

# Prime Minister Suzuki mounts diplomatic effort for World Bank

by Ramtanu Maitra

The tour of the Association of Southeast Asian Nations (ASEAN) nations Jan. 8-19 by Japanese Prime Minister Zenko Suzuki reaffirmed that the Asian community is divided into two contending blocs on the issues of economic development and security relations. The nations in the area regard the two issues as intimately intertwined.

Indonesia, Malaysia, and the Philippines share a common commitment to industrialization. They regard development rather than military alliances as the key to political stability. The 1977 tour of then-Prime Minister Takeo Fukuda allied with this viewpoint as Fukuda pledged Japan's aid to ASEAN industrialization projects and rejected both rearmament of Japan and the turning of ASEAN into a revival of the old SEATO (Southeast Asia Treaty Organization) alliance.

Chinese-allied Singapore and Thailand take the opposite track on this issue and ally with current Japanese Prime Minister Zenko Suzuki. On the eve of his mid-January tour, Suzuki specifically repudiated the Fukuda developmental alliance with ASEAN. "While I fully respect the ASEAN members' own efforts in trying to industrialize," Suzuki told the *Far Eastern Economic Review*, "it does seem to me more important that consideration be given to solving the food problem." Yet, in the agricultural field, Suzuki rejected Fukuda's capital-intensive program in favor of small-scale projects modeled on the World Bank's "small is beautiful" economics.

The strategic corollary to this economic perspective is the "China card," a geopolitical military alliance between China and Washington to which Suzuki has invited ASEAN to become an adjunct. Suzuki admitted that "there are different views on the China question between Japan and ASEAN"; nonetheless, he pressured the ASEAN nations to move closer to China. Suzuki also used the trip to feel out the ASEAN leaders' reaction to a rearmament of, and a regional security role for, Japan. Both the Carter administration and the new secretary of state, Alexander Haig, have heavily pushed this concept. Suzuki referred to this overall package of China card, Japan rearmament, and ruralist economics as the creation of a "Pacific Community."

Only two nations accept the alliance with China—Singapore and Thailand—who also agreed to the revival

of Japan's military, and acquiesced to the abandonment of industrialization in favor of World Bank ruralism and labor-intensive assembly sweatshops.

## The overseas Chinese

The fear of Chinese domination of Southeast Asia is deep rooted among the industrializing ASEAN countries. This is not only due to China's own obvious regional ambitions and support for local insurgents but also due to the role of the overseas Chinese business community in blocking industrial development.

The London *Economist* reported back in June 1974: "Fourteen million overseas Chinese are the most formidable economic power in Asia outside Japan. Eighty-five percent of them are born in the countries in which they live now. They have no territory of their own except in Singapore, but they are united across many borders by a common language, culture, and heritage. They operate economically rather like a huge multinational corporation with its own conduct."

To this day, the overseas Chinese control more than 80 percent of the economy of Thailand and Malaysia, although comprising a small portion of the population. In Indonesia and the Philippines, where the overseas Chinese comprise only 2 to 3 percent of the population, they control up to half the economic enterprises, particularly in the commerce and trade fields.

The mercantilist outlook of these communities is often regarded as a block to development of an industrializing elite in the ASEAN countries. In fact, in both Indonesia and Malaysia, Suzuki was asked why Japanese ventures cooperated predominantly with Chinese-run businesses in these countries rather than indigenous entrepreneurs.

Besides the economic issue, Southeast Asian leaders are perhaps even more concerned about China's political intervention into those countries through the overseas Chinese. Since the rise of Deng Xiaoping in Peking, Southeast Asia has seen a merger of overseas Chinese previously divided into pro-Peking and pro-Taiwan wings. Under the leadership of Anglo-Chinese financiers out of Hong Kong and Singapore, such as pro-Peking Hong Kong shipping magnate Y. K. Pao, the Chinese business community throughout Southeast

Asia is becoming increasingly regarded as an arm of Peking foreign policy. China's continuing support for local insurgent communists, such as the Malaysian Communist Party, also reinforces suspicions of China's ultimate ambitions (see box).

