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USPACOM STRATEGY FOR THE YEAR 2010

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## PREFACE

A. USCINCPAC needs a comprehensive, new security strategy to shape rather than to react to military, political, economic, social, and technological changes that will occur in the Asia-Pacific security environment during the next twenty years.

B. The purpose of this project is to determine USPACOM actions and recommendations for national action to achieve a plausible, desired future in 2010. Starting with a description of today's world, historical trends, and indicators, we describe a likely future based on an assumed absence of significant policy changes. We then develop a plausible, desired world based on our knowledge and recent statements of U.S. national interests. In the final step we develop strategies and actions to move us from today's world toward the desired world of 2010.

C. In response to world changes, particularly in the Third World and communist nations, this project will be updated periodically.

## ACKNOWLEDGMENTS

The findings and recommendations of this report are based on a collection of data and contributions from many sources and people. Singularly valuable contributions were made by Mr. Lee Endress and CAPT Pete Sandrock, USNR, whose papers on Japan and nuclear weapons policy I shamelessly incorporated into this report.

In recent months, we conducted a number of strategy brainstorming sessions with members of the USCINCPAC staff. The ideas that came out of those sessions have in large part become study recommendations. Particularly valuable session contributors were:

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## EXECUTIVE SUMMARY

A. BACKGROUND. The forty-year global rivalry between the USSR and the U.S. is becoming less military and ideological and more political and economic. In Asia, the formerly bi-polar East-West rivalry is becoming multi-polar as regional nations emerge as competing political, economic, and military powers in their own right. In the next twenty years, India may assert hegemony in the Indian Ocean littoral, Japan may achieve the ability to project military power, Indonesia's population pressure may threaten Australia, nuclear-free zones may proliferate, and U.S. Pacific forces may pull back from their current forward positions in Asia. China, Japan, and India may become the predominant political, military, and economic powers of Asia, and the Korean peninsula may be devastated by another war or reunified. To deal with changes in the global power balance, as well as recent Soviet initiatives, the U.S. must develop a new Asian security agenda to foster a regional environment in which the U.S. can continue to exercise its role as the leader of the free world.

### B. TRENDS AND INDICATORS

1. Reshaping of the Global Economy. Economic power is the foundation of political and military power. Historical trends show USSR, EEC, and U.S. shares of world product declining steadily since 1950, while the shares of Japan, China, and several developing countries have been increasing. Japan and the Four Tigers (Singapore, Hong Kong, Taiwan, and South Korea) have exhibited spectacular economic growth. However, these rapid risers are more fragile than the older powers in their dependence on raw material imports. Trends imply that Japan and China will emerge as major world powers in the next century. European nations, Communist or not, will continue their relative decline. By 2010, major world power centers probably will be the USSR, China, EEC, U.S. and Japan. As power centers shift, the nations of the world move toward a new international political order. Continually increasing world population is stressing food production and surpassing capacity increases due to the green revolution. Economic interdependence of nations is becoming increasingly important.

2. Regional Independence and Nationalism. Emerging newly industrialized countries (NIC) and lesser developed countries (LDC) are showing increases in independence, nationalism, and trade protectionism. Some LDC believe that foreign influences from helping nations will change LDC societies and diminish national identities. A resurgence of latent national pride has been fueled by increased economic and military muscle. Many smaller nations fear that larger economic and military powers will swallow or annex them. Another observed trend is the resurgence of religious fanaticism. A manifestation of these changes is heightened anti-Americanism. In most cases political maturity has lagged behind economic development.

3. Arming of the World. NIC and LDC military spending per GNP exceeds that of the major world powers. The only exception is Japan, the world's third largest military spender, whose military outlays grow five percent

annually. By 2010, more than half of the world will have modern conventional weapons, many of the most advanced types. Global proliferation of modern weapons will lead to longer, deadlier wars between regional powers less subject to superpower control. More than twenty major nations will have chemical weapons, and the nuclear weapons club will have grown. Superpower intervention against well-armed regional powers will become increasingly risky and costly.

4. Soviet Reforms. Progress in the near term will be modest. Solving Soviet economic stagnation and structural problems will take at least a generation. As currently structured, the USSR will not catch western industrial nations economically. Major structural changes, such as decentralization, will have to occur. These changes will lead to enormous upheaval with unpredictable consequences, some already manifest in regional unrest in the Soviet Union and Eastern Bloc countries. Without fundamental structural changes, the Soviets will continue to experience economic decline, and Gorbachev could be replaced. Indicators of reform success would be: decentralization of political and economic power; significant military force cuts; autonomy for disparate ethnic groups; minority rights and liberal immigration; freedom of speech, thought, and religion; and Soviet tolerance of eastern European unrest. Today, the police power of the Soviet state remains unaltered. Economic reforms will lead to political reforms only if the USSR becomes consumer oriented.

Soviet reforms do not have the goal of making the world safer for democracy, nor will they necessarily increase the prospects for peace. The purpose of these reforms is to make the Soviet system work better. The Soviets have not reduced defense spending; perestroika production changeover (military to consumer goods) so far is not evident. The Soviets continue to produce significantly more weapon systems than we, and there are no signs that their weapon improvements will abate. The 1986-90 five year plan shows continued growth in military output and continued decline in consumer goods production. We should not misjudge Gorbachev's long-term objectives. He ended his speech on the seventieth anniversary of the Bolshevik revolution by saying: "In October 1917, we parted with the old world, rejecting it once and for all. We are moving toward a new world, the world of communism. We shall never turn off that road." At most, the West has 10 to 20 years to exploit a pause in Soviet expansionism. Thereafter, the West may face a revitalized Soviet Union once again on the road to world domination.

5. Anti-nuclear and Peace Sentiment. As the perception of the Soviet threat decreases, U.S. allies and friends are leaning toward non-nuclear policies, and the U.S. NCND policy is becoming less tenable. Sentiment for Zones of Peace, Freedom, and Neutrality (ZOPFAN) and nuclear-free zones is increasing throughout Asia.

6. Demographic Changes. By 2010, world population will be about seven billion; nearly half will be living in urban areas. Rapid urbanization has been accompanied by political and social instability, vulnerability to terrorism, crowded living conditions, spread of contagious diseases, high unemployment, inadequate sanitation, environmental pollution, high crime and drug use, and prostitution. All of these conditions have increased demands

on usually overextended governmental social services. These urban areas are breeding grounds for violent upheaval. Drugs, in particular, are becoming a major threat to U.S. welfare.

The populations of the industrial and post-industrial nations are aging. Aging implies reduced productivity, increased taxes on workers, and more social welfare for retirees, assuming that governments will not ignore their citizens' social needs. The social services demands of these populations are increasing. In the Western nations, medical costs have been increasing more rapidly than national product and incomes. Activism for national medical care is rising. Many European and British Commonwealth nations already have instituted national medical care.

7. Technology Improvements. About 90 percent of all scientific knowledge has been developed since 1950. That knowledge will double by the year 2000 and continue to grow exponentially. Some developments to expect are superconductors, synthetic fuels, fusion reactors, reliable artificial human organs, eradication of major diseases, new crop strains, computer miniaturization, artificial intelligence, neuron processors, robotics, space labs, humans on Mars, composite and plastic aircraft and automobiles, and ceramic engines.

Military technology will also improve. Further exploitation of microelectronics and directed energy will lead to greater precision, range, and destructiveness of weapons. With coming generations and proliferation of chemical and biological weapons verification of arms control compliance will be almost impossible. Practically everyone now has the capability to make these weapons cheaply. Significant improvements will occur in:

- (a) Stealth technology
- (b) Tank armor and robotics
- (c) Space platforms and weaponry \*
- (d) Submarine technology
- (e) Biological and chemical weapons
- (f) Cruise missiles; range, accuracy, payload
- (g) Weapon precision
- (h) Directed energy weapons
- (i) High speed ocean transit vessels
- (j) High-polymer plastics applications

### C. A DESIRED FUTURE

1. In an ideal future, the U.S. would be in about the same position it was during the era after World War II - the most powerful nation of the world. Such a world is no longer possible. The desired world of 2010 must be achievable and consistent with the trends of less U.S. military spending, reduced Soviet military threat, and increasing multi-polarity of world power.

2. In the desired world of 2010, the U.S. economy would be better off than today, and U.S. influence and access would continue in all spheres and areas of Asia (as well as the rest of the world). Japan would be a

cooperative economic partner of the U.S. with a more open, consumer oriented economy. Japan would not need nor develop military power projection forces. The USSR and its client states would be less threatening to the West. Eventually, the Soviets would achieve some socio-economic improvements and perhaps a political reorientation less bent on world domination.

3. In Asia, tensions on the Korean peninsula would be reduced, with or without reunification. China, in spite of recent internal problems, would lean more toward the West. Third World nations would seek economic progress instead of political-military power through arming themselves. In general, one would hope for worldwide arms reductions consistent with a stable balance of power, decreasing terrorism, and a proliferation of market economy and democratic principles.

#### D. STRATEGY AND ACTIONS

1. NUCLEAR DETERRENCE. The U.S. nuclear deterrence strategy, in its various forms since 1945, has been successful. Its main themes have been strategic sufficiency and non-strategic capability to deter and retaliate. This strategy, combined with arms control initiatives, should suffice for the future.

2. CONVENTIONAL DETERRENCE. The U.S. conventional deterrence strategy for mid- and high-level conflicts has rested on sufficient forward forces, overseas influence and access, strong alliances, and the threat of overwhelming firepower in support of allies. However, with decreasing U.S. defense expenditures and eventual reduced overseas presence, the U.S. will have fewer forces to bring to bear in any single region. To deter potential aggressors, the U.S. should adopt a policy of horizontal escalation. That is, an attack against the U.S. or its allies in any one region of the world would result in reprisals against an enemy wherever he would be found.

3. WARFIGHTING. The worldwide momentum toward reduction of U.S. overseas forces and bases means that the U.S. may soon have to find alternatives to forward basing. The U.S. should develop fast, mobile, strike forces, and enhanced lift to reach distant trouble spots; increased forced entry capability; basing surrogates such as artificial islands and rapidly deployable, prefabricated base structures; and place more reliance on allied strength. Alternate military installations to project firepower practically anywhere on the globe would be space platforms. USCINCPAC also should explore a continuum of future alternative basing possibilities, ranging from minor relocations to total withdrawal from foreign soil.

4. DRUG SUPPRESSION. To combat drug influx and proliferation, the military's anti-drug mission should be significantly expanded. The military has resources uniquely suited to assisting law enforcement agencies with training, intelligence gathering, surveillance, interdiction, and destruction of drug traffic. USCINCPAC should aggressively pursue eradicating drug crops on government property. The U.S. should offer incentives, such as alternative crops and economic development, to counter lucrative drug businesses in source countries. If invited, the U.S. should participate in anti-drug military operations on foreign soil.



5. MILITARY INFLUENCE AND ACCESS. Maintaining U.S. influence and access continues as a mainstay of policy. This policy encompasses forward deployed forces, strong alliances, burden sharing, coalition warfare, and cooperative client forces. Two areas that require change in response to trends and indicators of the future are U.S nuclear weapons policy and security assistance.

(a) Nuclear Weapons Policy. NCND remains appropriate when nuclear weapons are a necessary component of deterrence and peacetime strategy. During wartime, whether or not allies or friends object to nuclear weapons aboard U.S. platforms is largely irrelevant. Tactical nuclear weapons aboard U.S. ships are no longer required to support national interests in peacetime. Removing these weapons from forward deployed U.S. ships would remove the cause of current and likely future disputes between the U.S. and its allies and friends.

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(b) Security Assistance. The allocation of security assistance is disproportionately skewed toward Israel, Egypt, and one or two other countries. Security assistance fund allocations should be more consistent with U.S. interests in Asia. In fact, the DOD should be prepared to barter decreased military expenditures for increased security assistance.

6. ECONOMIC INFLUENCE AND ACCESS. The economic threat to the U.S. may soon rise to exceed the military threat. Continued provision of U.S. security to nations in Asia as well as access to the U.S. market should be contingent on U.S. access to the markets of benefiting Asian nations. Continued U.S. provision of security for Japan tends to bound Japanese defense spending and ease Asian concerns about a remilitarized Japan. Soviet admission to the Asian economic arena should be tied to Soviet military threat reduction. The U.S. also should explore the ASEAN-U.S. Initiative as a model for the larger Pacific community of the future.

7. ASIAN POWER BALANCE. Historically, the U.S. has sought to maintain an Asian balance of power in which it is the predominant member with no other nation powerful enough to exercise regional hegemony. To maintain its position as the principal stabilizing power in Asia, the U.S. should strengthen its ties with Asian nations and discourage or impede:

- (a) A Sino-Soviet bloc
- (b) A threatening or dominant Japan
- (c) Emergence of other confounding powers
- (d) Revival of old rivalries
- (e) Strong military imbalances
- (f) Regional arms races

8. SOVIET UNION. In place of a strict containment policy, the U.S. should begin constructive engagement of the USSR, open USMACOM-Soviet military contacts, and undertake confidence building measures. Nevertheless, the U.S. should continue its policy of discouraging Soviet adventurism and minimizing Soviet pressure on neighbors through strong alliances and U.S. military presence.

9. INSURGENCY, COUNTER-INSURGENCY, AND ANTI-TERRORISM. To deal with the changing character of modern conflicts and the increasing frequency of low intensity conflicts (LIC) and terrorism in the future the U.S. should expand its missions, plans, forces, and equipment for a wider range of contingencies than global war. The U.S. should also continue to provide training and expanded security assistance to friendly nations for the same purposes.

10. POLITICAL AND IDEOLOGICAL INFLUENCE AND ACCESS. A significant departure from traditional roles would be to create and expand programs within the military to proliferate American political, ethical, and humanitarian values throughout the world. Some key initiatives, as performed by the military in some European and Asian nations, would be increased engineering, medical assistance, and disaster relief activities. The U.S. should send hospital ships throughout the USPACOM as well as the rest of the world.

## BACKGROUND

A. The forty-year global rivalry between the USSR and the U.S. is becoming less military and ideological and more political and economic. In Asia, the formerly bi-polar East-West rivalry is becoming multi-polar as regional nations emerge as competing political, economic, and military powers in their own right. In the next twenty years, India may assert hegemony in the Indian Ocean littoral, Japan may achieve the ability to project military power, Indonesia's population pressure may threaten Australia, nuclear-free zones may proliferate, and U.S. Pacific forces may pull back from their current forward positions in Northeast Asia. China, Japan, and India may become the predominant political, military, and economic powers of Asia, and the Korean peninsula may be devastated by another war or reunified.

B. To deal with changes in the global power balance, as well as recent Soviet initiatives, the U.S. must develop a new Asian security agenda to foster a regional environment in which the U.S. can continue to exercise its role as the leader of the free world. The purpose of this work is to develop recommendations for USPACOM strategy and actions leading toward a feasible desired world in 2010.

C. PROBLEM STATEMENT: USCINCPAC needs a comprehensive, new security strategy to shape rather than to react to military, political, economic, social, and technological changes that will occur in the Asia-Pacific security environment during the next twenty years.

## U.S. INTERESTS

A. The following lists of national security interests and objectives are adaptations of currently available statements prepared by the President and the Secretary of Defense.

### B. National Security Interests

1. Survival as a free, independent, secure nation, with fundamental values and institutions intact.

2. Peaceful and favorable resolution of disputes affecting national security.

3. Reduction of armaments throughout the world, consistent with U.S. interests.

4. Unimpeded access to foreign markets and resources for the U.S. and its allies.

5. Open exchange of ideas and information to encourage understanding among the world's nations.

### C. National Objectives

1. Safeguard the U.S., its allies, and its interests by deterring aggression and coercion. Should deterrence fail, defeat armed aggression and end conflicts on terms favorable to the U.S., its allies, and its interests, at the lowest possible level of hostilities.

2. Encourage and assist allies and friends in defending themselves against aggression, coercion, subversion, insurgency, and terrorism.

3. Ensure U.S. access to critical resources, markets, oceans, and space.

4. Reduce, where possible, Soviet military presence throughout the world. Increase the costs of the USSR's use of subversive force. Within the Soviet bloc, encourage changes leading to a more peaceful world order.

5. Prevent the transfer of critical military technology and knowledge to the Soviet bloc and other potential adversaries.

6. Pursue equitable, verifiable arms reduction agreements, especially emphasizing compliance.

7. Defend and advance the cause of democracy, freedom, and human rights throughout the world.

## U.S. INTERESTS

### D. National Strategy in the USPACOM

1. The pillars of current U.S. strategy in the Asia-Pacific region are:
  - (a) Conventional and nuclear deterrence
  - (b) Forward defense and deployments
  - (c) Allied solidarity and burden sharing
  - (d) World-wide linking of U.S. security interests
  - (e) Favorable war termination
2. Implicit in the USCINCPAC Warfighting Strategy for global war with the USSR are the two assumptions that:
  - (a) Taking the fight to the Soviets in Asia will have a favorable effect on a European conflict.
  - (b) Japan and other Asian allies will provide crucial support for the U.S.

ASSUMPTIONS - 1989 to 2010

These minimum assumptions are implicit in all of what follows.

1. General or global war is not likely. This study examines only those cases that exclude general or global war during the period till 2010.
2. Non-superpower nationalism is increasing throughout the world.
3. U.S. national security interests and objectives remain unchanged.
4. Breakthroughs in military technology that would confer a decisive advantage to any of the major powers will not occur.
5. The U.S. defense budget will continue at or below six percent of gross national product (GNP). The U.S. domestic impetus to limit defense spending will continue.
6. The international system will continue to be anarchical; that is, the sovereign state will be the highest form of authority.
7. The dynamic of power will continue to be primarily political, economic, and technological change.

## TRENDS AND INDICATORS

A. Preamble. This section provides the background and common framework for the development of likely and desired futures. The preceding assumptions and what follows preclude any catastrophic or large-scale destabilizing events that would render prognostication on the basis of observable trends inaccurate or invalid.

### B. General 20th Century Observations

1. The world has made extraordinary technological progress in the last ninety years. The knowledge of today exceeds all of recorded history's knowledge before 1900. Man has left the planet, and we are about to enter the information and electronics age in which computers and robots will perform much of man's labor.

2. The primary news media now are radio and television. It has become ever more difficult for totalitarian regimes to isolate their people from the outside world.

3. Military progress, by virtue of technological progress, has also been remarkable. Mankind has achieved enough destructive power to annihilate civilization as we know it.

