table 6.

Table 6  
FINAL INTERACTION RANKS OF 11 NATIONS, AVERAGED AMONG FOUR CATEGORIES<sup>a</sup>

A. Average rank of countries as sources of actions directed upon other countries.		B. Average rank of countries as locations towards which actions have been directed.	
<u>High-Ranking Countries</u>	<u>Average Rank</u>	<u>High-Ranking Countries</u>	<u>Average Rank</u>
Thailand	2.6	Thailand	3.5
Indonesia	3.4	Malaysia	3.6
Malaysia	3.7	Indonesia	3.8
<u>Middle-Ranking Countries</u>		<u>Middle-Ranking Countries</u>	
Philippines	4.9	Philippines	4.2
So. Korea	5.0	Taiwan	4.6
Taiwan	5.4	So. Vietnam	5.4
Singapore	5.5	Singapore	5.4
So. Vietnam	5.8	So. Korea	6.0
<u>Low-Ranking Countries</u>		<u>Low-Ranking Countries</u>	
Cambodia	7.5	Cambodia	7.5
Burma	7.8	Burma	8.0
Laos	9.1	Laos	8.7

<sup>a</sup>The values for part A represent the mean final rank scores for each country, as a source of actions on the other ten countries, derived from RANK ORDERS (Tables F12-22) App F. Values for part B are the mean final rank scores for each country, as recipients of actions of the other ten countries, derived from RANK ORDERS (Tables F1-11) App F. High-ranking countries have a mean final rank of less than 4; middle-ranking have a mean final rank of between 4 and 7; and low-ranking countries have an average final ranking of more than 7.

In Table 6, small numbers reflect the extent to which a nation has been accorded a high rank by the ten other states with which it interacts, when averaged among all categories of their interaction. Thus the nations at the top of each column are the highest interactors; those at the bottom, with the larger (lower-rank) numbers show less interaction.

The rankings shown are striking in several respects. First, the listing reflects clearly the extent to which Thailand, Indonesia, and Malaysia are in a quite different interaction category than are all other East Asian nations, with the exception of Japan. This means that they are more highly involved, with a larger number of states, and in several categories, than are any others. Not only do these three extend their activities in several directions (this is especially clear for Thailand), but they are most looked to by the other states. Second, there is an evident sharp break between the three top-ranked states and the next group of five. And finally, it is apparent that an hypothesis suggested by the senior author in a work published several years ago, regarding Burma, Cambodia, and Laos, can now be validated.

It was hypothesized then that some nations, because of the extent to which they were highly involved and interconnected with many other parts of the region, could be regarded as "indicators" for parts of the East Asia region or for the region as a whole. And while Thailand was tentatively singled out as one that might be regarded as such a bellwether, this was clearly (it was suggested) not the case for such states as Burma and Cambodia:

Burma, Cambodia, Laos and both Vietnams, although geographically within the region, are, as national actors, much less intimately involved with the region's affairs than any one of the nations [Thailand, Indonesia, Malaysia, the Philippines and Singapore] that now comprise ASEAN.\*

The findings reflected in Table 6, and particularly the consistent last-place interaction behavior of Cambodia, Burma, and Laos (apparent in their final very low average rankings), tend clearly to support that earlier judgment. It can now be posited, with far more certainty than ever before, that what affects those three states is of very low-order

\* Ref 1, Gordon, Toward Disengagement . . . , p 172.

consequence to the remainder of East Asia. In other words, in any sense which can be judged by the actual behavior of East Asian nations, Burma, Cambodia, and Laos cannot be regarded as "key states."

Conversely, and with regard to Thailand, it can be said with much more conviction than before that there is demonstrable and measurable evidence for a point long suspected: that Thailand is more intensively and widely involved in interactions with the nations of Asia than any other state with the exception of Japan. Thailand as an actor is highly outward-looking, and is also remarkable in the extent to which so many others look toward Thailand, as judged by their actual behavior. More than any other of the nations of East Asia (following only after Japan), the behavior of Thailand and the behavior of other nations directed toward Thailand suggest strongly that Thailand can be regarded as a key state in East Asia.

Because the rankings in Table 6 are important and should be explained, it will be helpful now to identify the data and analytical steps from which the rankings were derived. (This will also demonstrate the extent to which states interact differently in several categories.) First, a rank, from 1-10, from the viewpoint of each nation as sender in each interaction category, was assigned to every other nation. The same ranking approach was applied from the viewpoint of each nation as receiver of the actions of others.<sup>8</sup> The data from which these initial ranks were calculated are found in the series of MATRICES in Appendix C, and can also be seen in the SUM AND RANK tables found in Appendix E.

These data led to the preparation of 22 tables, i.e. a table to show the interaction ranks of all the nations from the viewpoint of each of the eleven other states—computed both as sender and as receiver. An illustration of two such tables,\* showing rankings from Malaysia's perspective (first as sender and then as receiver), is shown in Table 7 and Table 8.

The final column in each table represents, by extent of actions sent or received in all categories, the rank order of the nations with which Malaysia interacts. The preceding column ("final average"),

\*For the full set of these tables, see RANK ORDERS, App F.

Table 7  
RANK ORDER OF STATES WITH WHICH MALAYSIA INTERACTS AS SENDER

Country	Political/ Diplomatic <sup>a</sup>	Economic			Military <sup>e</sup>	Comm./ Cultural <sup>f</sup>	Final Average <sup>g</sup>	Final Rank
		General Variables <sup>b</sup>	Trade <sup>c</sup>	Combined <sup>d</sup>				
Indonesia	1	1	3	2	2.5	1	1.6	1
Singapore	2	2.5	1	1	2.5	2	1.9	2
Thailand	3	2.5	2	3	1	3	2.5	3
Taiwan	7	5	5	5	4	5	5.3	4.5
So. Korea	4	4	4	4	8	5	5.3	4.5
Philippines	6	7	6	6	8	9	7.3	6.5
Burma	5	7	7	7	8	9	7.3	6.5
So. Vietnam	8.5	7	8	8	8	5	7.4	8
Laos	8.5	9.5	10	10	5	7	7.6	9
Cambodia	10	9.5	9	9	8	9	9	10

<sup>a</sup>Derived from POLITICAL/DIPLOMATIC MATRIX (Table C1) and PATTERNS OF INTERACTION (Table D1).

<sup>b</sup>Derived from ECONOMIC MATRIX (Table C2) and PATTERNS OF INTERACTION (Table D2).

<sup>c</sup>Derived from East Asian Intra-Regional Trade Tables (Tables B19 through B29).

<sup>d</sup>A rank order based on a total derived from the average rank orders from "General Variables" and "Trade." While this could produce distortions because of dissimilar units and variance between the two subcategories, the "Combined" rank did not seem to differ from judgments of what the rank orders should be based on examination of the raw data.

<sup>e</sup>Derived from MILITARY MATRIX (Table C3) and PATTERNS OF INTERACTION (Table D3).

<sup>f</sup>Derived from COMMUNICATIONS/CULTURAL MATRIX (Table C4) and PATTERNS OF INTERACTION (Table D4).

<sup>g</sup>The final average for each country is the unweighted, arithmetic mean of the rank orders for each of the four categories: Political/Diplomatic, Economic (Combined), Military, and Communications/Cultural.

Table 8  
RANK ORDER OF STATES WITH WHICH MALAYSIA INTERACTS AS RECEIVER

Country	Political/ Diplomatic	Economic			Military	Comm. Cultural	Final Average	Final Rank
		General Variables	Trade	Combined				
Thailand	1	1	2	1	1	3	1.5	1
Indonesia	3	2.5	3	3	2	1	2.3	2.5
Singapore	2	2.5	1	2	3	2	2.3	2.5
So. Korea	7	4	4	4	5	5	5.3	4
Taiwan	8.5	5	5	5	4	4	5.4	5
Burma	4	6	7	6.5	8	8.5	6.8	6.5
So. Vietnam	5	9	8	8	8	6	6.8	6.5
Philippines	6	7	6	6.5	8	8.5	7.3	8
Laos	8.5	9	10	10	8	8.5	8.8	9
Cambodia	10	9	9	9	8	8.5	8.9	10

Sources for this table: identical to those matrices and other materials from which Table 7 is derived.

expresses this in terms of an average rank figure across the categories. Thus Table 7 tells us (as should be expected) that Singapore and Indonesia share first place as the two states with which Malaysia deals most when sending or initiating actions, and that Thailand ranks immediately thereafter. In the companion table, the final column ranks the states according to the extent that Malaysia receives actions from them, and in that case Thailand is at the top, with Singapore and Indonesia sharing second place. On balance, however, very small differences separate Malaysia's top three partners from one another, and this is the important point, for as a general proposition small numerical differences should be treated with caution.

What is striking is the wide numerical gap between these three and Taiwan, the next-ranked of Malaysia's partners. Whereas Taiwan shows a final average rank of 5.1 and 5.3 in the sending and receiving columns, the three top-ranked states of Thailand, Indonesia, and Singapore appear with a final average rank no lower than 2.5. That is a considerable jump, and this is merely another way of saying that groups (and non-groups) of states become self-evident when these figures are examined. For on the basis of this listing from Malaysia's viewpoint, it would not be unreasonable to conclude that Thailand, Indonesia, and Singapore are the three with which Malaysia is most interdependent, and the three about which Malaysia's leaders are likely also to be most concerned. Similarly, the showing that from Malaysia's viewpoint Cambodia ranks last in both columns, strongly suggests the very slight extent to which leaders in Kuala Lumpur generally have been concerned with developments in that country.

In order to find what place-rank each of the other nations accords every other state in every interaction category, and as an average across categories, Tables F1-22 in Appendix F, RANK ORDERS, should be consulted. As we have mentioned, the final column in those tables represents the ordinal rank which can be ascribed to each of the final averages. For quick reference, those ordinal ranks have been reproduced in the following illustration (Figure 1). By reading across, Figure 1 shows the rank that each of the nations listed on the left margin accords to all others—

Sender	Receiver										
	Burma	Cambodia	Indonesia	So. Korea	Laos	Malaysia	Philippines	Singapore	Taiwan	Thailand	So. Vietnam
Burma		7.5	4	5.5	7.5	1	5.5	3	10	2	9
Cambodia	4		2	9	7	5	3	1	9	9	6
Indonesia	8	5		7	10	1	2	4	6	3	9
So. Korea	8	9.5	6		9.5	4	2	7	1	5	3
Laos	6	6	6	9.5		6	6	9.5	3	1	2
Malaysia	6.5	10	1	4.5	9		6.5	2	4.5	3	8
Philippines	9	6	1	5	10	7		8	3	2	4
Singapore	10	3	2	9	8	1	5		6	4	7
Taiwan	9.5	9.5	6	4	8	5	2.5	7		2.5	1
Thailand	9	10	3	6.5	8	1	4.5	6.5	2		4.5
So. Vietnam	9.5	8	7	2	9.5	4.5	4.5	6	1	3	

**Fig. 1—Mutual Final Rank Orders of 11 East Asian States**

These final rank orders are based on a composite of totals from four transaction categories, Tables 1 to 24, App F. It should be remembered that the ordinal numbers shown as ranks in this figure cannot be quite as precise as the "final average rank" numbers in the tables in App F. To examine more exactly the extent of interconnection between any two or more states those detailed tables should be consulted. At the same time, it will be clear that an average rank on Fig. 1 within the 1 to 3 range is likely to be indicative of very significant interaction among two or more nations. Indeed, it is already apparent that there are discernible clusters of nations, with mutually intensive interactions of a high order in one or more categories.



State's rank as seen by SENDER.



State's rank as seen by RECEIVER.

first as sender (top half of each intersecting square), and then as receiver (bottom half).

#### CLUSTERS OF STATES

This study has already identified thirty relatively close two-nation relationships ("two-nation sets") in which at least one state regarded another as its prime partner in some field of interaction. Of those thirty, there are four in which the mutuality and intensity of interaction is so high as to characterize them as "closest pairs."

##### Closest Pairs

These extremely tight relationships are between:

- (1) Malaysia and Thailand, especially in the military field;
- (2) Vietnam and Taiwan in diplomatic and political transactions;

and between the following two pairs of states in the fields of communications, transportation, and cultural transactions:

- (3) Malaysia and Indonesia, and
- (4) Korea and Taiwan.

In each of these cases the pairing relationship means that from the viewpoint of both partners, and both as sender and as receiver, the other partner accounts for the larger proportion of transactions in a given field.\* As a result, these pairs can be said to represent the most intense forms of interdependence within the East Asian system of international relations (excluding Japan for the present). In each case, moreover, these four pairs are accompanied by high-level interaction in the other categories as well; and in a number of cases several of the paired states are also closely linked by their mutual high-level relationship with a common partner. It will be noticed, for example, that both Taiwan and Malaysia appear in two of the four pairs, and this suggests some of the lines along which it is not difficult to discern additional clusters of linked nations.

There are, in other words, a number of groupings of three nations, characterized by relatively high interaction in one or more given fields, as well as several discernible clusters of four nations that can be identified. Each of these categories will be illustrated in the following pages.

\*Derived from PATTERNS OF REGIONAL INTERACTION (Tables D1 through D4) App D.



### Three-Nation Clusters

Three groups of nations can be identified in which the linkages among three nations, while not as strong as among the closest pairs just mentioned, are nevertheless sufficiently intense so that the resulting groups may be referred to as three-nation clusters. A three-nation cluster is said to exist when from the viewpoint of each state involved, and considering the totality of its interactions as sender and receiver in a given field, a larger proportion of its interaction in that field is accounted for by the other two states in the cluster than by any other state or pair of states. The following list of clusters (illustrated in map form in Fig. 2) indicates the nations involved as well as the sector or sectors in which their interaction is most intense:

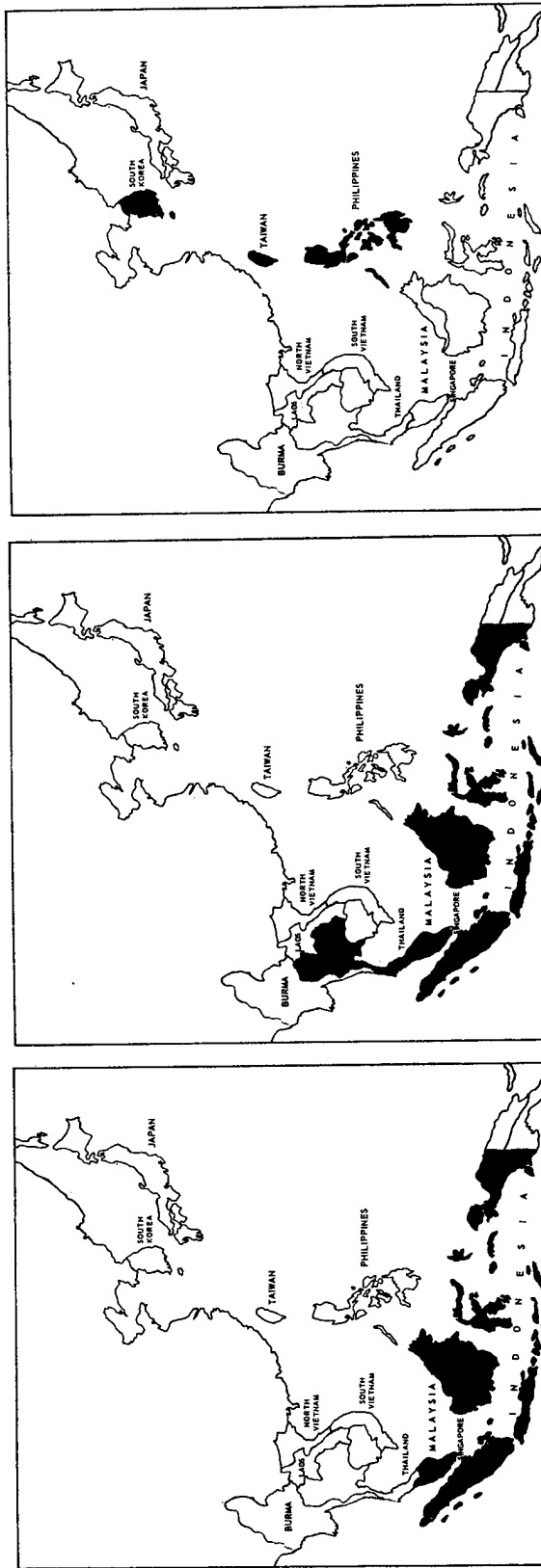
- (1) Malaysia-Singapore-Indonesia (Economic and Communications/Cultural)
- (2) Malaysia-Thailand-Indonesia (Military)
- (3) Korea-Philippines-Taiwan (Communications/Cultural)

It is also possible, if less strict criteria are applied, to identify several additional three-nation clusters.\* In these cases, two nations (from the viewpoint of every partner) account for medium to high proportions of interactions. They are listed as follows:

- (1) Korea-Taiwan-So. Vietnam (Political/Diplomatic, Military, and Economic)
- (2) Malaysia-Singapore-Thailand (Political/Diplomatic and Communications/Cultural)
- (3) Philippines-Taiwan-So. Vietnam (Political/Diplomatic)
- (4) Korea-Philippines-So. Vietnam (Military)

\*The data can also be arranged to show all possible three-nation clusters from the viewpoint of senders and identified in terms of the relative intensity of their interactions with partners when averaged across all transaction categories. For such a list, arranged in declining order of intensity of interaction, see Table F24, App F.

For definitions of the terms "high interaction" and "medium interaction" see App A, and for the interaction patterns of all states expressed in percentage terms see App D. Briefly, the designation "high interaction" has been applied to those cases in which, of the totality of a state's transactions with the ten other Asian nations in a given category, 20 percent or more is with one other nation, and "medium interaction" has been defined as those instances in which at least 14 percent of a state's transactions concentrate on one of the 10 other possible partners.



**Indonesia-Malaysia-Singapore (Economic)**  
(Economic and Communications/Cultural)

**Indonesia-Malaysia-Thailand (Military)**  
(Military)

**So. Korea-Philippines-Taiwan**  
(Communications/Cultural)

**Fig. 2—Prominent Three-Nation Clusters**

#### Four-Nation Clusters

If we examine interactions from the viewpoint of nations as senders of actions, a number of patterns of high-interaction become apparent among groups of four nations. In the order in which the linkages are strongest, the following should be identified:\*

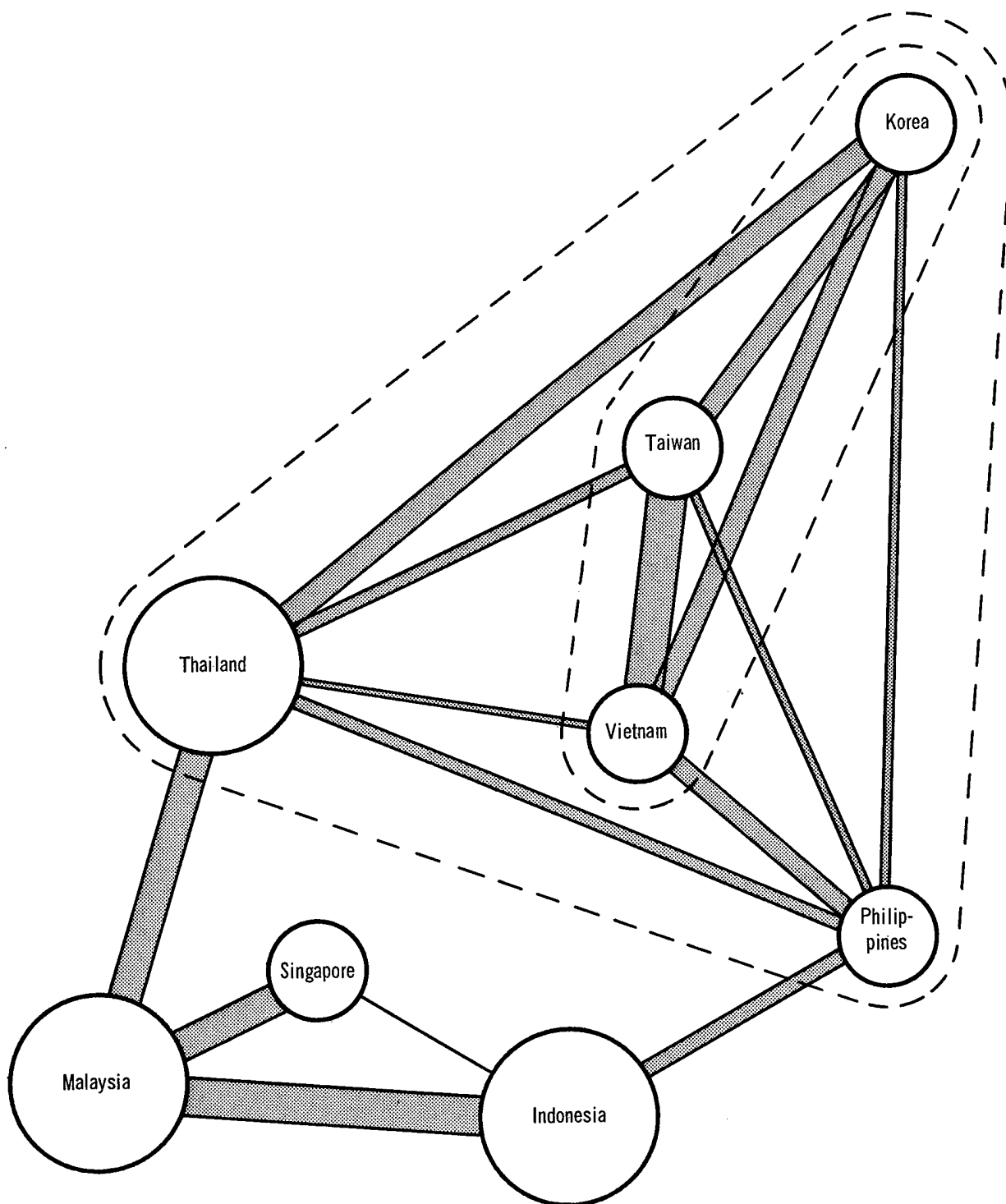
- (1) Indonesia-Malaysia-Singapore-Thailand
- (2) Taiwan-Vietnam-Korea-Philippines
- (3) Thailand-Taiwan-Philippines-Vietnam

Figure 7, which represents a composite of interaction patterns in all categories, illustrates graphically these three sets of four-nation clusters. It will be noticed from this multivariable illustration that Thailand is the only country which appears as a high interactor in clusters both in North and Southeast Asia, suggesting that Thailand can be regarded as serving a linking function between the two subregions.

