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JAPAN AND HER NON-COMMUNIST NEIGHBORS

Some Observations and Impressions

DEPARTMENT OF STATE A/CDG/NER

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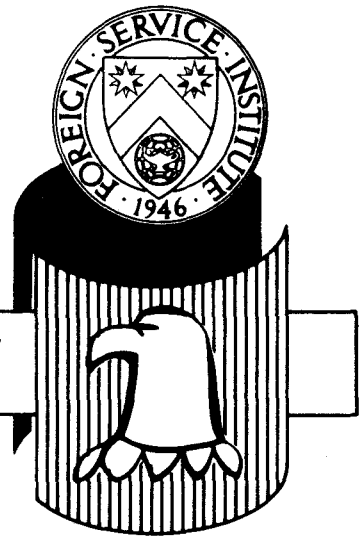
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NINETEENTH SESSION

SENIOR SEMINAR IN FOREIGN POLICY

DEPARTMENT OF STATE



1976 - 1977

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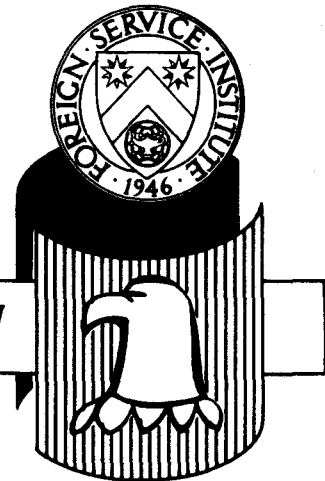
Case Study by PAUL L. FLINT



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Some Observations and Impressions

by

Paul L. Flint

SUMMARY

The study seeks to examine relations between Japan and her non-Communist neighbors with a view to acquiring an appreciation of those relationships, insights into how Japan regards and is regarded by her neighbors, and what form future relations might take. A trip to the area, where meetings were held with both U.S. Embassy personnel and knowledgeable host country nationals, helped confirm conclusions drawn from library research and provided valuable insights. In practice, it proved impossible during the meetings abroad to confine discussions to the scope originally envisaged and a wide variety of issues were covered relating to foreign and domestic policy in the countries visited.

Japan's economic predominance in the area is a clear given. Japan is an economic superpower without the traditional trappings of superpowers. The spectacular post-World War II growth was made possible in part by the protection accorded Japan by the U.S., and the Japanese spent minimal amounts of their budget for military forces. Japan has adopted a low profile politically in the Pacific region. The Japanese do not intend to significantly increase the capability of their armed forces contending that such a course of action is unnecessary, if not counterproductive, and would be a cause of apprehension among her neighbors. Japan's trade with her non-Communist neighbors is of great importance to each of them but a minor part of Japan's overall trade. The Japanese do not enjoy a good reputation in Asia as a result of wartime occupation. Further, in the postwar period, they have been accused of sharp business practices, exploitation and exclusiveness. Lacking military power and vulnerable to attack, Japan must assure access to world markets and a supply of raw materials through accommodation rather than confrontation. While her non-Communist Asian neighbors are important, the Japanese recognize that other areas of the world play a more important role in maintaining Japanese prosperity and are reluctant to become involved in Asian problems.

There is a special relationship between Japan and Korea, however, and events there have a special meaning for Japan. The Japanese are apprehensive regarding the withdrawal of U.S. ground forces from Korea and believe that instability will increase on the peninsula as both North and South Korea seek to achieve military superiority. Further, they argue that the Republic of Korea (ROK) Government will increase oppression of its own people on the grounds that security is threatened and that the U.S. will lose leverage over the ROK and be unable to prevent a march North by the South. The present situation on the peninsula has served the Japanese well, and they are not anxious to disturb the status quo. South Koreans accept with resignation the planned withdrawal of U.S. ground forces but due to long-standing antipathy toward the Japanese can not envisage closer relations in the security field.

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The ASEAN states share certain common concerns and attitudes. They are anxious about the future U.S. military posture in the area, stressing that withdrawal could invite intervention by others and be contrary to their best interests. They are fearful that a strong, united Vietnam will seek to project its influence in the area and thus express strong opposition to the U.S. providing aid to Vietnam. They are preoccupied with the question of security--internal security. They hope they will be able to solve the problems of development so as to blunt the appeal of insurgents among their own people. There is a residue of dislike and distrust of the Japanese, but all are confident that they can manage Japanese trade and investment so that it will be beneficial and not exploitive. They would generally regard a Japan with a significantly greater military capability with apprehension, but some increase in military capability and/or a Japanese low profile military assistance program would be acceptable.

Asians seem reassured that no major hostilities will result so long as the PRC and the Soviet Union are at loggerheads and the U.S. is seeking detente. At any rate they can not influence events on the world stage, but hope that things will be managed so that tension will decrease. They hope for a continuation of stability in the area and to avoid confrontation among themselves or with the Vietnamese. They welcome the opportunity to devote their efforts to improving their economies and the quality of life of their peoples. There remains a reservoir of good will for the U.S. despite doubts regarding the firmness and constancy of the U.S. commitment to the area.

Senior Seminar in Foreign Policy

April, 1977

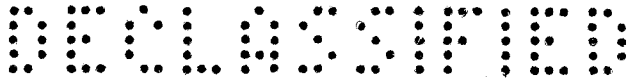
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JAPAN AND HER NON-COMMUNIST NEIGHBORS

Some Observations and Impressions

Preface

The opportunity to spend some six weeks in the preparation of a case study for the Senior Seminar made it possible for me to devote myself to a broad-ranging study of the current situation in Asia. I had for some time worked on Asian affairs but for the past several years had been narrowly focussed on Korea. The case study gave me an opportunity to expand my horizons, catch up on developments in the region as a whole, and to review recent literature on the area. Some boundaries had to be established, and initially I chose to concentrate on Japan and her non-Communist neighbors with the aim of acquiring an appreciation of their current relations and a grasp on the shape the future might take. I sought to determine what the Japanese and their neighbors think of each other and what they view the pressing issues and problems of that relationship to be. The habits of a working lifetime spent in the employ of the Department of Defense had left their mark, and thus I found myself concerned with and concentrating on security type issues.

I approached the project initially by reviewing the literature on the area, concentrating on the past several years. The bibliography reflects the type and extent of that effort. I then traveled to the area to test what I had gleaned from my readings. The United States Embassies in Tokyo, Seoul, Manila, Canberra, Jakarta, Singapore and Bangkok were kind enough to host me for a few days each. In addition to conferring with knowledgeable Embassy personnel, I had meetings with officials of each country's Ministry of Foreign Affairs and Ministry of Defense as well as with academicians who specialized in security matters. It proved impossible to confine discussion to relations with and perceptions of Japan, and a broad variety of topics relating to foreign and domestic policy were invariably covered as well. Thus the following consists of a melange of observations and impressions in which, I fear, I run the risk of presenting a restatement of the obvious. However, the project has been for me most illuminating and rewarding.

I am particularly indebted to the Embassy officials who received me so cordially and the host country people to whom they introduced me. I was struck by the frankness of the opinions expressed and the interest each contact took in my project. In order to avoid possible embarrassment, I decided not to quote or list the names of the people with whom I met. Accordingly, I have also kept footnotes to a minimum. The control officers are listed at Annex A. I am most grateful to them for the time and effort they spent on my behalf and the capital they so willingly expended in arranging fruitful and rewarding contacts. I feel that I was privileged to be tutored by a most select array of specialists, both U.S. and foreign and any failures in perception in the following are, needless to say, due to my own ineptness as a student/observer rather than any deficiency on the part of my many mentors.