4. Nuclear weapons ended World War II and have helped to deter World War III. These weapons are not going to be abolished, nor will there ever be a perfect defense against them.

#### (a) Soviets - since mid-1970s

- (1) Total number of weapons increasing
- (2) Total explosive power & average warhead yield decreasing.
- (3) Delivery accuracy up

#### (b) U.S. - since mid-1970s

- (1) Weapons down
- (2) Explosive power & average yield also down.
- (3) Delivery accuracy up

(c) Trend - toward conventional weapons with increased accuracy and lethality to replace nuclear weapons.

(1) Nuclear conflict is less probable than other forms. During the last 40 years, the USSR has shown no signs of moving toward all-or-nothing warfare. They seem to prefer incremental gains below the nuclear threshold.

5. The two great experiments in world order, The League of Nations and The United Nations, have both failed to fulfill their promises. Since World War II, eighteen million people have been killed in over 100 wars.

## TRENDS AND INDICATORS

6. Political, military, and economic power moves the world, and none of today's sovereign nations will relinquish power to a world authority. In fact, power is a prerequisite to getting anything done internationally. That includes achieving peace.

(a) The great powers of the era after World War II all are less great today in relation to the rest of the world. Furthermore, all are becoming more dependent on each other for the maintenance of peace and economic prosperity.

(b) The Asia-Pacific nations that have the power to move the world today are the USSR, the U.S., China, and Japan. The countries of western Europe individually are too small to influence the world, but collectively they could have clout.

7. Almost all armed conflicts during the past forty years have occurred in the Third World.

8. The most influential political and military powers in the Asia-Pacific region are the USSR, China, Japan, North and South Korea, Vietnam, India, and the U.S.

9. Countries with the largest GNP in the Asia-Pacific region are Japan, China, and the U.S.

10. The USSR is still the primary adversary of the U.S.

11. The growth of U.S. economic interests in Asia will continue with little change.

12. Soviet initiatives, increasing nationalism, and other regional factors are exerting pressure to decrease U.S. military presence in Asia.

13. Anti-nuclear sentiment continues to spread in the Asia-Pacific region.

14. The combined effect of political, military, and economic trends is that the bipolar politico-military world of today is becoming multi-polar.

### C. Reshaping of the Global Economy

1. Economic power is the foundation of political and military power. Historical trends show USSR, EEC, and U.S. shares of world product declining steadily since 1950, while the shares of Japan, China, and several developing countries have been increasing. Japan and the Four Tigers (Singapore, Hong Kong, Taiwan, and South Korea) have exhibited spectacular economic growth. However, these rapid risers are more fragile than the older powers in their dependence on raw material imports. Trends imply that Japan and China will increase their claims to major world powers status in the next century (see Asia-Pacific section). European nations, communist or



## TRENDS AND INDICATORS

not, will continue their relative decline. By 2010, major world power centers will continue to be the USSR, China, EEC, U.S. and Japan. As other nations become more powerful, the nations of the world move toward a new international political order, and economic interdependence of nations is becoming increasingly important.

2. Change is driven primarily by economic and technological developments. These changes influence social structure, political systems, military power, and the relative strategic positions of states and empires. Uneven economic growth has had crucial long-term effects on relative military power and strategic position. [Engels: "Nothing is more dependent on economic conditions than precisely the army and the navy."]

3. Paul Kennedy states: "All of the major shifts in the world's military-power balances have followed alterations in the productive balances; and further, . . . the rising and falling of the various empires and states in the international system has been confirmed by the outcomes of the major Great Powers wars, where victory has always gone to the side with the greatest material resources."

4. All nations face the three-fold dilemma of where to allocate their resources. The choices are to:

(a) Provide military security - The major military powers are finding that large military expenditures slow their rates of economic growth and lead to declining shares of world product. Furthermore, nations that maintain extensive overseas military establishments compound their problems.

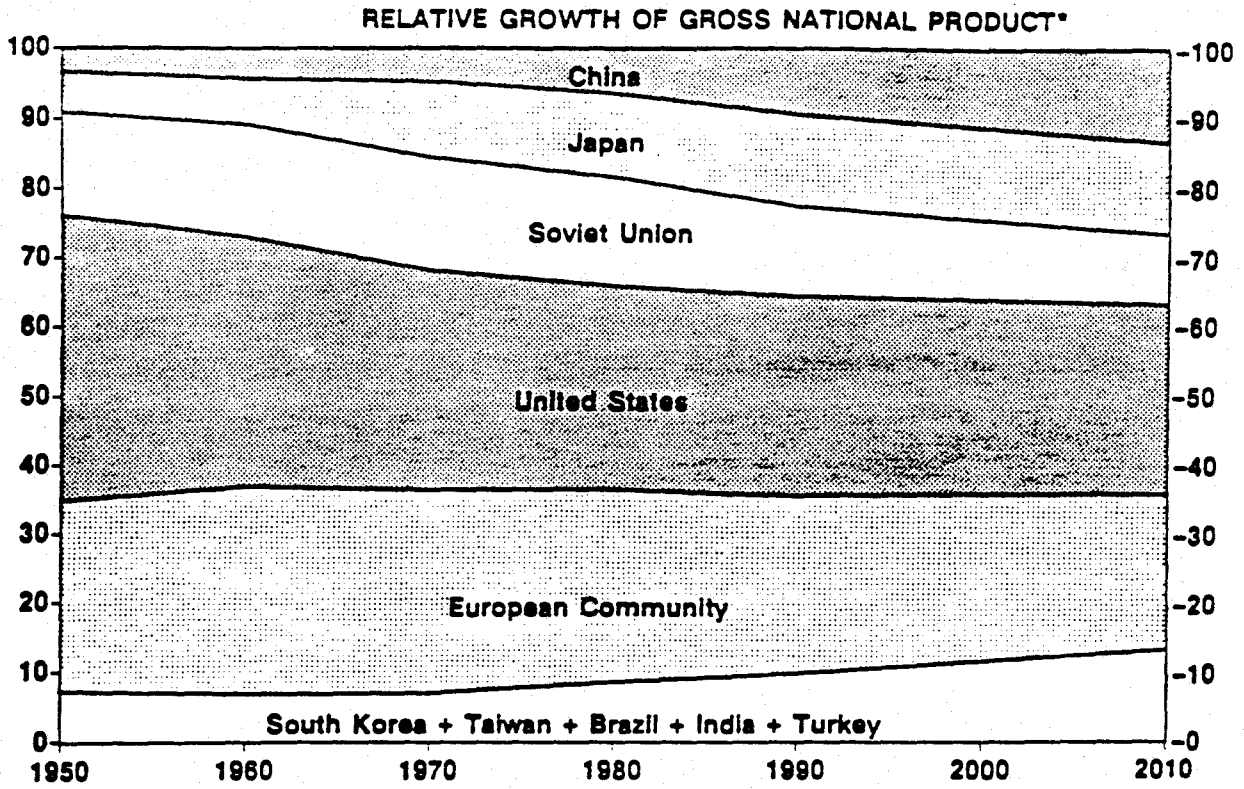
(b) Satisfy growing socio-economic needs - The populations of the five major power centers are aging. The social services demands of the populations of the major powers are increasing.

(c) Ensure sustained growth - Neither of the above two can be sustained without economic strength.

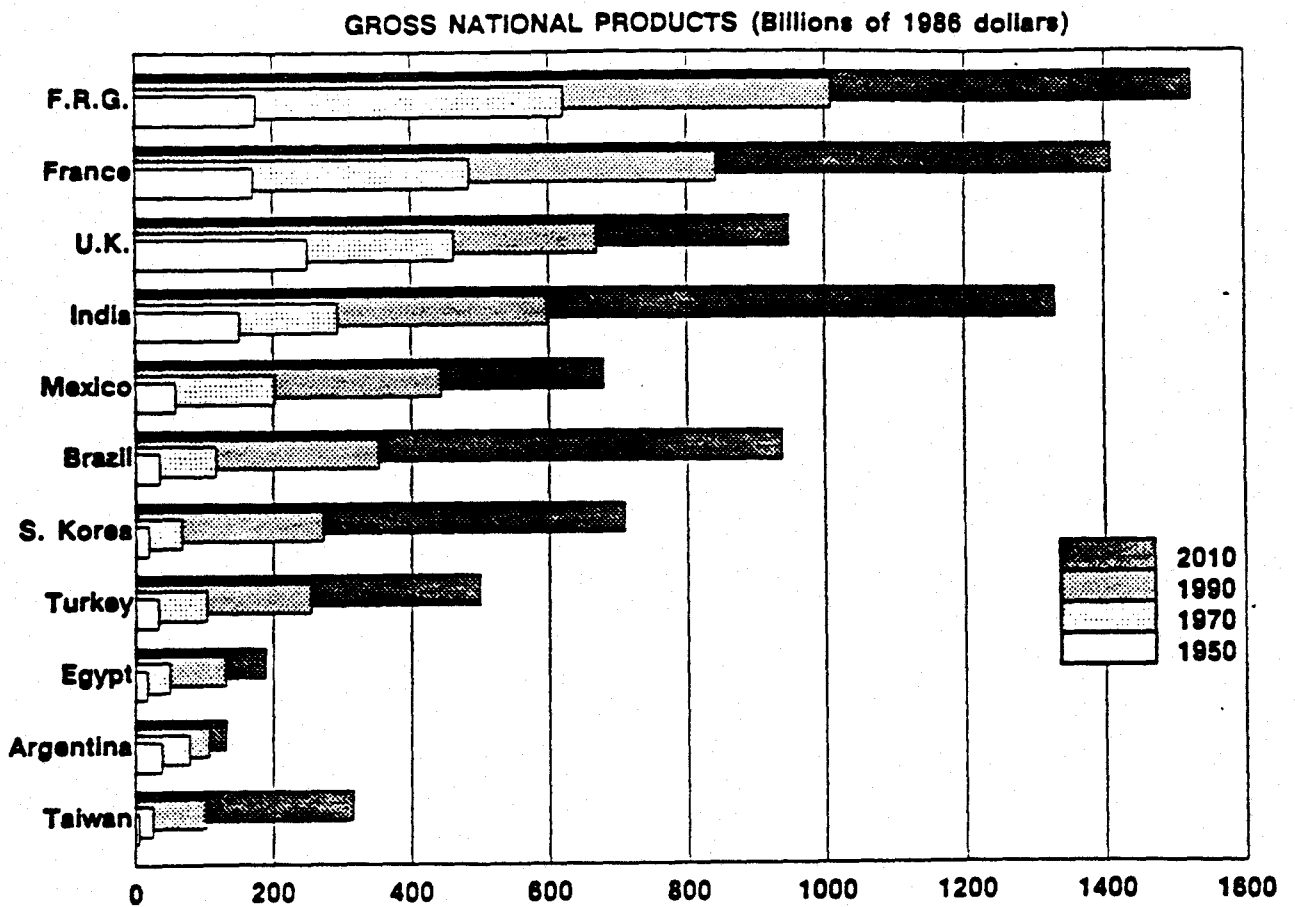
### 5. Relative Shares of World Product

(a) Historical trends show that USSR, EEC, and U.S. shares of world product have been declining steadily since 1950. The shares of Japan, China, and several developing countries have been increasing steadily. The distinction between relative (i.e. share) and absolute change is important. A country could have an increasing GNP and yet be declining in relation to others; relative movement is the crucial factor.

(b) The implication of these trends is that Japan and China will continue to grow as major world powers into the next century. The European nations, communist or not, will continue their relative decline. In 2010, the five major world power centers will still be the USSR, China, the EEC, the U.S., and Japan. A formidable Asian bloc would be the economic union of China, a unified Korea, and Japan in some sort of cooperative trade organization.



\* GNP shown as percentage of the total for these countries (about 80% of global GNP in 1986).



## TRENDS AND INDICATORS

(c) The EEC is the largest trading bloc in the world. Its members spend an average of four percent of GNP on defense. The primary factor preventing the EEC from becoming the strongest of world powers is the disunity among its members. If Western Europe adopts a neutral stance, NATO will eventually dissolve. With greater unity, the EEC may improve its economic and military position in the world. The more likely future is that the EEC's relative economic decline will continue.

(d) During the past four centuries of great power development, uneven rates of economic growth led to shifts in political and military power. The major military powers are finding that large military expenditures slow their rates of economic growth and lead to declining shares of world product. The evidence of the effects of heavy military spending can be seen in the U.S., the USSR, and Britain. China and West Germany are struggling to avoid excessive military spending precisely because they suspect that it would affect their long-term economic growth, and ultimately their relative positions on the scale of global power. Nations that maintain extensive overseas military establishments compound these problems.

6. It is possible that the Soviet growth rate may increase again and that Japan's expansion may abate; but, the evidence of existing trends does not support any drastic changes in relative movement during the next 15 to 20 years. It is much more likely that the U.S. may be able to reverse its relative world product decline. U.S. society in its economic activity is less structured, not as rigidly controlled, and fundamentally freer than other nations to alter its productive structure and reduce its allocation of resources to non-productive sectors. Far more effectively than other economies of the world, the U.S. economic system has an inherent ability to create jobs, sustain growth, engender innovative entrepreneurship, expand into new areas, and learn from better procedures and products abroad.

7. Any changes in Japanese and Soviet trends would have to be as the result of more drastic events than those that are reasonable to assume on the basis of current evidence. A significant trend departure could be an overhaul of the Soviet bureaucracy as part of Gorbachev's perestroika and glasnost programs. However, the evidence of the past two years indicates that implementing Gorbachev's reforms and realizing their effects will take at least a generation.

### D. Industrialization/Demographics/Drugs

1. The pace and shift of modernization and industrialization of the world continues. Heavy industries are migrating from the post-industrial nations to the industrial regions of Asia and South America. Labor and materials are cheaper there.

## TRENDS AND INDICATORS

2. One can arrange nations into five categories:

(a) Post-industrial Work Force

(1) Information/high tech/knowledge	50%
(2) Light and heavy industry	25%
(3) Services	15%
(4) Techno-agriculture	10%

(b) Industrial

(1) Manufacturing	15%
(2) Light and heavy industry	45%
(3) Agriculture	30%
(4) Services	10%

(c) Pre-industrial

(1) Light and heavy industry	30%
(2) Agricultural and extractive	65%
(3) Services	5%

3. A plausible distribution of nations in 2010 would be:

(a) Post-industrial

- (1) United States
- (2) Canada
- (3) Europe
- (4) Japan
- (5) Australia/New Zealand

VS.

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(b) Industrial

- (1) Argentina/Brazil/Chile/China
- (2) Cuba/India/Israel/two Koreas
- (3) Malaysia/Mexico/Pakistan/Philippines
- (4) Singapore/South Africa/Taiwan
- (5) Turkey/USSR/Venezuela/Vietnam

CH/R.  
N/SK.  
Mal, Phil  
Roc  
VN

(c) Pre-industrial

- (1) All countries not listed above.

4. DEMOGRAPHICS: Three significant world trends are population growth, urbanization, and aging. Growth rate is highest in the pre-industrial nations; urbanization is highest in the industrial and post-industrial nations.

## TRENDS AND INDICATORS

### (a) Population growth

(1) World population reached five billion in 1987. About 150 children are born every minute, and the world's population has doubled in 37 years. By 2010, world population will be about seven billion; nearly half will be living in urban areas. About 80 percent will live in the Third World. Rough projections of population change are:

<u>a.</u> World Population (millions)	2000	2010	Change
<u>b.</u> Post-industrial	951	960	1%
<u>c.</u> Industrial	3047	3500	15%
<u>d.</u> Pre-industrial	1752	2650	51%

(2) Today, the combined population of China, Taiwan, Hong Kong, and Macao is almost 1/4 of the world's population.

### (b) Urbanization

(1) By 2010, more than 70 percent of the U.S. population may be urban. Other urban population percentages will be 75 percent in Latin America, 73 percent in the Middle East, and 40 to 50 percent in South and Southeast Asia. In other words, nearly half of the world's population will be living in urban areas by 2010. The urban population of China alone (330 million) is larger than the population of any country except India.

(2) Rapid urbanization has been accompanied by political and social instability, vulnerability to terrorism, crowded living conditions, spread of contagious diseases, high unemployment, inadequate sanitation, environmental pollution, high crime, drug use, and prostitution. All of these conditions have increased demands on usually overextended governmental social services. These urban areas are breeding grounds for violent upheaval. Drugs, in particular, are a major threat to U.S. welfare.

(c) Aging - The populations of the industrial and post-industrial nations are aging.

(1) The social services demands of these populations are increasing. In the Western nations, medical costs have been increasing more rapidly than national product and incomes. Activism for national medical care is rising. Many European and British Commonwealth nations already have instituted national medical care.

(2) Aging implies reduced productivity, possibly economic stagnation. Assuming that governments will not ignore their citizens' social needs, a high ratio of retirees to workers increases taxes on the workers and social welfare expenditures for the retirees.

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(3) Japan will be profoundly affected by its rapidly aging population. By 2010 almost 1/4 of Japan's population may be 65 or older. The ratio of recipients to contributors of social welfare programs will rise from 14 to over 30 percent.

### 5. Third World Trends

(a) The industrial base of Third World nations is expanding. Effects are:

- (1) Economic growth
- (2) Rising standards of living
- (3) Increasing competitiveness
- (4) Increased arms purchases to protect their interests
- (5) Increased regional independence and nationalism
- (6) Changing regional power balances

(b) A corollary effect is the nationalization of industries developed by, or with the help of, foreign companies as the host nations begin to recognize the value of those industries.

(c) Countervailing trends are:

- (1) Rapidly growing, urbanizing population
- (2) Supply side shortages of:
  - a. Capital
  - b. Raw materials
  - c. Intermediate products
  - d. Skilled human resources
- (3) Inefficient commodity and loan markets
- (4) Poor transport and communications
- (5) Turmoil of collapsing old systems

### 6. Self-feeding

(a) Green Revolution: In 1976, scientists crossed a dwarf rice from Taiwan with a tall but vigorous rice from Indonesia to produce the first of the "miracle" varieties. Yielding crops two to three times greater than traditional varieties, and in less time, the new rices helped create what became known as the Green Revolution in Asian agriculture. World rice production rose from 257 million tons in 1965 to 468 million tons in 1985. Parts of the Third World experienced this green revolution, enabling them to feed their people without periodic, massive outside help.