It will also be seen, as the cluster diagrams in Figures 3-7 are examined, not only that a number of clusters are apparent in several fields of interaction, but that several states appear repeatedly. Most notable are Thailand, Indonesia, and, in some respects, Taiwan; they should be singled out as the states whose interaction is high with a large number of states.

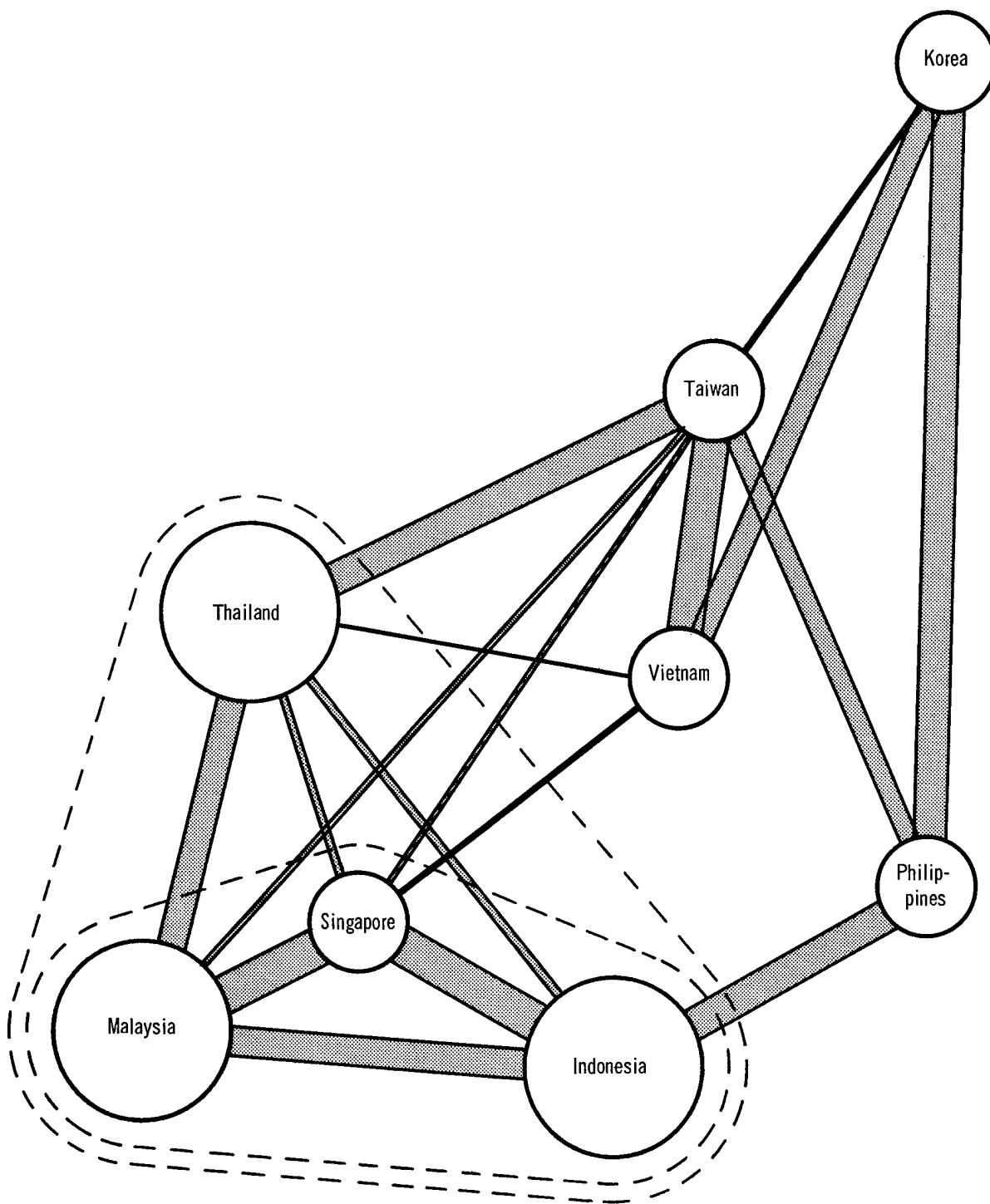
In the following illustrations of clusters (Figures 3-7), circles designate nations and are situated schematically roughly according to geographic location. The size of the circles is intended to suggest approximate differences in interaction activity—thus the larger circles indicate the most highly interacting countries, while the smaller circles are intended to represent the middle-ranking states in terms of interaction. The three low-ranking nations in terms of interaction, Burma, Cambodia, and Laos, are not represented here, for they are only very rarely involved in clusters.

\*A slightly different method of analysis was used for these groupings, based on composite rankings of all four transaction categories. From the viewpoint of each country in a set as sender only, the other three nations rank no lower than fifth place. See Table F24, App F, for a list and ranking of clusters including groups not mentioned in the text.



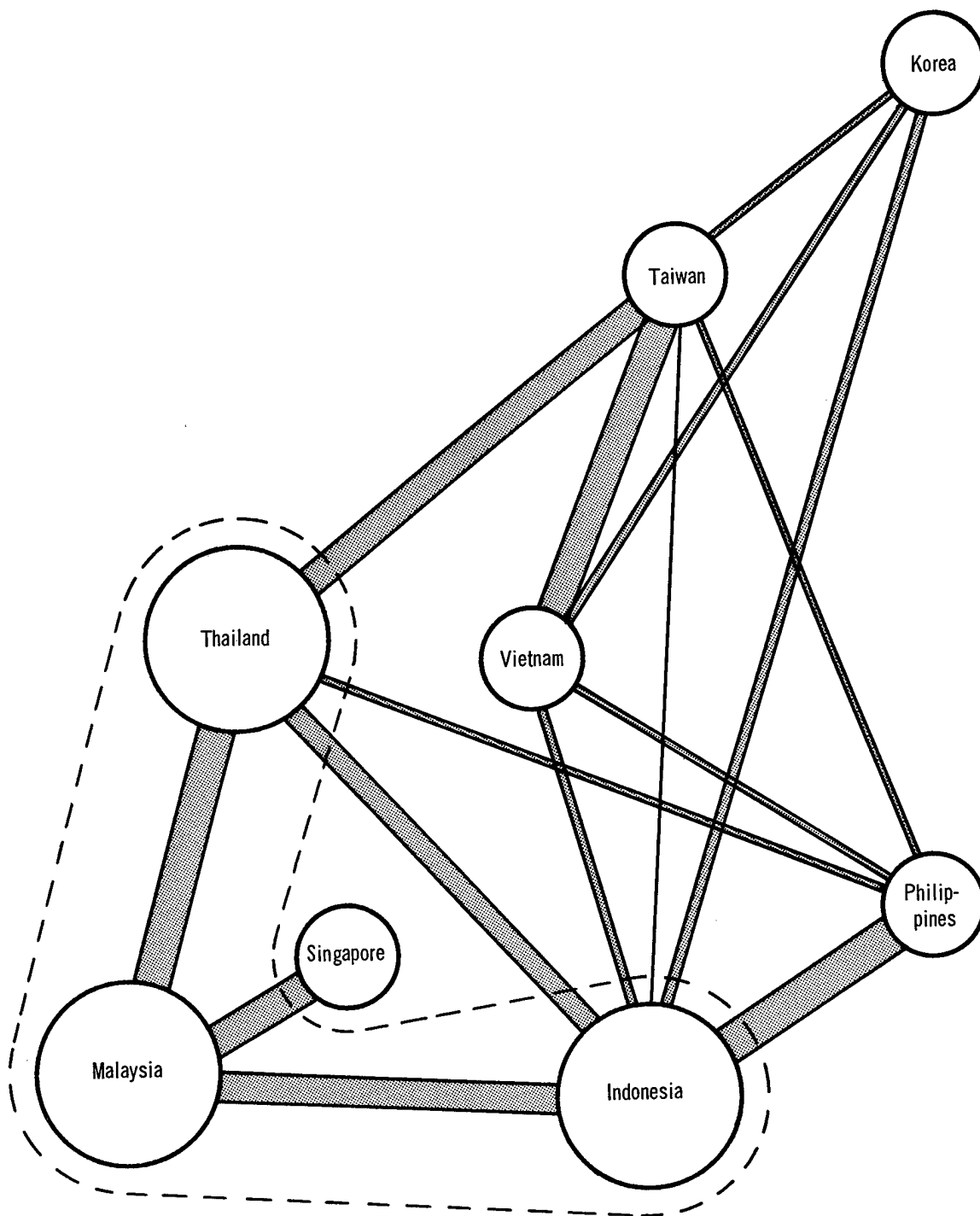
**Fig. 3—Major Lines of Political/Diplomatic Interactions**

The parallel lines shown in this illustration as connecting each pair of states are drawn to a width intended to approximate the relative strength of interaction according to the rankings of political/diplomatic variables for countries as sender. A strong three-nation cluster formed by Korea, Taiwan, and Vietnam forms the nucleus of a larger five-nation cluster comprising these countries and Thailand and the Philippines.



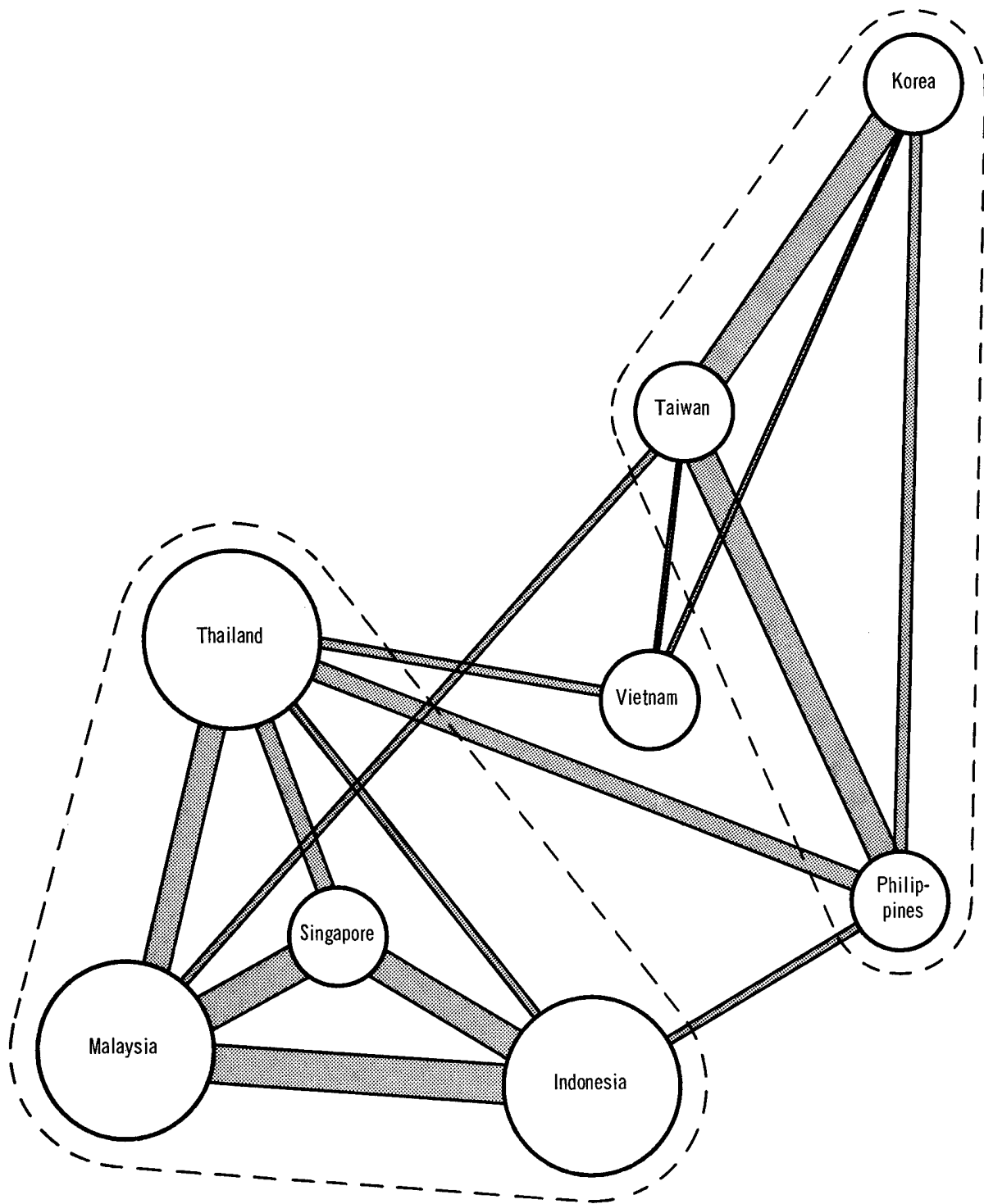
**Fig. 4—Major Lines of Economic Interactions**

The parallel lines shown in this illustration as connecting each pair of states are drawn to a width intended to approximate the relative strength of interaction according to the previously defined rankings of economic variables for countries as sender. Although these variables tend to be patterned in terms of bilateral relationships, there is a strong three-nation cluster of Indonesia, Malaysia, and Singapore, and a weaker four-nation cluster of these countries with Thailand.



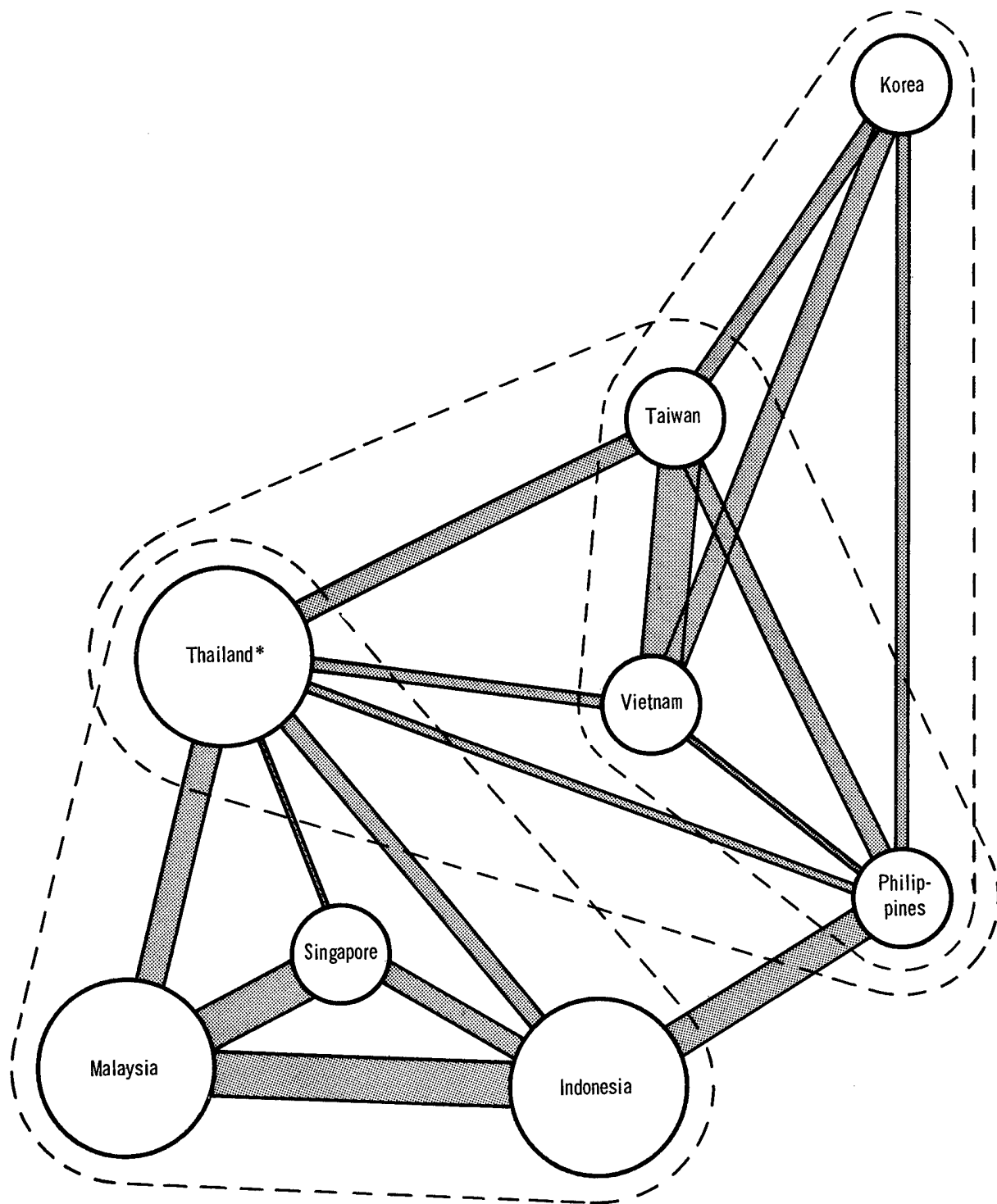
**Fig. 5—Major Lines of Military Interactions**

The parallel lines shown in this illustration as connecting each pair of states are drawn to a width intended to approximate the relative strength of interaction according to the rankings of military variables for countries as sender. Indonesia, Malaysia, and Thailand form an important three-nation cluster, and this cluster has strong links to the Philippines (through Indonesia), Singapore (through Malaysia), and Taiwan (through Thailand). The illustration further points out the central role of Indonesia in the military field and Singapore's exclusive orientation toward only one country in the region, Malaysia.



**Fig. 6—Major Lines of Communications/Cultural Interactions**

The parallel lines shown in this illustration as connecting each pair of states are drawn to a width intended to approximate the relative strength of interaction according to the rankings of communications/cultural variables for countries as sender. More clearly than for any other set of variables, the countries tend to group into Northeast and Southeast Asian clusters. The former includes Korea, Taiwan, and the Philippines, and the latter consists of Indonesia, Malaysia, Singapore, and Thailand.



**Fig. 7—Major Lines of Composite Interactions**

The parallel lines shown in this illustration as connecting each pair of states are drawn to a width intended to approximate the relative strength of interaction based on final composite ranks for countries as sender.

Four-nation clusters appearing in this illustration are

- (1) Indonesia-Malaysia-Singapore-Thailand;
- (2) Korea-Philippines-Taiwan-Vietnam;
- (3) Philippines-Taiwan-Thailand-Vietnam.

\*Note the central position of Thailand, which is the only state to appear in both the Southeast Asian cluster and the Northeast Asian clusters.