I would be derelict indeed in not expressing appreciation and thanks to the staff of the Foreign Service Institute Library who always acted as though the most important duty of their day was to track down references for my use.

Paul L. Flint



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Japan: The Different Superpower

It is quite clear that Japan is the dominant economic power in Asia and indeed one of the world's leading economic powers. It is also clear that Japan has acquired that status without playing the type of political and military role traditionally associated with great power status. Japan has not sought to dominate the area politically nor has it created a military establishment capable of guaranteeing its security and projecting force into the surrounding area. On the world scene Japan has politically taken a secondary place in political affairs and has denounced the use of force to solve international disputes. Thus Japan is an atypical superpower.

Japan's economic growth in the postwar period has been truly astounding and the ability demonstrated by the Japanese in adapting their economy to changing situations remarkable. Academicians have presented us with a broad range of studies analyzing Japan's economic development and exploring the causes for the success enjoyed by the Japanese in the postwar period. Some stress the vulnerabilities of the Japanese economy, particularly dependence upon others for the resources required to sustain an industrial economy. Japan can thus be characterized, in the phrase of Brzezinski, as a "fragile blossom." Others share the more optimistic view of the future exemplified by the ebullient Herman Kahn. At any rate, Japan deserves the title, Asia's New Giant, conferred upon her by Patrick and Rosovsky in their recent exhaustive study of the Japanese economy. It would appear safe to assume that Japan's economic predominance will continue and her economic influence increase in the foreseeable future. 1/

One factor assisting Japan's postwar economic growth has been her dependence upon the United States in the area of security. It is well to recall that at U.S. urging Article 9 of the Japanese Constitution was drafted to read:

Aspiring sincerely to an international peace based on justice and order, the Japanese people forever renounce war as a sovereign right of the nation and the threat or use of force as means of settling international disputes.

In order to accomplish the aims of the preceding paragraph, land, sea, and air forces, as well as other war potential, will never be maintained. The right of belligerency of the state will not be recognized.

Moreover, the Treaty of Mutual Cooperation and Security signed on 19 January 1960 between the U.S. and Japan stipulates in Article IV:

Each party recognizes that an armed attack against either Party in the territories under the administration of Japan would be dangerous to its own peace and safety and declares that it would act to meet the common danger in accordance with its Constitutional provisions and processes.

In addition the Treaty grants the United States the right to station forces in Japan "for the purpose of contributing to the security of Japan and the maintenance of international peace and security in the Far East."

The U.S. has thus provided a shield for Japan throughout the Cold War period and into the present. This shield made it unnecessary for Japan to concentrate on developing large and expensive security forces. However, as the situation in Asia changed, the U.S. in 1950 urged Japan to rearm, and

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the unified triservice Self Defense Force (SDF) was developed. This force is equipped with sophisticated and effective weapons systems and has the mission of deterrence and defense against external attack. It has not taxed the Japanese economy to support the Self Defense Force, and Japan has spent a little less than 1% of GNP on defense. This expenditure contrasts sharply with that spent by other nations, and has served as a considerable stimulus to Japanese economic growth. 2/

The most recent estimate of the benefit derived concludes that the average annual rate of economic growth would have been reduced by about two percentage points (from 10 to 8%) if Japan had allocated 6 or 7% of GNP to defense. This estimate assumes that all defense expenditures would have been at the expense of investment rather than consumption and that the average incremental capital output ratio would prevail. A reduction of this magnitude during the period 1954 to 1974 would have reduced the size of the 1974 economy by about 30 percent. 3/

Thus many U.S. officials have tended to view the U.S.-Japanese security relationship as far from mutual. They see the U.S. as paying for a nuclear umbrella which guarantees Japan's security, stabilizes Asian politics, and protects Japan's vital interests. In the meantime, Japan contributes nothing to the defense of the U.S. and very little to its own and is left free to concentrate on economic development. Japan has not been duly appreciative of U.S. efforts, and the Japanese media and politicians have been critical of the U.S.

The Japanese for their part often view the U.S. as the chief beneficiary of the defense relationship. United States military bases in Japan support U.S. policies in other parts of Asia and are not related to the defense of Japan. Japanese politicians of the ruling Liberal Democratic Party (LDP) have paid a high political price domestically for supporting the U.S. Further, Japan's independence and autonomy as a sovereign power is degraded by her dependence on the U.S. These sacrifices are, in the Japanese view, not sufficiently appreciated by Americans. 4/ Whether Japan has or has not had a "free ride" should not mask the fact that Japan's expenditures for defense are large in absolute terms and Annex B shows the upward trend in defense expenditures. It does not appear likely that Japan's expenditures will increase much beyond the current percentage rate of GNP as long as the present security situation exists. (Costs of providing new replacement aircraft in the near term will require major expenditures but probably still remain within 1% of GNP.) The Japanese see no need for a major military effort. They depend upon the U.S. for a nuclear umbrella and expect the special relationship embodied in the Mutual Security Treaty to continue to serve them for some time in the future as well as it has in the past. Last year's Japanese Defense Agency's White Paper made quite clear that the defense of Japan is dependent upon maintenance of the Japanese-U.S. security relationship. Further it spelled out the other assumptions underlying the Japanese approach to security as follows:

- (a) The United States and the Soviet Union will continue to avoid nuclear war as well as conventional war of total involvement.
- (b) The Soviet Union will continue to be occupied with European problems such as NATO confrontation and control of Eastern Europe.
- (c) There is little possibility of Sino-Soviet confrontation being resolved, although relations may be partially improved.
- (d) The United States and China will continue mutual negotiations to adjust their relations.
- (e) The situation on the Korean Peninsula will generally remain as it is, with no major armed conflict.

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Barring a major change in Japan's security environment, there will be no major increase in the Japanese defense effort. Similarly, although LDP predominance in Japanese internal politics is being eroded and the shape of Japan's political future is not clear, it does not appear likely that a radical move in the opposite direction such as abrogation of the Mutual Defense Treaty, the assumption of a neutral stance, or disarmament, will take place.

The Japanese preference for continuation of the status quo stands in sharp contrast to the desire expressed by U.S. officials for the Japanese to do more in the area of defense. Starting with President Nixon's October 1967 Foreign Affairs article, in which he postulated that an economically strong Japan "would surely want to play a greater role both diplomatically and militarily" in Asia, U.S. officials have spoken in broad and vague terms about Japan assuming an increasing share of the responsibility for its own defense. Indeed Japan has been described as a surrogate for the U.S. in maintaining the security of the Pacific without further specification of just how that surrogate role is to be played. It would not appear that there is sufficient support within Japan for a policy change that would permit assumption of such a role. In addition, Japan takes the position that it must proceed cautiously in the military area. The White Paper reiterates a constantly repeated theme that Japan's defense posture must take into account the attitudes of her neighbors. Should excessive defense expenditures occur, the White Paper argues, it would "invite distrust and tension among our neighboring nations." Such fears are not groundless.

In the political sphere Japan has assumed a low profile and has eschewed a leadership role on a regional or world scale. Her policies have been designed to assure a continuous flow of the raw materials necessary to fuel her industrial machinery, and she supports the principle of free trade which facilitates access to foreign markets. As a resource poor, resource-dependent nation, defeated in war, unarmed and vulnerable, Japan has no other choice. To provide insurance against the possible cutoff by one of her traditional suppliers of raw materials, Japan has sought to diversify sources of supply on a worldwide basis.

