# U.S. 'malign neglect' of ASEAN allies opens the way for Soviet domination

by Linda de Hoyos

In a speech to the Hong Kong Trade Fair in October 1983, Henry Kissinger reaffirmed his commitment to a strong alliance with the People's Republic of China as the pivot of U.S. policy in the area. He then made the following remarkable statement: "Southeast Asia has, as far as the United States is concerned, governments that are neither allies nor are they—considered strictly—countries with which we have a very friendly relationship." The evaluation was made just two weeks before it was announced that President Reagan would forego his scheduled visits to the Philippines, Thailand, and Indonesia, and visit only Japan and South Korea on his early November trip to Asia.

There is no reason in the world of the sane why the United States should eschew its relationship to the countries of the Association of Southeast Asian Nations (ASEAN, comprised of Thailand, Philippines, Malaysia, Indonesia, Singapore, and now Brunei). The ASEAN countries, which have registered a continuing healthy economic growth rate over the 1980s, with the exception of the Philippines, are staunch allies of the United States and strongly want their relationship to Washington to improve. Kissinger's assertion of American neutrality toward ASEAN, however, as the events of the past year have borne out, was a signal of a shift in U.S. State Department policy: The United States is bowing out of Southeast Asia, leaving the region as a sphere of influence to China. The blackmail chip for this policy—a policy which all but Singapore would resist—is the Soviet military buildup in Cam Ranh Bay.

In the spring of 1984, then U.S. ambassador to the United Nations Jeane Kirkpatrick made a trip to Bangkok, where she declared that China, not the United States, should be the security guarantor of Thailand. In July 1984, Secretary of State George Shultz furthered the shift in a speech before the ASEAN foreign ministers meeting. Attempting to calm ASEAN fears of growing U.S.-China military cooperation, Shultz noted that the U.S. "military relationship with China is in its early stages and focuses on defensive matters and does not pose a danger." Then, Shultz uttered this inanity: "Our relations with the ASEAN countries are the cornerstone of our policy in Southeast Asia."

By the time of Vietnam's offensive on the Thai-Cambodian border in December 1984, it was clear what the shift was leading to. Speaking at a Singapore conference on security on Jan. 17, Kissinger colleague Elliott Richardson, a former defense secretary, urged ASEAN to take on a "bigger role in maintaining regional security." ASEAN, he said, can deal effectively enough with regional disputes and ensure that the superpowers, China, and Japan do not get dragged into Southeast Asia.

On his own visit to Asia in January, Kissinger visited only two countries—the Confucian states of Singapore and Hong Kong, making only a two-hour stopover at the Bangkok airport. To the fact that Vietnam was now banging loudly at Thailand's door, Kissinger responded that the U.S. bases in the Philippines were all that anyone needed for security—that is, no assurance at all.

In February, the United States turned a deaf ear to ASEAN calls for international aid to the Khmer rebels, whose headquarters were being systematically knocked out by the Vietnamese. On Feb. 26, Undersecretary of State Paul Wolfowitz went to Peking to discuss the regional military situation. He then went to Jakarta where he attempted to impress upon President Suharto that the Chinese have changed, with their new-found turn toward capitalism, and want to be friends with their neighbors.

After Wolfowitz and his counterpart in the Defense Department, Richard Armitage, had made a quick trip to Bangkok earlier in February, a high-level Thai military officer told *EIR*: "We know the United States is not interested in this area. The U.S. is withdrawing from the region. The only thing we can do is stick together." Looking at the map from Bangkok to Tokyo, a Thai intelligence source waved his hand in disgust: "The worst thing is what is happening in South Korea," he said, referring to the Feb. 8 hubbub around the return of opposition leader Kim Dae Jung. "How could the U.S. let this happen? You work with a friend and the friend turns into an enemy." The source reported a lack of cooperation from the United States on all matters, even counterintelligence on terrorism.

The concern of the ASEAN countries is not strictly military. More importantly, the United States has displayed a policy of malign neglect toward the region's economic growth.

After Shultz's speech praising free enterprise at the ASEAN foreign ministers meeting in July, the U.S. Commerce Department in August closed the loopholes in the textile quota system, wounding the economies of Malaysia, Taiwan, Indonesia, and Thailand.