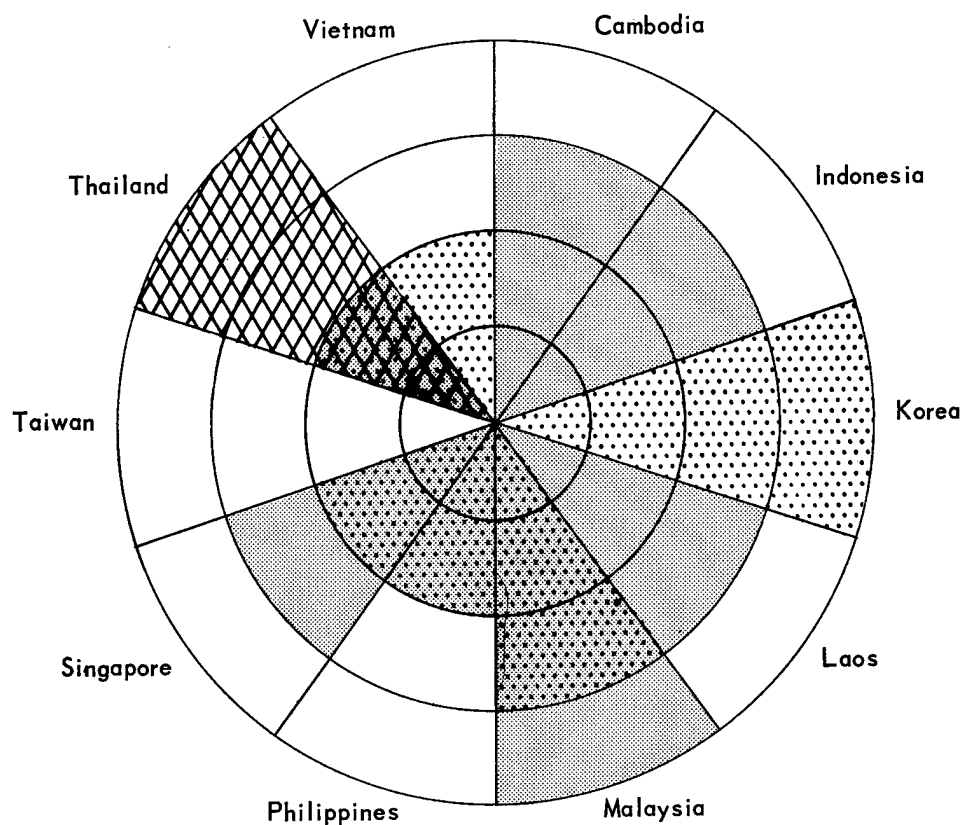


The lines shown in each illustration as connecting pairs of states are drawn to a width intended to approximate the proportionate relative strength of each interaction, and since only major lines of interaction are represented, even the narrowest lines represent relatively strong levels of interaction.

These clusters are derived from Tables F1-11, App F, "Rank Orders for Each Country as Sender."





The preceding figures highlighted groups, or clusters of nations, for they were designed to illustrate the main lines of interconnection between the East Asian states in each of the four transaction categories, and finally across categories. It is also possible, however, from the viewpoint of each state in the region to show those other nations with which it has the most and least interactions, and in which categories. From the viewpoint of sender country, a graphic method for depicting such intensity of interactions has been developed, and can be found in the following charts, Figures 8-18.\* Similar illustrations can be prepared to illustrate the relations of each country as receiver.

\*A four-part percentage breakdown has been used to indicate levels of interaction (See App A). This breakdown, to be valid for comparing countries, must be the same for all, and cannot take into account differences in the total numbers of transactions. For low-ranking countries where few transactions were recorded, the data only suggests tentative directions of interaction. Rather than omit these countries, we have portrayed them with the proviso that high or medium levels of interaction should not be confused with statistically significant levels of interaction. These figures are based on data found in PATTERNS OF REGIONAL INTERACTION (Tables D1-D4), App D.







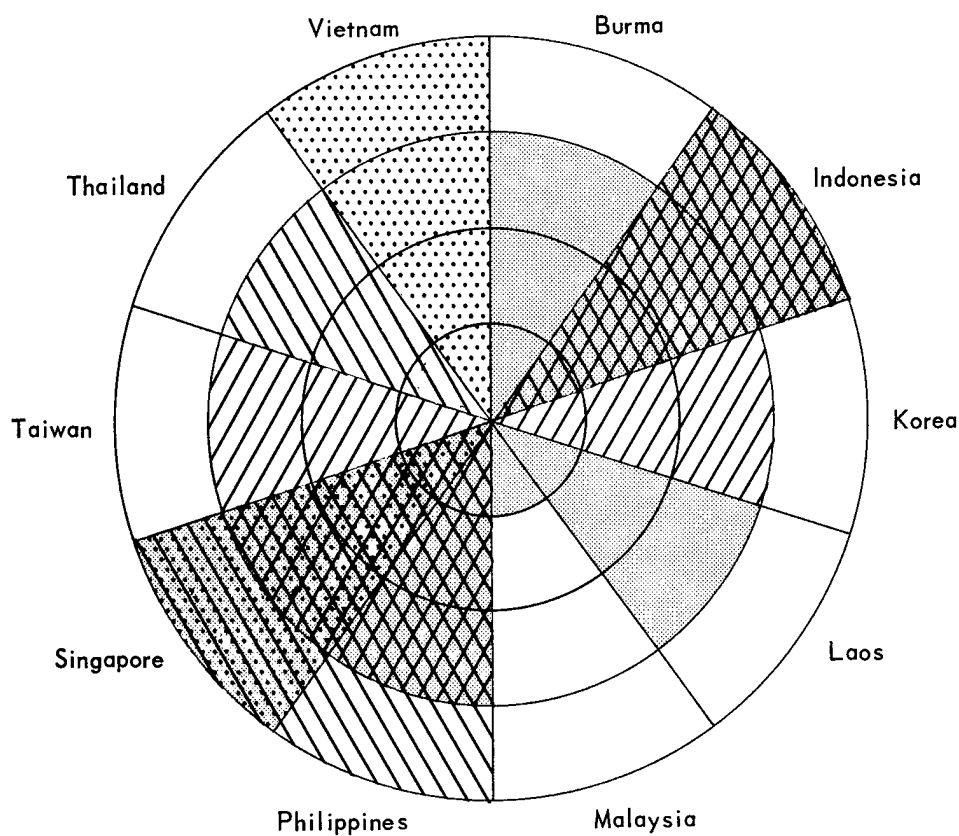
**Fig. 8—Intensities of Interaction in Four Fields from the Viewpoint of Burma**

The High-Low range of interaction illustrates what proportion of Burma's total actions, as sender, in a given field is accounted for by each of the other East Asian states.

Degree of interaction		Percentage of total actions directed abroad
	High	≥ 20
	Medium-high	14-19
	Medium-low	7-13
	Low	≤ 6

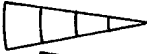
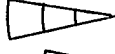


  

	Political/Diplomatic		Military
	Economic		Communications/Cultural







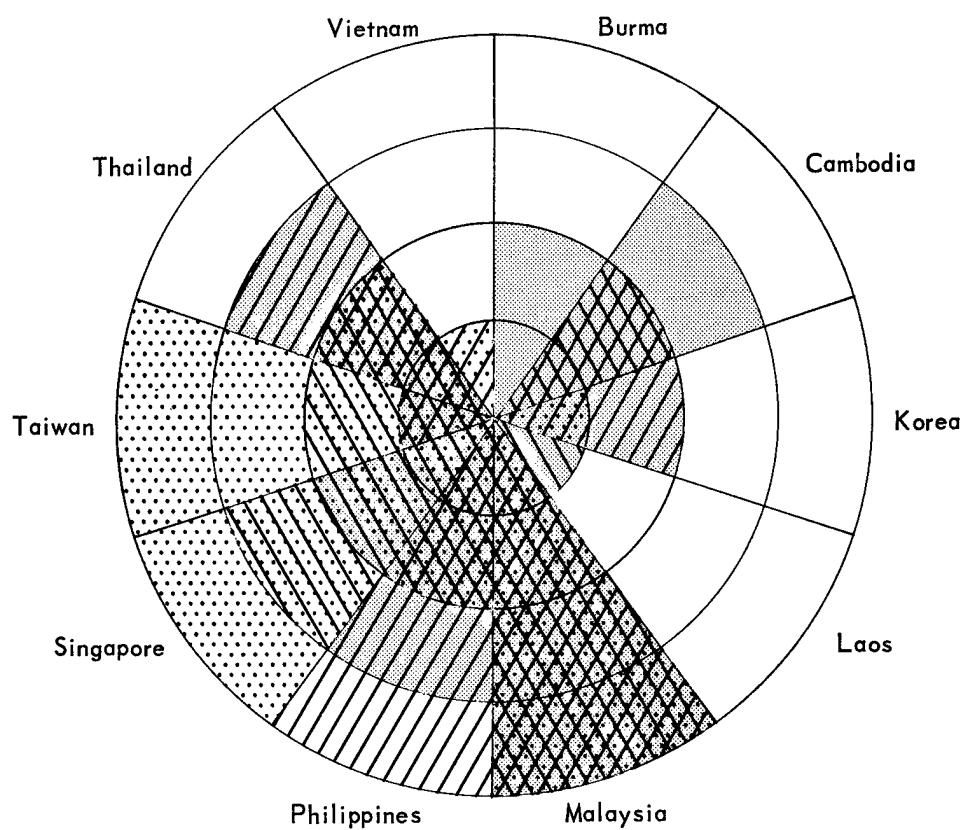
**Fig. 9—Intensities of Interaction in Four Fields from the Viewpoint of Cambodia**

The High-Low range of interaction illustrates what proportion of Cambodia's total actions, as sender, in a given field is accounted for by each of the other East Asian states.

Degree of interaction		Percentage of total actions directed abroad
	High	$\geq 20$
	Medium-high	14-19
	Medium-low	7-13
	Low	$\leq 6$

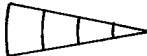



  




	Political/Diplomatic		Military
	Economic		Communications/Cultural

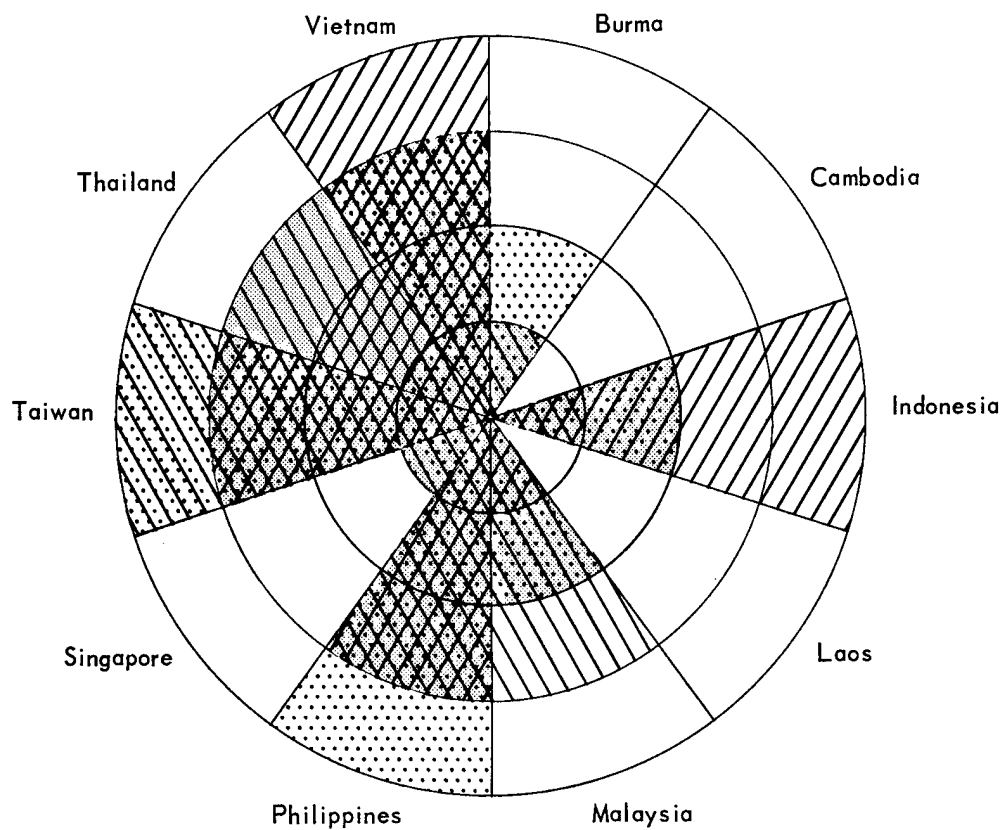


**Fig. 10—Intensities of Interaction in Four Fields from the Viewpoint of Indonesia**

The High-Low range of interaction illustrates what proportion of Indonesia's total actions, as sender, in a given field is accounted for by each of the other East Asian states.





Degree of interaction		Percentage of total actions directed abroad
	High	$\geq 20$
	Medium-high	14–19
	Medium-low	7–13
	Low	$\leq 6$

 Political/Diplomatic	 Military
 Economic	 Communications/Cultural







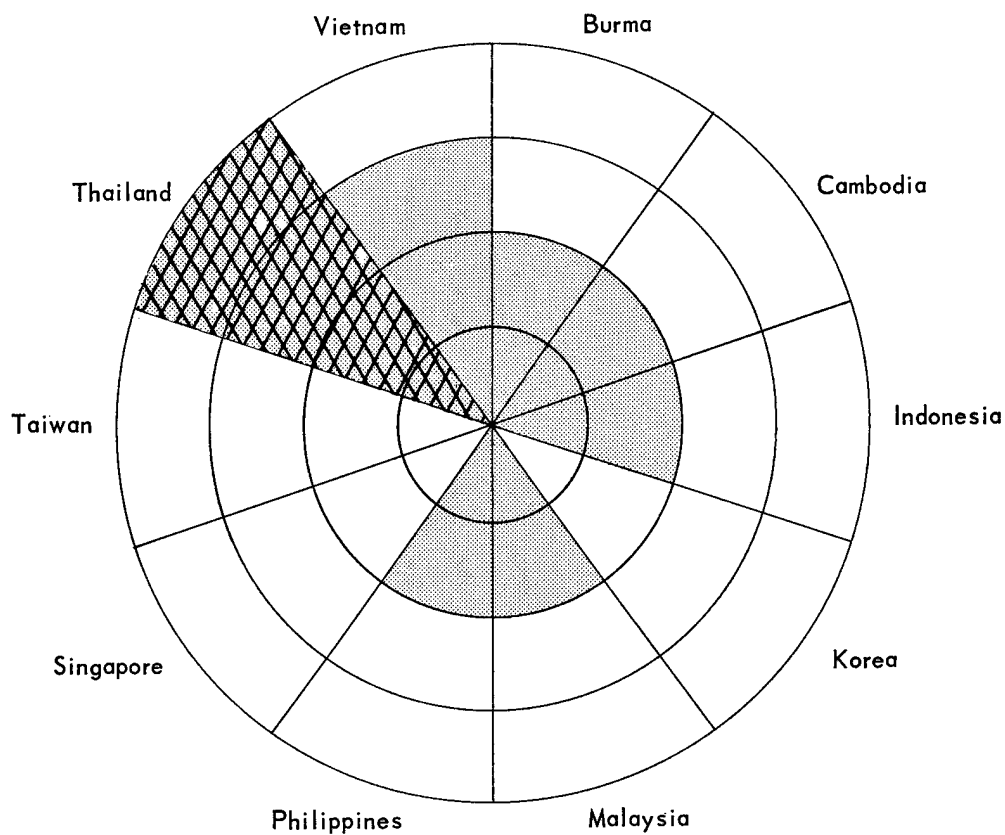
**Fig. 11—Intensities of Interaction in Four Fields from the Viewpoint of Korea**

The High-Low range of interaction illustrates what proportion of Korea's total actions, as sender in a given field is accounted for by each of the other East Asian states.

Degree of interaction		Percentage of total actions directed abroad
	High	$\geq 20$
	Medium-high	14-19
	Medium-low	7-13
	Low	$\leq 6$

	Political/Diplomatic		Military
	Economic		Communications/Cultural



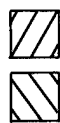
**Fig. 12—Intensities of Interaction in Four Fields  
from the Viewpoint of Laos**

The High-Low range of interaction illustrates what proportion of Laos' total actions, as sender, in a given field is accounted for by each of the other East Asian states.

Degree of interaction		Percentage of total actions directed abroad
	High	$\geq 20$
	Medium-high	14-19
	Medium-low	7-13
	Low	$\leq 6$



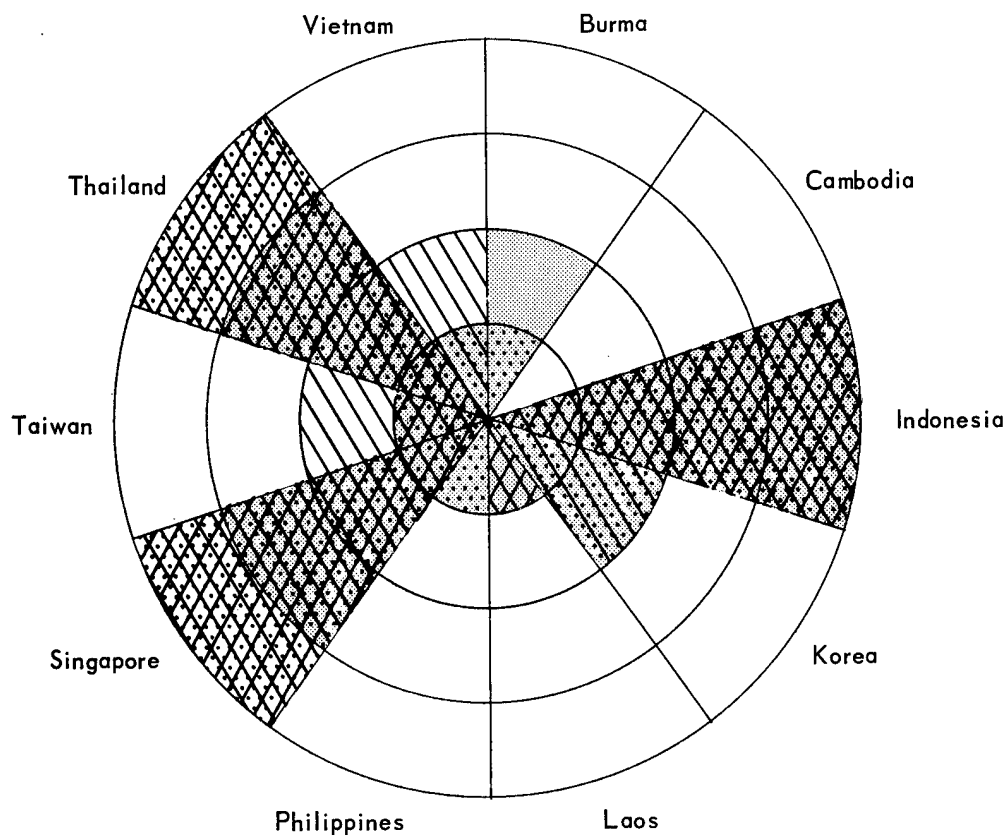
Political/Diplomatic



Military

Economic

Communications/Cultural



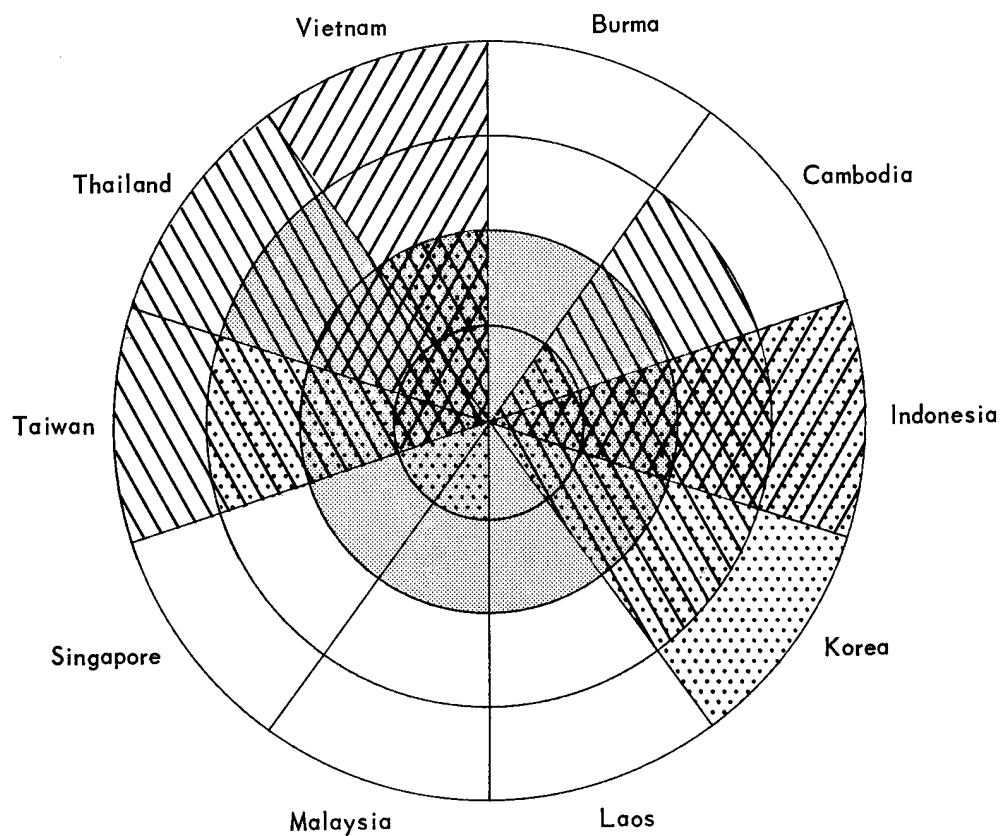
**Fig. 13—Intensities of Interaction in Four Fields from the Viewpoint of Malaysia**

The High-Low range of interaction illustrates what proportion of Malaysia's total actions, as sender, in a given field is accounted for by each of the other East Asian states.