When problems occur, the Japanese meet them not by confrontation but by accommodation, and the guiding principle appears to be protection of Japanese economic interests. In this policy, Japan has been remarkably successful. Japan has managed to preserve access to oil supplies during and subsequent to the 1973 crisis. The recession, which in many countries has drastically reduced or resulted in negative economic growth, has slowed by only a few percentage points the growth of Japan's GNP in 1976, according to preliminary estimates. More recently, however, Japan has sought to play a role in regional and world affairs more in keeping with its status as an economic superpower. For example, she is seeking recognition of her status by once again bidding for a seat on the UN Security Council and by supporting the establishment of a UN University in Tokyo. Japanese leaders are also talking more responsibly regarding the obligations their government has toward the rest of Asia. They point out that Japan does not spend a large proportion of its GNP or national budget on defense, and therefore that it should be able to devote larger resources to aid programs for their neighbors than do other nations. They further argue that stability in the area can only be guaranteed if the nations of Asia are secure and that security can only be achieved if these countries successfully implement industrialization plans and thereby ameliorate the present plight of their people and meet their rising expectations. Japan thus appears to be seeking a larger role as an aid donor in the area. Whether this effort will be productive remains to be seen. The manner in which Japan provides assistance is important. More than a merely cosmetic approach is needed, and a genuine and effective program by Japan to shore up and assist her non-Communist neighbors would be welcomed indeed at this juncture.

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Japan's Economic Relations with her Neighbors

Japan has become either the dominant or one of the major trading partners of all her non-Communist neighbors. Almost completely without indigenous resources, Japan must import a wide variety of raw materials from her resource-rich neighbors. Chart I amply illustrates the extent of Japan's dependence upon imports.

Chart I 5/

Japan's Import Dependence for Raw Material

<u>Raw Material</u>	<u>Estimated Import Dependence in 1975</u>
Copper	82%
Lead	46%
Zinc	57%
Aluminum (Bauxite and Aluminum)	100%
Nickel	100%
Iron Ore	91%
Coking Coal	92%
Petroleum	92.9%
Natural Gas	73.6%
Uranium	100%

Chart II demonstrates the magnitude of Japan's trade with her ASEAN neighbors. It shows a constantly expanding trade in the 1972-76 period. In 1975, due to the recession and pressures to compensate for unfavorable trade balances, some adjustments took place. Preliminary 1976 figures suggest that the upward cycle had been resumed in both imports and exports. Japan's trade with the five nations is an important element in each nation's economic life. Current statistics are not available. However, in 1975, 44% of Indonesian exports went to Japan and 41% of imports came from Japan. Similar figures for the Philippines were 39% and 28%. 6/ But trade with any one of the nations is but a minor portion of Japan's overall trade which in 1975 amounted to 54.8 billion dollars in exports and 49.7 billion dollars in imports. 7/

Chart II 8/

Japan's Trade with ASEAN Nations
(In Millions of U.S. Dollars)

<u>EXPORTS</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>Preliminary 1976</u>
Indonesia	615.4	904.4	1,451	1,850	1,639
Malaysia	263.2	447.8	708.3	566	704
Philippines	457.4	620.2	911.5	1,026	1,114
Singapore	701.5	928.8	1,388	1,524	1,532
Thailand	522.1	719.9	951.9	959	1,071
<u>IMPORTS</u>					
Indonesia	1,197	2,213	4,568	3,430	4,088
Malaysia	395.5	776.2	979.3	691	1,361
Philippines	470.3	820.2	1,103	1,121	793
Singapore	120.9	223	618.9	399	646
Thailand	252	393.6	685.3	724	848



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Australian trade with Japan follows the same pattern of growth as shown in Chart III.

CHART III 9/

Australian Trade with Japan
(Australian \$'000, % of total in parentheses)

	<u>1973-74</u>	<u>1974-75</u>	<u>1975-76</u>
Exports to Japan	2,158,141 (31.2)	2,456,206 (28.1)	3,162,722 (32.9)
Imports from Japan	1,084,968 (17.8)	1,417,639 (17.5)	1,609,559 (19.5)

Leading imports in FY 1976 were: electrical machinery (\$320 million); transport equipment (\$452 million); non-electric machinery (\$149 million). Leading exports in FY 1976 were: coal (\$850 million); metalliferous ores and scrap (\$825 million); textile fibers and waste (\$345 million); cereals (\$288 million).

Moreover, Japanese dominance in trade has been accompanied by extensive Japanese investment in her neighboring countries.

The Ugly Japanese

Japan's preeminence in the economic field and the obvious dependence of her neighbors on the Asian Giant has not served to endear Japan to her neighbors. Japanese business practices and exclusivism has resulted in sharp criticism being levelled at the Japanese. Japanese unpopularity was dramatically confirmed in 1974 when the then Japanese Prime Minister toured Asia only to be greeted by major riots in Jakarta and Bangkok and demonstrations in other capitals. This "shock" forced the Japanese to take serious account of the criticisms lodged against them.

In general, the Japanese were accused of seeking to achieve by economic means the aim of their wartime Co-prosperity Sphere. What could not be accomplished through force, critics charged, was to be accomplished by salesmen, entrepreneurs and financiers who would peacefully but effectively exploit the region for the enrichment of Japan. Japanese consumer goods aroused expectation which could not be met and also undermined the local culture by stressing material values. The Japanese took, at unreasonably low prices, the patrimony of the underdeveloped nations, as represented by natural resources and minerals, and then reexported finished products made from those resources back to the same nations at greatly increased prices. The balance of trade was thus, with few exceptions, in favor of Japan.

The conduct of Japanese businessmen abroad was resented everywhere. Comment ranged from their disinclination to mix with their hosts to indignation regarding relations with local females of "easy virtue." Japanese businessmen when abroad were described as clannish and exclusive. They lived together in Japanese owned hotels, ate in Japanese restaurants, and even played golf with each other. They failed to assimilate and did not press for acceptance. They do not learn the local language and speak English imperfectly, thus making communication difficult. Japanese businessmen, it was charged, built factories in neighboring countries in order to export pollution. They located abroad those industries which could not legally continue to operate in Japan as environmental controls were enforced there. Japanese enterprises abroad did not, as did those sponsored by Westerners, seek to train locals to take over managerial and production jobs at all levels. Rather, Japanese staffed all the important posts and local labor was employed only to perform the lowest paid, menial jobs. Japanese business

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deliberately exported to its neighbors dated technology and reserved to Japan the more lucrative advanced technology which earned the greatest return. Japanese businessmen acquired the reputation of being "sharp" and were accused of renegeing on firm contracts when it was to their advantage to do so. Japanese war reparations and aid generally served to stimulate the Japanese economy more than that of the recipient, and loan terms were far from concessionary from the recipients' point of view. The Japanese denied to their neighbors reasonable access to their home market while depending for raw materials on those same neighbors to keep that market healthy and actively endorsing internationally adherence to the principles of free trade. 10/

This litany of charges against the Japanese could be further extended. The 1974 riots sharpened Japanese awareness of that image and resulted in an examination of the situation by both official and unofficial elements of Japanese society. Japanese observers and officials quite frankly concluded that the pattern of past relationships provided grounds for the criticism voiced by their neighbors. Government urged business to reform and take account of the factors that made for bad relationships. A public relations exercise was launched to help ameliorate the situation. In general, recognition and diagnosis of the problem seems to have helped and today apparently the incumbent Prime Minister could tour Asia without the results his predecessor experienced in 1974.