One by one, the ASEAN countries are being thrown into the barrel. First was the Philippines, now undergoing full-scale destabilization; next is Thailand, where the International Monetary Fund has managed a 30% devaluation of the currency; then Indonesia, where the drop in oil prices is threatening the economy and communist-directed Islamic insurgents have begun a terror campaign; and London outlets such as the *Financial Times* are beginning to moot the eventual upset of the Mahathir government in Malaysia. Only in Chinese-dominated Singapore, run by Kissinger pal Lee Kuan Yew, does stability appear to reign.

## Military implications of economic policy

In November, the International Monetary Fund, with the cooperation of the Thai finance ministry under Sommai Hoontrakul and Wharton School disciple Virapongsa Ramangkura of the National Economic and Social Development Board, forced through a floating devaluation of the Thai baht. At the time, *EIR* warned that the devaluation, unnecessary by any normal standards, would begin a process of social unrest in the country and have grave effects on the country's military preparedness.

Those projections have been borne out. The baht has fallen from 23 to 30 per dollar, well past the 28 baht benchmark. Government funds created to soften the blow have already dried up. Hardest hit have been farmers. Thailand is the world's largest rice exporter, and the devaluation pushed the rice price through the floor, leaving the Hong Kong and Singapore middlemen to enjoy far greater profit margins. In January, farmers led by the opposition Chat Thai businessmen's party rallied in the streets in protest, but to no avail. The cost of imported goods, especially fuel, has also risen, producing strikes of transport workers in the cities.

The devaluation was but the opening shot in a campaign to re-vector the Thai economy away from industrialization toward a service-based, export-oriented economy—exactly the process that has been imposed on the now-collapsing economies of Ibero-America. On Jan. 17, Finance Minister Sommai announced that the Sixth Five Year Plan would concentrate on maintaining financial stability and decentralization, with a new emphasis on "quality rather than quantity." The goal of the Five Year Plan, to be launched in October 1986, will be to bring down the country's external debt service ratio from its current 20% of foreign-exchange earnings to 9%.

The Council of Economic Ministers approved the creation of a high-level committee dedicated to correcting the trade deficit with Japan through a new emphasis on exports. Reducing the trade deficit is also the focus of the third "structural adjustment loan" Thailand received in early February from the World Bank. The Bank makes the loans, in the range of $175.5 million, contingent on carrying out "reforms" demanded by the Bank in its characteristic violations of national sovereignty. This is Thailand's third "structural adjustment" loan. The first concentrated on the elimination of export taxation, improvement of "incentives" in agriculture, and changing of land-use policy. The second focused on forcing changes in government management. The World Bank carried out a similar campaign in the Philippines; today, World Bank and IMF officials, not Filipinos, collect the country's taxes.

The government has also announced that it will prepare a "zero-plus" budget for 1986. That means a zero-growth budget with certain exceptions, such as debt service. Finance Minister Sommai has also formed a "debt committee" which will pass judgment on any new projects begun by other ministries—a body modeled on the bankers' Emergency Financial Review Board in New York City. The budget and the debt committee are expected to have the most damaging impact on the country's infrastructural projects—those projects that would have greatest impact on increasing economic productivity and vectoring the economy toward industrialization. It could halt plans for an eastern seaboard development project and also for the construction of the Kra Canal, the latter project a pet peeve of Henry Kissinger.

Accompanying this emphasis on a (cheap) exports orientation, the NESDB of Virapongsa has announced that it is going to concentrate on "human resources development." This phrase was the watchword emerging from the recent round of Pacific Economic Basin conferences, organized by George Shultz et al. in Southeast Asia. It is code for pooling cheap, unskilled labor for foreign investors.

There is furthermore the danger that certain interests in Japan may promote the same kind of orientation. A delegation from the Keidanren, the leading Japanese economic association, came to Bangkok in February and argued that Thailand should focus on services and exports of agricultural goods. The message was: Thailand has missed the boat on full-scale industrialization, and should concentrate on exporting what it has.

The devaluation, and the whole basket of measures accompanying it, have placed Thai security in jeopardy—both in the long and short term. First, it has turned the population and many of the political parties against the government of Prime Minister Prem Tinasulamond, creating a growing government crisis. With no party putting forward a clear conception of how to deal with the economic and social crisis, it has reopened the possibility that the military will lose patience and step in directly.

The devaluation has hit the military hard, reducing the budget by close to 33%, given that the key component of that budget, the purchase of military equipment, involves sales from abroad, mostly the United States. The devaluation occurred only one month before the Vietnamese offensive on the Thai border, the most serious since the 1979 Vietnam invasion of Cambodia.