Degree of interaction		Percentage of total actions directed abroad
	High	≥ 20
	Medium-high	14-19
	Medium-low	7-13
	Low	≤ 6





  





	Political/Diplomatic		Military
	Economic		Communications/Cultural



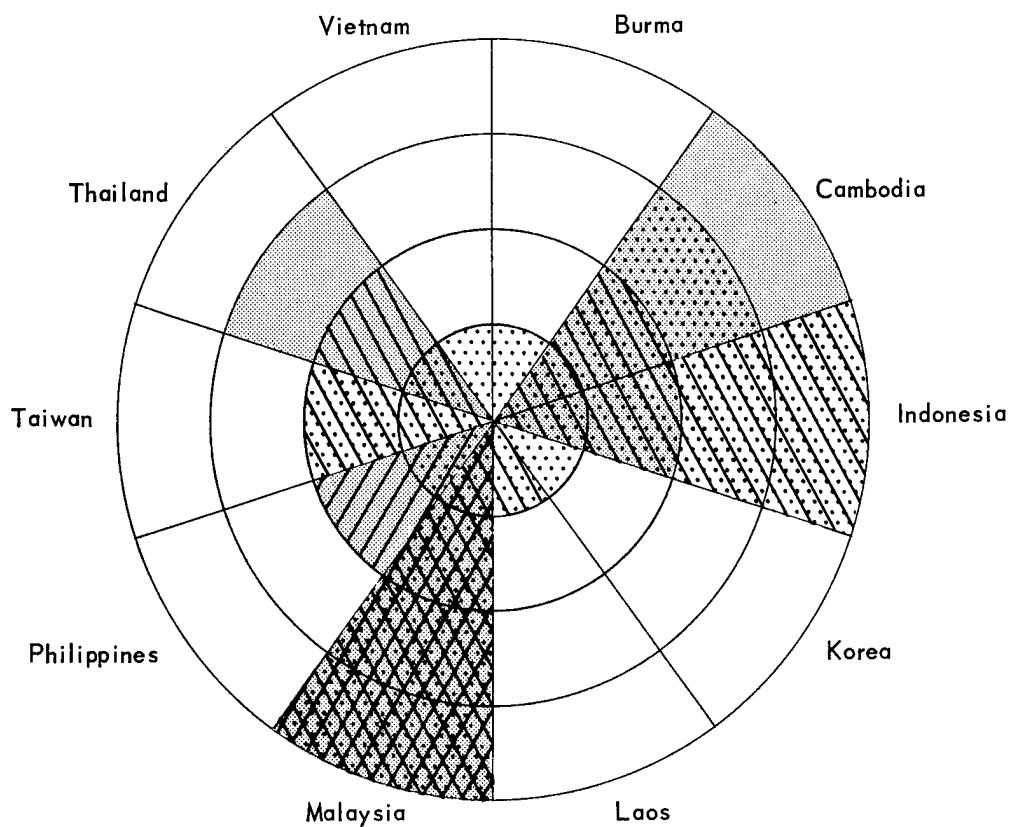
**Fig. 14—Intensities of Interaction in Four Fields from the Viewpoint of the Philippines**

The High-Low range of interaction illustrates what proportion of the Philippines' total actions, as sender, in a given field is accounted for by each of the other East Asian states.

Degree of interaction	Percentage of total actions directed abroad
 High	$\geq 20$
 Medium-high	14-19
 Medium-low	7-13
 Low	$\leq 6$





 Political/Diplomatic	 Military
 Economic	 Communications/Cultural





**Fig. 15—Intensities of Interaction in Four Fields  
from the Viewpoint of Singapore**

The High-Low range of interaction illustrates what proportion of Singapore's total actions, as sender, in a given field is accounted for by each of the other East Asian states.

Degree of interaction	Percentage of total actions directed abroad
 High	$\geq 20$
 Medium-high	14-19
 Medium-low	7-13
 Low	$\leq 6$



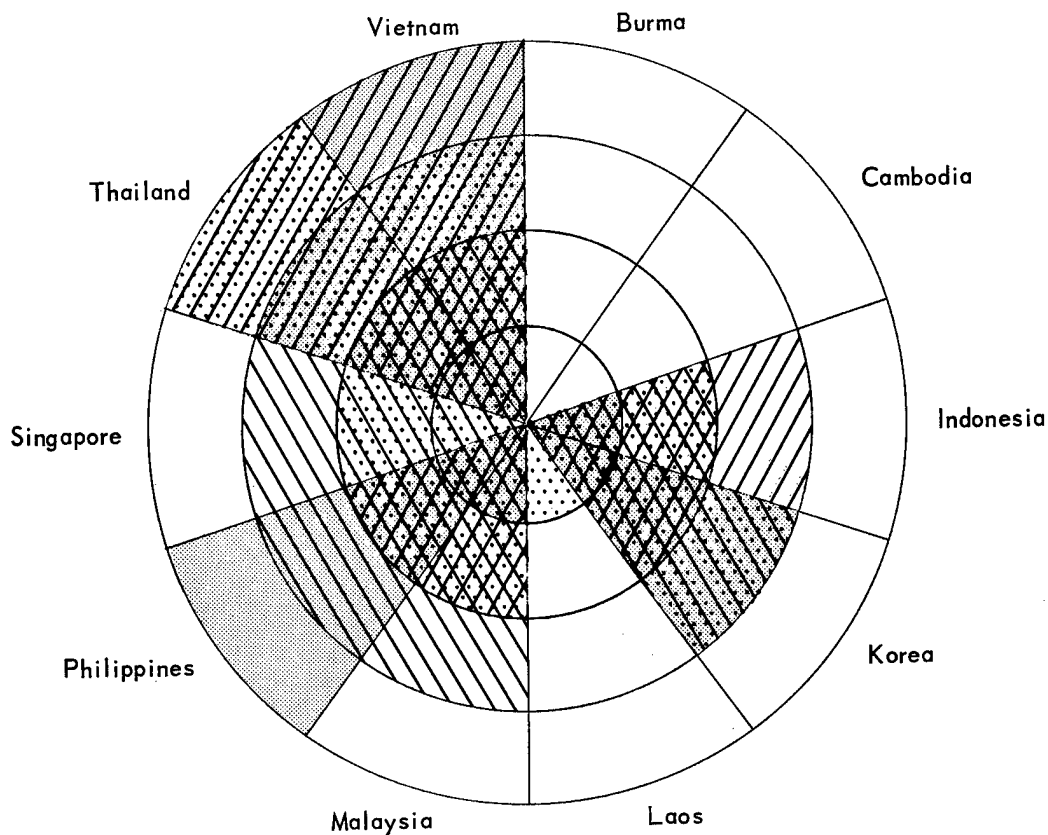
Political/Diplomatic

Economic



Military

Communications/Cultural

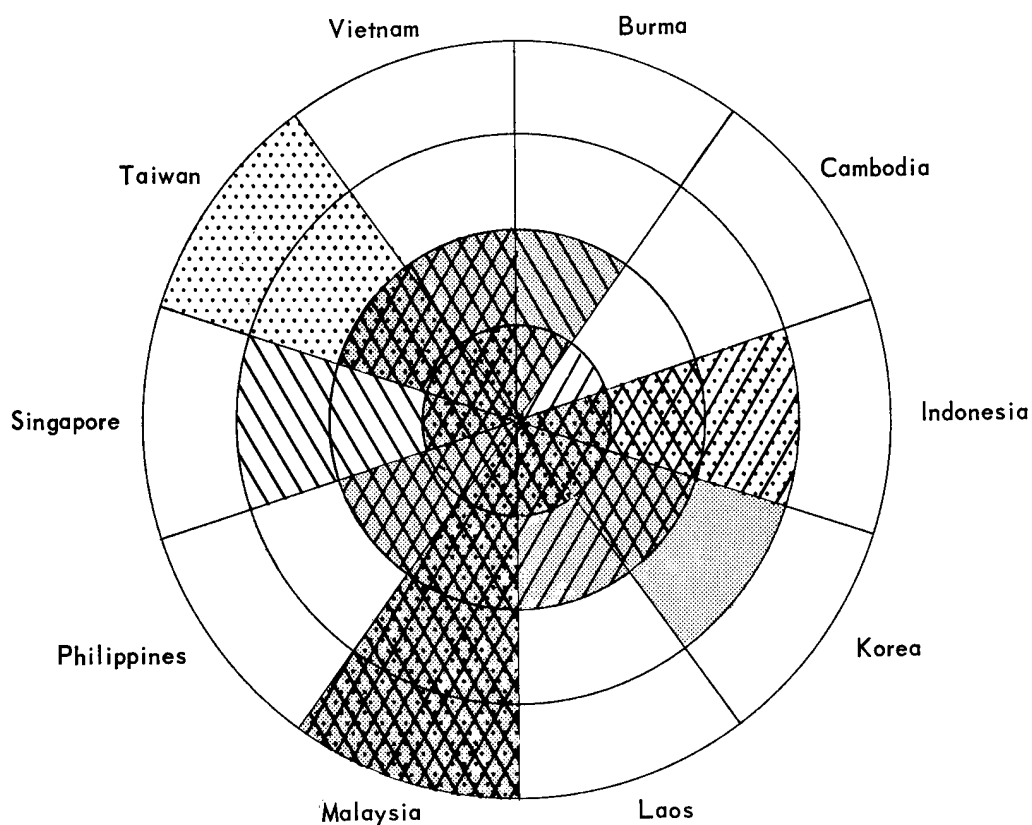


**Fig. 16—Intensities of Interaction in Four Fields from the Viewpoint of Taiwan**

The High-Low range of interaction illustrates what proportion of Taiwan's total actions, as sender, in a given field is accounted for by each of the other East Asian states.





Degree of interaction		Percentage of total actions directed abroad
	High	$\geq 20$
	Medium-high	14-19
	Medium-low	7-13
	Low	$\leq 6$




	Political/Diplomatic		Military
	Economic		Communications/Cultural

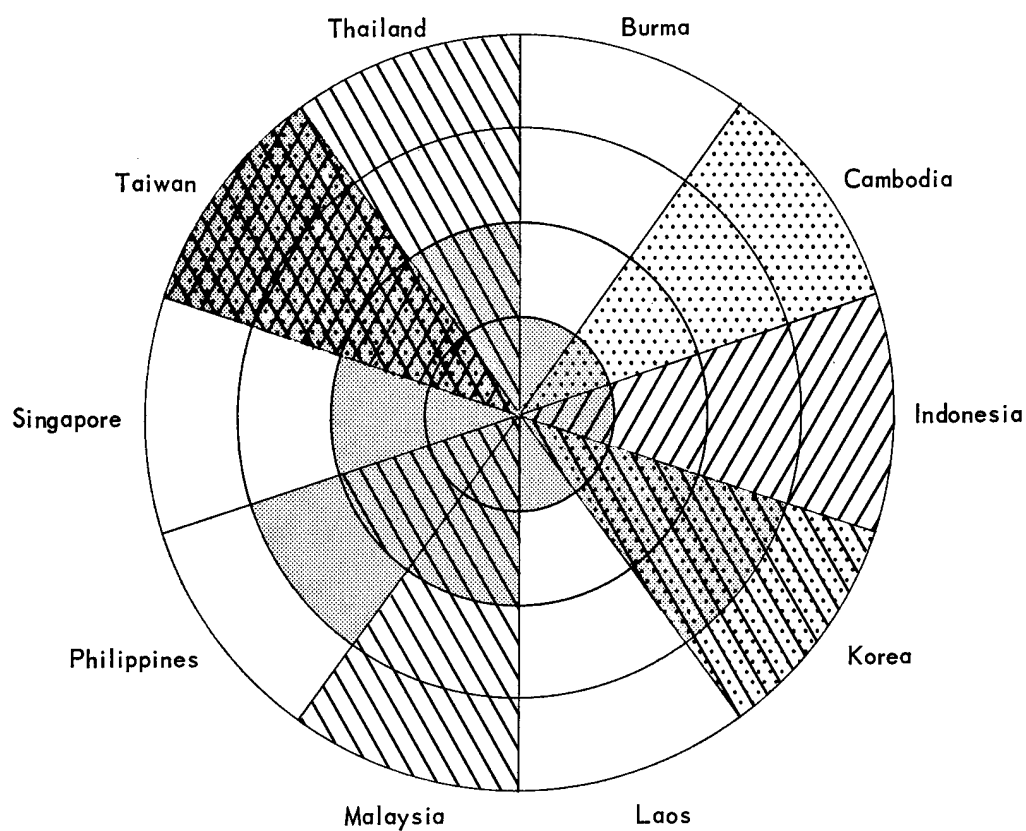


**Fig. 17—Intensities of Interaction in Four Fields from the Viewpoint of Thailand**

The High-Low range of interaction illustrates what proportion of Thailand's total actions, as sender, in a given field is accounted for by each of the other East Asian states.





Degree of interaction		Percentage of total actions directed abroad
	High	$\geq 20$
	Medium-high	14-19
	Medium-low	7-13
	Low	$\leq 6$

	Political/Diplomatic		Military
	Economic		Communications/Cultural







**Fig. 18—Intensities of Interaction in Four Fields from the Viewpoint of Vietnam**

The High-Low range of interaction illustrates what proportion of Vietnam's total actions, as sender, in a given field is accounted for by each of the other East Asian states.

Degree of interaction		Percentage of total actions directed abroad
	High	$\geq 20$
	Medium-high	14-19
	Medium-low	7-13
	Low	$\leq 6$

	Political/Diplomatic		Military
	Economic		Communications/Cultural

## Chapter 5

### KEY STATES FROM JAPAN'S PERSPECTIVE

Up to this point, the data identify three states in East Asia—Thailand, Indonesia, and Malaysia—which are noticeably more involved and interactive in the region than all others examined. These are the three nations which are most outward looking, most involved, and toward which other nations look and direct their own concerns and resources with markedly greater emphasis. In the general pattern of East Asian affairs, the data further suggest that if any of the 11 states so far discussed are likely to have significant influence or be regarded as significant beyond their own borders—both by virtue of what they do as well as what is done to them—the three to which particular attention should be paid are Thailand, Indonesia, and Malaysia, with emphasis on the first two.

Thailand has drawn particular attention, partly because it was anticipated that Indonesia's great population and geographic size, as well as the prominence its leaders have achieved in recent years, would lead Indonesia to score high as an actor in intra-Asian affairs. For that reason, Thailand's roughly equivalent high ranking (in some cases higher), as demonstrated by the findings of this study, makes it worth special notice. For not only is Bangkok very highly interactive across categories with so many Asian nations, but it is additionally striking in the extent to which the others—both in Northeast as well as in Southeast Asia—direct their attention toward Thailand.

For these reasons, and reflecting the extent to which Thailand is interconnected both intensively and widely in the East Asian system of nations, it is concluded that developments affecting the Thai are likely to have a larger impact on that system, or region as a whole, than would

be true for any other state examined with the possible exception of Indonesia. This leads to the suggestion that Thailand can be regarded, with more certainty than applies to any of the other 10 nations, as a key state in the international relations of East Asia.

This should not, of course, be taken to mean that Thailand should be regarded as the most important of the states examined. From the outset it has been noted that Japan, whose activities in Asia overshadow all others by their sheer size and complexity, would be discussed separately. This was done not only because Japan's involvement is so massive, but also because that very magnitude makes it unnecessary to demonstrate what is well known already: that from the viewpoint of US interests, as well as in other perspectives, Japan is the preeminent nation in Asia.

Yet precisely because of Japan's already transcendent importance in all aspects of Asian affairs, and also because the US hopes to approach problems in Asia and the Pacific in cooperation with Japan, a central concern for Americans is a better understanding of how Japan is likely to approach those problems. Therefore, this chapter will identify, from the perspective of Japan, which states in Asia appear most—as well as least—important. In particular, and since earlier chapters have suggested a preliminary rank-ordering of all other East Asian states as they appear (from their interaction behavior) to regard themselves, this chapter will also identify the extent to which that rank-ordering is consistent with Japan's likely scale of priorities among the East Asian nations. The question to be answered can be put this way: are the nations that appear important in an intra-Asian context also those that seem significant in Japanese eyes?

To help answer that question the patterns of Japan's interactions with the other nations of East Asia have been analyzed, using essentially the approach outlined in earlier sections of this study. Data were collected dealing primarily with the three-year period 1967-69, and this information was interpreted (as in the earlier chapters) in the light of the results of considerable interviewing with Japanese officials, scholars, and other informed specialists.

These interviews in Japanese government ministries and research institutions, in addition to providing much of the needed data for measuring Japan's interactions, also served a second important purpose.

They contributed substantively to answering the question of how each of the nations of East Asia is regarded—in relation to Japan's own interests—by informed and responsible Japanese. Indeed in many interviews and conversations in Japan, the author found that his Japanese respondents often spoke of the other nations of the Asia-Pacific region in explicit rank-order terms, and that there was an impressive consistency regarding the identity of the nations regarded as most (and least) important to Japan in economic, political, and security terms. Those informed views are reflected in the findings of this chapter, although it should be stressed that the primary concern here is with Japan's measurable interactions with the 11 other East Asian states.

#### METHODOLOGY

Some categories of data, in the Political and Diplomatic field (Category I), and in the field of Communications and Cultural Transactions (Category IV), were dealt with roughly as before. Thus in Category I tabulations were prepared of (1) Japanese-Asian diplomatic representation, and (2) the extent of mutual contact among both high-level officials and parliamentary representatives.<sup>9</sup> In Category IV the data include: (1) a statistical examination of the pattern and intensity of air traffic arrangements between Japan and the other East Asian states; (2) a tabulation of the extent to which there is regular press and news service representation; (3) statistics on the extent of nongovernment tourism between Japan and all other East Asian states; (4) a record of Japan-East Asian cultural agreements and treaties of friendship; and (5) an additional set of transactions not included in the previous examinations of communications/cultural contacts: the extent to which significant numbers of students from any East Asian nation undertake—with Japanese assistance or government sponsorship—regular university study in Japan.<sup>10</sup>

Yet because Japan is Japan, and has become an economic giant in Asia while still holding somewhat to the postwar posture of a political pygmy, it would have been unrealistic to treat many of Japan's interactions in East Asia with an analytical approach altogether unchanged from that followed in earlier sections. No other important nation in the world, for example, so steadfastly avoids any manifestation of

direct overseas military interests as does Japan. This is reflected, of course, in Article Nine of the Japanese Constitution, and all the implied restraints associated with that constitutional provision. For the purposes of this study, this fact meant that the previously-used Category III, Military Interactions with other Asian states, is not applicable to the Japan section because of an insufficient number of transactions in this field.<sup>11</sup> Conversely, the overwhelming extent to which Japan is involved economically in East Asia, and reflecting as well the high place that economic and trade considerations play in all aspects of Japanese foreign and domestic policy, called for a considerably expanded treatment of Category II, Economic Transactions, and of data-gathering dealing with Japan's involvements in Asia.

The extent to which Japanese policy is shaped by economic considerations is reflected, for example, in the powerful role in decision-making of the Finance Ministry, the Ministry of Trade and Industry (MITI), and such influential business and trade associations as Keidanren (the Federation of Economic Organizations).<sup>12</sup> Moreover, Japan's role in the economy of Asia, and in the economies of the nations of the region, is reflected in the fact that in the year 1969 the markets of Asia represented the second most important group for Japan's exports. With 27.8 percent of the total, the value of Japan's exports to East Asia ranked just behind its exports to the US, which accounted for 31 percent.<sup>13</sup> From the viewpoint of the countries of East Asia, the relationship is even more intense, for in almost every case Japan is now the preeminent trading partner for the nations of East Asia. Even such traditional trade relationships as that between the Philippines and the United States has felt the impact of Japan's economic dynamism: in 1969 Japan overtook the United States as prime supplier of imports to the Philippines.

These points are noted, not to suggest that Japan's role in Asia is to be understood solely in economic terms, or that Japan is merely "an economic animal" (though that is a charge frequently leveled and toward which the Japanese are sensitive), but instead to explain why, in approaching the sections of this study that deal with Japan, it was concluded that it was important to expand considerably the gathering and analyzing of data relevant to economic transactions. For this



section of the study gives new and special attention to examining in detail the nature of Japan's trade, aid, and investment relationships with each of the 11 East Asian nations already discussed.