In summary, it would seem that Japan looks at her non-Communist Asian neighbors from a perspective shaped by her great economic strength and the necessity of functioning on the wider world stage in order to maintain and increase that strength. Important as her non-Communist Asian neighbors may be, other areas (the U.S., OPEC, Europe) play a more important role in maintaining Japanese prosperity. The Japanese are concerned with their non-Communist neighbors in much the same way that they are concerned with other less developed trading partners. Japan accepts that it is inescapably part of Asia and that the course of events there inevitably affects them. They share the concerns of other Asian nations regarding instability and conflict within the region and would regard big power intervention or increase in competition as counter to their interests. They are also concerned over the difference in living standards between themselves and the underdeveloped nations to the South. They recognize that steady and significant economic development is required to insure stability. At the same time, however, they are reluctant to become involved in the political problems of the area or of any particular country there and accept the fact that their reputation makes it mandatory for them to move cautiously and with circumspection in the political and security sphere. 11/

The Special Case of Korea

The above does not hold true totally for Japanese attitudes toward Korea. There is a special relationship between Japan and Korea conditioned by a long history. The Japanese have a love-hate relationship with Korea, one reinforced in modern times by the Japanese occupation of the peninsula. Traditionally, Korea has served as an invasion route into Japan and the peninsula's configuration and location has caused it to be regarded as a dagger aimed at the heart of Japan. Events on that peninsula have a special meaning for Japan and impact on the Japanese in a most direct manner. Japanese aid, trade, and investment in South Korea have been significant in recent years. Moreover, efforts have been made to establish economic and cultural relations with North Korea. In contrast to their public stance, the Japanese in private seem to be most apprehensive regarding the U.S. decision to withdraw its ground forces from South Korea. They argue that such a course of action would inevitably lead to instability and increased tension on the peninsula and in the region. The South will seek to increase

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its military capability in anticipation of the U.S. withdrawal, and this will spark an arms race since North Korean Premier Kim II Sung will not permit the balance between the two portions of the divided peninsula to shift in favor of the South. The U.S. withdrawal will also provide an excuse for further tightening controls within South Korea. The regime will feel threatened and will be tempted to take harsher measures to suppress democratic rights. The removal of U.S. ground forces will also reduce U.S. leverage over the South Korean government which might then move north in an effort to unite the peninsula by force. As long as there is a substantial U.S. military presence in the south and the U.S. retains command of the forces there, such an unwelcome eventuality is not likely to materialize. 12/

The privately expressed concerns of the Japanese spring largely from their reluctance to disturb the status quo in any way. The U.S. presence on the peninsula has served Japan well. There have been no hostilities on the peninsula since the signing of the Armistice Agreement that brought the Korean War to a close. The balance that has developed between the two parts of the peninsula has been created and preserved essentially without cost to Japan, and Japan would like the situation to continue. A more active role for Japan in guaranteeing the preservation of peace on the peninsula or supporting the South Korean regime as the U.S. has is not considered a viable option from a Japanese point of view.

The South Korean reaction to the troop withdrawal announcement, on the other hand, is one of resignation. They will seek to extract commitments that the planned action will not take place until they are strong enough to resist the North on their own and that the U.S. will provide the military assistance to achieve that posture. Korean distrust of Japan persists. While recognizing that geography and history have conspired to throw them together, the South Koreans do not regard the Japanese as able to assume the role played by the U.S. in guaranteeing their security. Cooperation with the Japanese in the area of security is considered to be a delicate matter, and indeed even the concept of joint operations between the armed forces of the two is rejected out of hand.

Thus in the immediate future it can be expected that Japan and South Korea both will attempt to push as far forward as possible the day of U.S. ground force withdrawal although both are resigned to the inevitability of the withdrawal. Japanese suggestions, which are also articulated by other Asians, that the South Koreans might move against the North would appear to be disingenuous at best. To succeed such a move would need U.S. backing in the form of massive logistical support at a minimum, and such support might well not be forthcoming. Further the location of Seoul, so close to the Demilitarized Zone dividing the North and the South, makes that city, in a sense, a hostage to the North. The decision to move against the North would have to be taken with the realization that Seoul would be almost certain to take enormous retaliatory punishment. The South Korean Government has announced plans to move government, industry and other activities out of Seoul, but any such effort will take considerable time if indeed it can be accomplished at all. And even if it is accomplished, Seoul will remain too important to risk by irresponsible action. Moreover time would appear to be on the side of the South Koreans. The North is experiencing economic difficulties while the South continues to prosper and grow. By every standard indicator, South Korea is outdistancing the North. The South would appear to have too much to lose should the present situation deteriorate and hostilities break out on the peninsula.

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The ASEAN States

The ASEAN countries, despite differences in resources, population, history and state of development, share certain common concerns and attitudes. Without exception official and unofficial spokesmen urge the U.S. not to withdraw militarily from the Pacific. Any further reduction, they warn, will have serious implications. No other power can play the role that the U.S. assumed in the post-World War II period. The announcement of the withdrawal of U.S. ground forces from South Korea is regarded with gloom as a further indication that the U.S. is abrogating its responsibilities in the region. When pressed to support publicly a continued U.S. military presence or to give tangible assistance, for example, in the form of bases, all demur on the grounds that they must remain neutral.

ASEAN states apparently fear an economically strong, united Vietnam. It was agreed almost unanimously that the U.S. would be foolhardy to provide Vietnam with economic aid and assist in the restoration of that country. The general attitude was that the Vietnamese could do well enough without U.S. aid and that reparations were neither morally necessary nor prudent from a practical viewpoint. A strong Vietnam will try to expand its influence and to take advantage of weaknesses within their neighbors' borders to support insurgency. For the U.S. to assist the Vietnamese economically will only result in their being able to project themselves into regional affairs earlier. The domino theory is enjoying a revival, and some contacts alleged that if Thailand succumbed to insurgency, Malaysia would not be far behind. Singapore would then inevitably be next, and Indonesia and the Philippines would not be immune.

At the moment there is time for the ASEAN states, individually and in concert, to work toward solving their common problems. The ASEAN states are preoccupied with security--internal security. Otherwise they do not feel threatened. They must meet the rising expectations of their peoples and move rapidly to industrialize their economies. They must deny to the Vietnamese easy targets for exploitation. It must be made clear that there is an alternative development model which is just as successful as the totalitarian Chinese and Vietnamese experience in moving a nation forward economically. Japan should assist them in their endeavors by providing substantial aid as well as investment and by opening Japanese markets to ASEAN trade. Naturally the U.S. should continue to expand its aid and investment in the area.

All contacts reflected a dislike and distrust of the Japanese. Yet surprisingly all appeared confident that they no longer have anything to fear from Japanese economic penetration. They have learned from the past and will not allow the same practices to be repeated. Japanese investment will be controlled so as to benefit the host country's economy. Not so surprisingly there was general agreement that a significant increase in Japanese military capability would not be desirable. A Japan that sought to project its power into the area militarily would be regarded with apprehension. This attitude seemed to be born of wartime memories nourished by more recent unpleasant experiences. The Singaporeans seemed most confident of all regarding their ability to deal successfully with the Japanese. In general, Japanese assistance in the military area was not seriously considered to be a real possibility, but would be acceptable if provided in a low key, without crippling caveats, and unaccompanied by large military missions.

