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Source: *International Security*, Vol. 7, No. 4 (Spring, 1983), pp. 180-194

Published by: The MIT Press

Stable URL: <http://www.jstor.org/stable/2626737>

Accessed: 16/06/2010 15:41

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Progress and Politics in Pacific Asia

William H. Overholt

Only seven years after the end of the Vietnam War, Pacific Asia seems to be basically calm, and Asian-American relations appear to have been institutionalized. All the non-communist countries of Pacific Asia are at peace. Virtually all are growing economically at rates which are more than respectable by today's Third World standards and spectacular by historical standards. While most of the communist countries are more or less at war with one another, the consequences of communist warfare are second order issues for most of the states of the region, except Thailand, and third order issues for the United States. The casualties of famine and genocide in Cambodia have been replaced by the mere casualties of ordinary war—perhaps the best that can now be expected there. Following the Carter Administration's consolidation of the Nixon Administration's rapprochement with China, and the Reagan Administration's endorsement of Carter's basic China policies, the United States seems at long last to have come to terms with China.

Throughout non-communist Pacific Asia there is unparalleled political stability. In Japan, the Liberal Democratic Party appears to have found its way out of the dilemma of dependence on a diminishing rural electoral base. South Korea has demonstrated that its institutions can survive a major succession. Taiwan is for the time being domestically stable and militarily safer than at any time before the U.S. rapprochement with China. Indonesia, the Philippines, Malaysia, and Singapore have enjoyed more than a decade of freedom from political upheaval, and Thailand's basic political system has proved remarkably stable despite frequent changes of face at the top. Thus top Washington decision-makers find their attention focused on the Soviet military buildup, on Poland, on Lebanon or Iraq and Iran, and even on southern Africa, rather than on Pacific Asia.

This surface calm and stability are surprising in the face of another optimistic trend: Pacific Asia is experiencing the greatest economic dynamism in human history. At no other time in the history of the world have so many people, spread over such a wide geographical area, achieved economic growth on the order of 7 percent year after year. Elsewhere, such economic

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growth has virtually always led to political turmoil and cultural stress, particularly in a region such as Southeast Asia where basic political and social issues remain unsettled. The appearance of calm and stability is unique in the period since World War II. To the United States, the last generation of Asian history has been the history of the Chinese Revolution, the Korean War, the Vietnam War, the Hukbalahap Rebellion in the Philippines, the Malayan Emergency, the Indonesian Revolution of 1966, the confrontations over Taiwan, the emergence of the Sino-Soviet split, the Cambodian genocide, and the Vietnamese invasions of Laos and Cambodia.

The Political Consequences of Economic Dynamism

On balance, dynamism is a more accurate image of Asian politics and of Asian-U.S. relations than either calm or stability. Over the last generation, the dynamism has caused spectacular consequences both for good and ill.

Economic growth, political consolidation, and administrative development have occurred at a spectacular pace, even where such progress once seemed particularly unlikely. For instance, at independence Indonesia was largely a collection of islands and tribes with little sense of national identity. Its economy was primitive in technology, devoid of most infrastructure, and so poverty-stricken that few of the population could afford proper clothing or adequate rice. Today Indonesia has become one of the world's most nationalistic nations. It has an impressive national economic infrastructure. It has an effective national administration and national military network. Indonesians speak a national language for the first time. While poverty is still omnipresent, children who must go naked, women who cannot afford adequate clothing, men who have no sandals, and families who cannot afford rice have largely disappeared. Those who visit Indonesia for the first time will still be impressed by its problems, but those who have been observing it since 1949 are astounded by its progress. Such is the story of development in Asia during the past generation.

Second, the obvious benefits of this rapid economic development have transformed the international politics of non-communist Pacific Asia. For millennia the route to prosperity has been invasion of one's neighbors. A decade ago virtually every country in Southeast Asia was pressing serious and immediate territorial claims against most of its neighbors. Today, modern nationalism and modern technology make conquest extremely expensive, while emphasizing indigenous economic development is extremely rewarding. Thus, the Philippines has basically renounced its claim to Sabah; Indo-

nesia has abandoned its claims on Malaya; Malaysia and Thailand have resolved most of their disputes; and so forth. In Pacific Asia only the Vietnamese are playing the traditional game of conquest.