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(b) In the early 1990s, average yields will stop rising while population growth in many Asian countries will once again outpace food production. Over the next 30 years, the number of mouths to feed in Asia will double. By 2010, the green revolution will no longer be enough: population growth in China, India, and Africa will have outpaced food production. Wide-spread hunger will re-emerge. To avert future famine, scientists will have to find new ways of increasing yields or producing enough foodstuffs.

### 7. Drugs

(a) Illegal drugs (heroin, hashish, methamphetamine, and marijuana) coming into or produced in the U.S. are a direct threat to U.S. welfare. They breed violence, crime, and addictions that destroy the very fabric of U.S. culture. The current administration wants to counter the production, traffic, and use of illegal drugs in the U.S.

(b) Means used to bring drugs into the U.S. are surface ships, aircraft, and mail. Areas where drugs are produced in the U.S. often are on federal property.

(c) USPACOM forces have capabilities uniquely suited to assisting local and federal agencies with their anti-drug activities in the Asia Pacific region.

### E. Politico-Military Trends

1. One can draw some conclusions from currently observable trends:

(a) The long-range effects of world-wide economic development, increasing and aging populations, and the urbanization of the more advanced nations ultimately will change the character of the threats to political interests of the U.S. from the military to the economic sphere.

(b) U.S. and Soviet force reductions in Europe may result in an erosion of the reasons for maintaining the NATO alliance.

(c) The Marxist economies today are widely perceived as failing, the appeal of communism to the newer generations is waning, and communist countries are groping for ways to redefine socialism.

(d) Economic success is not a necessary or sufficient condition for peace. Newly emerging, economically successful nations will find modern high-tech weaponry and its attendant political-military muscle quite attractive. The major powers also will reduce their arsenals only reluctantly, ever suspicious of each other.

(e) Evidence suggests that military spending trends will be curtailed somewhat. Nevertheless, the ever-increasing perceived need and cost of sophisticated weaponry will not abate.

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**ANNUAL MILITARY SPENDING BY SELECTED COUNTRIES, 1950-2010\***

	1950	1960	1970	1980	1990	2000	2010
United States	69	168	210	200	280	310	340
Soviet Union	91	95	170	250	300	350	410
Japan	4	4	7	14	22	29	37
China	8	16	37	45	53	120	220
West Germany	0	20	21	27	32	40	49
United Kingdom	23	29	26	29	35	42	50
France	11	22	21	28	34	45	57
India	2	4	9	12	24	36	53
South Korea	1	1	1	5	9	15	23
Taiwan	1	1	2	3	6	11	19
Brazil	1	1	3	1	3	4	7
Argentina	1	1	2	3	3	3	3
Turkey	2	3	5	8	12	17	23
Mexico	0	1	1	2	2	3	3
Egypt	1	2	9	7	9	11	13

\* Billions of 1986 dollars converted from local currencies using 1980 purchasing power parities. All numbers greater than 100 billion have been rounded to the nearest 10 billion; even this presentation, however, greatly overstates the precision of the estimates, which should be regarded as very general indicators.

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(f) Heavy arms spending slows economic growth and reduces a nation's world product output, wealth, and power. Large, modern military establishments consume national resources, such as investment capital, raw materials, and scientists and engineers without contributing to the national product.

(g) Militarily top-heavy nations without a sufficient economic base to sustain their military eventually collapse. Examples are Spain under Philip II, Russia under Nicholas II, and Hitler's Germany. It seems that to some extent the U.S., and very definitely the USSR, are showing symptoms of this problem. Gorbachev is not ignorant of history and appears to be trying to reduce the resources used by the Soviet military. The evidence of the effects of heavy military spending can be seen in the U.S., the USSR, and Britain. China and West Germany are struggling to avoid excessive military spending precisely because they suspect that it would affect their long-term economic growth, and ultimately their relative positions on the scale of global power.

(h) Many nations of the world perceive that international tensions are lessening. This is largely due to planned and actual reduction of forward deployed forces by the U.S. and the USSR. The fundamental facing the world powers today is one of balancing short-term security of a strong military against the longer-term security of a strong, growing economy.

### 2. Military Balance

(a) U.S.-USSR: In the Asia-Pacific region, the U.S.-USSR military balance is roughly equal; neither side has a decisive advantage. The Soviets are stronger on land, while the U.S. has the edge at sea. Control of the air depends largely on location.

(b) China-USSR: Ground forces are roughly equal. The Soviets have more modern weapons, but they lack logistics for warfare deep within China. The Chinese have more troops and strategic depth. By comparison, they lack firepower, mobility, and air support. The use of nuclear weapons would be highly destructive of both sides and probably result in an inconclusive aftermath. Neither side could achieve a quick, decisive victory.

(c) DPRK-ROK: The DPRK and ROK have achieved rough parity in ground forces. Surprise favors the DPRK; terrain favors the ROK. With U.S. air assistance, the ROK would hold.

### F. Regional Independence and Nationalism

1. Newly industrialized nations (NIC) and lesser developed countries (LDC) are showing increases in independence, nationalism, and trade protectionism. Some believe that foreign influences from helping nations will change their societies and diminish their national identities.

2. A resurgence of latent national pride has been fueled by increased economic and military muscle. Many smaller nations fear that larger

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economic and military powers will swallow or annex them. Another observed trend is the resurgence of religious fanaticism. A manifestation of these changes is heightened anti-Americanism. In most cases political maturity has lagged behind economic development.

3. In recent history, new nations occasionally have nationalized foreign-owned and operated industries and expelled the foreigners that operated them.

### G. Arming of the World

1. NIC and LDC military spending per GNP exceeds that of the major world powers. The only exception is Japan, the world's third largest military spender, whose military outlays grow five percent annually. More than twenty major nations will have chemical and nuclear weapons. Superpower intervention against well-armed regional powers will become increasingly difficult.

2. If present trends continue, more than half of the nations of the world will be armed with modern conventional weapons by 2010. Many of these nations will have the most advanced high-tech varieties. The global proliferation of modern weapons will lead to longer, deadlier wars between regional powers less subject to superpower control.

3. Nuclear and chemical weapons will proliferate. Lesser powers are acquiring advanced weapons, diminishing the relative advantages of the larger powers. These include chemical and nuclear weapons and short or medium range missiles. If not curtailed by anti-nuclear and anti-chemical sentiments and activism, the nuclear and chemical club in 2010 could be quite large:

- |               |              |
|---------------|--------------|
| (a) Argentina | Libya        |
| (b) Brazil    | N/S Korea    |
| (c) Chile     | Pakistan     |
| (d) China     | Saudi Arabia |
| (e) Egypt     | South Africa |
| (f) France    | Syria        |
| (g) India     | Taiwan       |
| (h) Iran      | U.K.         |
| (i) Iraq      | U.S.         |
| (j) Israel    | USSR         |
| (k) Japan     |              |

4. The coming generations and proliferation of chemical and biological weapons create an entirely new and more difficult arms control problem. It's almost impossible to verify compliance or ascertain cheating. Practically everyone now has the capability to make them cheaply.

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## TRENDS AND INDICATORS

### 5. Arms control

(a) Elimination of all nuclear weapons is unrealistic to expect; they cannot be de-invented. The lure of arms agreements is that they will enable us to engage the Soviets in a process leading to understanding and subsequent reduction of international tensions. However, if arms agreements do not actually reduce weapons, then they are largely mythological and useless. Arms are built in response to perceived needs, political agreements notwithstanding. Hence the history of Soviet violations. They did whatever they deemed necessary regardless of agreements to which they were a party. Compounding this problem is the difficulty of countering cheating. We may be able to verify that they cheated, but what do we do then? So far we've not come up with any effective counter to cheating. Nevertheless, current arms negotiations seem to be on a path of some significant reductions of strategic arsenals by the major powers.

(b) Regardless of assertions to the contrary, one finds no historical evidence that defensive systems are inherently destabilizing. They certainly appear to be more humane than offensive systems or the policy of Mutually Assured Destruction (MAD). The U.S. has a comparative advantage in basic technology, including strategic defense. Since the U.S. relies on technical advantage to compensate for quantitative inferiority, test limitations would not work in our favor.

(c) Conventional arms control is attractive to the Soviets in light of their stated intention to realign resources from the military to the economic sector.

### H. USSR

#### 1. Soviet reforms

##### (a) The Problem

(1) During the 20th century, the USSR's economic development has fallen ever farther behind that of western nations. The worst dreams of the founders of today's communism are coming true. Michael Bakunin had warned that Marxism would lead to the creation of a new class which would establish the most aristocratic, despotic, arrogant, and contemptuous of all regimes. One can safely argue that this is precisely what happened in the Soviet Union during the last 50 years.

(2) The Soviets are stagnating politically and economically. Consequently, they are trying to divert resources from the military toward economic development. The concomitant glasnost program is giving Soviet client states more latitude in pursuing their own destinies.

(3) To make this shift with safety, the Soviets seek reductions in U.S. power; hence, the Gorbachev proposals for the Pacific region. The public perception of such proposals is that Gorbachev is sincere. However

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the proposals for Pacific force reductions and limiting U.S. naval activities are unequal, and suggesting that the U.S. swap its Philippine bases for Cam Ranh Bay is mischievous at best.

(4) Ultimately, success could strengthen the Soviets' industrial and technological base for future military power. Gorbachev's principal weapons in his struggle with the West are political maneuver, propaganda, foreign aid, diplomacy, covert actions, and proxy wars. Internally, he has consolidated his power by replacing Secretariat members, Politburo members, and government ministers. Externally, Gorbachev is trying to revive detente; internally, he is trying to decentralize power of the ministries and increase private enterprise.

(b) Soviet global goals are:

- (1) Revitalizing the Soviet economy.
- (2) Creating the idea of moral equality between the USSR and the U.S.
- (3) Creating a more favorable western attitude toward the Soviet Union.
- (4) If one takes Gorbachev's 70th anniversary of Bolshevism speech at face value, the USSR continues to pursue the objective of world communism/socialism.

(c) Soviet Asia-Pacific goals are:

- (1) Peaceful coexistence with Asian nations.
- (2) Making the U.S. militarily irrelevant by nuclear and conventional force reductions.
- (3) Developing cooperative economic relationships with Asian countries. In particular, normalize relations with China.
- (4) Expanding mutually advantageous links to the detriment of U.S. power and influence in the region. The Soviets could also offer military guarantees similar to those of the U.S.

(d) The three parts of the Soviet program are:

- (1) Glasnost - openness about problems and tolerance of dissent.
  - a. Comment - So far the changes have been limited. Repression continues. Many dissidents have been released; yet over 40,000 remain imprisoned. Criticism apparently is only the officially sanctioned variety. Nixon notes that: ". . . those who are criticized never argue back."

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(2) Democratization - Open the system with new ideas.

a. Comment - The West and the USSR define this term in two drastically different ways. To the Soviets it means new ideas only within the party. They do not intend to give up any of the power or prerogatives of the Communist Party apparatus. To the West it means constitutional democracy with a bill of rights.

(3) Perestroika - restructuring the central planning apparatus. Some free enterprise.

a. Comment - So far this program has achieved little. Its aim is to make the Soviet system work better while not making it less communist. Nixon asked: "How will Gorbachev determine which decisions should be made by the market and which by the state?"

### (e) Reform Implementation Problems

(1) Communist ideology - Communism is the Soviet faith. In Soviet terms, the struggle between East and West pits the superiority of state control against the exploitation of the masses by capitalism.

(2) The Soviets are impoverished economically by their empire. They have been spending too much (15-20% GNP) on defense.

(3) Soviet political, economic, and social systems are stifled by a bureaucratic bog in every facet of Soviet life, characterized by:

a. Massive apathy, indifference, theft, alcoholism in the labor force.

b. An agricultural growth rate less than one percent per year.

c. A law requiring a 45 percent tax on income of foreign investors.

d. A bureaucracy in which millions of lower-level functionaries know nothing about entrepreneurship. Change requires a cultural revolution to promote individual initiative over party discipline. The Soviets must overcome seventy years of ingrained centralized planning.

e. A proliferation of essentially useless ministries. Even Lenin recognized this problem in the '20s when he said: "Everything is sinking in the lousy bureaucratic swamp of the ministries. The ministries are all shit, and so are their decrees."

f. Only 17 to 18 percent of Soviet manufacturing industry production meets world standards.

V.I.  
Lenin

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g. The Soviets produce twice as much metal as the U.S. but cannot find uses for much of it; they use about 30 percent of lumber produced; they produce six to seven times as many tractors as the U.S., yet agricultural production is abysmal.

h. The Soviet industrial plant, oriented toward producing heavy military and industrial equipment, is not competitive in the world's markets of consumer goods.

(4) The Soviets are culturally addicted to a system that provides total security and makes decisions about education and employment for its citizens. Faced with making these decisions himself, the Soviet citizen will feel threatened. The Soviets, who emigrated to New York and could not cope with typical life decisions in a democracy, exemplify this problem. Gorbachev is asking his people to change the habits of generations.

(5) Political unrest is emerging in almost every country of the Soviet bloc. Weakening of Soviet control has already resulted in a Socialist-Democratic government in Hungary and new political leadership in Poland. Others will break away.

(6) The long-term threats of China and Japan are not diminishing. China's huge population and enormous resources and Japan's technological preeminence and potential rearming signal danger to the Soviets. ]

(7) The Soviets do not have a single ally among the major powers of the world.

### (f) Prospects

(1) The goal of Soviet reforms is not to make the world safer for democracy or necessarily increase the prospects for peace. The purpose of these reforms is to make the Soviet system work better. The police power of the Soviet state remains unaltered, and perestroika production changeover (military to consumer goods) so far is not evident. The 1986-90 five year plan shows continued growth in military output and continued decline in consumer goods production. Whether the Soviets continue to implement this plan as written bears watching. In any case, the Soviet Union is not going to collapse in spite of its weaknesses and problems. Whether economic reforms will lead to political reforms depends on whether or not the USSR can become a consumer oriented, individualistic society.

a. If they succeed: Then expect Soviet predominance and military resurgence; Soviet westernization possibly similar to East Germany's.

b. If they are partly successful: Then expect social/economic rise and military status quo; possible retrogression to current dilemma.

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c. If they fail: Then expect no change from current dilemma; in the extreme a cataclysm and rebirth as a democracy.

(2) Progress in the near term will be modest. As currently structured, the USSR will not catch the western industrial nations economically. Major structural changes, such as decentralization, will have to occur. These changes will lead to enormous upheaval with unpredictable consequences. Some of those consequences are already manifest in regional unrest in the Soviet Union and Eastern Bloc countries. In fact, the Warsaw Pact could become unstable and threaten East-West military detente. Rapid changes in forces and governments, such as the Soviet withdrawals and the governmental changes in Hungary and Poland, result in less predictability. Military crackdowns and yet more uprisings may well occur. Historically, periods of great political change have been periods of greater political risk.

(3) Solving Soviet economic stagnation and structural problems will take at least a generation (20 yrs). This means that the West, if it chooses to do so, has 20 years to exploit this pause in the Soviet expansionism. Thereafter it may face a revitalized Soviet Union once again on the road to world domination.

(4) Without these fundamental changes, the Soviets will continue to experience economic decline, and it is even possible that Gorbachev would be replaced. In the early 1960s, Khrushchev tried some of the same reforms that Gorbachev is enacting today. Khrushchev cut armed forces, reduced KGB influence, demanded party structure changes, and allowed more freedom for dissent. Will the party apparatus replace Gorbachev as it did Khrushchev or has democratization already gone too far to reverse its course? Only time will tell.

(5) We should not misjudge Soviet long-term objectives. The USSR and Gorbachev are skillful in exploiting their own strengths and the West's weaknesses. The Soviets continue to produce significantly more weapon systems than we, and there are no signs that their weapons improvements will abate. Gorbachev ended his speech on the seventieth anniversary of the Bolshevik revolution by saying: "In October 1917, we parted with the old world, rejecting it once and for all. We are moving toward a new world, the world of communism. We shall never turn off that road."

(g) Indicators of reform progress or success would be: decentralization of political and economic power; autonomy for disparate ethnic groups; minority rights and liberal immigration; freedom of speech, thought, and religion; and Soviet tolerance of eastern European unrest. Today, the police power of the Soviet state remains unaltered. Economic reforms will lead to political reforms only if the USSR becomes consumer oriented.

(h) A tantalizing question for the U.S. is: If the rivalry is moving from the military into the economic arena, do we want Soviets to compete economically or do we want their reforms to fail?

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### 2. Soviet Economy

(a) Restructuring will not produce startling new gains. The Soviet Union's share of the world economy will continue to shrink.

(b) About \$40 billion per year is being pumped into client states, such as Vietnam. Very little economic return comes from these.

(c) Progress in the near term will be modest. A quick reversal of its economic decline is simply not possible. Having already slipped from second to third place in world product in 1986, the USSR may fall to fourth place behind the U.S., Japan, and the EEC during the 1990s.

(d) The Soviets will have difficulty maintaining their current military position when economic reforms fail to meet expectations in the long run.

#### (e) Comparison of Soviet and Chinese Reforms

(1) Centrally planned economies have three problems:

- a. Chronic shortages
- b. Wasted resources
- c. Difficulty in generating and applying technological innovations

(2) China and the USSR have undertaken economic reform programs to remedy these and other symptoms of economic malaise. However, the Soviets may have put the cart before the horse.

(3) The Chinese way is characterized by:

- a. Little talking and much doing.
- b. An empirical, step-by-step approach.
- c. An attack on the agricultural sector first. The Chinese de-collectivized, privatized, and leased land for 15 to 20 years. Then they brought the industrial sector into line by partly introducing an industrial market pricing system in 1984. Stock and bond markets are beginning to appear. Unfortunately, the latter two measures are now on hold, because powerful bureaucratic opposition remains.

(4) Soviet way is characterized by:

- a. Mostly talk, policy corrections, and less action so far.
- b. The decree approach, regardless of empirical evidence. Hungary tried this in 1968 and failed.



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c. The Soviets went after industry first; the bastion of central planning and bureaucratic interests. Agriculture has largely been untouched so far.

(5) The litmus tests of reform are:

a. Reform of the price system to allow prices to be set by supply and demand.

b. A deeper philosophical change; namely, the recognition of an individual's right to economic freedom.

(f) The Soviets have been missing the train in Asia and probably know it. They made a first attempt to open trade in the city of Posyet, near the Korean border. This area, close to the labor resources of the DPRK and PRC, is the prime site being considered for development of a "free enterprise zone."

