

What To Do About China

Proposing a sane U.S. policy for East Asia

America's policy toward mainland China is being discussed from many angles — most of them superficial at best. Here, the Executive Intelligence Review's Asia desk chief Daniel Sneider analyzes the fundamental policy issues at s that will serve both nations and the entire region.

ASIA

U.S. policy toward the Peoples Republic of China is presently a major subject of debate in policy-making circles, a debate sparked in part by the recent efforts of National Security Advisor Brzezinski to involve the U.S. in a strategic-military alliance with the PRC.

Nowhere in that debate, from either side, is there any evidence of a serious consideration of the long-term interests of this nation in the vital region of East Asia. The normalization of relations is considered the end subject, with merely the conditions for normalization under debate.

If we are to look beyond that immediate issue, however, then it is clear that we cannot ignore China, that our policy in Asia must deal with the reality of the PRC today.

The Kissinger-Brzezinski approach to Peking — crawling before the new mandarins of China to seek their approval for a policy of confrontation with the Soviet Union — will cement us into an Asian policy which is centered on an alliance with Peking. By pursuing that course we will not only immediately wreck hopes for a cooperative relationship with the Soviet Union, but we will have lost any opportunity that now exists for establishing a positive and creative relationship to the nations on the western end of the Pacific which are vital to America's future.

The alternative to playing geopolitical games with China is readily available. The policy for the long term in Asia must rest on an American commitment to the large-scale industrial and agricultural development of the region: The encirclement of China by technologically advancing neighbors like Vietnam, already willing for such cooperation, will begin to force China itself toward such a policy.

This is a commitment we can share not only with the nations of Asia but with the major powers who already play an important role in the region. That means first of all Japan, an Asian nation that is also a developed industrial nation standing in the forefront of those interested in real development. Also to be included is the Soviet Union, itself an Asian nation too.

The creation of an alliance for development in East Asia represents the real interests of the United States, but also of China. The present regime in Peking remains a prisoner of one of the most backward forms of racialism, Great Han chauvinism, which colors its view of the world completely. To the Chinese racialists, the rest of the world is merely an arena for manipulation, manipulation to serve the advance and survival of the Chinese race. It is from that standpoint that the Chinese see no contradiction in encouraging strategic, including nuclear, conflict between the United States and the Soviet Union — their big power rivals — in the hopes that we will destroy each other.

For the Chinese, the immediate aim of their manipulation, so successfully demonstrated with Kissinger and Brzezinski, is to encourage that conflict as far away from China as possible: in Africa and Western Europe. The Chinese offer of backing to the U.S. is the nicer side of what can only be termed blackmail — that unless the West delivers the arms and technology to China, then perhaps they will just turn back to the Soviet Union.

These Chinese maneuvers have a very short-term quality to them. The longer-term development of China is more likely to be shaped by the process of industrialization and by those political and social layers in China who are most intimately associated with that process. The rapid elimination of the Maoist idiocy of deliberate maintenance of a peasant-based economy and society will foster the rational side of Chinese commitment to national development. That commitment is represented historically by the Chinese Revolution of 1911 of Sun Yat Sen, which was itself a reflection of the inspiring Japanese Meiji Revolution for the industrialization and modernization of Japan.

U.S. policy in Asia must be based on a development policy that encourages Chinese developments along those rational lines, that aims toward a point in the future when China is ready to abandon racist designs toward the domination of the Asian region and join in a cooperative regional development plan. At that point U.S. policy will more fundamentally include a solid relationship with China, as with Japan and other nations in Asia.

It is immediately necessary, then, that we move to create an environment around China which accomplishes two tasks. First, it must make it impossible for the Chinese to enjoy any success in furthering regional tension for their racist ends, as they are doing in encouraging the mad Cambodian regime in its provocations of Vietnam and Thailand. Second, it must establish stability based on development, with an open door to Chinese collaboration in that effort.

The Development of Southeast Asia

The development of Southeast Asia is the centerpiece of the effort that must be made in Asia today. What was once the scene of the genocidal American intervention into Vietnam promises to become a major area of economic activity in the developing sector, provided the region is not once again subjected to the destructive effects of balance of power politics.