Third, Pacific Asia has developed a standard ladder of development and a standardized social technology for moving up that ladder. The country begins with natural resources, if it has any, then successively moves into textiles, consumer electronics (radios, televisions, cameras), heavy industry (steel, ships, petrochemicals, automobiles), and finally advanced technology such as computers. It moves up the ladder by making massive investments in education and administration, by exploiting the flexibilities of guided market economies, by utilizing the efficiency that is bred by domestic and foreign competition, by using the management and technology and capital available from multinational corporations, and by pursuing a strategy based on a leading role for exports to the industrial north. The resulting market-disciplined, export-led, relatively open strategy of economic development has yielded today's extraordinary growth rates.

This Pacific Asian strategy has provided a model of development and a set of priorities radically different from those proposed in the Group of 77's New International Economic Order ideas: the success of the Pacific Asian approach to development has shown that relatively market-oriented development programs are superior to excessively bureaucratized ones; that an emphasis on people (education, organization, discipline) is far superior to an emphasis on natural resources and their prices; that a relatively open economy is almost invariably more efficient than a relatively closed one; and that a cooperative relationship with the industrial democracies and with the multinational corporations can, when combined with domestic political cohesion and effective domestic administration, lead not only to economic growth but also to egalitarian income distribution, rapid technological development, and effective national control over the economy. Those countries which have succeeded best at social development are also those which have moved most rapidly up the economic ladder (Japan, South Korea, Taiwan, Singapore). The success of this general approach to social and economic development is exerting a magnetic influence over the programs of countries as diverse as China, Sri Lanka, Bangladesh, Zimbabwe, and the Andean Pact.

The Pacific Asian strategy has so far proved superior in difficult times as well as boom times. Although their lack of natural endowments and outward-oriented strategies would appear to make them more vulnerable, the big oil importers of Pacific Asia adjusted faster to oil shortages and price rises than their Latin American and African counterparts, and the flexible, market-

oriented economies of Pacific Asia were less damaged by the world recession of 1975 than their counterparts elsewhere. While the world recession of 1979 to 1982 has left most Latin American and African countries teetering on the edge of national bankruptcy, most Pacific Asian countries, while hurting, are in stronger positions.

The above are positive consequences of Asia's economic dynamism. But the dynamism also poses challenges to countries at various levels on the ladder and at various levels of social and political achievement.

For countries at the bottom of the ladder, such as Burma, the extraordinary dynamism of Pacific Asia sharpens the challenge created by failure in the midst of success. A generation ago, the economically and culturally autarkic Burmese approach to development was widely accepted as a serious alternative development strategy. Now it is generally regarded, inside Burma as well as outside, as a strategy which leads to regression back from the monetary economy into a barter economy. Bangladesh, Pakistan, and (more auspiciously) Sri Lanka face some of the same problems. These countries must get on the ladder of growth, in the face of rising competition, or face potential disintegration.

For countries like Indonesia, which have achieved rapid economic growth based on natural resources, the growth successes raise expectations and make much more immediate the necessity to move beyond the capital-intensive, inherently inegalitarian economic structure that results from an emphasis on mining. Indonesia desperately needs an economy which will provide employment for a rapidly growing population, distribute the proceeds of growth more fairly, and cope with demands for national control of the commanding heights of the economy. The Philippines, Thailand, and Malaysia face the same challenges.

For South Korea, which has achieved spectacular growth, relatively full employment, one of the world's most egalitarian income distributions, an extremely high level of indigenous technology, and effective national control of the economy, the great challenge of the future is a political one. Economic success breeds economic complexity of a degree which cannot be managed hierarchically from a few offices in the presidential palace. Economic growth brings with it a large labor movement, a large middle class, a large sector of academics and intelligentsia, and other social pressure groups which demand an increasing role in the nation's political life. Universal education at the high school level brings with it a knowledge of modern political ideologies, particularly democracy. Perceived solution of the formerly overwhelming military and economic problems of the nation leads people to focus their

attention increasingly on questions of political dignity. These must eventually be resolved. While it is quite unlikely that Seoul, Korea will ever pattern its politics rigorously after Washington, D.C., the need for a theory of political life which is broadly accepted by all of the most modern sectors of society becomes more pressing each year. Taiwan and (to a lesser extent) Singapore will likely face this same need sometime in the 1980s.

In Japan, which has solved the problems of growth, equity, technology, egalitarianism, and economic nationalism, and also agreed on a basic political structure, the great dilemma of the future concerns the nation's international role. Japan's economic success inexorably creates an unwanted global political prominence. For the last few years, Japan has been absorbing such shocks as the American withdrawal from Vietnam, the secret Sino-American rapprochement of 1972, the Arab oil embargo, the rapid rise of oil prices, the Sino-Vietnamese clash, the risk of a Sino-Soviet clash, the Soviet naval buildup, the Soviet military buildup in the Kuriles, and the Soviet invasion of Afghanistan, and has been drawing the conclusion that Japan is utterly dependent on a stable global political order and therefore must take some responsibility for the maintenance of that order. This has precipitated an intense debate over Japan's proper military role.