### 3. Soviet Military

(a) The Soviets produce significantly more weapon systems than we. There are no signs that weapon improvements will abate. For example, the Soviets began upgrading their SS-18s in 1988. The SS-18 has a 20 percent greater throw weight than its predecessor.

(b) On the other hand, Gorbachev has promised and begun force withdrawals from Europe. If they remain on schedule, the Soviets will withdraw and disband 5,300 tanks and 50,000 troops from East Germany, Hungary, and Czechoslovakia by 1990. West of the Urals, the Soviets have promised to reduce forces by 10,000 tanks, 8,500 artillery pieces, and 800 combat aircraft. So far, these withdrawals and reductions appear to be on schedule. The net effect of these withdrawals is to reduce the Soviet combat potential in Europe by about 20 to 25 percent.

(c) In the Western Hemisphere, the Soviets continue to supply arms to the Sandinistas either directly or indirectly via Soviet bloc countries. Cuba, in particular, has been an important way station for these shipments. The Sandinistas are now the largest and most powerful armed force in Central America, an obvious threat to regional peace and stability.

(d) In Asia, the USSR faces some disturbing prospects: China's ultimate military potential and the combined military and technological might of Japan and the U.S. >

### 4. Soviet Demographics

(a) The Soviets have been experiencing decreasing birth rate, reduced life expectancy, and increased infant mortality (three times the U.S. rate).

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(1) Life expectancy in 1960 was 66 years; in 1980 it was 60 years.

(2) Hospital and general health care continues to deteriorate.

(3) Sanitation and hygiene standards are poor.

(4) Alcoholism is high.

(b) Further aggravating their problems are the decreasing number of entrants into labor force and the relative aging of their population.

### 5. Differences between the West and the USSR

(a) Culturally, the Asians (including the Soviets) think in terms of centuries. Westerners think in terms of decades.

(b) The Soviets want to be the dominant world power; the West wants peace and prosperity.

(c) Although this may be changing, to the Soviets the ends justify the means, regardless of their unscrupulousness or ruthlessness. In the Western ideal, means are judged by the same moral standards as ends.

(d) The Soviet definition of human rights is free health care, housing, education, and full employment; the Western definition is free speech, press, religion, political choice, and the pursuit of happiness.

6. The Soviets' greatest strengths are their great human and material resources. Much greater suffering in the past may have inured them to a difficult existence. Things today may look good by comparison. They've never known freedom in the Western sense. They don't know what we think they should aspire to.

### I. Anti-Nuclear/Peace/Reunification Sentiment

#### 1. Anti-nuclear sentiment

(a) Anti-nuclear sentiment is spreading. Throughout the world, more and more nations are feeling the effects of internal and external political pressures to ban nuclear weapons. Although the most vocal groups are a small minority, an increasing number of people favors nuclear arms control and reduction. Even if a nation resists the pressure, it creates a point of leverage by increasing the political cost of access. Professor David Yost of the Naval Postgraduate School, in the September 1989 Naval Institute Proceedings, wrote:

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"In the current political context, the commitment to detente and to the furthering of the arms control process is so profound and widespread in West European political circles that relatively few officials would be willing to insist upon the need for U.S. flexibility in nuclear SLCM deployments if the Soviets succeeded in portraying U.S. SLCM policy as the only obstacle to a START agreement."

(b) As the perception of the Soviet threat decreases, U.S. allies and friends are leaning toward non-nuclear policies, and the U.S. NCND policy is becoming less tenable. For example, the Korean peninsula and ASEAN appear to be moving in the non-nuclear direction. The U.S. ultimately will have to pay the increased cost of stubborn adherence to NCND, directly or indirectly, through some other quid pro quo.

### 2. NCND

(a) Traditionally, NCND has been more consistently and rigidly applied to port visits by naval forces than it has to activities by ground and airforces. Current law and policy generally prohibit disclosing nuclear weapons locations. Inquiries about storage or overflights are answered by neither confirming nor denying the location of nuclear weapons. Some bilateral government agreements require the U.S. to consult before overflights or storage of nuclear weapons on foreign soil. NCND achieves its maximum benefit so long as the U.S. does not lose significant access or basing rights or does not have to pay too high a political price to retain access. At some point operational advantage must be weighed against the value of maintaining influence and access, primarily in peacetime. When war is imminent, NCND affords the U.S. the greatest operational flexibility. Forward-deployed nuclear weapons would be ready for immediate use and relatively invulnerable to counter-targeting.

(b) Increasing worldwide anti-nuclear sentiment is the principal challenge to NCND. NCND has been a successful component of U.S. nuclear policy since the 1950s by denying intelligence information to potential adversaries, enhancing the physical security of nuclear weapons, and permitting U.S. naval access to countries where nuclear weapons are a sensitive political issue. Growing anti-nuclear sentiment, however, is challenging NCND, especially for naval forces in the Pacific.

(c) U.S. difficulties with New Zealand may be a harbinger of the future. To further U.S. influence and access, the U.S. may have to revise either its nuclear weapons deployments or its NCND policy. It is especially important in a maritime theater like the Pacific to demonstrate graphically the U.S. role as peace keeper and stabilizer. Just as U.S. strength is demonstrated by its warships, so its weakness would be demonstrated by their absence.

(d) The critical aspect of NCND is that once a nation decides to enforce a ban on nuclear armed warships, the U.S. response has been to

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terminate all ship visits. In important areas of the Pacific, this means an end to a significant component of U.S. presence. In this sense, NCND is an all or nothing policy.

### (e) Exceptions

(1) A recognized exception permits the U.S. to report or acknowledge the location of a nuclear weapon in conjunction with a nuclear accident or incident endangering lives or property.

(2) Another recognized exception permits answering questions about overflights by stating that nuclear weapons are not normally carried on training flights.

(3) Entering into more bilateral exception agreements with potential host nations would generate political pressure to grant ever more generous concessions in each succeeding negotiation. The result would be diminished operational flexibility.

### (f) Nuclear Accidents

(1) A nuclear accident or incident in today's environment of anti-nuclear sentiment would have political repercussions. A nuclear accident in Japan, for example, would have a dramatic impact on the Japanese government and on U.S.-Japanese relations. Even a domestic nuclear weapons incident would intensify anti-nuclear sentiment at home and abroad.

(2) To the extent that NCND enables the U.S. to carry nuclear weapons into sensitive countries where a sympathetic host government asks no embarrassing questions, the political risk of a nuclear incident is greater, both to the U.S. and to the host government.

### (g) Arms Limitations

(1) An arms limitation treaty requiring on-board inspections would substantially defeat the primary purpose of NCND by disclosing to an adversary the very information NCND seeks to hide: the identity of the platforms carrying nuclear weapons and the quantity and type on board.

(2) Inspections would also diminish NCND's important derivative benefit of permitting U.S. access to nuclear-sensitive nations where access might otherwise be denied. It is unlikely that an enemy could resist the temptation to leak inspection information to anti-nuclear groups in such countries, causing acute embarrassment to the host government. At worst, the government might be compelled to deny access to U.S. ships.

(3) Although additional nuclear arms limitation treaties are a virtual certainty, the treaties may not require inspections to verify compliance. A treaty limiting the number of weapons could be verified by initial inspections to confirm the number of existing weapons followed by

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production site monitoring. After initial inspections the U.S. could continue to deploy nuclear weapons without disclosing specific platform information and without risking an information leak. Under such a treaty, NCND would remain useful, although the publicity accompanying initial inspections could intensify actions against identified platforms by foreign anti-nuclear groups.

### (h) Policy Alternatives

(1) Confirmation/Disclosure. The U.S. could truthfully answer inquiries about the presence of nuclear weapons aboard specific platforms. In doing so, the U.S. would be voluntarily disclosing that which potential treaty inspections would be designed to detect. Nations like Japan and Denmark, with laws prohibiting nuclear weapons, would be forced to close their ports to nuclear-armed U.S. warships. On the other hand, U.S. conventional warships would be allowed into countries like New Zealand.

a. NCND has been criticized as arrogant and purposefully misleading. Truthful disclosure would avoid that criticism and possibly provide some political advantage.

b. Truthful disclosure would increase the risk of a nuclear incident by revealing targets to saboteurs or terrorists.

(2) Denial. The U.S. could untruthfully announce the removal of tactical nuclear weapons from all surface ships, attack submarines, and aircraft. Thereafter all public or private inquiries would be answered with a denial that such weapons were aboard. On-board treaty inspections would defeat untruthful denials. Being caught in a lie would cause unacceptable damage to U.S. credibility and precipitate a domestic political crisis. In addition to being morally corrosive to those who are charged with perpetuating such a policy, the political and military risks associated with being caught in a lie of that magnitude are unacceptable. For example, a nuclear accident or incident would compel the U.S. either to acknowledge the untruthfulness of its denials or to attempt to cover up the accident or incident. Neither alternative is acceptable.

(3) Flexible Reduction. The U.S. could announce truthfully the removal of tactical nuclear weapons from forward deployed surface ships, attack submarines, and aircraft, reserving the right to restore these weapons during periods of increased readiness or heightened world tensions. Non-deployed forces, ground forces, and SSBNs would not be affected. Current NCND policy would continue to apply to such force categories. During periods of increased readiness or heightened world tensions, the U.S. would resume forward deployment of nuclear weapons. The redeployment of nuclear weapons could be announced or unannounced, but would be accompanied by the reinstatement of NCND.

a. On-board treaty inspections would have no adverse political effects if the U.S. had removed nonstrategic nuclear weapons from forward deployed ships and aircraft. The inspections would verify that the

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U.S. had done what its policy claimed it had done. In fact, as a gesture of good faith, the U.S. could invite host governments to conduct radiological inspections of visiting ships as assurance of compliance.

b. A policy of flexible reduction, if timed correctly, would remove a major issue of contention and criticism, thereby achieving substantial political benefit. To be timed correctly, the policy should be announced as a U.S. initiative, not a response to a Soviet challenge or to an embarrassing disclosure of a nuclear incident or threatened nuclear ban by a friendly nation.

c. The U.S. could enact the reduction unilaterally and challenge the Soviets to respond accordingly. An alternative strategy would be to propose such a reduction as part of the START negotiations. The problem with making the policy a bargaining chip in negotiations is that the policy would become part of the treaty, having the force of law. The U.S. would then lose the flexibility to unilaterally redeploy the weapons in response to a crisis.

d. A policy of flexible reduction would reduce the risk of a nuclear accident or incident by reducing the number of platforms carrying the weapons, limiting the number of weapons being transported and handled, and keeping the weapons out of foreign countries where the risk of sabotage or theft is greater.

e. Although any nuclear accident or incident will inflame anti-nuclear sentiment, the political repercussions will be worse if the accident or incident occurs in foreign territory. A policy of flexible reduction removes the risk that the accident or incident will occur in foreign territory.

f. The U.S. will lose the ability to immediately employ sea launched nuclear weapons in the opening days of a conflict. It will take days or weeks to rearm the forward deployed ships or to deploy Second and Third Fleet ships that are already armed.

g. Conversely it can be argued that the elimination of the Navy's ability to launch an immediate nuclear strike also makes deployed naval forces, especially carriers, marginally less likely to be the subject of a surprise preemptive strike.

h. The necessity of redeploying nuclear weapons to forward forces provides an intermediate step of escalation, a show of force, that can be used to signal resolve or intention. No such intermediate step exists if the weapons are continuously deployed.

i. Just as conventional naval forces have historically provided a highly flexible instrument of national policy, so too do nuclear armed naval forces. Unlike a decision to withdraw nuclear ground forces, a decision to withdraw nuclear naval forces can be reversed quickly and unilaterally without the negotiated consent of a host country.

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3. Sentiment for Zones of Peace, Freedom, and Neutrality (ZOPFAN) and nuclear-free zones is increasing throughout Asia. These zones typically exclude forward military bases of the major powers not in the region; yet freedom of navigation remains unimpaired.

4. Nations that were divided during and after World War II are trying to reunify. Most recent examples are North and South Korea and East and West Germany.

### J. Technology

1. About 90% of all scientific knowledge has been developed since 1950. That knowledge will double by the year 2000 and continue to grow exponentially. Some developments to expect are superconductors, synthetic fuels, fusion reactors, reliable artificial human organs, eradication of major diseases, new crop strains, computer miniaturization, artificial intelligence, neuron processors, robotics, space labs, humans on Mars, composite and plastic aircraft and automobiles, and ceramic engines.

2. Western countries increasingly have become importers of steel, construction materials, and heavy industrial products they previously produced themselves. However, in the post-industrial phases of these nations, the achievements of science and technology will begin to compensate for the loss of industrial muscle.

#### 3. Military technology:

(a) Soviet military research continues at a faster pace than our own, implying that the U.S. qualitative edge could diminish. Since the U.S. relies on technical advantage to compensate for quantitative inferiority, test limitations would not favor the U.S.

(b) Further exploitation of microelectronics and directed energy will lead to greater precision, range, and destructiveness of weapons. Consequently, the number of targets suitable for conventional weapons instead of nuclear weapons will increase. Significant improvements will occur in or produce:

- (1) Stealth technology
- (2) Tank armor and robotics
- (3) Space platforms and weaponry
- (4) Submarine and ASW technology
- (5) Biological and chemical weapons
- (6) Cruise missiles; range, accuracy, payload
- (7) Weapon precision
- (8) Directed energy weapons
- (9) High speed, secure, redundant command and control
- (10) High speed ocean transit vessels
- (11) High-polymer plastics applications

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(c) Command and control systems will improve with integration of air defense systems, advanced modulation techniques, and networking.

(d) The coming generations and proliferation of chemical and biological weapons create an entirely new and more difficult arms control problem. It's almost impossible to verify compliance or ascertain cheating. Practically everyone now has the capability to make these weapons cheaply.

(e) On balance, new and more sophisticated weapon systems will increase the threat to the U.S.

### K. Asia-Pacific Region

#### 1. General Observations

(a) The center of world economic gravity is shifting towards Asia and the Pacific. Asia generated about 34 percent of the world's GNP in 1986. The combined 1986 current account surpluses of Taiwan and the ROK exceed the combined surpluses of the European OECD members. More than half of U.S. trade is with Asia-Pacific nations.

(b) The broad-based increase in world economic power of the Pacific region since 1960 will continue into the 21st century. By 2010, the GNPs of Japan and China could be roughly equal, second only to that of the U.S. In addition to Japan and China, nations that will prosper are Taiwan, South Korea, Hong Kong, the ASEAN countries (except the Philippines), Australia, and New Zealand. By 2010, the combined GNPs of Japan, China, the ROK, and Taiwan could exceed that of the U.S.

(c) Political and military power derives from economic strength. The military potential of Asian nations is likely to increase in proportion to their economic growth. China, Japan, and Korea are likely to become major global military powers in their own right.

(d) As their economic power grows, U.S. allies are becoming more politically independent of the U.S. They are developing new interests and objectives that may not coincide with those of the U.S. With increasing nationalism and military power will come a greater reluctance to grant U.S. access and overflights, and to join in fighting potential enemies. The U.S. will be asked to pull back many of its forward deployed forces. Reinforcing this trend are:

(1) The perceived potential effects of Gorbachev's policy initiatives.

(2) Philippine basing agreement expiration in 1991.

(3) The 1979 Panama Canal Treaty requiring U.S. bases in Panama to be closed by 1999.



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(4) The Guam doctrine under which the U.S. would provide air and naval support if an ally in Asia were attacked, but the ally would be expected to provide the ground forces for its defense.

(e) Northeast Asia is the only place on earth where the interests of the USSR, China, the U.S., Japan, and Korea intersect. Conflict in this region could affect the entire world.

(f) In spite of their wealth, Japan, the ROK, and Taiwan are fragile economic powers. To varying degrees, they depend on others for food, energy, and security. Lest these nations forget; the single, dominant factor that made the spectacular economic growth of the Pacific possible has been the vast, open U.S. market. The continued success of these Asian nations will depend on the degree of cooperation, instead of competition, they seek in their dealings with the countries that provide their markets and raw materials. The U.S. market remains the locomotive for growth of the newly industrialized nations of Asia.

### (g) Economic indicators

	% GDP Growth		
	1987	1988	1989
Australia	5	3	2.4-3.5
China	9	12	9
Hong Kong	14	7	5-7
India	4	10	5
Indonesia	4	5	3-5
Japan	4	6	4-5
Malaysia	4	8	6-7
Philippines	5	6	5-6
Singapore	9	11	6-7
South Korea	12	12	8
Taiwan	11	7	6-7
Thailand	7	11	7-9

(h) Democratic forms of government are expanding in the Pacific Basin. The PRC is experimenting with market principles in attempts to stimulate economic growth and development.

## 2. Decline of U.S. Presence

(a) The U.S. budgetary policies of the past eight years have resulted in a colossal, unprecedented national debt. Large increases in defense spending, reduced taxes, and no significant reductions in federal spending produced alarming increases of the national debt.

(b) Several decades ago, the U.S. share of global product was larger, its agriculture was not in crisis, its balance of payments was much healthier, and its debt to the rest of the world was not significant. If

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the U.S. industrial base continues to shrink, the ability to sustain military forces in wartime will diminish noticeably. Already, U.S. global interests and obligations exceed the U.S. economic, political, and military power to influence and defend them simultaneously.

(c) Historical precedents: The common dilemma facing previous superpowers has been that even as their economic strength was declining, the growing challenges from abroad compelled them to increase their defense spending. This reduced the resources devoted to economic product and eventually led to the downward spiral of slower growth, heavier taxes, deepening domestic splits over spending priorities, and ultimately a weaker defense. Will the U.S. follow this pattern? Britain certainly did.

(d) With increasing nationalism and military power will come a greater reluctance by other nations to grant U.S. access and overflights, and to join the U.S. in fighting potential enemies. The U.S. will be asked to pull back many of its forward deployed forces.

(e) Today, the U.S. has about 750 bases in 38 countries. None of these bases exist for themselves alone. They are connected with numerous others in a network of military support and transportation that spans the globe. This panoply of U.S. overseas bases is slowly coming apart. Spain, Greece, Portugal, and the Philippines are cases in point. As key links or capabilities are curtailed, U.S. forces will find it increasingly difficult to meet their mission requirements promptly and forcefully.

(f) Maintaining overseas bases also has become expensive. The cost has risen from millions of dollars in the 1970s to billions of dollars today. Recent trends indicate that this cost will continue to increase.