Below are more detailed observations and impressions garnered during my visit to four of the ASEAN states. Regretfully, I did not have time to visit Malaysia but assume attitudes there are similar. Malaysia is credited with being the leading proponent of the concept of a neutral ASEAN, an idea not universally or enthusiastically supported by the other member states.

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The Philippines

In Manila early in April, Japanese and American veterans of the invasion of the Philippines joined together in marking the 35th anniversary of the fall of Bataan. Given the trauma and bitterness engendered by that experience, it is remarkable that such a reunion can take place. It is another indication of the forgive and forget policy of President Marcos toward Japan and the grim days of wartime occupation. Marcos has been encouraging Japanese tourism and welcoming Japanese investment, and today Japan has replaced the U.S. as the number one trading partner of the Philippines. Japanese investment and trade can be expected to increase.

In addition to courting the Japanese, Marcos has sought to broaden his options in post-Vietnam Asia. Relations with the U.S. are under review, involvement in ASEAN has increased, and relations with China, the Soviet Union and other Socialist countries expanded. The Filipinos see the U.S. as retrenching militarily in Asia and have called for renegotiation of existing military arrangements which involve, most importantly, the conditions of U.S. use of the naval base at Subic Bay and the air base at Clark. However, the negotiations drag on, and the current situation would appear to dictate that the Filipinos acquiesce in the continued U.S. military presence. Internally, there is Communist inspired insurgency and a troublesome Muslim secessionist movement in the South. Externally there may be no immediate serious threat, but Manila is concerned (1) that the Soviet Union, possibly in cooperation with the Republic of Vietnam, may seek to control the sea lanes of Southeast Asia and (2) that Communist China may seek forceably to claim the Spratlys and the Paracels, which are of economic importance to the Philippines.

ASEAN from the Filipino viewpoint should move toward economic integration through creation of a free trade zone. Marcos in conjunction with Lee Kuan Yew of Singapore has taken some action in this direction by agreeing recently to a 10% tariff cut. Marcos called for complementation of industry and products among ASEAN states rather than competition.

Trade initiatives with the Communist world and the recognition of Communist China and the Soviet Union were radical policy innovations. In the case of China, the Filipinos were motivated by the cessation of the war in Vietnam and the presence of a large influential Chinese minority in the Philippines. The opening of relations with the Soviet Union, it was hoped, would serve to moderate Chinese influence in the Philippines on the one hand and on the other, give the Philippine Government leverage in dealing with the U.S. on bilateral economic and security issues.

In contemplating the future, the Filipinos see no immediate prospect of a Soviet-PRC rapprochement nor of a further deterioration in relations. Thus major realignments in the area need not take place, and the possibility of major hostilities remains remote. Vietnam is perceived as preoccupied with internal reconstruction and attaining international respectability through admission to the UN. An attack on Thailand or an attempt to control the South China Seas will not take place in the near term. Moreover, total U.S. military withdrawal from the area is not likely although public opinion in the U.S. has betrayed isolationist leanings. Japan would only rearm if the U.S. nuclear umbrella were withdrawn or the U.S. completely disengaged militarily from Asia. If South Korea fell into unfriendly hands, Japan would undoubtedly go nuclear. An expanded military capability would also be the Japanese response to the cutoff of access to its markets and raw materials through the South China Sea and Malacca Straits.

The Filipinos recognize that they can do little to affect the course of events. Their country has an inadequate military establishment, is economically underdeveloped and lacks internal unity. Its security could be

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endangered by a belligerent Vietnam, or a rearmed Japan. In the event of a further major U.S. withdrawal from mainland Asia and a reduced American military presence in the Philippines, a substantial readjustment in Philippine-Japanese relations would be required. Vietnamese assistance in the form of arms and moral support to Communist insurgents in the Philippines is a possibility that causes considerable concern. 13/

Despite Marcos' efforts to let bygones be bygones, there remains among the Filipinos a residual dislike and fear of the Japanese arising out of the wartime occupation experience. Further, some Filipinos seem to feel that the Japanese do not really respect them and share the views outlined above regarding Japanese business practices and attitudes when abroad.

Indicative of this prejudice is the historical analogy which compares Japan to Germany in 1918. Like Germany after the First World War, this view holds, Japan is not convinced that she indeed lost World War II. The Emperor, it is recalled, ordered the hostilities suspended but with the Japanese army still intact, defeat was not inevitable. Like Germany in World War I, Japan's homeland was not a battleground, and Germany, one is reminded, was only convinced of defeat when Allied troops actually occupied the homeland in 1945. By way of contrast, it is noted that Germany in the post-World War II period can not dominate the economy of Europe. Any two of her neighbors, it is alleged, can counterbalance Germany. Japan, on the other hand, completely overshadows the ASEAN countries. Their combined GNPs is but a fraction of Japan's. When the U.S. reduces its military presence to the point that a vacuum is created, Japan will rearm to protect her sources of supply. Japan, it is stressed, has all the technology and industrial capacity required to rearm quickly. Once again a full-fledged military power, Japan would turn against the U.S., who humiliated her in World War II, and ally herself with the Soviet Union or Communist China.

The above scenario also tells us something of Filipinos' attitude toward the U.S. The unspoken implication is that the U.S. would only be getting what it deserved. The U.S. in the postwar period concentrated its benevolence and good will on its former enemies. The Philippines, a faithful ally, which suffered extremely at the hands of the Japanese and experienced total destruction of its capital city in the fighting, did not enjoy the favored position with the U.S. that Japan assumed. The U.S. relations with Japan are complex and extensive. If faced with a choice between the Philippines and Japan, there is no question that U.S. self-interest would force it to choose Japan and sacrifice its old friend as expediency might demand. Resentment toward Japan and the U.S. marks Filipinos' attitudes. In contrast, the PRC and the Soviet Union seem rather far away and at any rate neutralize each other.

The Filipinos hope that misguided altruism will not dictate that the U.S. repeat its past mistakes and assist a potentially troublesome Vietnam to recover too quickly from the war and that the Japanese will restrain their efforts in Indochina for the same reason. Both the U.S. and Japan should continue to trade with and assist the Philippines. Additional Japanese military assistance, properly administered and not involving a significant Japanese military presence, would be acceptable. Overall, the present situation in Asia is manageable from the Philippine viewpoint, and changes, such as the announced U.S. plan to withdraw ground forces from Korea, with all its possible implications, are most unsettling.

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Indonesia

The interrelated problems of internal security and economic development are central to Indonesian thinking at this juncture. The Indonesians are faced with a wide range of problems associated with moving from an underdeveloped status to an industrialized economy. Despite the bonanza represented by the discovery and exploitation of considerable oil reserves, the per capita income has not risen appreciably, and pessimistic predictions regarding the extent of the remaining oil reserves causes dismay. The government can point to substantial programs and some gains toward achieving the goals of the five-year economic plan. But some observers gloomily observe that simply to keep even the economy must create 900,000 new jobs annually in the next several years--a task beyond its capabilities.

In this situation, the Indonesians naturally look for outside sources of assistance and help and particularly to Japan. Fortunately for the researcher, a series of joint conferences have taken place on Indonesian-Japanese relations in which government, business and academics explored the problems and issues of that relationship. (The proceedings of the November 27-December 3, 1974 conference have been published but the proceedings of the most recent conference held in Jakarta this year are not yet available.) In general, the Indonesians are confident of their capability to channel Japanese investment in their economy so as to benefit Indonesia and to move toward their national goal.