Southeast Asia — the area from Burma to the

Philippines — can be a focus of development which will link into, on the west, the Indian subcontinent; on the north, into China and northeast Asia (including Korea); eastward, to the eastern rim of the Pacific basin, to the United States and Mexico. The United States, Japan, the Soviet Union, and China, in combination with regional centers like India, Vietnam, and Indonesia, can effect the most rapid pace of development possible in a short period of time.

Japan Business Chief: Trade, Growth, and Technology for the Region

The head of Japan's leading business organization, the Keidanren, has posed his country's solution to the growing world problems of trade and financial imbalances: international cooperation for developments based on energy and high-technology exports from the advanced nations.

Keidanren president Toshiwo Doko presented this perspective in an article written for and published in the New York Journal of Commerce June 12. Doko's article, datelined Tokyo, appeared as the U.S. Treasury's Anthony Solomon and C. Fred Bergsten once again forced an upward rise of the Japanese yen against the dollar, while pressuring Japan to stop its sales of industrial equipment to the developing countries.

Here are portions of the Keidanren chief's article:

Four years after the oil crisis, Japan's domestic economy still remains in the doldrums. Both the government and private industry are preoccupied with beating the downward pull on economic activity. Uncertainties also grew in the field of trade because of the weak domestic demand and a sharp 34 percent appreciation of the Japanese yen in relation to the dollar, which took place in the last year and a half. The Japanese economy indeed finds itself today in an extremely difficult situation.

The international economy, meanwhile, is burdened with the problems of unemployment and balance of payments gaps. This is a time when countries feel most tempted to seek refuge in protectionism. If we are to hold back the rising menace of protectionism, we must create conditions in the world economy which would make international cooperation possible. Solutions must be found first of all to the problems of a slowdown in the pace of technological innovations and of the uneven distribution of international liquidity. . . .

Our hopes for successfully removing the limits to growth imposed by the energy and resources problems and saving the free-enterprise economy from the slow strangulation of low growth lie in the development of new technologies. . . .

As a resources-scarce nation, Japan must work harder than other nations to further refine its existing technologies for saving energy and resources consumption as well as to push ahead with the development of alternative energy sources. The energy-resources problem has, of course,

international dimensions, as shown by the issues encountered by nations in the Law of the Sea negotiations and in the sometimes conflicting demands of nuclear energy development and the prevention of the further proliferation of nuclear weapons capability.

International cooperation is thus essential in the energy-resources area. There are some successful instances of international cooperation, such as the highly-advanced joint research being carried on by the United States and the Soviet Union in the field of nuclear fusion technology.

Japan must step up its efforts in technological development, within the framework of international cooperation, and help lift the world economy out of its current impasse. It is perhaps a new obligation for Japan, which has so far proved to be the most dynamic factor in international trade. . . .

Japan has already announced a policy for "doubling the volume of its official development assistance (ODA) in five years." But it is an expansion of trade that provides a truly dynamic impetus to the economies of the developing nations. The role of the "industrialized nations, including Japan, is to keep the way open for their trade expansion."

As the newly emerging national economies, such as South Korea, make their presence increasingly felt on the world economic scene, Japanese industries, especially those operating in the labor-intensive lines, would inevitably become less competitive. However, the entry of such a new competitor is certain to spur new technological developments and drive the Japanese economy to move forward.

One thing is essential if we are to keep the way open for the late starters in industrialization and to lift our own economy to a higher level of evolution through the transfer of economic resources to the technology-intensive sectors. It is to give full play to the imagination and creativity of the Japanese people and translate them into technological innovations.

At this stage of Japan's economic and social evolution, it is more important than ever that the center of decision-making in the Japanese society be occupied by those kinds of people who are free and open-minded and not bound by uniformist thoughts. In order to make this happen, we will most probably need a reform of the traditional management practices. Obviously, the Japanese system of education would also require a major re-examination. . . .

The Southeast Asia region already has one of the most readily available and underexploited resources of both raw materials (minerals, fossil fuels, agricultural products) and trained manpower in the developing sector. Malaysia, Singapore, and the Philippines are countries already on the edge of industrial transformation, à la South Korea. Thailand, Indonesia, and Vietnam can become major centers of industrial and agricultural production with the proper input of technology transfer and capital investment from outside.