### 3. Japan

#### (a) Before World War II

(1) By 1900 the U.S. was an important Pacific power, and U.S. industrialists wanted to tap the potentially enormous Chinese market. As the great powers exploited and expanded into Asia, they shifted alliances and made concessions before and after World War I. After the Russo-Japanese War of 1905, however, Japan emerged as the major contender for influence in China. As World War I expanded into the Far East, Japan seized German holdings in China.

(2) In complete disregard of non-aggression pacts and treaties (e.g. the Nine Power Treaty and the Kellogg-Briand Pact) Japan invaded and consolidated Manchuria. In 1932, Japan created the sovereign state of Manchukuo, independent of the Republic of China. Containment of Japan had failed.

(3) The roots of Japanese imperialism extend back to the Meiji Restoration of 1868. With the Meiji government came fundamental changes

## TRENDS AND INDICATORS

(4) From the beginning of the Meiji period, Japan placed high priority on achieving national greatness and equality with the Western powers. Within the first two decades of the twentieth century, Japan had acquired or annexed the Ryukyu Islands, Formosa, the Kurils, southern Sakhalin, Korea, and former German possessions in China. By 1932, with the creation of Manchukuo, Japan's expansion into China and Southeast Asia was diplomatically all but unstoppable. The U.S. and Japan were soon on collision courses. Among other incidents, the Japanese bombed and sank the U.S. gunboat, Panay, in the Yangtze River. The Japanese Army shocked the civilized world with its barbarity during the capture of Nanking, Hankow, and Canton.

(5) The U.S. applied economic pressure on the Japanese by prohibiting petroleum products, lead, and scrap metal exports to Japan. Japan expressed outrage at this intrusion and told the U.S. to mind its own business. In September 1940, Japan signed a tripartite pact with Germany and Italy, recognizing Japan as the leader of a new order in Asia. This pact was directed primarily against the U.S., and the three signatories agreed to assist each other if attacked by a power not then at war. To block Chinese Nationalist access to vital supplies and locate alternative raw material sources, Japan accelerated its march to Southeast Asia and occupied northern Indochina. The U.S. reacted to the occupation of Indochina by freezing Japanese assets in the U.S. and declaring an embargo on oil to Japan.

(6) Negotiations between Japan and the U.S. continued through November 1941 without progress. Offers and counter-offers culminated in the Ten Point Note, the U.S. ultimatum to Japan drafted by Secretary of State Hull. Japan's total rejection of the concessions demanded in this ultimatum, including withdrawal from China and Indochina, closed the possibility of further negotiations. The stage for the Japanese attack of Pearl Harbor had been set, and in Japan's view there was no turning back.

### (7) Lessons Learned

a. The failure of U.S. foreign policy to deter Japan from aggression demonstrates that foreign policy unsupported by diplomatic power, military strength, and public consensus is likely to be ineffective. Allies and potential adversaries must perceive that the U.S. is prepared and willing to support declared policies with force.

b. History in the Far East before World War II provides no evidence that multilateral treaties or pacts are inherently more stable, effective, or long lasting than bilateral agreements.

c. A sustained period of weak, ambivalent policy followed by a relatively sudden hard line, interventionist approach (e.g., embargoes and diplomatic ultimatums) can have catastrophic results as shown by the events leading to Pearl Harbor.

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d. Economic sanctions can be an effective instrument of foreign policy under special circumstances. However, the U.S. imposition of the embargo on oil and scrap metal against Japan, in an attempt to end the Japanese invasion of China, was a failure. The Pearl Harbor attack painfully illustrated that sanctions can produce explosive results when they are ill-conceived expressions of political frustration and outrage and they force the target government into a position from which there is no acceptable political or diplomatic exit.

e. Japan's violent response to economic sanctions in 1941 vividly demonstrates the acute resource dependence of the Japanese economy. Despite Japan's development of nuclear power, the enormous growth of the Japanese economy since World War II has increased this fundamental dependence. The U.S. and the Western powers can expect that Japan will realign national priorities and foreign policies as needed to sustain supplies of vital resources.

(9) History reveals that Japan typically does not respond, as Western powers might hope, to abstract moral, legal, or economic concepts, such as national sovereignty, territorial integrity, and equal commercial opportunity. As shown by developments in China before World War II, Japan has based negotiations and policy actions on pragmatic measures to achieve specific national objectives, regardless of moral or ethical ramifications perceived by the West. For example, being fair in Japan means giving preferential treatment to one's own and closest friends. In Western eyes, giving preferential treatment to anyone is deemed unfair.

### (b) After World War II

(1) For the past 25 years, Japan has enjoyed all the advantages of evolving into a global economic power with few of the politico-military responsibilities of defense. Currently it is exercising an omnidirectional peaceful diplomacy (zenhoi heiwa gaiko); self-proclaimed.

(2) The magnitude of Japan's economic accomplishments is staggering. The ten largest banks in the world are now Japanese. By the late 1990s, Japan will hold more than one trillion dollars of other nations' debts. With trade surpluses exceeding \$60 billion annually, the largest foreign exchange reserves, and over \$100 billion in savings, Japan simply is the richest nation of the world.

(3) Japan's rise from the ruins of World War II has been characterized by an understandable lack of self-confidence that is now beginning to disappear. As Japan becomes a major world power its people are regaining their self-confidence. Beneath the eminently practical pro-American attitude, one finds the 4000-year-old inbred sense of xenophobia and the deep-rooted feelings that no-one really understands the Japanese. Anti-American and anti-alien attitudes are re-emerging. Racial superiority has always been part of this. Witness the outrageous treatment of the Ainu natives of Hokkaido, and Koreans and Caucasians who emigrate to Japan.

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(4) As a producer of manufactured goods, Japan needs sources of raw materials for which it will trade these goods. Likely future sources of raw materials and markets for its manufactured goods are China, the USSR, and North Korea. Australia will remain a major source and market. Vietnam also could become a market for Japan. Japan's economy also faces the problem of increasing labor costs relative to its neighbors. The cheap labor industries will have to be restructured or realigned.

(5) Trade friction between the U.S. and Japan has led to a tougher posture by Congress and the Administration toward Japan. Newly assertive Japanese nationalists' reactions to what is sometimes viewed as "Japan bashing" have been harsh. Advocates of a tougher policy toward Japan assert that Japan is a mercantilist nation that largely ignores parliamentary democracy and free trade principles in its economic policies toward other nations. Furthermore, these critics assert that the Japanese in positions of economic and political power think that the U.S.-Japan alliance has outlived its usefulness to Japan. In response, Japanese critics have shown an emerging contempt for the U.S. They allege that the trade imbalance is due to American laziness, racial inferiority, and a poor educational system. Overtones of the period between 1900 and the start of World War II are evident.

(6) In the context of present day tensions, the Western notions of free trade and fair competition are not likely to bring much force to U.S. or European trade negotiations with Japan. History and current events both suggest that the Japanese tend to view national power as a primary determinant of what is fair. In this regard, the U.S. has two choices that are not mutually exclusive. The U.S. might increase its diplomatic leverage by strengthening its own economy in the eyes of Japan and other allies. Positive, substantial, and appropriately advertised measures to decrease the U.S. budget deficit and increase industrial productivity are likely to produce diplomatic results in trade negotiations. The second choice is to trade with Japan on a more reciprocal basis, as the U.S. does with Europe. Japan cannot continue to ignore that its current trade practices could ultimately destroy its overseas markets.

(7) Japan indeed has been slow to respond to demands that it open its markets and work toward reducing the destructive trade inequities between the U.S. and itself. Europe by contrast has shown much more awareness that destructive trade practices ultimately will benefit none of the participants. These trade problems with Japan will not abate until Japan accepts and acts according to the principles of trade reciprocity.

(8) Even within its one percent of GNP limit, Japan is the world's third largest defense spender. The Japanese constitution prohibits Japan from obtaining offensive weapons systems. Yet, the Japan Defense Agency is reported to have expressed interest in obtaining British harrier aircraft that would be capable of strike operations from ships at sea. Vertical or short take-off and landing (VSTOL) aircraft carriers apparently are being considered also in future Japanese defense plans.

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(9) Japan will probably exercise its option to become a major military power by 2010 because it will no longer be possible to remain merely a trade state with a relatively small military. It needs the means to protect its sea lanes to the Persian Gulf and to deter emerging potential rivals such as China.

### (10) Northern Territories Problem

a. USSR contends that it is maintaining forces on the Northern Territories to balance the U.S. forces in Japan.

b. Japan refuses to sign World War II peace treaty with USSR until it gets back the Northern Territories. This is also a major reason for Japan's refusal to expand economic ties with the USSR.

c. Japan claims that these territories are not part of the Kuril Chain, and hence not covered by the terms of the San Francisco peace treaty (between Japan and the U.S.) in which Tokyo surrendered any claim to the Kurils. Although the USSR has hinted that it might be willing to return two of the four islands, the Japanese want all or nothing.

(11) Despite defeat in World War II, Japan apparently has not abandoned its national objectives established at the start of the Meiji period: achieving national greatness and equality with the Western powers. Evidently, Japan is now substituting economic strength for military power in attaining these objectives. Given the unrelenting nature of Japanese expansion in the Far East before World War II, fear and resentment among the other countries of Asia are likely to persist well into the twenty-first century.

(12) The U.S. and the other Western powers cannot expect the status quo in Asia to endure. As in the period before World War II, dynamic political and economic forces will alter the balance of power in the Far East. These forces could lead to important changes in national alliances and perceived threats among Asian countries. U.S. foreign policy must be robust enough to accommodate these political changes.

## 4. China

(a) China is so large in land, population, and potential that its actions and progress have global impact. Of the major powers, China is the poorest and least well placed strategically (it is encircled). In recent years, China has carefully chosen a middle road between the U.S. and the USSR. Since the USSR is its primary military threat, China has been pursuing Sino-Soviet summits and an eventual accommodation that could reduce that threat.

(b) China will still be the poorest major nation, on the basis of per capita GNP, in 2010. Yet, its economic planning is more coherent and Western than that of the USSR. Its military spending is less than one

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eighth of that of the superpowers. The proportion of GNP for defense decreased from 17 percent in 1971 to 7.5 percent in 1985. Signs of progress are:

- (1) Relative increase of world product share.
- (2) Rapid development of its nuclear technology.
- (3) Multiple warhead and space technological developments.
- (4) Agricultural growth rate of 8 percent.
- (5) Industrial growth rate of 12 percent.
- (6) Food production increases are matching population growth.
- (7) Rate of savings and investment more than 30 percent of GNP.
- (8) The major themes of modernization in order of priority are agriculture, industry, science, and defense.

(c) Only a major catastrophe, such as war with the USSR, is likely to stop China's growth. China will still be poor in terms of per capita product; but, in 2010 it will be significantly more powerful than it is today.

(d) Recent difficulties may slow China's rate of growth. Agricultural productivity has stalled after doubling between 1979 and 1984, and the government has imposed new austerity policies. The internal disruptions brought on by China's introduction of market economy measures are evident in recent riots and public turmoil.

(e) On 1 November 1988, China and the USSR announced agreement on the position of most of the disputed eastern border sector along Argun, Amur, and Ussuri rivers. A Sino-Soviet summit was held in the first half of 1989. Since 1981, Sino-Soviet trade has increased sixfold. The PRC military have established low-level military contacts with several East European nations. This may be a signal that establishing military relations with the USSR will soon follow.

### (f) Taiwan

(1) The proportion of native Formosans in government and positions of influence is increasing relative to the number of the former Nationalist Chinese or Kuomintang. Taiwan now has its first native-born president and cabinet majority. This may lead to a more moderate attitude toward mainland China's reunification proposals. Nevertheless, the Taiwanese are not eager to lose their independence.

(2) On 30 October 1988, radicals committed to making Taiwan independent from China lost the election for leadership of the opposition Democratic Progressive Party at the party's third national congress. Huang Hsin-chieh, representing the moderates who called for focusing on democratic struggle rather than the controversial independence demand, supported by centrist leader Kang Ning-hsiang, defeated incumbent party chairman Yao Chia-wen by 123-97 votes.

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(3) Deng Xiaoping's "one-country-two-systems" formula would not have to be confined to Hong Kong. The theory could provide a formula for eventual reunification with Taiwan. Eventual reunification could be similar to Hong Kong's assimilation. China would probably agree to Taiwan's free market status and retention of its current form of government for a decade or two. It would exact certain military, tax, and political obligations in return for economic benefits of free access to the mainland markets and protection from potential foreign adversaries. In December 1988, Taiwan began opening its doors to mainland Chinese scholars and cultural personages.

(4) Taiwan is the only one of the Four Tigers to seek a more balanced trade with the U.S. Its surplus with the U.S. shrank by about one third to \$12 billion in 1988.

(5) Taiwan's principal political-military threat is the PRC's desire to annex it. The PRC has stated that it would be willing to use force to accomplish annexation of Taiwan.

### (g) Hong Kong

(1) Hong Kong inevitably will be assimilated under the "one-country-two-systems" formula. Hong Kong will continue to prosper if the PRC honors its economic guarantees for fifty years as promised.

(2) Until the violence of 1989, Hong Kong had been the source of two thirds of all foreign investment in China. Recent violence and political repression have led to evaporation of long-term capital influx and inevitable later declining export earnings in China. For example, the World Bank postponed consideration of new commitments to China. Many Hong Kong firms are shifting their domiciles to other countries, and emigration has reached record highs.

## 5. ROK and DPRK

### (a) ROK

(1) The ROK's principal military threat is the DPRK. Its vigorous economy depends heavily on imported energy, raw materials, and overseas markets.

(2) Politically, the ROK has moved toward full democracy slowly. In the ensuing turmoils, radicals have called for complete removal of U.S. forces and better domestic working conditions.

(3) U.S. and ROK officials are considering scrapping the Combined Forces Command, under which a U.S. four-star general has held operational control over ROK forces since 1978. They are also contemplating a modified arrangement for air defense operations.



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(4) U.S. forces on the peninsula may be reduced gradually with continued use of training facilities, expanded exercises, but eventual relocation to Alaska or West Coast.

(5) The U.S. scrapped some trade sanctions against N. Korea in 1988 in an effort to ease North-South tensions.

(6) A newly freed ROK press heads the criticism of U.S. arrogance under SOFA and U.S. support of successive dictatorships.

### (b) DPRK

(1) The DPRK remains one of the world's most isolated states. The Kim Il Sung/Kim Jong Il personality cult continues. Economic and social depression prevail.

(2) Signs of loosening are the numerous reunification efforts of Kim Il Sung in recent years.

### (c) Reunification

(1) AS early as October 1980, Kim Il Sung proposed to reunify the peninsula by establishing a confederate state in which the differing social and economic systems of the DPRK and the ROK would remain as they are (Koryo). This approach envisioned socialism in the North and capitalism in the South, living together in a single state. Each half would exercise regional autonomy.

a. Other conditions Kim proposed were that Koryo would be peaceful, independent, neutral, nuclear-free, and not aligned with any military bloc.

b. China, Japan, and the USSR should find this proposal appealing. It leaves the USSR and China free to promote economic reconstruction in their own countries without wasting military resources in Asia. Japan certainly would favor the lessening of tensions on the dagger pointed at its heart.

(2) In January 1984, the DPRK proposed talks with the U.S. and the ROK to replace the Armistice Agreement with a peace agreement between Pyongyang and Washington, while adopting a non-aggression declaration with the ROK. DPRK officials have repeatedly stated that U.S. troop withdrawal is not a precondition to the proposed three-way talks.

(3) In late 1986, Kim suggested high-level North-South political and military talks. A new element in this proposal was the formation of a neutral-nations inspection force to monitor military action on both sides of the DMZ.

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(4) In July 1987, Pyongyang proposed a drastic phased reduction of the armed forces of both sides, along with the eventual withdrawal of U.S. troops.

(5) On 7 November 1988, the DPRK made yet another proposal to engage in multi-lateral disarmament talks.

(6) The fly in the ointment appears to be Seoul's insistence on cross-recognition of two Koreas by the four major powers as a precondition. Indications are that Pyongyang may be ready to go along with eventual cross-recognition if the U.S. and Japan show support for a confederation.

(7) In his UN speech, ROK President Roh Tae Woo proposed a "city of peace" to straddle the DMZ. Woo has been trying to break the long-standing impasse on the peninsula.

(8) Since the ROK government began to encourage closer ties with the DPRK at the start of 1988, several ROK department stores have been exhibiting DPRK goods and cultural objects. This is consistent with the ROK's announced intention to increase trade with the DPRK. ROK trade with China was U.S.\$2.5 billion in 1988. This is one of many indications that the DPRK's friends are beginning to consort with the ROK, primarily for economic reasons. >

(9) Numerous meetings between officials of the DPRK and the ROK have taken place at Panmunjom. Both nations appear eager to reunify. Summits and trade negotiations have been proposed. Strict preconditions are becoming more flexible. Japan and China appear to favor reunification, which theoretically would defuse a potentially explosive situation in the region.

### 6. SE Asia

(a) ASEAN as a whole is resource-rich. As a group, it was the fifth largest U.S. trade partner in 1987. Japan was ASEAN's leading trade partner. The association remains essentially non-military. Economists expect continuing, modest economic growth.

#### (b) Indonesia

(1) Indonesia is the fifth most populous nation of the world.

(2) Economically, the revenues from gas and oil production have been falling while population growth has exceeded rice production during the last two years. This nation will probably need technical assistance in developing its abundant natural resources and feeding its people.

(3) Indonesia has a larger Muslim population than any other nation. The essentially non-aligned government is concerned about the recent rise in Islamic fundamentalism.

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(4) In spite of recent Indonesian announced intentions to close some straits for exercises, passage of international warships remains unimpeded.

(c) Kampuchea. In response to U.S. urging, China withdrew its aid to the Khmer Rouge resistance after Vietnam met the precondition of removing its forces from Kampuchea.

### (d) Malaysia

(1) Malaysia is primarily economically oriented toward development of its oil, rubber, tin, and timber industries.

(2) It has experienced some internal difficulties between its Malay and Chinese ethnics.

(3) Butterworth remains a suitable airfield for Australian and potential U.S. staging and operations in the region.

### (e) Philippines

(1) The Philippines perceives no external threat. Internally, Muslim, Communist, and right wing factions oppose the government and each other to varying degrees.

(2) Economically, the Philippines are hindered by the recent flight of capital, a rapidly increasing population, and the slow progress of land reform.