During the course of these meetings, the Indonesians make clear that they are seeking to move rapidly toward industrialization but warn that the movement must take place with due appreciation "of not only material gains but also the more noble human values...directed toward the achievement of a just and prosperous society based on Pancasila, the Indonesian philosophy of life." Within this system there is "an appropriate role for both government and private sectors and other groupings of the society." An open door is promised to investors who respect Indonesian goals and can adjust to Indonesian ways and means of achieving those goals. Indonesia is willing to provide international access to her enormous store of raw materials, but such access is conditioned on the willingness of the recipient to process those materials into finished or semi-finished products in Indonesia. Labor intensive industries must be developed if Indonesia is to meet the needs of her people and suitable technology must be provided to help create such enterprises. Indonesian personnel should be integrated into all levels of foreign sponsored enterprises. International financial institutions must review the manner in which they carry on their operations so as to maximize the use to which capital generated in Indonesia can be put to work in and for Indonesia. 14/

Analysis and criticism is not confined solely to the past and present sins of the Japanese. The Indonesians also recognize that they have been "limited and unimaginative" in their approach to developmental problems and have within their system "institutional limitations" which hinder effective operations. 15/

Despite their close relationship with Japan and the prospect for continued expansion of those relations, the Indonesians would not feel comfortable in a situation where Japan would assume a positive role in guaranteeing Indonesian security or that of the region as a whole. This does not mean that they would reject Japanese military assistance to their armed forces if offered under acceptable terms. The Indonesians also echo other Asian feelings when they express dismay at U.S. plans to remove ground troops from Korea which they regard as another step in U.S. military disengagement from the area. The Indonesians too would apparently prefer to maintain the status quo.

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The U.S. military withdrawal is worrisome because it creates the impression that a power vacuum is being created in the area, one which other nations may attempt to fill and in so doing act contrary to the interests of Indonesia and other Southeast Asian countries. Detente between the U.S. and the USSR and between the U.S. and the PRC may reduce the possibility of nuclear holocaust but does not provide any guarantee against conventional conflicts. Indeed, detente simply permits both the USSR and the PRC to concentrate attention on Asia.

However, Indonesia at present does not see the great powers as being the principal threat to the stability of the area. Rather, the threat is identified as a resurgent Vietnam. The "new realities" on the Indochinese peninsula must be taken into account and the intentions of the new regimes there toward Indonesia and the ASEAN states are not yet clear. Within Indonesia (and other ASEAN states) there are weaknesses and ethnic diversity which can be exploited by the Vietnamese should they decide to export revolution.

The answer to the security problem therefore clearly does not lie in turning ASEAN into a collective security organization but in working, in cooperation with other ASEAN states, to improve the conditions of each country so that insurgency will not gain support from within. Cooperation bilaterally on security and defense matters should continue and if necessary grow. Malaysia and Thailand armed forces are now permitted to cross one another's borders in "hot pursuit" of insurgents. Indonesia and the Philippines have cooperated for some time to control smuggling, illegal fishing, piracy, and illegal border crossing. Intelligence is interchanged between member states, and joint military exercises have taken place. Any movement towards a collective security arrangement would, however, only serve to confirm suspicions among the Indochinese nations that ASEAN is an anti-Communist organization directed at them and lead to eventual confrontation.

It is not in the interest of Indonesia or her neighbors that the region be polarized into two hostile groups--one composed of the ASEAN states and the other of the new Communist states of Indochina. On the contrary, ASEAN membership is open to the other regional states. This theme has been reiterated often. For instance, following the meeting of the ASEAN Ministers in Kuala Lumpur in May 1975, the press statement said, among other things:

1. The Ministers expressed their readiness to enter into friendly and harmonious relationship with each nation in Indochina. They also reiterated their willingness to cooperate with these countries in the common task of national development for the benefit of their respective peoples as well as for the greater good of the region on the basis of a strict adherence by all countries to the principles of peaceful co-existence and mutually beneficial cooperation, non-interference, respect for sovereignty and territorial integrity, equality and justice, in the conduct of their relations with one another.
2. The Ministers recognised the existence of broadly different social systems in Southeast Asia. They believed, however, that differences in social and political systems in the countries of Southeast Asia should not be an obstacle to the development of constructive and mutually beneficial relations among them. The Ministers noted that the different social system of ASEAN countries reflected best the character, hopes and aspirations of their respective peoples. Hence, they were confident of the continuing resilience of their systems and were determined to safeguard and promote them for the well-being of their peoples.

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In February 1976, the Joint Press communique issued at the end of the ASEAN heads of Government Meeting stated that they had "reaffirmed the determination of their respective Governments to continue to work for the promotion of peace, stability and progress in Southeast Asia, thus contributing towards world peace and international harmony." They expressed readiness to develop fruitful relations and mutually beneficial cooperation with other countries in the region and hoped that other powers would pursue policies which would contribute to the achievement of peace, stability and progress in Southeast Asia.

Difference in social and political systems need not be a bar to smooth relations and cooperation among nations. Although ASEAN states are anti-Communist in internal matters, they need not be anti-Communist in their foreign policy. Fruitful relations can be established and maintained with Communist states provided that the principle of non-interference in each others' internal affairs is observed. 16/

Indonesia rejects the idea of a zone of peace and neutrality. Such an arrangement, it is argued, by requiring great power guarantees in essence invites great power intervention. Indonesia rather sees her national interest in a wider regional context and intends in regional affairs to play the leadership role her size, potential wealth and population dictates. A benign providence has seemingly provided time--a breathing space during which it will be possible to work toward the emergence in Indonesia of a strong, unitary, modern state. The great powers do not seem to be intent on causing difficulties in the area. They are concerned with larger global issues. Vietnam may wish to extend her influence but will not be able to do so until pressing domestic problems are taken care of. If only the U.S. will slow down its withdrawal and no major realignments take place, Indonesia can concentrate on internal affairs. Hopefully, time will be on their side and, when a strong Vietnam is ready to move, Indonesia will not present an attractive target for subversion.

Unfortunately, the visitor to Jakarta perceives little cause to assume that the necessary will, leadership, and resources will all come together in the near term to overcome the manifold problems impeding progress in Indonesia at the present time. Nor, of course, is it clear what course the Vietnamese will elect to follow.

Singapore

The Singaporeans generally share the regional and world views of the Indonesians. They too take comfort from the Sino-Soviet split, see possible adverse implications arising from the U.S.-USSR and U.S.-PRC detente, have reservations (privately) regarding the reduction of the U.S. military presence in Asia, and regard subversion and possible Vietnamese support for insurgency as the principal regional security problem.

However, the Singaporeans are different from the other ASEAN members in their attitude toward Japan. Singapore's leaders have unpleasant memories of wartime occupation by Japan and have experienced in the postwar period the irritating experiences described above. Yet they approach relations with the Japanese in a spirit of confidence. They are certain that they can manage so that Japanese investment in Singapore does not become exploitation. They feel that it is important for the Japanese to expand trade, aid and investment in Singapore and in ASEAN as a whole. However, they stress that the most important step Japan could take in assuring the prosperity of Singapore and the region would be to open its domestic markets to ASEAN trade. As entrepreneurs and financiers, the Singaporeans apparently are confident that they can meet the Japanese on their own terms. They can speak the same language as the Japanese and can deal with them as equals. Singapore is a wealthy, albeit a small, nation and can relate without a sense of inferiority to the Asian Giant.