The roles of Vietnam and Indonesia are the key. Vietnam has the most skilled political leadership, matured by the experience of the past 30 years and commanding a population with the greatest pool of technical skills in the region. They only lack capital input, which the Comecon nations themselves cannot possibly supply on a sufficient scale. The constantly expanding Japanese role in Vietnam is evidence both of that fact and also of Vietnamese desire to expand the scope of its economic and political relations in the world. As regards Indonesia, it is the nation with the greatest raw potential (factors of population, resources, and so forth considered), although lacking development of labor power among the population. It is a challenge that must be met.

The structure of the Association of Southeast Asian Nations (ASEAN) is an advantage in easing the obstacles to regional economic planning of development, although national tensions do exist. The Fukuda government has already made its involvement in ASEAN regional industrialization plans concrete, while the U.S. has failed to do so. The willingness of the Vietnamese government recently to adopt a positive although neutral stand toward ASEAN, and Vietnam's eagerness for economic cooperation with the ASEAN nations, is also an evident advantage. Both Indonesia and Vietnam, from different standpoints, have shown concern over Chinese efforts, like the recent "united front" proposal, to assert "guidance" over ASEAN.

The lack of any major obstacles within the region is complemented by the attitude of Japan. The Japanese government has consistently, in the recent period, and with emphasis since the 1973 oil crisis, stressed its serious commitment to the development of Southeast Asia and Asia as a whole. In the Japanese view, the necessary advance of their economy into more capital-intensive ("knowledge-intensive") computer- and nuclear power-based production must be complemented by the transfer of industrial technology to the developing sector nations, particularly in areas like raw materials processing and manufacturing.

Quite correctly, leading Japanese economists and planners do not view such transfers as creating potential competitors, but rather as part of a vast expansion of economic growth in which Japan must be constantly searching for the most advanced technology upon which to base its economy. This view is clearly expressed in documents of the Ministry of International Trade and Industry and is held by those circles of Japanese business, such as the Industrial Bank of Japan, who already play a large role in Southeast Asia. The Japanese, unlike others, are in Asia to stay, and are fully conscious of the necessity of development to the stability and security of the region and of Japan itself.

Therefore, the U.S. can best strengthen its fundamentally essential alliance with Japan by pursuing a mutual strategy of development in Southeast Asia. Such a joint effort is already viewed by the Japanese government as linked to its proposals for joint, and international, efforts for the development of controlled thermonuclear fusion power. This collaboration was very concretely proposed by Prime Minister Fukuda on his visit to the U.S. last month, and reiterated by Foreign Minister Sonoda at the United Nations. In both its regional and nuclear energy aspects, this perspective would form a viable framework — and the only one, in fact — for defusing the efforts toward trade war.

The Japanese have correctly pointed out that it is not a reduction in their trade surplus that is needed but an expansion of world trade, particularly with the developing sector, and that any reduction of Japanese trade is likely to hurt Southeast Asia more than any other area of the world.

Southeast Asian development is also clearly in the interest of the Soviet Union, from the standpoint both of Soviet economic activity and of Soviet concerns about China. It will guarantee stability of the region, without any question of major power dominance, and offer the Soviet Union a straightforward framework for contribution to that process, as it is already doing in Indochina.

And China will be offered the opportunity to join this development process while denied the circumstances to carry out her chauvinist aspirations and her encouragement of U.S.-Soviet confrontation. Longer-term trends in China toward industrial development and scientific education will tend to strengthen such a rational approach.

How to Proceed

The implementation of this development alliance strategy should proceed immediately, along the following lines:

- (1) The existing institution of the **Asian Development Bank**, which under Japanese leadership has generally not followed the World Bank's "ruralist" emphasis, **should be expanded** into the central credit mechanism for industrial, agricultural, and energy development. Soviet and Chinese participation should be invited on the basis of worked-out regional development programs.
- (2) **A major program for regional development must be defined.** Development projects in the Mekong River Basin, already outlined, must be drawn up in detail with proper input from within the region. **Appropriate forums for U.S.-Japanese discussion** of their input into the region, bringing together experts and private-sector and government representatives from both countries with those from countries of the region, should be convened on at least a preliminary basis.
- (3) Efforts should be undertaken to advance **positive contact with the Socialist Republic of Vietnam** and to encourage U.S. efforts toward normalization of relations and participation in the economic reconstruction of that nation.

— Daniel Sneider