(3) U.S. bases in the Philippines originated in another era. As such, they are associated with the unpopular, undemocratic Marcos regime, and they have become a major domestic political issue. Advantages of U.S. bases to the Philippines are:

a. Economic: \$96 million in salaries to 68000 Filipino employees. U.S. is second largest employer in the Philippines. About 2.5% of GNP generated by military expenditures.

b. Military: 1952 U.S. - Philippine Mutual Defense Treaty. U.S. forces on scene are a deterrent. Philippine forces are geared primarily against insurgents. Only U.S. forces provide defense against external threats. As a result, Philippine defense spending is low in comparison to other ASEAN countries. For example, in 1985 the Philippine defense budget was lowest per capita, lowest per GNP, and fifth largest of the six ASEAN nations. During 1985-1989, AFP received \$95.5 million per year, their share of base compensation money. This comprises 20% of total AFP budget; 80% of its capital equipment expenditures. U.S. provides \$2.5 million per year for AFP training in the U.S. Local communities assistance programs.

## TRENDS AND INDICATORS

(4) The existing bases agreement probably will be terminated within two years after 1991. The U.S. and the GOP could reach agreement on vastly different arrangements for the use of the bases. A phased withdrawal over three to five years, with stipulations for certain U.S. payments, is possible. U.S. use of training facilities and combined exercises could continue.

(5) The Philippines may try to convert Clark into a shared-use, military and international airport. With U.S. commercial assistance, they may try to convert Subic into an international port, repair, and maintenance facility. U.S. military aircraft would be permitted to use Clark for staging in peacetime. Wartime use would be determined by the GOP on a case-by-case basis. A similar arrangement probably would apply to Subic.

(6) Half the Philippine population is under 20 years old. They no longer are U.S. "blood brothers" and have taken an increasingly negative view of U.S. historical ties as colonialism. The 1979 amendment of the MBA assuring unhampered U.S. military operations implies that the bases are still subject to control and sovereignty of the U.S. - not the Philippines. Strident nationalism has moved from the radical left to the political mainstream. With the help of the media, public support of the bases is eroding. Privately, Philippine politicians assert they would like the bases to stay; their public proclamations contradict their private assertions.

(7) The December 1987 ASEAN meeting in Manila supported a Zone of Peace and Neutrality for the region. Indonesia stated that U.S. military presence in the Philippines would be incompatible with such a zone. Only Singapore's Lee Kuan Yew has supported U.S. presence.

(8) The Philippine Senate has declared that "the Philippines, consistent with the national interest, adopts and pursues a policy of freedom from nuclear weapons in its territory." In June 1988, the Senate passed a bill banning nuclear weapons in the Philippines, specifically including U.S. facilities. The bill also prohibits nuclear-armed ships or aircraft from entering or transiting Philippine territory and creates a commission to monitor, verify, and require compliance with the law. If this bill becomes law, it will conflict directly with the U.S. NCND and nuclear weapons deployment policy.

### (f) Singapore

(1) Singapore is the jewel of the ASEAN economies. It is highly competitive in electronics, shipbuilding, and petroleum refining, food processing, and transportation industries.

(2) Prime Minister Lee Kuan Yew recently offered Singapore as a home port for a U.S. aircraft carrier. This came at a time when the U.S. was wrestling with the problems of possible alternate bases for its Philippine infrastructure.

## TRENDS AND INDICATORS

### (g) Thailand

(1) Thailand has the second fastest growing economy in Southeast Asia.

(2) Its principal security concern has been Vietnam's incursion into Kampuchea with the concomitant problem of border refugees.

### (h) Vietnam

(1) Vietnam's command economy is plagued by the same inherent difficulties as are all others of its kind. Its per capita GNP is \$130, inflation soars at 700 percent, its account deficit stands at over \$1 billion, and its foreign debt exceeds \$5 billion.

(2) Its heavy economic dependence on the USSR continues.

## 7. South Asia

### (a) Overview

(1) South Asia could be entering a period of violent upheavals. Although U.S. influence has contributed to regional stability, the potentially unstable situations in the Persian Gulf, Tibet, Afghanistan, Sri Lanka, and India's internal ethnic problems do not lead to optimistic predictions of future stability. India, the region's central power, would like to replace the U.S. as the guarantor of regional stability. India links all South Asian countries geographically, and to a large extent, India's policies and actions will determine what happens in South Asia during the next twenty years.

(2) India does not want any outsiders to be involved in South Asian affairs. In its version of the Monroe Doctrine, India views the region as its exclusive preserve. Other South Asian states, such as Bangladesh or Nepal which are too weak to stand up to India, are not necessarily pleased about India becoming the South Asian policeman. India's recent interventions have raised the level of this concern.

### (b) India

(1) India maintains a nonaligned foreign policy. It has had close relations with USSR since 1971 Indo-Soviet Treaty of Friendship and Cooperation.

(2) Of its population of 820 million, 40 percent are below the poverty line, and 80 percent are Hindu. In the mid-80s, India attained a surplus in food production, keeping pace with population growth. Yet, millions of Indians live close to starvation, because they are too poor to purchase ample food.

## TRENDS AND INDICATORS

(3) India has the largest conventional warfare capability in South Asia. Its two carriers will grow to three or more. It has nuclear capability and a 1500 n.mi. rocket. It has leased a Soviet nuclear submarine and will have its own by 2010.

(4) India is beset with internal problems between its Muslims, Hindus, Sikhs, and the government. Of grave concern to the government is the rise of Islamic fundamentalism.

(5) As China strives for and Japan rises toward superpower rank, India sees its role as a major Asian player who has to develop closer relations with the nations of South and Southeast Asia as a counter to Japan's and China's rising regional pre-eminence. India views its military threats as coming from China and Pakistan.

(6) In November 1988, the USSR and India signed four agreements and one protocol covering exploration and use of outer space, economic and technical cooperation in power projects, cultural exchanges, and an agreement to supply India two nuclear power reactors. The Soviets provided the Indians their biggest credit ever - U.S.\$234.5 billion for 20 years at 2.5 percent interest. Apparently the strings attached to this Soviet aid are that India is not to engage in combined exercises or training with any of the Western nations, especially the U.S.

### (c) Pakistan

(1) Pakistan has the ninth largest population of the world. As a predominantly Islamic nation, it represents a sectarian threat to India. Relations between Pakistan and India reflect centuries-old Muslim-Hindu rivalries and suspicions. The most sensitive issue dividing the two countries has been Kashmir, whose population is largely Muslim.

(2) Pakistan has a well-trained and disciplined military - the world's seventh largest. Pakistan's primary security problem is India, which has developed its military infrastructure near Pakistan, has aircraft that can reach all parts of Pakistan, and has nuclear weapons.

(3) China and Pakistan have concluded a variety of agreements and regularly exchange high-level visits. Pakistan considers China its most reliable friend. It views the PRC as a counterweight to India and the USSR. The PRC has provided economic, military, and technical assistance.

(4) Pakistan also has long-standing geopolitical, historical, cultural, and religious ties with Iran. The two countries enjoyed cordial relations during the Shah's reign and cooperated on regional defense through the Central Treaty Organization (CENTO). Since the Iranian revolution in 1979, Pakistani-Iranian relations have been sensitive to Iran's interest in exporting its new principles and in seeking greater support for Iran with respect to Iraq.

## TRENDS AND INDICATORS

(5) Pakistan's relations with Iran also are influenced by its extensive religious, security, and economic relations with Saudi Arabia and other Persian Gulf states. Pakistan provides military personnel to strengthen their defenses and to reinforce its own security interests in the area.

(6) In 1981, the U.S. and Pakistan agreed to a multi-year, \$3.2 billion military and economic aid program. Congress subsequently waived aid restrictions partly because Pakistan's assurances that it was not constructing nuclear weapons.

(7) Nevertheless, Pakistan is developing nuclear weapons; it has materials on hand to assemble them quickly if needed. With the threat of these weapons, Pakistan intends to stand off larger and more powerful neighbors India and China. Pakistan has fought several wars with India, which exploded a nuclear device in 1974. China has nuclear weapons as well.

### 8. Australia and New Zealand

(a) Both countries are focusing more on their region and less on external matters.

(b) Australia's economic ties with Japan are significant. It sends 56 percent of its raw materials to Japan.

(c) Australia's continuing military ties with the U.S. have raised domestic opposition similar to that in New Zealand, which forbade entry to U.S. nuclear-propelled and armed vessels.

(d) New Zealand perceives no external threats except possibly the French nuclear experiments in the South Pacific. The anti-nuclear sentiment of its people shows no signs of abating.

## FUTURES

### A. General Observations

1. As power centers shift, the nations of the world move toward a new international political order. Economic interdependence of nations will become increasingly important during the first half of the next century.

2. The Likely Future is an estimate of 2010 based on extensions of today's identifiable trends, assuming that the U.S. and other nations do not change their policies significantly.

3. The Desired Future is an estimate of 2010 within the realm of achievability. It is not an ideal future. The post- World War II position of U.S. dominance is no longer possible.

### B. A Likely Future

#### 1. U.S.

(a) After a major financial readjustment, largely attributable to the immense national debt, the U.S. rebounds economically in some of the same areas as Japan (i.e. ~~information and electronics~~), space technology, and biological and physical sciences, such as superconductors and fusion.

(b) Since the early 1990s, activism for national medical care due to an aging population and rising medical costs have influenced Congress and successive Administrations to increase social and welfare program expenditures. Other programs receiving more funding are environmental protection, education, space exploration, and science and technology.

(c) The U.S. is keenly aware that existing Soviet capabilities remain significant. Yet, military expenditures decrease as social welfare and other domestic programs increase. Thus, U.S. global interests and obligations further exceed U.S. power to defend them everywhere simultaneously. Nor does the U.S. have the industrial orientation and infrastructure needed for national mobilization in a major conflict. >

(d) Increased nationalism throughout the world lead to a decrease in influence and major withdrawals of U.S. forces:

(1) U.S. forces throughout the world are drastically reduced to unaccompanied deployment status only. No permanent assignments and no dependents are allowed overseas, except in special diplomatic cases.

(2) The U.S. leaves Greece and Spain by the late 1990s.

(3) U.S. forces leave the Philippines within two years after 1991. Bases revert to GOP. What remains are joint use agreements for Clark and Subic allowing U.S. force deployments, repair, replenishment, and trans-shipment. > ka!



## FUTURES

(4) All U.S. forces leave the ROK by the year 2000; they leave Japan by 2010.

(5) Shared-use air bases are established in the Philippines, Japan, and Europe (not Korea - see below).

(6) The new style of overseas operations uses foreign-owned and operated deployment bases and ports for visits and repair.

(e) The U.S. military establishment retains its four-service structure, except for logistics, personnel, lift, and communications. Each of these functions is pulled together under a specified command.

(f) Nuclear weapons policy and NCND policy remain unchanged.

(g) Joint U.S./USSR/EEC space exploration of Mars and other regions of solar system is under way.

(h) Warfare

(1) LIC is the most common form of conflict in 2010.

(2) Conventional weapons with increased accuracy and lethality increasingly replace nuclear weapons as the weapons of choice.

(3) Nuclear conflict is less probable than other forms. During the last 40 years, the USSR has shown no signs of moving toward all-or-nothing warfare. It seems to prefer incremental gains below the nuclear threshold.

(4) Lesser powers have advanced weapons, diminishing the relative advantages of the larger powers. These include chemical and nuclear weapons and short or medium range missiles.

(5) The most likely areas of future conflict involving the U.S. (and possibly the USSR) are Central and South America and the Persian Gulf.

### 2. Europe

(a) NATO - European nations are more self-sufficient; less reliant on U.S. Economic and physical border barriers between EEC members have all but disappeared.

(b) NATO and the Warsaw Pact nations make large reductions in troops and tanks, resulting in essentially defensive postures.

(c) The U.S. withdraws major forces. The NATO nations do not replace withdrawn U.S. forces with any of their own.

## FUTURES

(d) In spite of a continuing relative economic decline, the EEC remains a formidable economic bloc. It protects its members with trade barriers tailored against Asian and U.S. commerce.

(e) Germany is not yet reunified, but both Germanies continue efforts to do so. Neither the USSR nor the U.S. supports them.

(f) Due to closer economic interactions, the East and West European nations develop closer social ties and greater political affinity.

### 3. USSR

(a) Despite its economic initiatives and general retrenchment, the USSR remains a formidable military power. Its relative economic decline continues, and Glasnost and Perestroika achieve disappointing results.

(b) The USSR is engaged in numerous joint economic ventures with European countries and Japan.

(c) The major force withdrawals from Eastern Europe promised in the late eighties occur; however, only a few divisions are removed from the China border.

(d) The Berlin Wall comes down.

### 4. Third World

(a) The most dramatic political and economic changes occur among the nations with the least political and military power.

(1) Green revolution ends: Parts of the Third World that experienced the green revolution that enabled them to feed their people without periodic, massive outside help are outpacing food production with population growth. As 2010 approaches, prospects of hunger problems during the next decade re-emerge.

(b) Almost all armed conflicts during the past forty years occurred in the Third World. This trend continues well beyond 2000. Third World violence continues to threaten fledgling democracies, causing migrations to the U.S., threatening U.S. bases and sea lanes, and providing strategic expansion opportunities for the USSR.

(c) Between 1990 and 2010, the U.S. is challenged repeatedly by low intensity, protracted conflicts involving newly emerging countries flexing their recently acquired military muscles. Opponents are guerrillas, paramilitary terrorists, and armed subversives of various political persuasions throughout the Third World.

## FUTURES

### 5. Asia General

(a) The economic power of Asian countries translates into political and military power in ways that are not always fully consistent with U.S. security interests.

(b) Increasing protectionism of the EEC and emerging protectionism of the U.S., trying to solve its debt and balance of payments crisis, cause Asian nations concern. As a result, prosperous Asian nations take steps to decrease their dependence on U.S. protection and Western markets. China, Japan, and Korea form an informal economic bloc. The availability of new markets in the USSR and emerging Asian nations diminishes the importance of the American market in the perceptions of Asian leaders. Competition rather than cooperation remains the primary means for economic growth and prosperity.

(c) The "Four Dragons" of Hong Kong, Singapore, South Korea, and Taiwan are now not so little economic rivals of the U.S. and Japan in the Asia-Pacific region.

(d) Korea and Japan provide capital to the DPRK for economic development and join the USSR in ventures to develop Siberia.

(e) China, Japan, and Korea are major political-military powers in their own right. Increased military power of Asian nations make it easier to settle disputes by force. Historical rivalries between Asian countries re-emerge as U.S. influence diminishes. Regional LICs involving China, Vietnam, India, Pakistan, and some of the ASEAN countries occur.

### 6. Japan

(a) After U.S. forces leave Japan, the USSR agrees to withdrawal of its forces from the Northern territories. Japan and the USSR sign a peace treaty, ending World War II between the two nations.

(b) Japan experiences increasing nationalism at home from a generation that does not have the bitter memories and emotions associated with World War II. These sentiments are nurtured by literature and cinema; as early as the 1980s, Japanese movies began extolling the revival of nationalism and "bushido" ethic. The departure of U.S. forces increases the popular support for world class military might, to some extent to fill the vacuum left by the U.S.

(c) For these reasons and because it is no longer possible to remain merely a trade state with a relatively small military, Japan exercises its option to become a major military power. Commercial expertise and financial wealth are deemed not enough to protect Japan in the anarchic world of power politics. More specific reasons are:

(1) An overextended U.S. withdrew from many of its Asian commitments.

## FUTURES

(2) With the reduction of U.S. presence, the need to protect its sea lanes with its own military increased.

(3) Regional strategic stability could not be guaranteed without an underlying threat of the use of military force.

(4) China emerged as a competing power.

(5) The potential reunification of Korea poses an additional confounding threat.

(d) Entering its post-industrial phase, Japan restructures major segments of its economy from large-scale industrial production to robotics, information, and electronics.

(e) At the turn of the century, Japan becomes the world's leading economic power. It provides capital to the USSR for economic development and joins in developing Siberia.

### 7. China

(a) Drifts toward rapprochement and establishes cordial relations and various trade/cooperation agreements with the USSR.

(b) Population growth continues to stifle economic progress beyond currently observable rates.

(c) Nevertheless, by virtue of its size, China remains a major military, political, economic power (with relatively poor population).

### 8. Korea

(a) U.S. forces leave before the year 2000.

(b) A DPRK offer to establish a confederate state uniting the two Koreas is on the verge of acceptance by the ROK. Reunification talks continue with some hope for the future. The reunification model keeps differing social and economic systems intact in two autonomous regions, united by complementary economic interests under one national government.

(c) The ROK and the DPRK unite in declaring their peninsula a nuclear-free zone.

### 9. Taiwan

(a) The fear of mainland China engendered by the Beijing uprising in 1989 diminishes with the passage of time. As the proportion of native Formosans in government and positions of influence increases after the retirement of most of the older Kuomintang, Taiwan adopts a more moderate attitude toward mainland China's reunification proposals.

## FUTURES

(b) Deng Xiaoping's did not confine his "one - country - two - systems" theory to Hong Kong. The theory provides the formula for reunification with Taiwan. Reunification is similar to Hong Kong's assimilation. China agrees to Taiwan's free market status and retention of its form of government for a decade or two. China exacts certain military, tax, and political obligations in return for economic benefits of free access to the mainland markets and protection from potential adversaries.

### 10. ASEAN

(a) Vietnam completes its pullout from Kampuchea in the late 1980s. In response to U.S. urging, China had withdrawn aid to the Khmer Rouge resistance after Vietnam met the precondition of removing its forces from Kampuchea.

(b) Countries of the region experience modest economic growth; straits passage by war ships remains unimpeded; Vietnam and Burma become new ASEAN members.

(c) ASEAN is now a nuclear-free zone (ANFZ).

(d) Philippines

(1) The existing bases agreement is terminated in the mid 1990s.

(2) U.S. forces are withdrawn; the U.S. and Philippines reach agreement on joint use of Clark and periodic staging deployments and exercises; Subic is mostly a commercial port.

### 11. Vietnam

(a) Vietnam leaves Kampuchea after establishing a communist dictatorship. It seeks and achieves admission to ASEAN primarily for economic reasons. Soviet influence and presence diminish significantly; only token advisers remain.

(b) Diplomatic and normal trading relations with U.S. are not established due to disagreement about additional preconditions demanded by the U.S.

### 12. Afghanistan

(a) After installing a communist dictatorship, all Soviet forces withdraw by the end of February 1989. The Mujaheddin eventually recapture Kabul and establish a provisional government shortly thereafter.