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These attitudes carry over into questions of security and defense. The status quo is serving Singapore well. The absence of hostilities and the opportunity to carry on trade contributes to Singapore's well-being and permits her to earn the resources to raise the standard of living and meet the other needs of her population. However, should the situation change and Japan rearm they would cope with circumstances as they developed at that time. They recognize that from a military viewpoint their influence is minimal but that their geographic location confers on them strategic importance. The U.S. should not reduce its military presence in Asia much below the present level and should remain in every sense a Pacific power. The concept of a zone of peace and neutrality is not viable, and it is suggested that if the concept would work it would not be necessary to announce it.

The leaders of ASEAN states have at best ten years in which to move toward their goals of economic development so as to reduce dissatisfaction and disaffection. "National resiliency" must be restored and the leaders of the ASEAN states must make certain that in the limited time left much is accomplished. They must not offer in the late '80s an attractive target for Vietnam sponsored insurgency. It is important for the ASEAN states to succeed in their economic development plans in order to demonstrate that there is an alternative method to achieve industrial development other than the model offered by the Communists. Whether Vietnam will seek to become over the next ten years or so a responsible and respected member of international society, can not be predicted. It is to be hoped that instead of seeking to spread her influence by force or subversion, Vietnamese leaders will be so committed to development that they will desire peace and stability in the region and the trade and good will of their neighbors. Caught up in the "rat race" of industrial development, they will have neither the energy nor the desire to export revolution and subversion.

The Singaporeans completely agree that turning ASEAN into a collective security organization would be counter-productive. While agreeing with the arguments advanced regarding polarization and confrontation, they emphasize that in any contest the ASEAN states would lose. All the good cards are on the other side. Communist states could count on unswerving support from their Communist mentors. Arms and money would be forthcoming in significant amounts to support a Communist collective security organization. The ASEAN states, on the other hand, can not count with certitude on support from the non-Communist world.

Nonetheless, the Singaporeans feel that the institution of ASEAN has great merit and that its role should be expanded and strengthened. In response to charges that the organization has been ineffective, they point out that no overt quarrels have occurred and recall that the creation of the European Economic Community took some decades and great effort to achieve. ASEAN would become more important and meaningful if aid was channeled to the member states through that organization. By channeling aid through ASEAN, donors would be relieved of accepting responsibility for possible failure of programs or poor use of resources. Relations with any particular nation would not be strained by feelings that the donor considered one of the ASEAN states more important than the others. Moreover, coordinated economic development of the region could be considerably advanced with regional planning and implementation sparked by the funds provided.

In short, Singaporeans look at the world of the '80s with confidence. Their own beautifully developed city state stands as a testimony to the results of planning, hard work, and discipline. The region as a whole has but to gird its loins and move itself up by its boot straps. So long as the level of tension is not raised by shifts in great power alignments, Singapore and the region ought to be able to solve their problems with some outside assistance and carve a place in the world commensurate with the region's economic importance and strategic location. 17/

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Thailand

In Bangkok on April 7, the King and Queen presided over a ceremony honoring the armed forces and security personnel who over the last year were killed in the fight against insurgency in the north and south of Thailand. The ceremony seemed to reflect the determination of the Thais not to permit insurgency, subversion and lawlessness to disrupt the national life. There appears to be a sense of urgency in the counterinsurgency effort. The King has involved himself directly in the effort and the recent death of a member of the royal family in a helicopter crash caused by insurgent gunfire serves to underscore for the general public the seriousness of the situation.

Some observers are optimistic regarding the outcome of the struggle, and lay odds that the Thais will at least be able to contain the insurgency. They note that the Thais have a natural rallying point in the monarchy and stress Thai ethnic and cultural homogeneity. Religion is a strong factor in Thai life and serves to unite the people through a sense of shared values. Further, Thailand has an abundance of natural resources which can support the effort to industrialize and modernize the economy. There is sufficient rice produced so that no one need go hungry. The Thais seem to have the will to oppose the insurgents and that is a more important factor than the number and type of arms and equipment used in the fighting.

The less sanguine note that corruption in Thailand is pervasive. The Police and other authorities in the South are generally distrusted by a population which has had generally negative experiences with the representatives of governmental authority. The fight against the insurgents has already caused considerable diversion of scarce resources, both material and human, from economic development and social welfare programs. Thus the insurgency serves to reinforce itself by making it difficult for the government to ameliorate the conditions which breed and reinforce disaffection.

The Thai military feel that it is not only insurgency which threatens Thailand's security. The future course of developments in Vietnam and her Communist neighbors could well cause difficulties for Thailand and her fellow ASEAN members. The Vietnamese could decide to support insurgency and seek to exploit discontent in Thailand and Malaysia. In that event the situation could become critical, and the integrity of the Thai government could be challenged. Further, the PRC and the USSR will, for ideological reasons, support the Vietnamese should they decide to try to expand their sphere of influence.

In this situation, the Thai military rhetorically ask, where is the U.S.? When the U.S. sought help in Korea, the Thais sent a division. Support for the U.S. in Vietnam was much more extensive, and the national territory was turned over to the U.S. unstintingly to support operations there. The Thais also sent combat troops to Vietnam. Now when Thailand is threatened, they cannot count, as can their opponents, upon firm support from outside. The Thai military were not responsible for the policies which dictate that the U.S. military presence be quickly curtailed. That policy was instituted and carried out during Thailand's short-lived "experiment in democracy." Since the October coup, the Thais have adopted a different viewpoint and have attempted to be forthcoming in dealing with the U.S. on a range of issues. United States support and assistance in response to that change would be appreciated and is expected.

It is not possible for the Japanese to take the place of the U.S. Thai experience with the Japanese have been similar to that of other Asians. Japanese investment and trade is welcome under the proper conditions and can materially assist Thailand to achieve its economic development goals. The Japanese would never be invited as were the Americans to station forces within Thailand, and there will never be established between the Japanese

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and Thai military the rapport which was developed between the U.S. and Thai defense organizations. Japanese material assistance would be another matter and as the costs of the anti-insurgency campaign mounts, assistance from outside will become increasingly urgent.

Thailand stands in the most exposed position of any ASEAN state and is directly challenged by a Communist insurgency of some vitality. Moreover the insurgency, strongly supported by the Vietnamese, could spread and eventually cause the overthrow of the present governmental system. The insurgency at present is manageable, but material and moral support would be welcomed. The Thais cannot control the course of future events. Decisions made in Hanoi will determine the shape of the future. Thailand can only try, through a successful anti-insurgency program, encompassing not only military reaction but including broad-ranging social and economic programs as well, to make itself an unattractive target for insurgency by denying the insurgents indigenous support and by making the cost of subversion too high. In this context, then, any aid to the Vietnamese by the U.S. would be considered disastrous and counterproductive to the goal of achieving and maintaining peace and stability in the area. Further, the United States would be treating the interests of its old friend and ally, Thailand, in a most cavalier and unfeeling manner.