The devaluation has also nearly scrapped any possibility that Thailand will buy the F-16A jet-fighter from the United States. Thailand had finally won approval in September for the jet, which would match the MiG-23s placed at Cam Ranh Bay in November. The Thai Air Force announced on Feb. 22 that given the situation on the border, it was willing to slash other areas of the military budget in order to acquire the F-16.

But assuming Thailand is able to weather the current Vietnamese onslaught on its border, the most serious implications on security of the Thai baht devaluation are long-term. The process of development that alone can maintain a country's stability has been decreed stopped, at a point when U.S. economic and military interest in the region are at an all-time low. Control of the country's finances has been seized by the Thai equivalent of U.S. Federal Reserve Chairman Paul Volcker. The process thus launched has made Thailand all the more vulnerable to Soviet-backed insurgent and Vietnamese pressure.

As Kissinger and company could only have anticipated, in the last month, major steps have been taken to bring Thailand closer under China's wing. In the first week of March, Chinese President Li Xiannan arrived in Bangkok for a five-day stay heading an official delegation of 70 people, and another 25 unofficial participants. Purpose: business.

The same week, the Chinese deputy defense minister arrived in Thailand to confer with the Thai military on counter-operations to Vietnam on the border.

## Philippines: calculated failure

"The original justification for the maintenance of the Philippine bases has now been extensively undermined," declared the liberal *éminence grise* George Kennan in 1977 in spinning out the implications of Henry Kissinger's "Guam Doctrine." "The American response to the situation that now exists should be, surely, the immediate, complete, resolute, and wordless withdrawal of the facilities and equipment they contain, leaving to the Philippine government the real estate and only that."

Kennan's statement, given his considerable influence on foreign policymaking, prompts the question: Is it possible that the possible removal of the U.S. bases from the Philippines, instead of being the result of the overthrow of the Marcos government by the most radical of the opposition, is itself an objective of certain factions in the United States?

There is no question but that the White House and the State Department have different policies toward the Philippines and its government right now. In his second television debate on Oct. 21, President Reagan stated his firm support for President Marcos, whose government is under siege by forces controlled by the same apparatus in the United States that overturned the Shah of Iran, led by Princeton University Prof. Richard Falk, former Attorney General Ramsey Clark, the Jesuit order's Theologists of Liberation, and the Soviet-dominated World Council of Churches. It is this gang that is behind the most radical opposition, led by Agapito Aquino and José Diokno, which is demanding the removal of the U.S. bases.

The next day, the State Department, whose policy toward the Philippines is handled by former ambassador to Manila Michael Armacost, challenged the Marcos government to carry out democratic reforms. This specifically included the prosecution of Chief of Staff of the Armed Forces Gen. Fabian Ver for his alleged involvement in the murder of opposition leader Benigno Aquino.

The State Department wants a smooth transition from the Marcos regime and says it is looking toward building a credible "democratic" opposition. At the same time, the U.S. is backing up the takeover of the country by the International Monetary Fund. For more than a year, the Fund has held the Filipino economy hostage, as its commercial creditors refused to lend unless the Marcos government won the IMF seal of approval. The signs of anti-Marcos demonstrators in Manila read: "Down with the U.S.-IMF-Marcos dictatorship."

Step by step, the World Bank and the Fund have taken over full direction of the economy. The Fund demanded that Marcos break up the sugar cartel that held the floor under sugar prices. This was done, with the result that sugar prices were forced to 25% of the cost of production. This policy was forced upon the Philippines in order to raise foreign exchange to pay the debt. Wealthier farmers are attempting to diversify into other crops, but many, driven out of business, are joining up with the New Peoples' Army, the communist guerrilla force that is making significant inroads, especially on the island of Mindanao.

Among the funders of the NPA, reports an official at the Wharton School branch in Washington, are the multinationals, who give money for "protection." This is indicative of an on-going process: The Filipino "cronies" of President Marcos are being cleaned out, while other foreign investors, among them Swiss companies, are coming in to buy up the Filipino economy at rock-bottom prices.

The World Bank projects that the Filipino economy will not rebound back to pre-1983 levels until sometime into the 21st century. This would be the result if the Philippines follows the prescriptions of the World Bank's "structural readjustment." This is a recipe for social chaos and devolution. In this regard, the Philippines shows the road for all of ASEAN if the United States does not immediately stop upholding the genocidal policies of the IMF. For the financial interests behind the World Bank and the IMF, the need to remove U.S. bases follows from the fact that in the next decades, Soviet, not U.S. military might will enforce the looting of Asia, because the United States is supposed to get its turn in the barrel as well.