(b) A new Muslim faction, oriented toward Islamic fundamentalism, wrests control of the government from the Mujaheddin to establish a dictatorship that is recognized as the legitimate government of Afghanistan.

## FUTURES

### 13. India

(a) India asserts full hegemony of the Indian Ocean littoral by 2000; the U.S. leaves Diego Garcia; COMMIDEASTFOR is disestablished.

(b) India obtains from the UN a declaration that the Indian Ocean, including the Arabian Sea, is a ZOPFAN. Iran obtains a similar declaration for the Persian Gulf.

### 14. South Pacific

(a) Australia joins the South Pacific Nuclear Free Zone (SPNFZ), encompassing most of the South Pacific Islands, New Zealand, and Papua New Guinea.

(b) In Australia, the increasingly popular and vocal opposition to U.S. defense policies and installations results in removal of U.S. personnel and installations from Northwest Cape and central Australia. Overflight rights for U.S. bombers are canceled. ANZUS is defunct.

### 15. Central & South America

(a) New threats: Communist or socialist leaning regimes are established in Nicaragua, El Salvador, Honduras, and Panama (after the overthrow of Noriega).

## C. A Desired Future

### 1. Ideal Versus Achievable

(a) In an ideal future, the U.S. would be in about the same position it was during the era after World War II - the most powerful nation of the world. Such a world is no longer possible. The desired world of 2010 must be achievable and consistent with the trends of less U.S. military spending, reduced Soviet military threat, and increasing multi-polarity of world power.

(b) In an achievable desired world of 2010, the U.S. economy is better off than today, and U.S. influence and access continue in all spheres and areas of Asia (as well as the rest of the world). Japan is a cooperative economic partner of the U.S. with a more open, consumer oriented economy. Japan will not need nor develop military power projection forces. The USSR and its client states are less threatening to the West. Eventually, the Soviets do achieve some socio-economic improvements and perhaps a political reorientation less bent on world domination.

(c) In Asia, tensions on the Korean peninsula are reduced, with or without reunification. China, in spite of recent internal problems, is leaning more toward the West. Third World nations seek economic progress instead of political and military power through arming themselves. In

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general, one sees signs of worldwide arms reductions consistent with a stable balance of power, decreasing terrorism, and a proliferation of market economy and democratic principles.

### 2. U.S.

(a) Although U.S. global interests and obligations exceed U.S. power to defend them simultaneously, the U.S. congress and administration advocate a strong military. U.S. allies are keenly aware that existing Soviet capabilities remain significant, and some of them have taken up various U.S. global police burdens.

(b) After a major financial readjustment, largely attributable to the immense national debt, the U.S. rebounds economically in some of the same areas as Japan (i.e. information and electronics), space technology, biological and physical science applications, such as superconductors and fusion. The U.S. reverses its relative world product decline. U.S. society in its economic activity is less structured, not as rigidly controlled, and fundamentally freer than other nations to alter its productive structure and reduce its allocation of resources to non-productive sectors. Far more effectively than other economies of the world, the U.S. economic system has an inherent ability to create jobs, sustain growth, engender innovative entrepreneurship, expand into new areas, and learn from better procedures and products abroad.

(c) Japan and the U.S. join in a bilateral combination whose power and size are unprecedented in the history of the world.

(1) The combined GNPs of the U.S. and Japan represent more than one third of the world's wealth and market share.

(2) These two nations become so closely intertwined economically that neither can prosper without the other. Enormous Japanese investments in the U.S., significantly increased U.S. exports to more open markets in Japan, and cooperation rather than competition characterize this relationship in 2010.

(3) In return for continuing nuclear and sea lane security guarantees and the deterrent effect of forward deployed U.S. forces, Japan now pays for all U.S. forces stationed there.

(d) Since the early 1990s, activism for national medical care due to an aging population and rising medical costs have influenced Congress and successive Administrations to increase social and welfare program expenditures. Other programs receiving more funding are environmental protection, education, space exploration, and science and technology.

(e) Through government and private industry initiatives, the U.S. regenerates the industrial orientation and infrastructure needed for national mobilization in a major conflict. The U.S. maintains a strong

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military defense and invests substantially in advanced military technology, including space programs. Space platforms are developed sufficiently to support combat operations on earth.

(f) Increased nationalism throughout the world strains U.S. alliances. Through political initiatives, sustained by economic clout and interdependence, the U.S. maintains strong alliances and relationships. The roles and missions of U.S. forces that are withdrawn are assumed by burden-sharing allies.

(1) U.S. ground forces throughout the world are reduced to token units. Air units are cut by roughly 50 percent; naval deployments continue.

(2) U.S. leaves Greece and Spain.

(3) U.S. bases are maintained in the Philippines by repeated extensions of the agreement. However, joint use is now part of these agreements.

(4) All U.S. ground forces leave the ROK by year 2000; some air units remain. Although U.S. presence in Japan is substantially reduced, equivalent Japanese defense forces take their place. USMC forces leave Okinawa.

(g) U.S. economic and military assistance agreements are backed by remaining U.S. forward deployed forces throughout the world.

(h) In spite of the Soviet Glasnost, Perestroika and Democratization programs, the Soviet global threat remains, albeit somewhat diminished. Consequently, the U.S. Congress and the Administrations create a universal public service program to obtain personnel. This program, which includes the military, provides public service alternatives to military service and enough recruits to man the armed forces.

(i) The U.S. military establishment retains its four-service structure, except for logistics, personnel, lift, and communications. Each of these functions is pulled together under a specified command.

(j) NCND policy remains intact; tactical nuclear weapons deployment policy is changed. Tactical nuclear weapons are removed from forward deployed naval vessels and stored in U.S. installations as far forward as possible. New Zealand, among others, now welcomes all U.S. vessels.

(k) Joint U.S./USSR/EEC space exploration of Mars and other regions of solar system begins after the turn of the century.

(l) Warfare

a. LIC is the most common form of conflict.



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b. Conventional weapons with increased accuracy and lethality increasingly replace nuclear weapons as the weapons of choice.

c. Nuclear conflict is less probable than other forms. During the last 40 years, the USSR has shown no signs of moving toward all-or-nothing warfare. It seems to prefer incremental gains below the nuclear threshold.

d. Lesser powers have advanced weapons, diminishing the relative advantages of the larger powers. These include chemical and nuclear weapons and short or medium range missiles.

e. The most likely areas of future conflict involving the U.S. (and possibly the USSR) are Central and South America and the Persian Gulf.

### 3. Europe

(a) European nations are more self-sufficient; less reliant on the U.S. Economic and physical border barriers between EEC members have all but disappeared.

(b) NATO and the Warsaw Pact nations make large reductions in troops and tanks, resulting in essentially defensive postures.

(c) The U.S. makes major force withdrawals. Nevertheless, presence forces remain. The individual NATO nations replace some of the U.S. forces withdrawn with their own.

(d) In spite of a continuing relative economic decline, the EEC remains a formidable economic bloc. The protection of its members with trade barriers tailored against Asian and U.S. commerce during the 1990s is relaxed after 2000. Through GATT and other forums, new and more equitable trade arrangements between the EEC, the U.S., and the Asian market economies are developed.

(e) Both Germanies continue efforts to reunify. Neither the USSR nor the U.S. support them.

(f) Due to closer economic interactions, the East and West European nations develop closer social ties and greater political affinity.

### 4. USSR

(a) Despite its economic initiatives and general retrenchment, the USSR remains a formidable military power.

(b) Its relative economic decline continues.

(c) Glasnost and perestroika achieve disappointing results.

## FUTURES

(d) Numerous joint economic ventures are undertaken with European countries and Japan.

(e) Major force withdrawals from Eastern Europe occur; only a few divisions are taken from the China border.

(f) The Berlin Wall comes down.

### 5. Third World

(a) The most dramatic political and economic changes occur among the nations with the least political and military power.

(b) The green revolution ends; but, developments in plant genetics succeed in producing new strains of staple grains that allow Third World nations to keep pace with growing populations.

(c) Although almost all armed conflicts during the past forty years occurred in the Third World, the growing economic and industrial power of Third World nations tends to diminish their military adventurism in favor of further economic and social progress.

(d) Some LICs continue to challenge the U.S., a partner in many of the Third World's economic ventures. LIC decreases markedly after the year 2000.

### 6. Asia General

(a) Although political and military power derives from economic strength, the Asian nations find it in their best interests to avoid regional conflicts. As their power increases, U.S. allies in Asia pursue more independent courses. They join in numerous mutually beneficial economic development ventures, not all of which are consistent with U.S. economic interests.

(b) Increasing protectionism of the EEC and emerging protectionism of the U.S., trying to solve its debt and balance of payments crisis, causes Asian nations concern. Realizing that a large, essentially open U.S. market is crucial to Asian economic prosperity, Japan, Taiwan, and the ROK decide to use cooperation rather than competition as the primary means for economic growth and prosperity. Thus, these Asian countries rearrange their Asia-Pacific trade relationships. Through GATT, other similar forums, and private negotiations, these nations and the U.S. develop more equitable trade flows and open previously closed sectors of their respective economies to each other.

(c) The military relationship of the U.S. to its allies in the Asia-Pacific region changes from one of U.S. dominance to one of full partnership and equal sharing of military responsibilities.

(d) The ROK and Japan join in USSR ventures to develop Siberia.

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### 7. Japan

(a) In exchange for an agreement by Japan to participate in the economic/industrial development of Siberia, the USSR agrees to withdrawing its forces from the Northern territories. Japan and the USSR sign a peace treaty, ending World War II between the two nations and returning the Northern Territories to Japan.

(b) During the 1990s, Japan restructures major segments of its economy from large-scale industrial production to robotics, information, and electronics. It is close to being the world's leading economic power.

(c) Japan does not exercise its option to become a major military power with power projection capability. U.S. forces, although somewhat reduced in numbers, remain as integral components of Japanese defense. Nevertheless, the Japanese military grows, and its naval forces are now able to guard the sea lanes from the Persian Gulf to Japan, if necessary.

(d) Japan and the U.S. join in a bilateral military and economic combination whose power and size are unprecedented in the history of the world.

(1) The combined GNPs of the U.S. and Japan represent more than one third of the world's wealth and market share.

(2) These two nations are so closely intertwined economically that neither can prosper without the other. Enormous Japanese investments in the U.S., significantly increased U.S. exports to more open markets in Japan, and cooperation rather than competition characterize this relationship in 2010.

(3) In return for continuing nuclear guarantees and the deterrent effect of forward deployed U.S. forces, Japan now pays for all U.S. forces stationed there.

### 8. China

(a) In exchange for economic, industrial development, and trade agreements, China begins leaning toward the West.

(b) By virtue of its size, China remains a major military, political, economic power (with relatively poor population).

### 9. Korea

(a) U.S. ground forces leave before the year 2000. Air units remain.

(b) A DPRK offer to establish a confederate state uniting the two Koreas is declined by the ROK.

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### 10. Taiwan

(a) Although the proportion of native Formosans in government and positions of influence increased significantly after the retirement of most of the older Kuomintang, the 1989 Beijing uprising stopped further talk of reunification.

(b) Deng Xiaoping's "one - country - two - systems" theory for Hong Kong is rejected by Taiwan., which seeks full independent nation status and recognition of the world community.

### 11. ASEAN

(a) Vietnam completed its pullout from Kampuchea in the late 1980s. In response to U.S. urging, China had withdrawn aid to the Khmer Rouge resistance after Vietnam met the precondition of removing its forces from Kampuchea.

(b) The region experiences modest economic growth; straits passage by warships remains unimpeded; Vietnam and Burma become new ASEAN members.

(c) ASEAN becomes nuclear-free zone (ANFZ).

(d) Philippines

(1) The bases agreement was renewed in the mid 1990s.

(2) U.S. forces remained; the U.S. and Philippines reached agreement on joint use of Clark and Subic.

### 12. Vietnam

(a) Vietnam left Kampuchea after establishing a communist dictatorship. It seeks and achieves admission to ASEAN primarily for economic reasons. Soviet influence remaining is primarily economic; military presence ends.

(b) Diplomatic and normal trading relations with U.S. are reestablished.

13. Afghanistan. After installing a communist dictatorship, all Soviet forces withdrew by the end of February 1989. The Mujaheddin eventually recapture Kabul and establish a provisional government.

### 14. India

(a) India asserts full hegemony over the Indian Ocean littoral by 2000. The U.S., through political pressure and economic and military sales concessions, obtains India's acquiescence to U.S. forces remaining at Diego Garcia for use as a way-station.

## FUTURES

(b) COMMIDEASTFOR is augmented to subordinate unified commander status, responsible for the Indian Ocean and Persian Gulf, under USCINCPAC.

### 15. South Pacific

(a) Australia declines to join the South Pacific Nuclear Free Zone (SPNFZ), encompassing most of the South Pacific Islands, New Zealand, and Papua New Guinea.

(b) ANZUS is revitalized by re-entry of New Zealand after the change of U.S. nuclear weapons deployment policy.

16. Central & South America. Through political and economic intervention by the U.S., potential communist regimes in Nicaragua, El Salvador, Honduras, and Panama are averted.

## STRATEGY AND ACTIONS

A. Since the 19th century, the U.S. grand strategy has been to prevent a single power, or coalition of powers, from dominating either Europe or Asia. It continues to be in the best interests of the U.S. to manage power relations in Asia so that no single power exercises hegemony. The U.S. is unique in that it is the only Pacific power with political and security ties in Western Europe. It interacts with more nations in Asia than perhaps any other single nation. This places the U.S. in a position of global leadership in the Asia-Pacific region.

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1. The U.S. strategy in the Asia-Pacific region seems to have achieved its goals since the 1950s. At the very least, one sees a correlation between that strategy and the absence of major conflicts during the last 35 years. Until recently, no single Asian nation, has emerged as a dominant power. Moreover, the countries of the region have been relatively free to grow economically and politically in the absence of any significant Soviet or Communist expansion.

2. In Asia today, and for the foreseeable future, Japan, China, and the ROK are strong enough effectively to counterbalance Soviet expansionist ambitions. These countries have a significant stake in limiting Soviet expansion in Asia. Moreover, the Soviets under Gorbachev seem to be more interested in economic development than in subjugating the world to Communism. The emergence of these newly powerful nations and the attendant balance of power shifts in Asia are changes to which U.S. strategy will have to be adapted.

B. The current U.S. security policy of deterrence and containment extends nuclear deterrence to U.S. allies and assumes forward defense and deployments, allied burden sharing, exploitation of advanced technology, and world-wide interlinking of U.S. security interests. Manifestation of the last of these is the principle that a Soviet attack in Europe could involve the Soviets in a conflict with the U.S. in other areas of the world.

C. The USSR will continue to be a military competitor of the U.S., and deterrence of Soviet nuclear attack will continue to be a major element of U.S. strategy. However, recent and ongoing changes in the USSR, increasingly powerful Asian nations, and the spread of modern arms throughout the world will necessitate a transformation of U.S. security policy and strategy in the next two decades. As Asian nations become more powerful, the U.S. should exercise global leadership by pointing out that with increased power come increased regional security and burden sharing responsibilities. The U.S. can no longer afford to guarantee the security of the Asia-Pacific region unilaterally. Yet, the U.S. must lead the way toward a collective and cooperative security arrangement. The countries of the region must not find themselves having to accept the uncertainty and risks of a security environment in which no one has taken up the roles no longer being performed by the U.S.

## STRATEGY AND ACTIONS

D. The pillars of current U.S. strategy in the Asia-Pacific region are:

1. Conventional and nuclear deterrence
2. Forward defense and deployments
3. Allied solidarity and burden sharing
4. World-wide linking of U.S. security interests
5. Favorable war termination

E. These pillars of strategy really are the means to achieving general strategic objectives consistent with the principles of U.S. grand strategy. Those objectives are:

1. Preventing single power or coalition dominance
2. Preventing power instability
3. Preserving U.S. economic security
4. Preserving U.S. influence and access
5. Promoting extension of democracy

F. The 1950s vintage commitment to Soviet containment will not suffice as a strategy for the year 2010. The focus of U.S. strategy will have to change from containment of the Soviet Union and its surrogates to deterrence and establishment of a balance of power among the new hierarchy of multiple powers. This means China and Japan must be prevented from becoming superpowers, the U.S. must achieve more favorable trade balances with the Asian market economies, and U.S. forces must maintain presence and access rights throughout as much of the Asia-Pacific region as possible.

1. U.S. worldwide presence continues to be vital to U.S. interests in preventing regional hegemony and keeping allies aligned with the U.S. The purpose of U.S. forward deployed forces and bases in Asia would not be to contain a possibly diminished Soviet threat, but to assure China, Japan, and other countries of the region that the U.S. is interested in contributing to their defense. As Asia becomes multipolar, U.S. influence inevitably will decline. Therefore, maintaining influence and access will become more difficult, yet not diminished in importance, to U.S. presence and regional stability. Our political, economic, and military partners in Asia need the reassurance and the actual capabilities provided by the presence of U.S. forces.

2. The overriding economic and military importance of Japan to the U.S. places it ahead of all others in strategic priority to the U.S. in Asia. Japan will not become a superpower if it does not remilitarize and its forces remain insufficient for complete defense against another major power. The U.S. can abet that goal by tightening its strategic alliance with Japan, maintaining forward deployed forces and bases there, increasing the integration of the Japanese and U.S. military through combined plans and exercises, and continuing to provide a nuclear umbrella. Japan should be encouraged to provide forces sufficient to protect its long sea lanes to Southwest Asia, yet it should be discouraged from developing a long range offensive strike capability.

## STRATEGY AND ACTIONS

3. (The achievement of a more favorable trade balance without increasing the friction between Japan and the U.S. is somewhat beyond the scope of this report.)

4. China must overcome a host of domestic problems before it can become a superpower. The U.S. should seek closer political, economic, and military ties in order to influence the direction of China's development away from military strength and toward economic prosperity.

G. Due to the multiplicity and variety of Asian nations, a multilateral security arrangement seems less likely than an expansion of bilateral relationships. In fact Japan, the most important Asian nation to the U.S., has a constitution that prevents it from entering any collective security arrangements. On the other hand, changing U.S. strategy in the Asia-Pacific region will be less difficult than changing U.S. strategy in Europe. The bilateral alliances in Asia are not burdened by the multilateral consensus requirements typical of NATO. The major exception is Japan, with which changing security arrangements has been difficult in the past.