Australia

In the Australian press, there recently appeared full-page advertisements entitled, "Japan Threat" and paid for by a private citizen from New South Wales, Nicolas Lindeman. The advertisements call upon the Australians (and somewhat incidentally the New Zealanders) to recognize that their homelands are in danger in the near term from a nuclear sneak attack and invasion by Japan. The Japanese will be seeking to preserve access to Australia and New Zealand's natural resources. Mr. Lindeman assumes that a worldwide depression is imminent, and, since trade will no longer supply the requirements to the Japanese people for food and raw materials for their industry, drastic measures will be necessary. A rearmed, nuclear capable Japanese armed force could with relatively little difficulty launch a surprise attack against Australia and destroy both the armed forces and the overwhelming majority of the Australian people. Australia's allies would not have time, if indeed they had the inclination and will, to retaliate. The Australians must therefore begin now to organize so as to deter such an attack. The armed forces must be restructured so as to fight the war that will surely ensue. The Army must be mobile, nuclear armed, and capable of guerilla type resistance. The Navy must forego the traditional capital ships and instead concentrate on submarines and fast patrol boats which can intercept the invading fleet. The Air Force should be equipped with STOL aircraft capable of operating from back country air strips. The economy and governmental structure must also be reshaped to permit central direction of a massive effort which would include industrial mobilization and a major civil defense program. Change-over to a centrally planned, state-owned economic system will be painful, but there is no choice in order to assure survival.

Mr. Lindeman's views reflect a latent fear and suspicion of the Japanese which is a holdover from the days of World War II. Many Australians, in common with neighbors to the north who had a more direct experience, seem to share his antipathy. However, his views regarding defense, the potential enemy, and the urgent need for immediate action are definitely those of a small minority indeed.

The Australians see no direct threat to their security. They are satisfied that the dangers of a large-scale war are nullified by the Sino-Soviet rivalry and a move toward detente among the great powers. They too are concerned regarding the possible destabilizing effects of a U.S.

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withdrawal from the Pacific area and opt for a continuation of the status quo at U.S. expense. Any expansion of the very minimal U.S. presence in Australia would cause internal difficulties and has little support, however.

The status quo has provided Australia with an opportunity to grow economically, to exploit her rich natural resources and to achieve for the Australian people an extremely high standard of living. While not living in the best of all possible worlds, Australians see little to concern themselves with regarding the strategic balance in Asia or in the world. Their neighbors to the north--the ASEAN states and the Indochinese states--are important in the sense that instability there could involve Australia. Australia has initiated a military aid program to Indonesia. Australian aircraft are stationed in Malaysia, but as obsolescence sets in they will be returned home and not replaced. Defense ties are the result of historic development and there is no sentiment in favor of increasing such ties.

Should the situation change, then Australia will adjust as circumstances dictate. Her relations with Japan are important as noted in the statistics given above. A rearmed Japan is a prospect the Australians would not accept with complete equanimity. Under certain circumstances, however, when their interests are congruent, it would be possible to envisage Japanese- Australian cooperation to secure, for example, unimpeded passage through and around Southeast Asia.

Australia is essentially looking inward and is concentrating on domestic problems. From their vantage point, Australians see little reason to become exercised at this juncture regarding the broader questions of global security, over which in any case they have little control or influence, or regional security which so long as Vietnam is quiescent presents no major problems. 18/

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Conclusion

From the above rather disparate discussion, certain conclusions and inferences can be drawn. It is quite clear that most Asians regard the present strategic balance in Asia and the world as satisfactory and do not seek or welcome change. Soviet-PRC animosity and U.S. efforts at detente serve to guarantee the peace. Reductions in the U.S. military posture in the Pacific is regarded with dismay since it could possibly invite intervention by others. In this context, withdrawal of U.S. ground forces from Korea should be reconsidered. Vietnam is the nation most likely to disrupt the peace by seeking to expand its influence. However, Vietnam is for the present and the near term preoccupied with internal reconstruction. The U.S. should not assist Vietnamese recovery since a strong Vietnam could be a destabilizing influence in the area.

Japan's economic preeminence is an accepted fact and is no longer a matter of grave concern. Most Asians indicated that they had learned from experience, and Japanese trade and investment can be managed so as to be beneficial rather than exploitive. The prospect of a significantly stronger Japan militarily is commonly regarded with misgivings, but the Japanese have no intentions of embarking on a program of expansion of their armed forces. Asians would prefer not to project situations under which Japan would rearm since such situations would assume a world very different and much more dangerous to live in than the present. Their confidence regarding their ability to handle Japanese trade and investment spills over into the area of security, and some increase in Japanese military capability and low profile military aid from Japan would be acceptable.

Asians generally recognize that they have little influence over global strategy but hope that events will be managed so that tensions remain muted. Regionally they hope to avoid instability and open confrontation. They welcome the opportunity to concentrate on internal problems and the improvement of the conditions of life for their own peoples. Further, despite much criticism and adoption of neutral positions, there apparently is an immense reservoir of good will toward the United States, although the firmness and constancy of the U.S. commitment is questioned.

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ANNEX A

U.S. Embassy Control Officers

Tokyo	Roger L. Dankert
Seoul	John Cothorn
Manila	Mike Connors
Canberra	Robert T. Grey
Jakarta	Paul Ray
Singapore	Colonel H. Ching
Bangkok	Linda Stillman

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ANNEX B

JAPANESE DEFENSE EXPENDITURES

(In Billion Dollars U.S.)

1970	1.6
1971	1.8
1972	2.2
1973	2.6
1974	3.0
1975	4.3
1976	4.4
1977	5.1

Drawn principally from Buck, op. cit., p. 241.

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FOOTNOTES

1/ The major works of interest are:

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2/ Buck, James H., Editor, The Modern Japanese Military System, Sage Publications, Beverly Hills, 1975, pp. 219 and 228.

3/ Patrick & Rosovsky, op. cit., pp. 44-45.

4/ Buck, op. cit., pp. 221-222.

5/ (Chart I) Manglapus, Raul S., Japan in Southeast Asia: Collision Course, Carnegie Endowment for International Peace, New York, 1976, p. 8.

6/ U.S. Government, National Basic Intelligence Fact Book, Library of Congress, Washington, D.C., January, 1977.

7/ Ibid.

8/ (Chart II) Manglapus, op. cit., p. 11 updated.

9/ Provided by U.S. Embassy, Canberra, Australia.

10/ Manglapus is a most bitter but hardly the only critic of the Japanese.

11/ Colbert, Evelyn, "National Security Perspectives: Japan and Asia," in Buck, op. cit., pp. 209-213.

12/ For example, see: Hall, Ivan, "A Carter Proposal Stirs Fears Among the Japanese," Washington Star, January 13, 1977

13/ Much of the above was drawn from: Fernandez, Alejandro M., The Forging of New Relations, NSDP-UP Integrated Research Program, Manila, 1977, pp. 552-563.

14/ Djiwandono, J. Soedjati, "The ASEAN After the Bali Summit," The Indonesian Quarterly, Vol. IV, No. 2, 3, 4, 1976 Special Issue, pp. 3-19.

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- 17/ An indication of the Singaporean attitude can be obtained from the comments portion of the 8 March 1975 meeting in Singapore between Japanese and Singaporean academicians entitled, The Future Pattern of Japanese Economic and Political Relations with Southeast Asia, published by the Institute of Southeast Asian Studies, Singapore, 27 August 1975.
- 18/ The papers prepared for the October 1976 conference on The Defence of Australia (see Bibliography), analyzes the problem associated with Australian security and, when published, will be most useful in providing a source from which to obtain insights into Australian thinking on defence issues.

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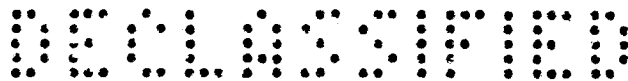
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