The transactions data continued, of course, to reveal the patterns of interactions in economic fields mentioned in earlier chapters. These include: (1) formal economic agreements between Japan and the other nations; (2) ongoing economic conferences among the governments; (3) visits of governmental and private delegations sent to Japan and received from Japan for purposes related primarily to commercial and economic affairs; (4) technical and financial assistance from Japan to the Asian states; and (5) branches of Japanese foreign banks abroad in Asia, and Asian banks in Japan.

On the basis of a body of raw data relevant to those forms of economic transactions for the three year period,<sup>14</sup> a matrix was prepared which shows the extent to which Japan has developed each type of transaction with each of the East Asian states. The major relationships are depicted in Table 9, in which the numbers shown represent point totals based on the weighting system described earlier in this study. At the outset, it is instructive to note that this Japan-centered table shows that the nations previously identified as high interactors—in particular Indonesia and Thailand—once again stand out. It is equally instructive to note that two nations previously identified as medium-range interactors also stand out in this examination of interactions with Japan; it is not surprising that they are Taiwan and South Korea.

#### JAPAN'S TRADE, INVESTMENT, AND ASSISTANCE ROLE IN EAST ASIA

Japan's economic involvement in East Asia is characterized by great volume, range, and complexity, and it is extraordinarily dynamic. As a result it is very likely that any quantitative description of that involvement runs the risk both that it underestimates the degree of Japanese economic activity and that the description will be out of date in some important respect. Moreover, and partly because Japan's economy is like a fast-moving train, there is apparently no one place—in Japan or outside—where the full breadth of its significant economic involvement in East Asia is comprehensively stated and understood. But at the same time, and partly because of the extent of Japanese government control and

Table 9

ECONOMIC VARIABLES IN TRANSACTIONS BETWEEN JAPAN  
AND ELEVEN EAST ASIAN NATIONS--1967-1970<sup>a</sup>

(Point totals)<sup>b</sup>

Japan as sender country	Bur- ma	Cam- bodia	Indo- nesia	So. Korea	Laos	Malay- sia	Philip- pines	Singa- pore	Tai- wan	Thai- land	So. Viet- nam
Formal trade agreement	4	4	4	4	4	4	—	—	4	4	—
Ongoing conferences	—	—	—	4	—	—	—	—	4	4	—
Economic missions from Japan	—	—	8	3	—	4	3	5	3	5	1
Branches of banks overseas	—	—	1	1	1	1	—	1	1	1	1
Total points	4	4	13	12	5	9	3	6	12	14	2
Japan as receiver country											
Economic missions to Japan	1	1	4	2	—	1	1	1	2	3	—
Branches of banks in Japan	—	—	1	1	—	—	1	—	1	1	—
Total points	1	1	5	3	—	1	2	1	3	4	—

<sup>a</sup>Derived from BASIC DATA (Tables B9-B11, B13) App B. Sources include: Asian and Japanese newspapers, periodicals and broadcasts; The Far East and Australasia, 1970; Japan Economic Yearbook, 1968; Japan Statistical Yearbook, 1968, 1969; Ministry of Foreign Affairs, interviews, Tokyo, Jun '70.

<sup>b</sup>Numbers shown are weighted; not individual actions.

influence in the economy, Japan's economic activity is subject to a degree of research and statistical analysis in Tokyo that may be unparalleled for any other nation on the globe. Needless to say, such intensive analysis and data collection are exceptionally valuable to visiting researchers as well as to Japanese scholars and government officials.

This meant that there was available for this study a wealth of detailed economic data and analysis in Japanese-language materials that generally do not circulate outside the country, and through the assistance of a number of Japan's most qualified and prominent university and research economists, such material was made available to the authors of this study while in Japan. This was used to amplify data and findings previously developed from materials in the US.<sup>15</sup> As a result, profiles were prepared of the major aspects of Japan's recent economic relationships with each of the noncommunist nations of East Asia. These profiles can be exceptionally valuable, particularly for an examination of trade and investment—on the assumption that in Japan, trade and investment will help to shape significantly Japanese views of the relative importance to Japan of each of the East Asian nations.

#### Profiles of Japan Trade with 11 Nations

Because of the particularly important place that foreign trade occupies in the Japanese economy, and to illustrate the patterns of Japan's efforts in this field, a set of 11 country tables devoted to trade was prepared. Tables 10 through 20 are shown in the order of each nation's rank as a partner in Japan's Asian trade, and provide data for the period 1967-69 including: the dollar value of Japan's trade with every East Asian nation; its commodity composition; the relative place of each state in Japan's Asian trade; and the place of Japan in that country's global trade. A summary table (Table 21), in which the nations are listed according to their export-import rank in Japan's Asian trade, follows the country tables.

#### Patterns of Japanese Investment

In addition to Japan's trade, considerable attention was given in this study to all forms of Japanese investment in East Asia. The purpose was to identify further the nations to which primary Japanese

Table 10

## JAPAN-EAST ASIA TRADE — PHILIPPINES (1)

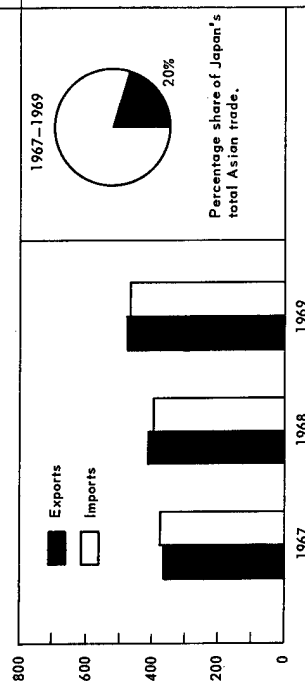
The following figures illustrate the dollar value, composition, and trend of Japan's trade with Philippines, its first ranking Asian partner, as seen from Japan's viewpoint.

Exports, thousands of US dollars		Imports, thousands of US dollars	
1967	1968	1967	1968
362,901	411,092	374,439	397,492
475,610		468,038	
Major export categories		Major import categories	
Machinery	149,604	Raw materials (lumber, metal ores)	344,733
Metals	89,266	Food	20,577
Textiles	38,197	Other	9,129
Chemicals	29,512		7,720
Food	22,006		
Nonferrous mineral products	10,880		
Crude oil	2,868		
Other	20,568		

Trade totals: Monthly Foreign Trade Statistics, Ministry of Trade and Industry (MITI), International Trade Bureau, Vol 14, No. 4, Apr 70.

Commodity breakdown: Economic Cooperation, Its Present Situation and Issues - 1969, MITI Department of Trade Promotion, Dec 69.

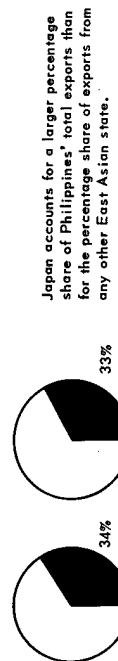
Trend of Japan's trade with Philippines, millions of US dollars.



Japan's total dollar trade with the Philippines is the highest in value and the most balanced of its trade with any of the East Asian states.

This section treats Japan-Philippines trade from Philippines' viewpoint.

Philippines' exports to Japan as percent of Philippines' total exports



Philippines' imports from Japan as percent of Philippines' total imports



SOURCE: IMF-IBRD Direction of Trade Annual, 1964-68, p 290.

Table 11  
JAPAN-EAST ASIA TRADE — SO. KOREA (2)

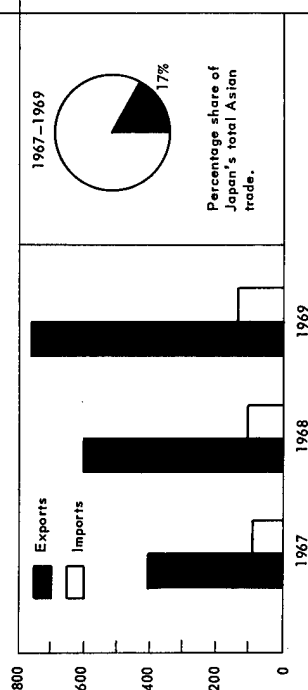
The following figures illustrate the dollar value, composition, and trend of Japan's trade with So. Korea, Japan's second ranked Asian trading partner, as seen from Japan's viewpoint.

	Exports, thousands of US dollars		Imports, thousands of US dollars	
	1967	1968	1967	1968
<b>Major export categories</b>	406,959	602,653	92,382	101,630
				133,927
<b>Major import categories</b>				
Machines	174,650	297,489	Food	30,248
Chemical fertilizers	21,012	16,376	Raw materials	38,947
Textiles	81,960	111,259	Bituminous coal	2,381
Metals	60,222	82,122	Other*	20,806
Fuel	14,948	17,612		28,652

\* Including exports of semi-processed goods such as textiles.  
Commodity breakdown: Economic Cooperation, Its Present Situation and Issues - 1969, MITI Department of Trade Promotion, Dec 69.

Trade totals: Monthly Foreign Trade Statistics, MITI International Trade Bureau, Vol 14, No. 4, Apr 70.

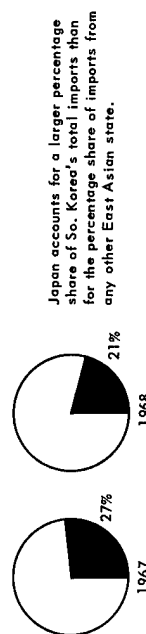
Trend of Japan's trade with So. Korea, millions of US dollars.



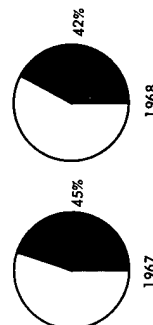
So. Korea ranks highest among the East Asian countries as an export market for Japanese goods. In 1969 the dollar value of Japan's exports to Korea exceeded the combined totals of Singapore, Indonesia, and Malaysia, three of Japan's mid-ranking export partners.

This section treats Japan-Korea trade from So. Korea's viewpoint.

So. Korea's exports to Japan as a percent of So. Korea's total exports



So. Korea's imports from Japan as a percent of So. Korea's total imports



SOURCE: IMF-IBRD Direction of Trade Annual, 1964-68, p 234.

Table 12

## JAPAN-EAST ASIA TRADE — TAIWAN (3)

The following figures illustrate the dollar value, composition, and trend of Japan's trade with Taiwan, Japan's third ranked Asian partner, as seen from Japan's viewpoint.

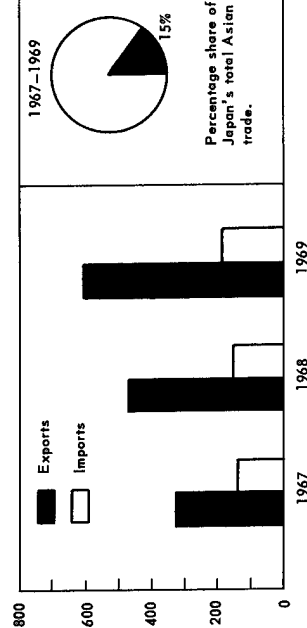
Exports, thousands of US dollars			Imports, thousands of US dollars		
	1967	1968	1967	1968	1969
	328,154	471,626	137,088	150,721	180,516
Major export categories			Major import categories		
Machinery	152,117	245,870	Bananas	62,542	55,966
Metal	72,567	84,849	Rice	10,080	11,661
Textiles	39,150	53,331	Sugar	3,932	9,181
Chemical products	41,855	56,083	Raw materials	23,674	24,296
Other	22,465	31,493	Other**	36,860	49,617

\*Taiwan is increasingly exporting semi-processed goods to Japan.

Trade totals: Monthly Foreign Trade Statistics, MITI, International Trade Bureau, Vol 14, No. 4, Apr '70.

Commodity breakdown: Economic Cooperation, Its Present Situation and Issues - 1969, MITI, Department of Trade Promotion, Dec 69.

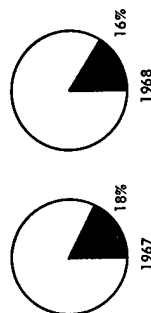
Trend of Japan's trade with Taiwan, millions of US dollars.



Between 1967 and 1969 the dollar value of Japan's exports to Taiwan increased by 85%, while the value of its imports rose by only 32%. This export increase amounted to \$278 million, while the import increase was only \$43 million.

This section treats Japan-Taiwan trade from Taiwan's viewpoint.

Taiwan's exports to Japan as a percent of Taiwan's total exports



Taiwan's imports from Japan as a percent of Taiwan's total imports



SOURCE: IMF-IBRD Direction of Trade Annual, 1964-68, p 153.

Table 13

## JAPAN-EAST ASIA TRADE — THAILAND (4)

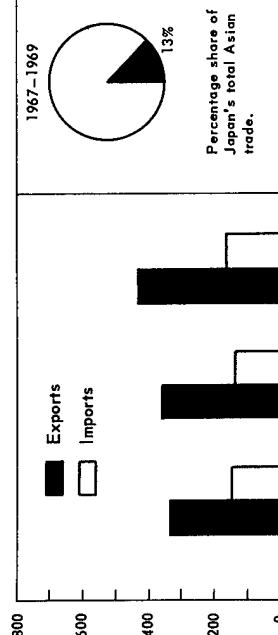
The following figures illustrate the dollar value, composition, and trend of Japan's trade with Thailand, Japan's fourth ranked Asian partner, as seen from Japan's viewpoint.

	Exports, thousands of US dollars		Imports, thousands of US dollars	
	1967	1968	1967	1968
	340,991	365,448	153,225	147,023
				167,417
Major export categories				
Machinery	145,821	169,380		
Metal products	70,993	72,209	49,739	36,243
Textiles	37,170	49,537	28,359	25,922
Chemical products	35,249	38,387	11,136	16,149
Crude oil	2,308	3,626	11,182	8,808
			8,248	3,645
Major import categories				
Maize				
Rubber				
Rice				
Hemp				
Iron mineral				

Trade totals: Monthly Foreign Trade Statistics, MITI, International Trade Bureau, Vol 14, No. 4, Apr 70.

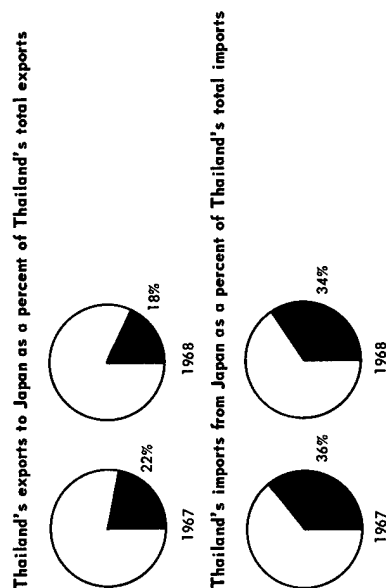
Commodity breakdown: Economic Cooperation, Its Present Situation and Issues - 1969, MITI, Department of Trade Promotion, Dec 69.

Trend of Japan's trade with Thailand, millions of US dollars.



The degree of Thailand's dependency on trade with Japan is particularly high. In dollar terms, Japan exports to Thailand more than twice as much as it imports.

This section treats Japan-Thailand trade from Thailand's viewpoint.



SOURCE: IMF-IBRD Direction of Trade Annual, 1964-68, p. 330.

Table 14

## JAPAN-EAST ASIA TRADE — MALAYSIA (5)

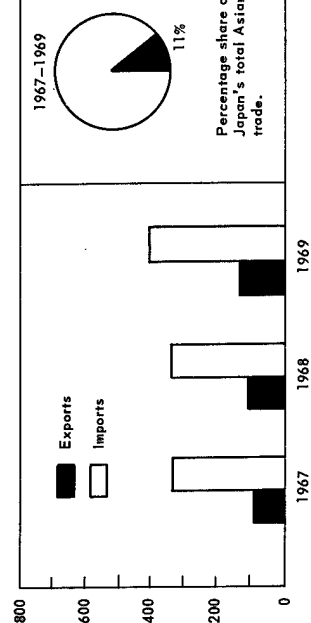
The following figures illustrate the dollar value, composition, and trend of Japan's trade with Malaysia, Japan's fifth ranked Asian trading partner, as seen from Japan's viewpoint.

	Exports, thousands of US dollars				Imports, thousands of US dollars		
	1967	1968	1969		1967	1968	1969
<hr/>							
	87,863	104,470	133,445		334,477	343,360	406,744
<hr/>							
Major export categories				Major import categories			
Textiles	7,518	10,574		Lumber	161,938	166,782	
Chemical products	6,775	8,695		Iron ore	55,539	51,785	
Food	3,200	3,530		Tin & its alloys	63,493	59,068	
Metals	21,137	23,192		Natural rubber	21,924	32,906	
Machines	39,986	49,048		Aluminum ore	5,778	6,463	
Nonferrous mineral products	2,185	2,175		Food	5,114	6,128	
				Crude oil	1,840	2,118	

Trade totals: Monthly Foreign Trade Statistics, MITI, International Trade Bureau, Vol 14, No. 4, Apr '70.

Commodity breakdown: Economic Cooperation, Its Present Situation and Issues - 1969, MITI, Department of Trade Promotion, Dec 69.

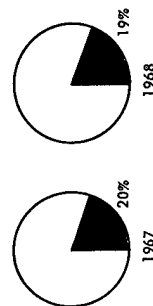
Trend of Japan's trade with Malaysia, millions of US dollars.



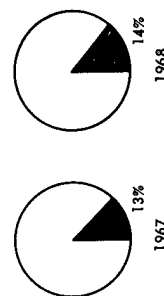
Only Malaysia and Indonesia have a favorable balance of trade with Japan exporting more than they import.

This section treats Japan-Malaysia trade from Malaysia's viewpoint.

Malaysia's exports to Japan as a percent of Malaysia's total exports



Malaysia's imports from Japan as a percent of Malaysia's total imports



SOURCE: Bank Negara Malaysia Quarterly Economic Bulletin, Mar 1970.



Table 15

## JAPAN-EAST ASIA TRADE — INDONESIA (6)

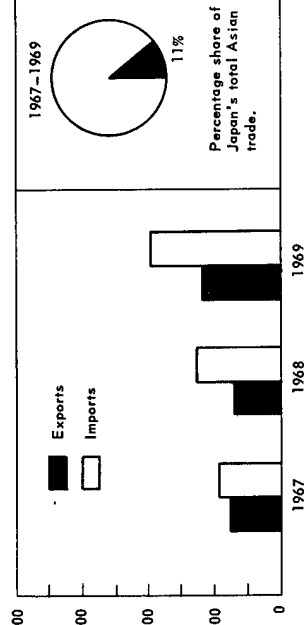
The following figures illustrate the dollar value, composition, and trend of Japan's trade with Indonesia, Japan's sixth ranked Asian trading partner, as seen from Japan's viewpoint.

Exports, thousands of US dollars			Imports, thousands of US dollars			
	1967	1968	1969	1967	1968	1969
	155, 288	147, 200	235, 811	196, 635	253, 583	397, 319
Major export categories			Major Import categories			
Textiles	51,176	26,137		Crude oil	96,755	133,821
Machines	46,223	47,480		Rubber	29,635	15,660
Chemical products	18,553	23,522		Food	15,937	9,767
Metal	17,157	20,875		Lumber	15,635	30,645
Tire & tubing	5,936	3,688		Copra	1,640	10,588
Nonferrous mineral products	2,039	3,371		Aluminum ore	7,000	6,796
Food	1,627	5,495				

Trade totals: Monthly Foreign Trade Statistics, MITI, International Trade Bureau, Vol 14, No. 4, Apr 70.

Commodity breakdown: Economic Cooperation, Its Present Situation and Issues - 1969, MITI, Department of Trade Promotion, Dec 69.

## Trend of Japan's trade with Indonesia, millions of US dollars.



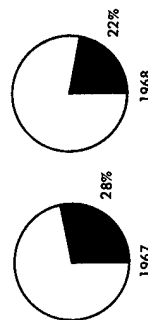
Japan's great demand for raw materials gives Indonesia an overall favorable balance of trade with Japan and is reflected in the Japan-Indonesian commodity breakdown.

## This section treats Japan-Indonesia trade from Indonesia's viewpoint.

## Indonesia's exports to Japan as a percent of Indonesia's total exports



## Indonesia's imports from Japan as a percent of Indonesia's total imports



SOURCE: Indonesian Financial Statistics - Bank Indonesia - Monthly Bulletin, Oct/Nov 1969, pp 99, 114.