### Suzuki rebuffed

Indonesia, Malaysia, and the Philippines strongly, though diplomatically, rebuffed Suzuki's "Pacific Community" notion. When Japanese Foreign Minister Masayoshi Ito urged his Indonesian counterpart, Mochtar, to normalize relations with Peking—cut off after a 1965 Peking-backed coup attempt, Mochtar replied, "it will take time." Following Suzuki's departure, Mochtar told Indonesian TV viewers that the proposals for Japanese rearmament and a regional security role "was not the will of the Japanese people or government, but was the result of U.S. pressure."

Philippines President Ferdinand Marcos told Suzuki that he would like to see Japan develop nothing more than purely defensive military capacity. He demanded reassurance that Japan's relations with China would stick to the economic sphere and not develop into military cooperation.

In Singapore and Thailand, on the other hand, Suzuki found hospitality more to his liking. Singapore's

Foreign Minister Dhanabalan urged Japan to build up its military, arguing, "If Japan fails to have a defense power of its own, it would increase the defense burden of the U.S., and thus the U.S. defense efforts in the region of ASEAN and the Indian Ocean would be cut off." Thai Premier Prem Tinsulanond urged Japan to take on a regional military role.

Suzuki in turn supported the efforts of Thailand, Singapore, and China to polarize Asia around the Kampuchea issue. He told the Foreign Press Club in Bangkok on Jan. 19 that the "Cambodia tragedy" was "the result of military intervention by the Vietnamese." He supported Thai-Singapore efforts to find a respectable cover for Pol Pot in the form of San Sonn's minuscule forces, and pledged financial aid to the Khmer Rouge camps located on Thai soil.

### Ruralism versus development

On the economic side, Suzuki promised \$1.5 billion in yen credits spread over a number of years, of which perhaps \$400 million was simply reaffirmation of commitments made in 1977 by Fukuda, and then stalled under successors Masayoshi Ohira and Suzuki.

The ASEAN leaders in Indonesia, Malaysia, and the Philippines criticized, within the bounds of proper diplomacy, the content of the aid packages for abandoning the industrial cooperation pledged by Fukuda. Suzuki specifically restricted Japan's aid to small-scale rural projects, nonconventional alternate energy sources (*not* including nuclear), small and medium-scale businesses, and "human resources."

For example, out of the \$215 million total credit package for the Philippines, \$100 million was devoted to a geothermal energy project. Similarly, \$100 million out of the total ASEAN package was devoted to technical training centers—not to train ASEAN students in the techniques of modernization, but only in soft energies, small rural projects, and the like.

Philippines President Marcos told the press later that his country did not want to remain only a supplier of raw and semiprocessed materials to Japan but insisted "Japan must transfer to us some technology." Indonesia's Mochtar pointedly remarked on Indonesian TV that Japan, "having enjoyed 100 years of modernization since the Meiji Restoration, could contribute its high technology to the Indonesian development process." To make sure the point stuck he referenced transfer-of-technology agreements just concluded with France and West Germany.

As oil suppliers, Malaysia and Indonesia were able to demand that Suzuki maintain credit to urea fertilizer projects originally agreed to by Fukuda. These projects for a total of \$350 million plus a \$150 million project for a hydro-power plant in Indonesia were the sole exceptions to the ruralist program of Suzuki.

### 'Peking is lying'

The former chairman of the Malaysian Communist Party (CPM) publicly labeled Peking Prime Minister Zhao Ziyang's pledge to cease support for communist insurgencies in Southeast Asia a lie.

On a January trip to Thailand, Zhao promised, "Our relations with the communist parties of the ASEAN countries are based upon political and spiritual ties. . . . China will prevent our relations with the communist parties of the ASEAN countries from affecting friendly relations between China and ASEAN." Singapore's Lee Kuan Yew has been vouching for the sincerity of Zhao's statements.

CPM Chairman Musa Ibn Ahmed just returned to Malaysia after 25 years in China and told the press that Peking's reticence is only temporary and tactical. "In the long run, China will continue to give help to the pro-Peking communist parties because Peking wants to extend its influence in this region through those parties."