H. As Gorbachev proceeds with perestroika, glasnost, democratization, and force and weapons reductions, U.S. allies will perceive a diminishing Soviet threat. Asian allies may become increasingly reluctant to participate in burden sharing or agree to full-scale support in time of war. In fact, they may well ask U.S. forces to leave their countries, and allied solidarity may diminish.

I. The U.S. cannot afford - politically, economically, or militarily - to play the role of policeman of Asia. Rather, it must rely on a coalition of democracies to preserve peace and economic prosperity. Alliances can best thwart potential enemies by combining their military power. Due to its distance from Asia, the U.S. must continue to deploy bases and forces within the regions of potential conflict. Thus the U.S. forward deployment strategy is not a thing of the past, in spite of Gorbachev's new policies. U.S. presence is needed to balance all of the powers of the region.

J. Symbolism also matters. The U.S. should not be seen as withdrawing from its association and partnerships in Asia. Such an image could lead to China, Japan, Korea, and ASEAN pursuing strategies not necessarily in the best interests of the U.S.

K. A USPACOM strategy for the year 2010 will not be sufficient, by itself, to achieve a desired national future. The political, economic, societal, and technological stream of events will have to be guided by overall national security policy and decisions in pursuit of future goals. The U.S. and other nations must be persuaded to alter the currently observable trends (i.e. the course of history) leading to the Likely World. The strategy suggested in this study does not necessarily coincide with or accommodate current USPACOM planning and policy goals. Achieving a desired future will require policy, strategy, and operational concept changes. The U.S. will continue to need forward deployed or rapidly deployable, strong, unified forces; robust alliances; and self-sufficient friends. If permanent



## STRATEGY AND ACTIONS

overseas bases are no longer possible, then essential to U.S. strategy are extensive burden sharing and forces that are highly mobile, flexible, and ever-ready.

1. NUCLEAR DETERRENCE. The U.S. nuclear deterrence strategy, in its various guises since 1945, has been successful. Its main themes have been strategic sufficiency and non-strategic capability to deter and retaliate. This strategy, combined with arms control initiatives, should suffice for the future.

2. CONVENTIONAL DETERRENCE. The U.S. conventional deterrence strategy for mid- and high-level conflicts has rested on sufficient forward forces, overseas influence and access, strong alliances, and the threat of overwhelming firepower in support of allies. However, with decreasing U.S. defense expenditures and eventual reduced overseas presence, the U.S. will have fewer forces to bring to bear in any single region. To deter potential aggressors, the U.S. should adopt a policy of horizontal escalation. That is, an attack against the U.S. or its allies in any one region of the world would result in reprisals against an enemy wherever he would be found.

3. WARFIGHTING. The worldwide momentum toward reduction of U.S. overseas forces and bases means that the U.S. may soon have to find alternatives to forward basing. The U.S. should develop fast, mobile, strike forces, and enhanced lift to reach distant trouble spots; increased forced entry capability; basing surrogates such as artificial islands and rapidly deployable, prefabricated base structures; and place more reliance on allied strength. Alternate military installations to project firepower practically anywhere on the globe would be space platforms. USCINCPAC also should explore a continuum of future alternative basing possibilities, ranging from minor relocations to total withdrawal from foreign soil.

### a. Advanced Technology Utilization

#### (1) Competitive Strategies

(a) The U.S. has a comparative advantage over the USSR in basic technology and should exploit that. The U.S. should build on its strengths and capitalize on Soviet weaknesses. It should endeavor to make past Soviet investments obsolete with advanced technology systems.

(b) The U.S. can gain maximum leverage over numerically superior Soviet forces by capitalizing on its ability to build advanced sensors, high-speed, micro-miniaturized computers, and precise guidance systems. Examples are Joint Surveillance Target Attack Radar System (JSTARS), Tacit Rainbow, stealth aircraft, pop-up mines, highly accurate, long-range cruise missiles.

(c) The U.S. should take advantage of Soviet concerns about China through initiatives to strengthen U.S. ties with China.

## STRATEGY AND ACTIONS

(2) Develop capability for fast deployments via high speed ocean and air transits, floating bases, as alternatives to forward deployment if such deployments are no longer possible.

(3) Seek improvements in intelligence collection and processing.

(4) Develop low-cost, expendable satellites.

(5) Qualitative improvements in weapon systems are the only way the U.S. can compensate for the vast superiority in numbers of weapons produced and already on line in the USSR.

(6) Develop lethal, more accurate, conventional weapons to reduce reliance on nuclear weapons.

(7) Develop space war capability.

(8) Strategic Defense

(a) Develop strategic defense capability. For example, ballistic missile defenses.

(b) Maintain strategic triad.

(9) Command and Control

(a) Build multiple command centers protected by redundancy. Instant collapse of C2 due to nuclear attack should not be possible.

4. DRUG SUPPRESSION. To combat drug influx and proliferation, the military's anti-drug mission should be significantly expanded. The military has resources uniquely suited to assisting law enforcement agencies with training, intelligence gathering, surveillance, interdiction, and destruction of drug traffic. The U.S. should offer incentives, such as alternative crops and economic development, to counter lucrative drug businesses in source countries. If invited, the U.S. should participate in anti-drug military operations on foreign soil.

a. Locally, USCINCPAC should aggressively pursue eradicating drug crops on government property. The military should assist federal and local agencies in eliminating production of illegal drugs on government land with a three-part program.

(1) Illegal drug production would be eliminated on military bases and in training areas through high intensity air and ground operations emphasizing destruction.

(2) Based on interdepartmental agreements, drug production would be eliminated on other federal lands, such as national parks, using the same methods and goals.

## STRATEGY AND ACTIONS

(3) The State of Hawaii could obtain federal assistance in removing drug production from forest reserve areas in support of Governor Waihee's statements on drugs and Representative Akaka's desire to have Hawaii declared a high profile drug problem area.

b. These operations would remove significant areas from production. They would supplement current DOD efforts to eliminate drug use by its personnel and efforts by other agencies to reduce the general population demand.

5. MILITARY INFLUENCE AND ACCESS. Maintaining U.S. influence and access continues as a mainstay of policy. This policy encompasses forward deployed forces, strong alliances, burden sharing, coalition warfare, and cooperative client forces. Two areas that require change in response to trends and indicators of the future are U.S nuclear weapons policy and security assistance.

### a. Overseas Bases

(1) Continue to seek access and forward deployment. Bases in Southwest Asia are critical to timely responses in the Persian Gulf region. Seek alternative basing structures that will continue to meet the requirements of a forward strategy.

(2) On the other hand, develop alternatives to overseas basing and be ready to relocate. Develop versatile, mobile forces that can reach trouble spots without depending on overseas bases. Develop basing surrogates such as artificial islands and rapidly deployable, prefabricated base structures. One alternative suggested by Admirals Zumwalt and Bagley would be floating platform bases in shallow off-shore waters far from population centers.

(3) Compensations for reduced forward presence have to be increased surge capability, increased strategic lift, greater reliance on allied strength, increased security assistance and changed mix.

(4) A not-too-distant possibility for alternate military installations that could project firepower practically anywhere on the globe would be space stations. The U.S. Marines could well become Heinlein's Starship Troopers of the future.

### b. Nuclear Weapons Policy.

(1) Successful statesmanship has been described as the ability to recognize the inevitable and to exploit it to maximum advantage. The U.S. is faced with inevitable change in a world political environment in which anti-nuclear sentiment is spreading rapidly. These sentiments plus Soviet political strategy make it increasingly difficult to deploy tactical nuclear weapons freely.

## STRATEGY AND ACTIONS

(2) The political and military costs of such deployments some day may exceed their utility. This is especially true in the Pacific where the U.S. holds a conventional warfighting advantage rendering tactical nuclear weapons less necessary than in Europe.

(3) In recognition of the inevitability of change, the U.S. should begin now to lay the groundwork for the flexible reduction of forward-deployed tactical nuclear weapons. The more decisive the act, the more likely it is to shape the outcome to U.S. advantage. A hesitant U.S. will have change imposed on it by forces it may not be able to control.

(4) NCND remains appropriate when nuclear weapons are a necessary component of deterrence and peacetime strategy. During wartime, whether or not allies or friends object to nuclear weapons aboard U.S. platforms is largely irrelevant. However, tactical nuclear weapons on U.S. ships may no longer be needed to support national interests in peacetime. Removing these weapons from forward deployed U.S. ships would remove the cause of current and likely future disputes between the U.S. and its allies and friends. New policy goals should be:

(a) Greater influence and presence of U.S. naval forces throughout the world.

(b) Reduced tensions with allies and non-aligned nations.

(c) Political advantage of a U.S. rather than Soviet initiative.

(d) Unilateral flexibility to redeploy withdrawn tactical nuclear weapons forward when needed.

### (5) Operational Impact

(a) The operational impact of such a policy depends partly on the number, utility, and deterrence value of tactical nuclear weapons deployed forward in the Pacific. There aren't many these days. These weapons affect deterrence to the extent that an adversary views such weapons, especially TLAM-N, as a threat. The proposed policy would remove the ability to launch sea-based tactical nuclear weapons against Soviet targets during the opening weeks of a conflict that began with little or no warning. This disadvantage rests on the assumptions of minimum warning and Soviet early use of nuclear weapons.

(b) In the current atmosphere of reduced superpower tension, the likelihood of a minimum warning attack is decreasing. Thus, the likelihood that the U.S. would have ample time to redeploy is increasing.

(c) Some threats deter an adversary while others provoke. The Soviets are at a conventional disadvantage in the Pacific and are unlikely to choose to fight in the Far East. If compelled to do so,

## STRATEGY AND ACTIONS

however, they may feel the need to execute preemptive nuclear strikes on U.S. carriers that are armed with nuclear weapons.

(d) The Soviets would use nuclear weapons early to remove the threat of tactical nuclear attacks from forward deployed naval forces or somewhat later to reverse conventional losses. If tactical nuclear weapons were no longer aboard forward deployed U.S. ships, the Soviet incentive to strike them early would have been eliminated. Possible Soviet conventional losses would not occur early and thus permit U.S. redeployment of tactical nuclear weapons to forward units.

(e) Removing tactical nuclear weapons from forward forces would reduce the threat perceived by the Soviets, and the threat of future nuclear redeployments may have deterrent value. Redeployment may also be escalatory. However, the Soviets responded to the original deployments of U.S. nuclear SLCMs by asking for negotiations, not by preemptive strikes.

(f) The proposed policy does not diminish the U.S. ability or will to use tactical nuclear weapons. It only affects the timing of their use. In fact, making these weapons less vulnerable to pre-emptive strikes increases their deterrent value.

### (6) Logistical Constraints

(a) Logistics constrains rapid implementation of a new policy. There may not be sufficient storage space at various Pacific sites or aboard deployed logistics ships for currently deployed nuclear weapons. There may not even be enough space at the designated mainland storage sites. Furthermore, moving nuclear weapons is cumbersome and expensive. Although redeployment would not occur except in crisis, it would not be easy to accomplish.

(b) Additional storage would be needed to facilitate rapid redeployment. Consideration should be given to contracting with the Army and Air Force for storage sites. Storage options would include AOE/AEs/tenders and non-deployed ships. Rearming the forward-deployed ships also may be difficult. As difficult as the logistical factors are, they are under unilateral U.S. control; the political factors are not.

### (7) START

(a) The Soviets want TLAM-N on the table in the START negotiations. Although the official U.S. position has excluded SLCMs because of verification problems, there is substantial U.S. political opinion to the contrary. Recent news reports claim that Paul Nitze, President Reagan's arms negotiator, and Brent Scowcroft, President Bush's National Security Advisor, favor including SLCMs in START.

## STRATEGY AND ACTIONS

(b) Negotiating limits to a weapon system, with which the U.S. has a clear technological and tactical advantage, is difficult. Nevertheless, this political position will be difficult to maintain for long. Even if the U.S. successfully forestalled SLCM negotiations during START, the politics of arms control eventually would compel the U.S. to negotiate SLCM limits.

(c) Relieving or even reversing this political pressure may be possible if the U.S. quickly and unilaterally withdrew the Navy's forward-deployed tactical nuclear weapons. Although the Soviets may not be satisfied, a bold arms reduction initiative by the U.S. would have a significant impact on non-Soviet opinion. Most importantly, unilateral U.S. action preserves U.S. prerogatives to change policy when needed, a degree of flexibility that would be foreclosed by a treaty.

(8) In summary, the U.S. should retain NCND indefinitely but change its nuclear weapons deployment policy. First, the U.S. should develop the logistical capability to support rapid redeployment of tactical nuclear weapons. Second, the U.S. should announce the withdrawal of all tactical nuclear weapons from forward-deployed surface ships and SSNs.

c. Security Assistance. The allocation of security assistance is disproportionately skewed toward Israel, Egypt, and one or two other countries. Security assistance fund allocations should be more consistent with U.S. interests in Asia. In fact, the DOD should be prepared to barter decreased military expenditures for increased security assistance.

(1) For example, 1987 security assistance was \$5 billion. It was distributed 62% to Egypt and Israel, 17% to Greece and Turkey, 6% to Pakistan, leaving 15% for the rest of the world. This distribution was the result of earmarking funds for specific countries as shown.

(2) The scope of security assistance should be broadened beyond the military. Programs should include diplomats, cultural and scientific people, economists, and other professionals, educators, and technicians.

### d. Alliances

(1) Maintain strong alliances. Continue to nurture a close relationship with allies. Nurture the U.S./Japanese symbiotic relationship.

(2) Increase burden sharing by allies. Encourage the ROK and Japan, countries enjoying trade surpluses with the U.S., to pay for the total cost of maintaining U.S. forces on their soil.

(3) Proliferate the concepts and adoption of coalition warfare.

(4) India may be interested in closer ties with the U.S. to form a common bond against the rise of Islamic fundamentalism in Asia.

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6. ECONOMIC INFLUENCE AND ACCESS. The economic threat to the U.S. may soon rise to exceed the military threat. Continued provision of U.S. security to nations in Asia as well as access to the U.S. market should be contingent on U.S. access to the markets of benefiting Asian nations. Continued U.S. provision of security for Japan tends to bound Japanese defense spending and ease Asian concerns about a remilitarized Japan. Soviet admission to the Asian economic arena should be tied to Soviet military threat reduction. The U.S. also should explore the ASEAN-U.S. Initiative as a model for the larger Pacific community of the future. Additional policies that would benefit the U.S. in the long run are:

- a. Develop policies to reduce trade asymmetry.
- b. Urge GATT and the OECD to incorporate the newly industrialized nations into the mainstream of global economics.
- c. Encourage other wealthy Asian nations to provide greater economic and developmental assistance to the lesser regional nations.
- d. With the cooperation of Japan, the EEC, and possibly the USSR, develop a global debt relief strategy.

7. ASIAN POWER BALANCE. Historically, the U.S. has sought to maintain an Asian balance of power in which it is the predominant member with no other nation powerful enough to exercise regional hegemony. To maintain its position as the principal stabilizing power in Asia, the U.S. should strengthen its ties with China and ASEAN and discourage or impede:

- a. A Sino-Soviet bloc
- b. A threatening or dominant Japan
- c. Emergence of other confounding powers
- d. Revival of old rivalries
- e. Strong military imbalances
- f. Regional arms races

## 8. SOVIET UNION

a. In place of a strict containment policy, the U.S. should begin constructive engagement of the USSR, open USPACOM-Soviet military contacts, and undertake confidence building measures. We need to recognize the Soviets as an Asian power and encourage dialogue with an emphasis on economic cooperation.

b. We also need to broaden the scope of Soviet thinking with initiatives to alter the current Soviet military relationships with Cuba, Nicaragua, Angola, and other client states. We should make the point that the Soviets would find us much more accommodating if they were to provide economic instead of military aid to their current clients.

## STRATEGY AND ACTIONS

c. We should demand concrete evidence of the Soviets' desire for peace. Ways that the Soviets could do this would be by withdrawing Soviet forces from the Sino-Soviet border, encouraging North Korea to sign a peace treaty with South Korea, and signing a peace treaty with Japan and returning the Northern Territories.

d. We need to emphasize economic development and cooperation more than security concerns. All regional nations should be players. We should initiate an international economic summit of all nations in the Pacific and Indian Oceans to build economic ties and mutually develop resources, carefully excluding those in the undeveloped regions of the Soviet Far East. The Soviets should use their own resources - diverted from the military - to do that.

e. One of the dangerous ironies of today is the susceptibility of Western intellectuals, religious leaders, and politicians to Soviet propaganda, and even downright lies, about the history of Soviet totalitarian horror in the twentieth century. What is now known as the terrifying truth about Socialism as practiced in the USSR is still being ignored by many Western intellectuals blinded by euphoric visions. The West must be challenged to understand that Soviet society, even under Glasnost, Democratization, and Perestroika, remains essentially totalitarian. Despite Gorbachev, the danger remains, and the West should "keep its powder dry." The U.S. should continue its policy of discouraging Soviet adventurism and minimizing Soviet pressure on neighbors through strong alliances and U.S. military presence.

9. OTHER FORMS OF WARFARE, COUNTER-INSURGENCY, AND ANTI-TERRORISM. To deal with the changing character of modern conflicts and the increasing frequency of low intensity conflicts (LIC) and terrorism in the future the U.S. should expand its missions, plans, forces, and equipment for a wider range of contingencies than global war. The U.S. should also continue to provide training and expanded security assistance to friendly nations for the same purposes.

a. New conflicts require a new strategy encompassing new missions, force structures, and equipment not currently in the U.S. inventory.

b. A broad range of challenges from the Soviets in Third World regions will require more versatile and mobile U.S. forces.

c. Cooperative client forces. The Soviets use the Cubans, Nicaraguans, Vietnamese, North Koreans, and Eastern Europeans to defend their interests in less developed countries. We need to adopt similar programs.

d. Contingencies. Plan for a wider range of contingencies than just global war. For example, LIC and Third World squabbles.



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- e. Heighten vigilance against nuclear and chemical upstarts.
- f. Develop a menu of responses to various forms of warfare.

10. POLITICAL AND IDEOLOGICAL INFLUENCE AND ACCESS. A significant departure from traditional roles would be to create and expand programs within the military to proliferate American political, ethical, and humanitarian values throughout the world. Some key initiatives, as performed by the military in some European and Asian nations, would be increased engineering, medical assistance, and disaster relief activities. The U.S. should send hospital ships throughout the USPACOM as well as the rest of the world.

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