Table 16

## JAPAN-EAST ASIA TRADE — SINGAPORE (7)

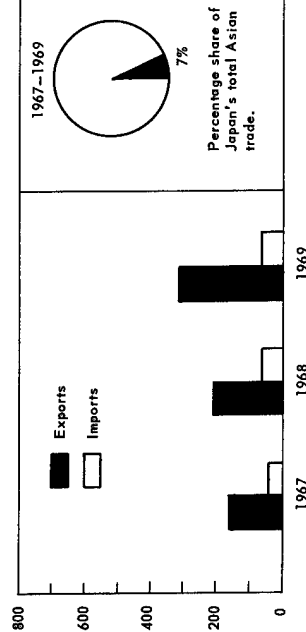
The following figures illustrate the dollar value, composition, and trend of Japan's trade with Singapore, Japan's seventh ranked Asian trading partner, as seen from Japan's viewpoint.

	Exports, thousands of US dollars				Imports, thousands of US dollars		
	1967	1968	1969		1967	1968	1969
<b>Major export categories</b>	160,135	209,237	312,561		36,023	61,762	65,970
Textiles	54,056	75,600		<b>Major import categories</b>			
Machines	42,240	53,928		Petroleum products	25,007	48,694	
Metals	28,265	35,932		Raw materials	8,664	10,730	
Chemical products	10,035	11,614		Food	1,098	1,007	
Nonfer min products	5,045	5,307					
Food	5,917	6,557					
Crude oil	1,633	3,783					

Trade totals: Monthly Foreign Trade Statistics, MITI, International Trade Bureau, Vol 14, No. 4, Apr 70.

Commodity breakdown: Economic Cooperation, Its Present Situation and Issues - 1969, MITI, Department of Trade Promotion, Dec 69.

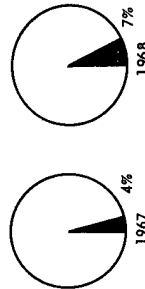
Trend of Japan's trade with Singapore, millions of US dollars.



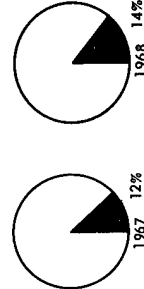
Japan's trade with Singapore reveals a growing imbalance in favor of Japan in spite of the fact that Singapore's exports to Japan have almost doubled since 1967.

This section treats Japan-Singapore trade from Singapore's viewpoint.

Singapore's exports to Japan as a percent of Singapore's total exports



Singapore's imports from Japan as a percent of Singapore's total imports



SOURCE: Government of Singapore Department of Statistics, External Trade Statistics, 1967/1968; Bank of Indonesia Monthly Bulletin, Oct/Nov 1969.

Table 17

## JAPAN-EAST ASIA TRADE -- SO. VIETNAM (8)

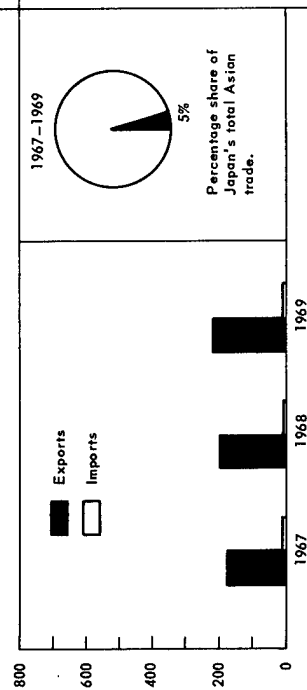
The following figures illustrate the dollar value, composition, and trend of Japan's trade with South Vietnam, Japan's eighth ranked Asian trading partner, as seen from Japan's viewpoint.

Exports, thousands of US dollars		Imports, thousands of US dollars	
1967	1968	1967	1968
174,586	198,963	4,576	2,719
223,156		3,309	
Major export categories		Major import categories	
Food	1,566	Food	813
Textiles	30,517	Raw materials	3,604
Nonferrous mineral products	4,147	Other	159
Chemical products	5,315		105
Metal products	5,769		
Machinery	119,872		

Trade totals: Monthly Foreign Trade Statistics, MTI, International Trade Bureau, Vol 14, No. 4, Apr 70.

Commodity breakdown: Economic Cooperation, Its Present Situation and Issues - 1969, MTI, Department of Trade Promotion, Dec 69.

Trend of Japan's trade with So. Vietnam, millions of US dollars.



Japan's trade imbalance with So. Vietnam, among the most serious in East Asia, is attributable, in large part to So. Vietnam's war economy, which demands increased imports from abroad and produces less for export.

This section treats Japan-So. Vietnam trade from So. Vietnam's viewpoint.

So. Vietnam's exports to Japan as a percent of So. Vietnam's total exports



So. Vietnam's imports from Japan as a percent of So. Vietnam's total imports



SOURCE: IMF-IBRD Direction of Trade Annual, 1964-68, p 355.

Table 18

## JAPAN-EAST ASIA TRADE — BURMA (9)

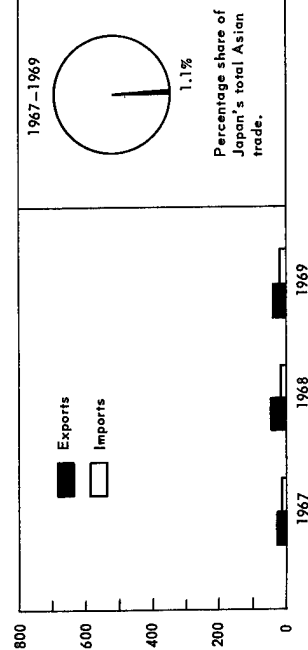
The following figures illustrate the dollar value, composition, and trend of Japan's trade with Burma, Japan's ninth ranked Asian trading partner, as seen from Japan's viewpoint.

Major export categories	Exports, thousands of US dollars			Major import categories	Imports, thousands of US dollars		
	1967	1968	1969		1967	1968	1969
	26,352	39,283	37,161		12,003	12,372	12,930
Machines	15,765	20,784		Beans	9,382	6,152	
Textiles	2,514	5,257		Rice	—	2,789	
Metals	3,757	5,190		Precious stones	681	894	
Chemical products	1,952	2,693		Cotton	58	—	
Rubber tires & tubes	483	932		Other	1,882	2,537	
Other	1,881	4,527					

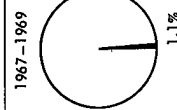
Trade totals: Monthly Foreign Trade Statistics, MITI, International Trade Bureau, Vol 14, No. 4, Apr 70.

Commodity breakdown: Economic Cooperation, Its Present Situation and Issues - 1969, MITI, Department of Trade Promotion, Dec 69.

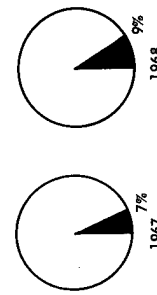
Trend of Japan's trade with Burma, millions of US dollars.



During this 2-year period there was a 40% increase in Japanese exports to Burma, with an almost negligible increase in Burma's exports to Japan. The total dollar value of Japan-Burma trade is low as compared with that of the other East Asian states.



Burma's exports to Japan as a percent of Burma's total exports



Burma's imports to Japan as a percent of Burma's total imports



SOURCE: IMF-IBRD Direction of Trade Annual, 1964-68, p 138.

Table 19

## JAPAN-EAST ASIA TRADE — CAMBODIA (10)

The following figures illustrate the dollar value, composition, and trend of Japan's trade with Cambodia, Japan's tenth ranked Asian trading partner, as seen from Japan's viewpoint.

Exports, thousands of US dollars		Imports, thousands of US dollars	
1967	1968	1967	1968
15,342	20,282	7,075	6,555
	23,503		7,333

## Major export categories

Textiles	1,191	2,387
Chemical products	2,260	2,640
Metals	4,065	3,708
Machines	5,171	6,369

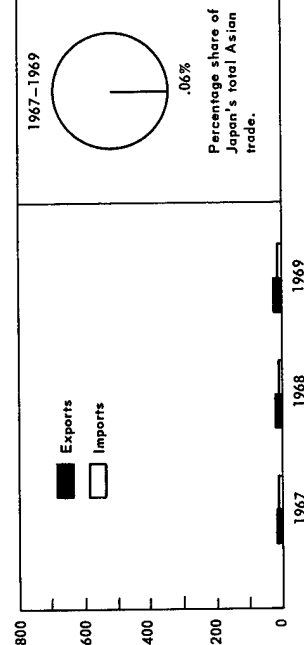
## Major import categories

Food	1,364	990
Fuel	5,499	5,497
Other	212	68

Trade totals: Monthly Foreign Trade Statistics, MITI, International Trade Bureau, Vol 14, No. 4, Apr 70.

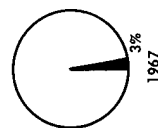
Commodity breakdown: Economic Cooperation, Its Present Situation and Issues - 1969, MITI, Department of Trade Promotion, Dec 69.

## Trend of Japan's trade with Cambodia, millions of US dollars.



The level of Japan's trade with Cambodia is among the lowest of the East Asian states. As with most other states in the region, Japan continues to maintain a favorable balance of trade. In the Cambodian case the dollar value of Japan's exports exceeds by three times the dollar value of its imports from Cambodia.

## Cambodia's exports to Japan as a percent of Cambodia's total exports



## Cambodia's imports to Japan as a percent of Cambodia's total imports



SOURCE: IMF-IBRD *Direction of Trade Annual*, 1964-68, p 140.

Table 20

JAPAN-EAST ASIA TRADE — LAOS (11)

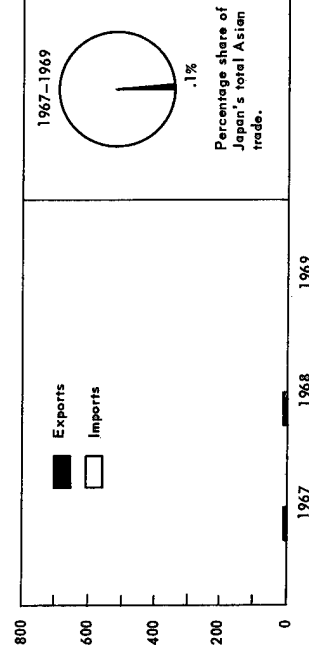
The following figures illustrate the dollar value, composition, and trend of Japan's trade with Laos, Japan's lowest ranked Asian trading partner, as seen from Japan's viewpoint.

Major export categories	Exports, thousands of US dollars			Major import categories	Imports, thousands of US dollars		
	1967	1968	1969		1967	1968	1969
Machinery	4,139	6,545			3	6	
Metals	2,114	4,203					
Textiles	376	739					
	708	628					

Trade totals: Monthly Foreign Trade Statistics, MITI, International Trade Bureau, Vol 14, No. 4, Apr 70.

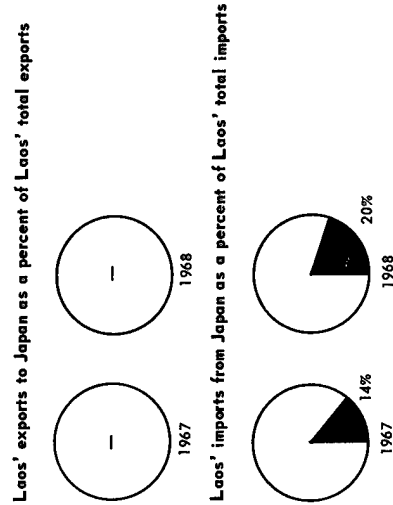
Commodity breakdown: Economic Cooperation, Its Present Situation and Issues - 1969, MITI, Department of Trade Promotion, Dec 69.

Trend of Japan's trade with Laos, millions of US dollars.



Japan's total dollar trade with Laos is the lowest of all its East Asian trading partners.

This section treats Japan-Laos trade from Laos' viewpoint.



SOURCE: IMF-IBRD Direction of Trade Annual, 1964-68, p 238.

Table 21

JAPAN'S TRADE WITH 11 EAST ASIAN NATIONS, 1967-1969<sup>a</sup>

## a. Rank Order - Total Trade

Rank	Country	Amount, thousands of \$US	Share, Japan's total Asian trade, %
1	Philippines	2,489,572	20
2	So. Korea	2,104,742	17
3	Taiwan	1,874,463	15
4	Thailand	1,607,945	13
5	Malaysia	1,410,359	11
6	Indonesia	1,385,836	11
7	Singapore	845,688	7
8	So. Vietnam	607,309	5
9	Burma	140,101	1
10	Cambodia	80,090	< 1
11	Laos	18,905	< 1
Total		12,565,010	100

## b. Rank Order - Exports and Imports

Japan's Exports				Japan's Imports			
Rank	Country	Amount, thousands of \$US	%, Jap.'s total Asian exp	Rank	Country	Amount, thousands of \$US	%, Jap.'s total Asian imp
1	So. Korea	1,776,803	22	1	Philippines	1,239,969	27
2	Taiwan	1,406,138	18	2	Malaysia	1,084,581	23
3	Philippines	1,249,603	16	3	Indonesia	847,537	18
4	Thailand	1,140,280	14	4	Taiwan	468,325	10
5	Singapore	681,933	9	5	Thailand	467,665	10
6	So. Vietnam	596,705	8	6	So. Korea	327,939	7
7	Indonesia	538,299	7	7	Singapore	163,755	4
8	Malaysia	325,778	4	8	Burma	37,305	1
9	Burma	102,796	1	9	Cambodia	20,963	< 1
10	Cambodia	59,127	1	10	So. Vietnam	10,604	< 1
11	Laos	18,889	< 1	11	Laos	16	< 1
Total		7,896,351	100			4,668,659	100

<sup>a</sup> Monthly Foreign Trade Statistics, MITI, International Trade Bureau, 14 (4) (Apr 1970). Derived from Japan - East Asia Country Trade Tables (Tables 10 through 20) Vol II. For use in JAPAN Table G21, App G.

economic interest appears to be directed, and to determine the approximate amounts involved—although it is recognized that there are major problems in accurately assessing the extent of any nation's foreign "investments."<sup>16</sup> The problem is especially complicated in Japan because estimates there of what constitutes Japan's foreign aid effort often include much private economic activity, as well as the more familiar forms of governmental programs. The Japanese government does play, with suitable loans, licenses, and guarantees, a very major (even dominant) role in shaping the nation's foreign commercial activity, and in this respect the relationship between government and business has a distinct hand-in-glove quality.

Reflecting this, the assessment of Japan's investment includes both direct governmental programs as well as those in which the Japanese government helps to sponsor private economic activity. Hence the investment category as used here includes programs of technical assistance, foreign aid loans and direct grants, export credits, and direct private investment as well. This is consistent with the Japanese approach, which considers an accurate measure of the government's concern with Asia to be reflected not only by direct government programs but also by the broader extent of private economic activity. It is in this sense that Japanese leaders sometimes use the term "economic cooperation" in ways that are unfamiliar to Americans, for in Japanese thinking both private and public activity, especially in the developing Asian nations, tend to be lumped together under the heading of Japan's program of Asian "cooperation."

This thought was accurately reflected in Prime Minister Sato's well-known National Press Club speech in Washington in November 1969, at the conclusion of his talks with President Nixon on the subjects of Okinawa reversion and Japan's security concerns in Asia. In the Japanese view, as Mr. Sato's remarks suggest, Japan's foreign policy and sense of responsibility in Asia should in large part be measured by the full spectrum of Japan's economic involvements—private and public:

Since the United States plays the central role in preserving global peace and also holds great responsibility for the security of Asia, I believe that it is



Japan rather than the United States that should take the leading role in such fields as economic and technical assistance towards the nation-building efforts of the Asian countries . . . . We have already set our goal for the 1970's to make it the decade for Asian development.<sup>17</sup>

Japan's highly active investment behavior makes quite clear that the thrust of the Prime Minister's remarks are being demonstrated daily in parts of East Asia. Indeed, considerable apprehension has begun to appear already in a number of Southeast Asian countries, Indonesia and Thailand in particular, at the prospect of what sometimes appears to be imminent economic dominance by Japan. Whether these fears are justified or not, it is rather startling that in fiscal year 1969 alone, the value of Japanese private investments in Asia reportedly increased by almost six times over the amounts reported for the previous year—for a reported total in 1969 of \$390 million.<sup>18</sup>

Impressive as that is, it is essential to examine Japan's foreign economic interests and relations on a country-by-country basis. For that purpose, a set of national tables (broadly similar to those already presented in the trade field) was prepared for this study, in order to indicate the level and composition of Japanese investment and other forms of assistance in each of the other 11 recipient states.<sup>19</sup> These national tables (three examples are Tables 22, 23, and 24) were used to develop an approximate rank-ordering of the recipients in three fields: (1) technical assistance, (2) private investment, and (3) various programs of Japanese government financial assistance, including reparations. The resulting rank-order lists will be found in JAPAN, App G, Economic Section (Tables G2 and G3), and the full set of country tables from which they were compiled can be found in JAPAN, App G (Tables G7 through G17). Tables 22, 23 and 24 (pertaining to the Philippines, Burma, and Malaysia respectively) are drawn from that set and included for illustrative purposes.

#### INTERACTION FINDINGS

On the basis of the economics data already provided, especially pertaining to Japan's trade in Asia, some tentative conclusions may already have been drawn by some readers. At the minimum, for example, trade statistics are roughly indicative of the states with which Japan appears to have significant economic interaction, although the reader is

Table 22  
RECENT JAPANESE AGREEMENTS, ASSISTANCE, AND INVESTMENT—PHILIPPINES  
(In millions of \$ US unless otherwise specified)

Assistance <sup>a</sup>	1967	1968	Total
Grant	61.54	26.80	88.34
Direct Loan	--	--	--
Export Credit	(46.65)	(73.00)	(119.65)
Overseas private investment			
Total	(108.19)	(99.80)	(207.99) <sup>b</sup>
Technical assistance expenditure	.56	.68	1.24
Trainees and students received	75	88	163
Technical personnel sent	8	23	31

SPECIAL AGREEMENTS WITH JAPAN:<sup>a</sup> Reparation Agreement; Trade and Navigation Treaty (signed Dec 1960, yet to be ratified by Philippines).

Investment <sup>c</sup>	Number of Japanese firms, as of 31 March 1969 <sup>d</sup>			
	Manufacturing	8	Other	Total
Capital Structure of Projects Approved by Board of Investment	iron-nonferrous ores	3	mining	4
Years	electrical equipment	3	commerce	4
68/69	food	1	finance, insurance	2
69/70	other	1	other	1
Equity				
Amount				
Loans				
17.04				
13.44				
Japan ranked first among for. investors				
Japan ranked fourth among for. investors				

<sup>a</sup>Handbook on Overseas Economic Cooperation, 1969, ed by Research Division, Overseas Economic Cooperation Fund, Tokyo, Mar 69, p 111.

<sup>b</sup>(Gross Amount) — does not include export credit extended to Japan.

<sup>c</sup>Philippine Board of Investment, Manila, June 1970.

<sup>d</sup>Economic Cooperation: Its Present Situation and Issues, 1969, Ministry of Trade and Industry, p 283.

Table 23

RECENT JAPANESE AGREEMENTS, ASSISTANCE, AND INVESTMENT—BURMA  
(In millions of \$ US unless otherwise specified)

Assistance <sup>a</sup>	1967	1968	Total
Grant	6.47	10.20	16.67
Direct Loan	--	--	--
Export Credit	(-)	.27	.27
Overseas private investment	--	--	--
Total	6.47	10.47	16.94
Technical assistance expenditure	.22	.15	.37
Trainees and students received	21	22	43
Technical personnel sent	7	1	8

SPECIAL AGREEMENTS WITH JAPAN:<sup>a</sup> Reparation Agreement; Economic and Technical Cooperation Agreement; Trade Agreement (in process of renegotiation, December 1968).

Investment	Number of Japanese firms		
	Manufacturing	Other	Total
None recorded.			0

<sup>a</sup> Handbook on Overseas Economic Cooperation, 1969, ed by Research Division, Overseas Economic Cooperation Fund, Tokyo, Mar 69, p 63.

Table 24

RECENT JAPANESE AGREEMENTS, ASSISTANCE, AND INVESTMENT—MALAYSIA  
(In millions of \$ US unless otherwise specified)

Assistance <sup>a</sup>	1967	1968	Total
Grant	0.59		0.59
Direct Loan	--		--
Export Credit	(1.00)	(7.12)	(8.12)
Overseas private investment	5.19	2.56	7.75
Total	(6.78)	(9.68)	(16.46) <sup>b</sup>
Technical assistance expenditure	.49	.34	.83
Trainees and students received	69	789*	858*
Technical personnel sent	5	10	15

\* Accuracy of data questioned—other sources reference Japan's contribution to technical assistance as minimal (Far Eastern Economic Review, 26 Mar 70, p 62).

SPECIAL AGREEMENTS WITH JAPAN:<sup>a</sup> Trade Treaty; Taxation Treaty; Agreement for Joint Survey of Malacca Strait (with Singapore and Indonesia).

Investment <sup>c</sup>	Number of Japanese firms, as of 31 March 1969 <sup>d</sup>			
	Manufacturing	26	Other	Total
According to Malaysian estimates, as of 1970 Japanese investment in Malaysia exceeded \$60 million, ranking second behind that of the US. There are more than 20 Malaysian-Japanese joint enterprises in Malaysia.	electrical machines	5	mining	11
	textiles	2	fishery, marine	4
	lumber-pulp	4	agriculture, forestry	4
	chemicals	4	construction	1
	iron-nonferrous metals	2	commerce	1
	machines	1	finance and insurance	1
	food	2		
	transportation equipment	1		
	other	5		

<sup>a</sup> Handbook on Overseas Economic Cooperation, 1969, ed by Research Division, Overseas Economic Cooperation Fund, Tokyo, Mar 69, p 99.

<sup>b</sup> (Gross Amount)—does not include export credit extended to Japan.

<sup>c</sup> Straits Times, 19 Feb 70.

<sup>d</sup> Economic Cooperation: Its Present Situation and Issues, 1969, Ministry of Trade and Industry, p 274.

cautioned again that any one category may be misleading. This is especially so in the field of investments, where data are notoriously incomplete and often are inaccurate when reported. For this and other reasons it was decided to use several types of economic indicators in attempting to assess the focus of Japan's interest in even this one category of transactions. And more than that, of course, it is necessary to go beyond considerations solely of economic importance in attempting to ascribe degrees of significance to the nations with which Japan deals.

As was indicated earlier, our overall analysis of Japan's transactions with East Asian states was largely similar to that adopted in previous chapters, with the exception that considerably more attention was paid to Japan's economic activity, and that Category III, Military transactions, was inapplicable. Essentially unchanged was Category I, Political and Diplomatic transactions, and Category II, Communications/Cultural. The full range of raw or basic information for those two categories can be found in BASIC DATA, App B and in summary form in JAPAN, App G, where tabulations will be found of transactions in transportation, newspaper and press coverage, diplomatic and political relationships, and so on. In each case the measurable aspects and extent of relations in those fields are identified between Japan and 11 other nations in East Asia.

The purpose in collecting these materials was of course to prepare a rank-ordering of states, according to the extent of their interactions in each category, and to determine how intensive is each nation's interaction with Japan. This was done by combining the interaction findings in each category that were developed earlier with the additional information pertaining to Japan's relations with those nations (taking into account the deletion of military interactions and the considerable amplification of economic data relevant to Japan).

Using a weighting system similar to that previously developed, these data were then transposed into a matrix for each of the three transaction categories. Each matrix shows the weighted value of actions both sent and received by Japan. As an example, the matrix shown next in Table 25 indicates the extent of Japan's interactions in the Political/Diplomatic field (the numbers shown in the table represent point totals, not individual actions). The remaining two matrices, representing interactions

Table 25

JAPAN POLITICAL/DIPLOMATIC MATRIX  
Selected Variables of Transactions with Eleven East Asia Nations<sup>a</sup>  
(Point totals)

Japan as sender country	Bur- ma	Cam- bodia	Indo- nesia	So. Korea	Laos	Malay- sia	Philip- pines	Singa- pore	Tai- wan	Thai- land	So. Viet- nam
Consulates	—	—	6	3	—	3	—	—	—	—	—
High-level official visits	4	—	4	4	4	8	4	4	4	6	4
Parliamentary delegations	—	3	5	—	—	3	1	3	2	3	—
Total points <sup>b</sup>	4	3	15	7	4	14	5	7	6	9	4
Japan as receiver country											
Consulates	—	—	3	24	—	3	3	—	6	12	—
High-level official visits	6	2	10	2	4	4	—	9	5	4	—
Total points <sup>b</sup>	6	2	13	26	4	7	3	9	11	16	—

<sup>a</sup>Derived from BASIC DATA (Tables B2, 3, 5) App B. Because Japan maintains embassies (Table B1) in each Asian nation, differentiating points were not assigned. Complete information was not available for "Ministerial Visits" (Table B4), "Diplomatic Agreements" (B6), and "Incidents" (B7) App B.

<sup>b</sup>Assigned points are the same as for POLITICAL/DIPLOMATIC BASIC DATA as explained in App A. Point values are as follows: 1 point—delegations  
3 points—consulates  
2-4 points—official visits

in the Economic field, and in the field of Communications/Cultural transactions, will be found Tables G19 and G20, App G.

From the information contained in each matrix a rank-order table was then prepared. This table lists the nations from Japan's viewpoint, as sender and receiver in each interaction category, and also shows the average rank for each nation across categories.\* This rank-order, shown next in Table 26, suggests a pattern for Japan's relations with the nations of East Asia that is in one respect quite striking, and in another regard quite familiar.

The familiar element is the clear indication—to which our findings now give strong and demonstrable support on the basis of empirical behavior—that Korea and Taiwan are the two states with which Japan generally has the most intensive relationships. Although apparent in almost all categories, this is especially clear in most economic aspects—where from Japan's viewpoint as a sender of actions, Korea and Taiwan share the first two place-ranks. And overall, their high rank supports the view of almost all observers on the place of Korea and Taiwan in Japanese thinking. Analysts have long agreed that most Japanese regard Korea and Taiwan as the two nations with the most immediate impact on Japan, and as paramount in their considerations of defense and foreign policy.<sup>20</sup> Based on a study of Japan's transactions in Asia, there is little in the findings to detract from that conclusion, and very much to support it.

Yet it should also be stressed that on the basis of the same Japan-Asia interaction findings the very high place-ranks scored by Thailand

\*It is important to specify, however, that in preparing this table—and in order to reflect the very high place given in Japan to all matters pertaining to economic and fiscal subjects in foreign relations—special weight was given to Economic interactions. Thus in Table 26 in addition to economic activity, rank-orders are also provided in the fields of Political/Diplomatic and Communications/Cultural interactions. In arriving at a final and average rank-order, the latter two categories are given equal weight, while the category of Economic interactions was given double weighting. Had this not been done, final rank-orders would have been marginally different. Indonesia, for example, would have appeared slightly ahead of South Korea in first-place rank under Japan as sender country, reflecting the large number of Japanese missions that visit Indonesia.

Table 26

INTERACTION PLACE RANKS AND FINAL AVERAGE RANK OF ELEVEN  
EAST ASIAN STATES FROM THE PERSPECTIVE OF JAPAN

Country	Category							Final average <sup>f</sup>	Final rank
	Pol/Dipl. <sup>a</sup>	Economic				Comm/ Cultural <sup>e</sup>			
		Gen. Var. <sup>b</sup>	Aid, Invest. <sup>c</sup>	Trade <sup>d</sup>	Com- bined				
Japan as sender country—Rank orders for countries towards which Japan's actions are directed.									
So. Korea	4.5	3.5	3	2	1.5	3	2.6	1	
Taiwan	6	3.5	2	3	1.5	2	2.7	2	
Indonesia	1	2	1	6	3.5	4	3.0	3	
Thailand	3	1	4	4	3.5	5	3.7	4	
Philippines	7	10	5	1	5	1	4.5	5	
Malaysia	2	5	6.5	5	6	6.5	5.1	6	
Singapore	4.5	6	6.5	7	7	6.5	6.2	7	
Cambodia	11	8.5	8	10	8	8	8.8	8	
Laos	9	7	9	11	9	10.5	9.4	9	
Burma	9	8.5	11	9	10	10.5	9.9	10	
So. Vietnam	9	11	10	8	11	9	10.0	11	
Japan as receiver country—Rank orders for countries as sources of actions upon Japan.									
So. Korea	1	3.5	na <sup>g</sup>	2	1	1.5	1.1	1	
Taiwan	4	3.5	na	3	3	1.5	2.9	2	
Thailand	2	2	na	4	2	6	3.0	3	
Indonesia	3	1	na	6	4	4	3.9	4	
Philippines	9	7.5	na	1	5	3	5.6	5	
Singapore	5	5	na	7	6	6	5.7	6	
Malaysia	6	7.5	na	5	7	6	6.5	7	
Burma	7	7.5	na	9	8	9.5	8.1	8	
Cambodia	10	7.5	na	10	9	9.5	9.4	9	
Laos	8	10.5	na	11	11	9.5	9.9	10	
So. Vietnam	11	10.5	na	8	10	9.5	10.1	11	

<sup>a</sup>Derived from JAPAN POLITICAL/DIPLOMATIC MATRIX (Table G18).

<sup>b</sup>Derived from JAPAN ECONOMIC MATRIX (Table G19 - part a.).

<sup>c</sup>Derived from JAPAN ECONOMIC MATRIX (Table G19 - part a.).

<sup>d</sup>Derived from Table G1 (part b.).

<sup>e</sup>Derived from JAPAN COMMUNICATIONS/CULTURAL MATRIX (Table G20).

<sup>f</sup>The final average for each country is the arithmetic mean of the rank orders for each of the three categories: Political/Diplomatic, Economic (Combined), and Communications/Cultural, with Economic (Combined) being given double weight. A separate SUM AND RANK table for Japan and the eleven East Asian states was not prepared. This information is included within each of the matrices.

<sup>g</sup>Not applicable.



and Indonesia are both striking and impressive—the more so to the extent that this result was not expected. Indeed, Indonesia appears in one respect even to rank ahead of Taiwan as a focus for Japanese attention (particularly because of the extraordinary amount of Japanese political and diplomatic activity directed recently toward Djakarta), and Thailand ranks ahead of both Korea and Taiwan in one aspect of Japan's economic interactions.\* These points underscore the conclusion that, along with Korea and Taiwan (territories which have been at the forefront of Japanese thinking for generations), the two East Asian nations with which Japan interacts most today are Thailand and Indonesia. These states are, of course, the same two that in earlier chapters showed the highest interactions with all other East Asian nations.

Particular force is given to this finding when the order in which Japan interacts with the 11 East Asian nations is further compared with the rank order developed from earlier, non-Japanese data. After taking into account the expected fact that Korea and Taiwan will be at the head of any interaction ranking prepared from Japan's viewpoint, the two lists are almost identical. Only Vietnam, which because of its intensive diplomatic activity and political efforts had ranked as high as the middle category before, appears in a significantly different place-rank when the transactions are examined from Japan's viewpoint. In Japan's perspective Vietnam is at or near the bottom of the list—along with Burma, Cambodia, and Laos. That is the same place-rank scored by those three in those earlier chapters, which examined interactions among the 11 nations excluding Japan.

As in any research, consistency between two sets of findings tends to be mutually reinforcing. The attention drawn earlier to Thailand and Indonesia (on the basis of their high interactions with East Asian nations excluding Japan) is therefore reinforced by the high rank these two states also occupy in the scale of Japan's relations with all East Asian states. This further suggests that because Japan also accords to Indonesia and

\*The category referred to is that of Japan as sender, "General Economic Variables," which includes a number of transactions between Japan and the East Asian states, specifically: formal trade agreements, ongoing conferences, economic delegations, and branches of overseas banks.

Thailand a degree of interest second only to its most intense and traditional concerns with Korea and Taiwan (as reflected and judged by the degree to which it now interacts with Thailand and Indonesia), there is added weight to the tentative judgment reached earlier: that Indonesia and Thailand are of special significance in East Asia.

#### The Ranking of Japan's National Interests

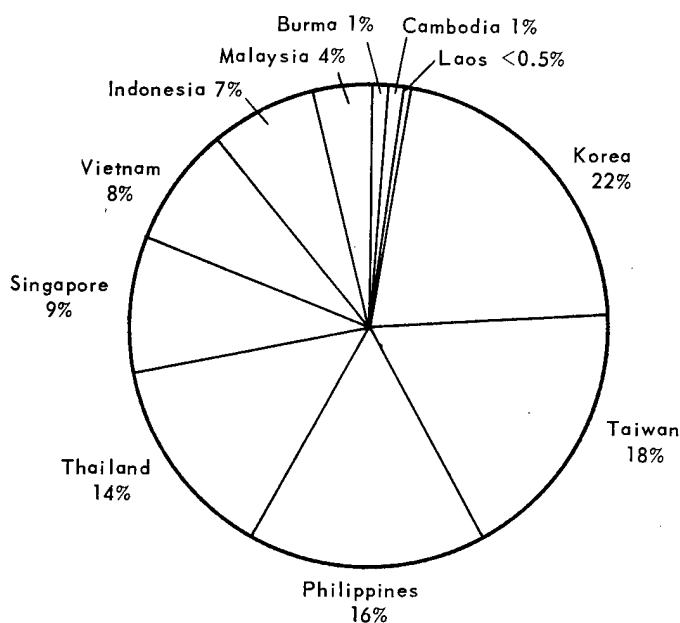
The attention just drawn to Thailand and Indonesia, while it has very important implications for US thinking about Asia, should not be taken to suggest that in Japanese thought they are equivalent with the importance of Korea and Taiwan. Instead, it has to be stressed that informed and responsible officials and specialists in Japan (including many with whom there were conversations in connection with this study)<sup>21</sup> draw a sharp distinction on the map of Asia when they consider those places whose affairs may impinge upon the interests and security of Japan.

With increasing frankness, Japanese are prepared to concede what has long been tacitly understood: that among the nations of East Asia, Korea and Taiwan are regarded in a national interest category quite distinct from all others. It may be too much to suggest that the security of those two is regarded as identical in importance with Japan's own territory (including Okinawa), but this approaches a distinction without a difference. In the course of this study, for example, conversations were held with numerous officials and knowledgeable observers on the question of the locale and focus of Japan's security interests in East Asia. Regularly the point was made by Japanese that whatever is thought of China and the Soviet Union as potential adversaries, and whatever is thought of other East Asian states whose affairs affect Japan, all considerations must begin with a fundamental proposition: nonhostile relations with Korea and Taiwan are regarded as an indispensable requirement. In essence, a first-priority national interest circle has been drawn, and its perimeter includes Korea and Taiwan.

To be sure, many thoughtful and concerned Japanese, particularly those who are apprehensive about the implications of a US posture of increasing disengagement from Asian defense responsibilities, are prepared to think beyond this first Japan-centered circle. When that is done,

the high-interaction states to which the study has pointed—Indonesia and Thailand especially—are the center of attention.<sup>22</sup> But always the stipulation is made that Japan's concern with those states is less emotional and intense, and by no means as widely understood, as with Korea and Taiwan. It is, in other words, a concern of a qualitatively different kind.

This long-standing Japanese concern with Korea and Taiwan, historically based in political, cultural, and security factors, is impressively buttressed today by Japan's contemporary economic relationship with the two countries. During 1967-69 the value of Japan's exports to Korea and Taiwan combined accounted for 40 percent of the total value of Japan's exports to all East Asia. Figure 19, shown next, illustrates the national shares of Japan's East Asian exports.



**Fig. 19—The Relative Share of East Asian Nations  
in Japan's Exports to Asia, 1967-69**

(By value)

SOURCE: Table G1 (part b), App G.

A roughly similar distribution would be shown for Korea and Taiwan if Japan's investments were shown: the two now account for approximately 35 percent of the total value of those investments in East Asia. And

here, too, there is a qualitative difference apparent when comparing Japan's investments in Korea and Taiwan with the funds that flow to Southeast Asia. Capital is anxious to move into Korea and Taiwan, and the emphasis is on loans and direct investments—particularly in medium and light industries. In Korea, after restrictions on Japanese investments were lifted in December 1968, funds flowed in so quickly that by September 1969 Japan's investments had outstripped those of all other nations.<sup>23</sup>

In Southeast Asia, in contrast, Japan's investment emphasis has been characterized by grants, reparations payments, and technical assistance—often with the emphasis on the extractive industries.<sup>24</sup> Indonesia, at present the focal point of Japan's Southeast Asian investments, is illustrative: Japan's primary concern here is with oil, mining, and other mineral projects. A similar interest has developed in the Philippines, particularly with regard to timber.

One consequence of this pattern is that some Southeast Asian leaders are increasingly apprehensive about the prospects of Japanese economic exploitation and dominance. This is particularly apparent in the sense that Japan's emphasis on the extractive industries contributes relatively little to the development of local skills. Another potential consequence is that some portions of Southeast Asia—Indonesia most clearly—may come to be regarded in Japan as regions of vital resource significance to Japan's industrial base. It is already common to hear arguments in Tokyo that because of the need to import oil through the Strait of Malacca, the security of the Thailand-Malaysia-Indonesia region is vital to Japan. Should Japan's direct dependence on natural resources in that region increase, added weight will be given to the argument.

For the time being, however, the general distinction to be made is that Japan's economic activities in Korea and Taiwan, and the intense economic relationship with those two states, bear many of the earmarks of Japan's domestic economy, while Japan's involvement in Southeast Asia has many more of the earmarks of a colonial relationship. And this difference reflects the essence of a broader distinction to be drawn—for it is apparent that in political terms Korea and Taiwan are regarded as somehow integral to Japan's most immediate and vital interests.

In contrast, and despite the incredibly rapid growth and already major size of Japan's involvement in other portions of East Asia, the Japanese have not yet been forced—either by the nature and scale of those involvements or by any external circumstances—to consider whether their nation's vital interests may extend to a second and more outlying geographic sphere. To the extent, however, that such a requirement develops, it will be reasonable to expect Japan's interest to focus largely on those nations in Southeast Asia where, as the transaction findings show, there is already so much Japanese attention.

## Chapter 6

### ASIAN INTERACTIONS AND UNITED STATES INTERESTS: Qualitative and Quantitative Findings Combined

A major purpose of this study has been to suggest which states in East Asia, from the viewpoint of those nations themselves, are regarded as most and as least important. The findings so far have been able to identify, from the perspective of every nation in four major fields of international relations, the other states with which it has the most and least contact. Because of Japan's unique importance in East Asia and to the US, Japan's transactions with all the noncommunist nations of East Asia were analyzed separately in order to determine with which states Japan has the most and least intense relationships. On the basis of those portions of the study, in which the measurable interactions among nations have been identified and analyzed, a number of tentative findings already have been suggested.

Simultaneously with those portions of the study, moreover, a parallel effort was undertaken. This was designed to contribute to a further understanding of the nature, style, and quality of the relations among the nations whose measurable transactions were being examined. This parallel effort, which drew heavily on a large number of interviews and conversations with senior officials, government leaders, and non-government specialists in many countries of East Asia, culminated in final interviews in those nations during June and July 1970.

The purpose of these most recent interviews was to add to the findings which the senior author has derived from similar, nearly annual discussions in East Asian capitals since 1962.<sup>25</sup> In almost all such earlier interviews, questions to officials and others were directed toward a wide range of aspects of intra-Asian relationships and foreign policies. Beginning with those conducted in mid-1969, however, these

interviews were given an added focus, in anticipation of this study, and the interviews conducted in 1970 (wholly in connection with this research) continued in that direction. The relevant change was that in these two recent sets of interviews, respondents (including Foreign Ministers, a Prime Minister, and other Cabinet members in several governments) were encouraged to discuss all neighboring East Asian nations in specific rank-order terms.

It was not of course the purpose of these discussions to elicit, from senior officials and government leaders, comments on substantive and current policy issues between their governments and that of one or more of the neighboring states.<sup>26</sup> Instead, and bearing in mind those portions of the research concerned with the measurement of transactions (and the types of data and tentative findings that concurrently were being developed in that effort), it was sought in these interviews to add information and judgments that would help in the final assessment and analysis of the quantifiable data. For that reason, an approximately identical set of questions—designed to be of general rather than of merely current utility—was put to all respondents during the course of each discussion. Among these questions, though seldom in precisely the words that will be used here, were the following three:

(1) With which nation in East Asia (and its senior representatives) are your government's affairs most smoothly handled, and with which, conversely, is communication least easy? (Care was taken to stress that the focus of this question is less on the substance of negotiations and contact, and more on the process.)<sup>27</sup>

(2) Which nations, including developments affecting those nations, have the most, and the least, impact on significant aspects of your own national affairs and concerns? (When addressing this question, a number of respondents took the opportunity to rank-order most other East Asian states in terms of the "importance" of each to their own country's interests—in economic, political, and security perspectives.)<sup>28</sup>

(3) With which nations in East Asia has your government, over a recent period of years, had the most harmonious relations, and with which are contacts more often characterized by disagreements?

Finally, in those instances in which a respondent's official position or specialized experience might make him especially sensitive to the defense aspects of foreign policy, a fourth question was sometimes put:

(4) Which nation in East Asia, either by virtue of its own actions or developments affecting it, has the largest strategic significance for the security of your country?

Each of these questions, though they approach the problem in somewhat different ways, contains a single and related concern: to determine what if any concept of linkage (or articulation) may be seen to exist among the states of East Asia, as reflected in the views and experience of the region's leaders, and to identify the particular states with which such articulation is believed to exist.

These questions were posed repeatedly to officials in a number of different capitals, and to men with different perspectives and responsibilities, in order to learn whether consistencies and patterns would become apparent from their responses—and what those patterns might be. And more than that, of course, the aim was to compare these relatively subjective findings with the harder data generated by those portions of the research that analyzed measurable transactions among the nations. Such a comparison is essential in order not to rely solely on quantifiable data (which might not adequately reflect significant aspects of contemporary problems), and also to avoid being misled by the subjective impressions of respondents, whose desire and capacity for objectivity might be questionable.

#### THE RELATIVE SIGNIFICANCE OF THE STATES OF EAST ASIA

The completed results of this comparison are unambiguously clear, and point to two major findings of this study. The first is the strong indication that both from the perspective of the transactions analysis, as well as from the viewpoint of those who were interviewed, the nations of East Asia can be characterized as falling within three identifiable categories. The second is that both the qualitative and quantitative approaches tend to divide the nations into the same three groups—despite the very different methods of analysis used and the different labels applied to the groups that result. This will become more clear if the two basic perspectives are recalled.

From the first viewpoint, that of those specialists, senior officials, and Asian leaders who were interviewed, it was found that states were grouped according to the extent to which they are regarded as the nations that "count" or are significant in East Asian affairs. (Often, moreover, the states regarded as most significant are also those with which relationships are seen to be smooth, or at least workable.)



Consistently, it was found in interviews that three groups of states became apparent: (1) those states, uniformly the same few, that are regarded by respondents as "significant"; (2) others that almost universally were put into a category of decidedly little or no impact; and (3) a group of states that repeatedly were not placed in either category, but were regarded with ambiguity and little clarity.

From the other major perspective, i.e., from the measurement and analysis of transactions among 11 nations, it also became apparent that the states are best arranged in three groups. As would be expected, the grouping in this perspective centers on the extent to which the nations are highly involved or not in several aspects of East Asian affairs. As shown in earlier chapters, there are some states which consistently are highly involved in most or all categories of interaction, and an identifiable few others which always scored at the bottom of all interaction scales. Finally there was an apparent third or middle group consisting of states which, across categories, were regularly neither the most nor the least active nations.

The profoundly striking point, however, is that the identity of the states in each of the three groups suggested by both perspectives or analytic approaches tends to be identical. The high interactors, in other words, repeatedly were identified by respondents in the interviews as the nations that "count," or with which relations tend to be smooth and businesslike. And by the same token, the nations that were identified in the earlier chapters<sup>29</sup> as consistently low on all interaction measures have been regularly named as the states which either do not "count," or with which dealings are difficult, or both.\*

\*One exception has to be pointed out, and that is South Vietnam. While South Vietnam was almost universally identified as a low interactor, and normally regarded as of low significance per se, the political fate of South Vietnam is nevertheless accorded high interest among Asian leaders because it is recognized that the outcome of the war there will strongly influence the future of the US role in Asia. South Vietnam, in other words, is regarded as an indicator of US policies, and therefore takes on an importance much larger than any intrinsic significance of South Vietnam itself. Generally speaking, a demonstrated inability by the US to help South Vietnam maintain its independence in the immediate future would be regarded as a development of Asia-wide significance.

The import of this finding becomes apparent by recalling the states that were identified in earlier chapters as those whose behavior is characterized by high, medium, or low interaction. Without attempting to ascribe relative differences within each category, the nations falling into each can be identified in Fig 20.

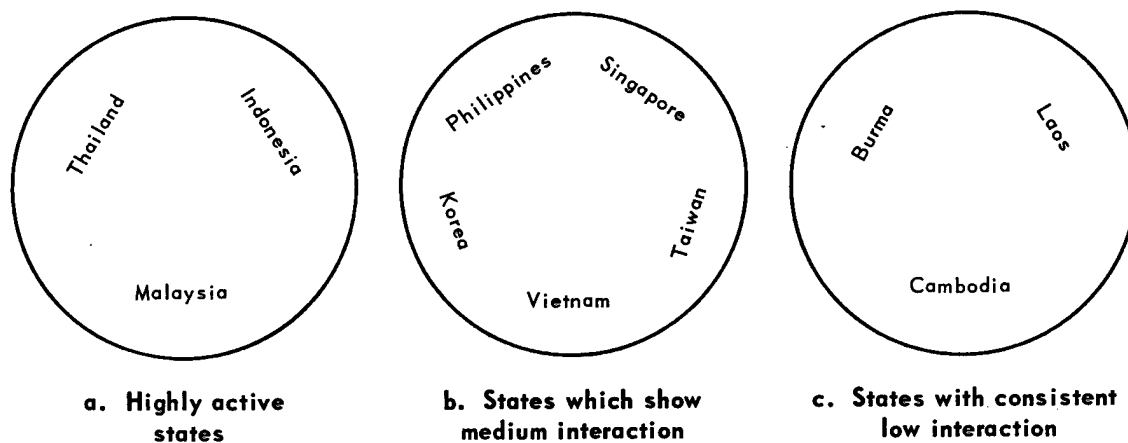


Fig. 20—Groups of States, by Interaction

Certain points need to be made about each of these groups, particularly to help broaden, and put into a context of most relevance, the findings suggested by the analysis of interactions, and considering first the "c" group: Burma, Cambodia, and Laos.

#### The States of Least Significance

Probably the most certain of all the results of this study is a strong consistency in all findings having to do with Burma, Cambodia, and Laos. In every respect, as has been said repeatedly, these three have been shown to be least involved in the major categories of East Asian interactions that were studied, and they are also the states uniformly regarded as having the least significance in the affairs of the region. This is not denying, of course, that military operations largely in connection with the Vietnam conflict have taken place on the territory of Laos for some years, and that operations similarly have taken place on the territory of Cambodia since April 1970.

Nevertheless, both Cambodia and Laos, as states, show a degree of interaction as low as that of Burma—widely regarded as the hermit state of Asia (justifiably so, as indicated by the findings on Burma's extremely low involvement in intra-Asian transactions)—and with few exceptions they are regarded by responsible East Asian leaders as representing no more significance in intra-Asian affairs than Burma. Even in Thailand, whose leaders presumably will be most sensitive to developments both in Laos and Cambodia, and with whom the writer has on numerous occasions spoken, there is an impressively low degree of pragmatic concern as to the central or vital significance of those two states as political entities.

Indeed, as the research for this study was being completed, the judgment on this point was illustrated dramatically by Thailand's negative decision in late 1970, regarding Cambodia's request (made by the new Cambodian government headed by General Lon Nol) for direct assistance by Thai armed forces for operations in Cambodia. That request came in the wake of the removal of Prince Sihanouk from power in Cambodia, and in response to threats to the successor Cambodian government by North Vietnamese forces and others (including Sihanouk) supported by Hanoi and Peking. Although in most respects General Lon Nol is much more highly regarded in Bangkok than was Prince Sihanouk, and recognizing that many factors went into the decision, Thailand's Foreign Minister and Prime Minister announced nevertheless in September 1970 that no Thai troops—whether of Cambodian "ethnic" descent or otherwise—would take part in Cambodian military operations.<sup>30</sup>

Without suggesting that there are no circumstances that would lead the Thai government to deploy armed forces in significant size into Cambodia, it should be added that the decision reached in September 1970 was consistent with findings gained in the interviews in Bangkok in June of that year, when presumably matters affecting Cambodia were also at the forefront of Thai leadership thinking. The decision ultimately reached by Thailand reinforces the broader point that should be stressed (for this is not the place to undertake a further discussion of Cambodia per se): to emphasize that along with Burma and Laos, Cambodia is uniformly regarded as a state of the lowest significance and relevance by East Asian leaders. This judgment, of course, is paralleled by the analysis of interactions in East Asia: from Japan's viewpoint, as well

as from the perspective of the 11 nations we examined excluding Japan, it is clear that Burma, Cambodia, and Laos are the least involved and interactive with the remaining East Asian states.

#### The Medium-Interacting States and Special Considerations

As already seen, when interactions were examined from the viewpoint of the 11 nations excluding Japan, five states consistently appeared as medium-rank interactors: Taiwan, South Korea, Singapore, the Philippines, and South Vietnam (though not necessarily in that order). When interactions were examined from the viewpoint of Japan, this rank-order altered somewhat, in that Korea moved to top place, and Taiwan also moved to a high place in terms of its interactions with Japan. This is also reflected in qualitative terms, for Japanese leaders regard both Korea and Taiwan (with emphasis on the first) as nations of critical concern to Japanese interests. This Japanese view of Korea has long been understood, and the empirical findings of this study may be regarded as additional evidence on the point.

South Vietnam, which generally ranked on the lower end of the interaction scales, is nevertheless accorded a special role in the view of other Asian states. As remarked already, however, any importance attached to South Vietnam derives not from its intrinsic role or behavior in East Asian affairs, but from the extent to which US ability to help South Vietnam maintain its independence in the immediate future is seen among East Asian leaders as an indicator of the future US role in the region.

Singapore's medium rank in all but the category of economic transactions reflects its well-known role in the region. Little political significance is accorded Singapore by most other Asian leaders, and Singapore is in no sense regarded as a political bellwether. Nevertheless, its geographical location and the nature of its population suggest that developments affecting Singapore are most usefully considered within the broader framework of Indonesian-Malaysian affairs.

The Philippines ranked as a medium-interactor both in terms of its transactions with Japan and with the other ten nations. This quantitative finding is also reflected in the qualitative analysis, for other Asian leaders do not accord the Philippines high political significance either to their own interests or to the region. Although it has bilateral

and multilateral treaty relationships with the US, the Philippines role in the international relations of East Asia is ambiguous and uncertain. It is not a bellwether.

#### The Highly-Active and More Significant States

In addition to Japan, whose involvement in all categories with other nations throughout the region is major, and in some cases dominant, the other East Asian states which showed the highest level of interactions were Thailand, normally followed closely by Indonesia, and in some lesser respects Malaysia. Thailand is unique because of the geographically wide pattern of its interaction: it has high involvement with both the states of Northeast Asia as well as those in Southeast Asia. Moreover, Thailand and Indonesia are clearly and widely regarded by other Asian leaders as states of political importance.

Reflecting the geographical spread of Thailand's involvement in East Asia, it can be designated—along with Japan—as a "system-wide" actor in the international politics of East Asia. In important respects Indonesia ranks with it, and the trends of Indonesia's relationship with Japan, as well as the importance which Japanese leaders increasingly express toward Indonesia, suggest a near-equivalence with Thailand in some regards. Malaysia, although ranking fairly high in all interaction categories among the 11 nations first examined, does not possess this close involvement with Japan. Although Indonesia and Thailand are sensitive to developments affecting Malaysia, it is not a state widely regarded as of high political significance among Asian leaders.

## REFERENCES AND NOTES

1. A study by RAND prepared originally for the Office of the Secretary of Defense, Assistant Secretary for International Security Affairs (OSD/ISA) uses the term: "preventing any one hostile power from dominating the region as a whole," Melvin Gurtov, Southeast Asia Tomorrow: Problems and Prospects for US Policy, Johns Hopkins Press, Baltimore, Md., 1970, p 102. Fred Greene, on the other hand, uses the phrase adopted by this author and many others; Greene writes that "it is the hypothesis of this book that U.S. security is closely linked to Asia's ability to avoid domination by any one power. . ." Fred Greene, U.S. Policy and the Security of Asia, McGraw-Hill Book Co., New York, 1968, p 36. In my own writings I have found it most accurate to use the phrase "the prevention of one-nation dominance" to describe the US interest in East Asia. See Bernard K. Gordon, Toward Disengagement in Asia: A Strategy for American Foreign Policy, Prentice-Hall, Inc., Englewood Cliffs, N. J., 1969, Chap. Two, p 68. As pointed out there, former President Lyndon Johnson, in a major speech in 1966, said that "No single nation can or should be permitted to dominate the Pacific region" (from a speech at East-West Center, 17 Oct 66, reprinted in Dept of State Bull., 28 Nov 66, pp 812-816).
2. Statements of this familiar proposition can be found in the recent writings of at least two prominent historians of the US involvement in East Asia, both of whom have had senior positions of responsibility in the US government: E. O. Reischauer and F. W. Greene. For example, Greene,<sup>1</sup> writes that "the primary long-range American purpose is to keep Japan and the Indian subcontinent from falling under Chinese domination," and that "to counter the first postwar threat in the Pacific—a resurgent Japan—the United States concluded a group of pacts in 1951-52," p 39 and p 21 respectively. Reischauer, The United States and Japan, writes that Japan's growing economic potential and other factors may "prove decisive factors in the Far East. . . . It could be convincingly argued that Chinese Communist hostility and Southeast Asian crises are matters of less serious consequence to the United States and the rest of the world than Japan's friendship or hostility," Harvard University Press, Cambridge, Mass., 1965, p 330.
3. More detailed discussion on these points can be found in Gordon,<sup>1</sup> pp 125-27 and 170-71.

4. The wealthy and dynamic West German economy, for example, directs almost two-thirds of its foreign investment into West European countries and more than 50 percent of all its trade to the European Economic Community/European Free Trade Area (EEC/EFTA) region. See the special section, "Germany in Asia," in the Far Eastern Economic Review, 28 Aug 69. As we will see later in this study, Japan occupies a similar position of preeminence in the economic profile of East Asia.
5. This view is based both on Professor Reischauer's writings and his oral comments on the subject, which were expressed on several occasions during 1969-70, when Mr. Reischauer and the senior author participated in meetings of a Study Group on Asia policy sponsored by The Brookings Institution. For Mr. Reischauer's written views, see his Beyond Vietnam: The United States and Asia, Vintage Books, New York, 1967, pp 45-55.
6. See App A for a statement of the values assigned in each of the categories.
7. RANK ORDERS for each country as sender and receiver in every category are listed in Tables F1-22, App F.
8. The final rank order for each country is the unweighted, arithmetic mean of the rank orders for each of the categories. Averages were taken from the relatively less precise rank orders rather than from the interval (percentage) data because the latter would imply a level of accuracy incommensurate with the type of data available. These final rankings are intended to reflect approximate orders of priority rather than to be precise, quantitative measures of priority.
9. For data in the field of Japanese-East Asian Diplomatic and Political transactions see BASIC DATA (Tables B1 through B3, B5, and B8) App B.
10. For transaction data in the Communications/Cultural field see BASIC DATA (Tables B34-35, B39) App B, and JAPAN (Tables G18-20) App G.
11. The only subcategory in which there are recorded transactions for Japan is "Military Visits." See BASIC DATA (Table B32) App B.
12. Also important in this context are Keizai Doyukai (Japan Committee for Economic Development) and Nikkeiren (Japan Federation of Employers' Associations).
13. As reported, for example, in Asian Almanac, 8 (3): 4080 (25 Jul 70).
14. See BASIC DATA (Tables B9 through B11, B13) App B.
15. The authors owe particular thanks to Dr. Saburo Okita, President of the Japan Economic Research Center in Tokyo, as well as to Mitsuhiro Kagami and others at the Institute of Asian Economic Affairs, and to Professor Ryokichi Hirono of Seikei University, whose work on Japanese investments abroad has been central to a study sponsored by the Asian Development Bank.
16. Even aside from the very significant difficulties in gathering accurate and current data, the problem is especially complicated in considering Japan's East Asian economic relations by the major role

that has been played by reparations payments during the past two decades. Another complication derives from the not uncommon practice of regarding as an "investment" what may be merely the extension of a line-of-credit by an import-export house (such trading companies are an especially prominent feature of Japan's foreign economic activity in East Asia today), or by including as a "foreign investment" the value of such trading companies' warehouse stocks abroad. Where possible, we have sought to distinguish such "investments" from more orthodox uses of the term. By that we mean the actual emplacement in an overseas location of physical plant, or the allocation of finance capital to a foreign industrial and/or business venture, in which the major share of the economic activity is centered in the foreign location.

- 17 Excerpts from address reprinted in Japan Report, XV (22): (1 Dec 69).  
Several months later, at the Fifth Ministerial Conference for Economic Development of Southeast Asia, Japan's Foreign Minister announced that Japan would make every effort to increase its foreign aid to 1 percent of its GNP by 1975.
18. As reported in Nikkon Kogyo Shimbun, 29 Mar 70. It should be added that leading Japanese are themselves impressed and caught somewhat unprepared by the rapidity with which their entrepreneurs recently have begun to expand operations in East Asia. In the Foreign Ministry and elsewhere there is concern that justification will be given to the opprobrious "yellow Yankee" label sometimes applied to the Japanese by other Asians.
19. The data on which these tables are based were collected in Japan and in several other East Asian nations, through the cooperation of a number of leading officials in central banks and similar institutions. We are particularly grateful to Mrs. Suparb Yossundara and Dr. Amnuay Virawan in Thailand; to Professor Mhd. Sadli in Indonesia; to Professor Ryokichi Hirono in Japan; and to Benjamin B. Domingo in the Philippines.
20. There are numerous examples of this view. A recent one by a long-experienced commentator makes the point succinctly, and lists "nearby neighbors Korea and Taiwan" in first place, after remarking that "Japan's foreign policy . . . is directly a function of geography. The world seen from Tokyo divides itself into five areas of major importance . . ." Richard Halloran, Japan: Images and Realities, Charles E. Tuttle and Co., Tokyo, 1970, pp 201-02.
21. These conversations represented a continuation of meetings during the past several years in connection with RAC studies.
22. While Indonesia in particular was ranked high by almost all Japanese respondents, it is interesting that some specialists and officials in Japan—notably those whose responsibilities are in economic affairs—increasingly draw attention to Japan's concern with the Philippines. In large part, as is mentioned below, this interest derives from Japan's interest in the extractive industries in the Philippines, and in any event it is clear that no longer is the Philippines regarded in Tokyo as an extension of the US economy.



23. According to figures of the Korean Economic Planning Board, reported in the Far Eastern Economic Review, 26 Mar 70. Movement into Taiwan is similarly active: small investments alone, which require no Japanese government regulation, reportedly reached \$61 million by the end of 1969. See Mainichi Shimbun, 17 Jun 70.
24. Details on reparations and grants can be found in JAPAN (Tables G4 through G6) App G. For an excellent treatment of Japan's investments in Asia see "Essays on Japan and Asia," by Saburo Okita, Japan Economic Research Center, 1970. For data on investments in Indonesia see BASIC DATA (Table B17) App B.
25. These discussions were in connection with research in which the senior author has been engaged during the past several years—focusing on the international relations of East Asia (specifically Southeast Asia), and the nature of US policies in that region. Some of this research is reflected in two books (Ref 1 and The Dimensions of Conflict in Southeast Asia, Prentice-Hall, Inc., Englewood Cliffs, N. J., 1966).

While it would be impractical and inappropriate to list all officials interviewed recently on these subjects, mention should be made of those with whom there have been several or lengthy discussions. These include the Foreign Ministers of Indonesia, Thailand, Singapore, and the Philippines and Tan Sri Ghazali Shafie in Malaysia; Generals Murtopo and Panggabean in Indonesia; and the chiefs of relevant divisions in the Japanese Foreign Ministry. Extensive conversations have also, of course, been held with the staffs of these officials during the past several years, and with numerous others, including US and other Ambassadors in East Asian posts and senior officials in Washington.

26. It must be conceded, of course, that whatever the desires of the researcher, some leaders will wish to speak out on current and sometimes sensitive issues. Their views are always interesting, and it betrays no confidence, for example, to recall that over the years Thai leaders have been willing to discuss with the writer current problems in connection with Cambodia! Similarly, during the Konfrontasi of 1963-65, it was found that both Malaysian and Indonesian leaders were anxious to discuss, with foreign researchers, the other nation deficiencies.
27. For example, even in a relationship of substantive difficulty, contact may be facilitated by a common language or other important factor—or, as one experienced official remarked about a neighboring state, the fact that "they are always well prepared . . . we know what they want."
28. With some officials, with whom the writer has enjoyed an opportunity to speak frankly over a period of years, this question was discussed in quite blunt terms. More than one Foreign Minister took the opportunity, in reflecting on this question, to identify the Asian nations (if any) in which a most severe negative development—such as the forceful removal of the government, or an outright invasion or armed attack—would have severe consequences or "shock wave" effects in his own country. Conversely, one Minister (with whom the writer

has spoken regularly since 1962) at first mildly bristled at the implied request to "give you a list of countries"—and then proceeded to rank the relevant half dozen in a way that reflected long and deep thought and much sensitivity.

29. The reference here is to these portions of the study that dealt with the 11 East Asian nations excluding Japan.
30. A useful discussion on the decision, including an interview with Foreign Minister Thanat on the point, will be found in the Christian Science Monitor, 12 Sep 70. In the interview, the Minister stressed that "only in the last extremity, when the question is absolutely life and death," would Thailand consider the deployment of troops to Cambodia. Acknowledging the differences that characterized the Thai leadership on this issue for several months, Thanat reported that the debate was resolved in favor of giving first priority to political and diplomatic means to deal with the problem in Cambodia.

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This bibliography is divided into two parts. Part I is arranged alphabetically by country and includes items normally specific to one nation. Part II, arranged by category of publication, includes items that normally include material pertaining to several states. Also included in Part II are general reference works and materials that pertain to categories of state activity.

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