Each of these challenges can lead the respective nations to new heights of achievement and stability. But each also carries the risk of failure to make the transition into the next phase and hence some danger of instability and backsliding. The ASEAN countries, other than Singapore, risk getting stuck fairly low down on the social ladder. Each challenge is cause both for celebration and for fear. The celebration and fear are located in Washington as well as in Rangoon, Jakarta, Seoul, and Tokyo. The United States and its policies must make the transitions along with the Asian nations. Thus, the challenges for American policy coincide with the Asian challenges of national development.

Four Challenges for Southeast Asian Leaders

In addition to the challenges posed by the need to go from one step on the ladder of social-economic development to the next, the current situation in Asia poses supplemental major challenges to regional leaders: the challenge of ideology and patronage to technocratic development, the challenge of rising ethnic tensions, the challenge of generational change, and the challenges of a newly volatile world economy.

Pacific Asia's dynamism has been created and guided by a wave of technocratic leaders: Lee Kwan-yew, Park Chung-hee, Chiang Ching-kuo, Suharto, and Deng Xiaoping, among others. In several countries the technocrats are under fire from ideologues. In China, the legacy of the Cultural Revolution dies hard, and previous waves of technocratic development have each been swallowed up by ideological movement. In Indonesia, a tide of Islamic, anti-Chinese, xenophobic feeling threatens the position of the technocrats, many of whom are secular, Chinese, and cosmopolitan. In other countries, the challenge of the ideologues to the technocrats is less dramatic, but it is often supplemented by an equally threatening force: the power of traditional patronage politics, which subverts rational policy through patronage considerations. In the Philippines, the early 1970s wave of technocratic reforms in administration, basic economic policy, and rural land tenure has been subverted by the reemergence of patronage politics. Thus, throughout the region, the dynamism guided by the technocrats depends not only on rising to the challenges posed by each successive phase of development, but also upon the ability of the technocrats to hold at bay both the ideologues and the patronage politicians.

The developing nations of Asia are not the only ones which face these challenges. Both the conflict between ideologues and technocrats and the conflict between the technocrats and patronage politics have become increasingly important in recent American politics. In the Carter Administration, foreign policy was initially dominated by a set of essentially ideological policies. As a result, for the first time in American history, diplomatic relations declined severely in the first half of 1977 with every country from Japan, Korea, and China in the north, to Australia and New Zealand in the south.¹ Although such policies as the withdrawal from South Korea (which was ideological because it flew in the face of rational military considerations in Korea, of regional diplomatic feelings, and of the outraged protests of human rights activists in South Korea) were eventually reversed, much of the dam-

1. South Korea was angered by the troop withdrawals; Japan by the troop withdrawals, by a sudden and excessive change in U.S. nonproliferation policies, and by U.S. insistence on inflationary, ineffective economic policies. China reacted against Vance's "softness" on Soviet issues and said Vance's 1977 visit had caused deterioration of Sino-American relations. Taiwan disliked U.S. approaches to China. The ASEAN countries rightly felt they were being ignored prior to the summer of 1978, and were frightened by the overwhelming, although unsuccessful, U.S. priority for normalization with Hanoi. Australia and New Zealand were appalled that, after using them to promote its interests on Diego Garcia, the U.S. did not even inform them in advance about the opening of (once again unsuccessful) Indian Ocean arms control negotiations.

age done in those first few ideological months lingers on even today. Similarly, the Reagan Administration's early impulse to upgrade relations with Taiwan, even though the previous policies had tied the mainland Chinese to the United States in ways that ensured the accomplishment of every American national objective with regard to Taiwan, threatened to damage the relationship with China and to imperil the network of understandings which made Taiwan so secure. Some damage was done, because today the Chinese speak of their right to invade Taiwan if their current peace offensive fails, whereas earlier they offered assurances that no nonpeaceful strategy would ever be employed. The Reagan policy, like Carter's ideological policies, damaged the very interests it was intended to serve. The August 1982 compromise on arms sales to Taiwan made concessions dangerous to Taiwan, which would have been unnecessary had the Nixon/Carter policy been followed. And the September 1982 Chinese Party Congress decided to move toward an independent position vis-à-vis the superpowers; this represented a giant step away from the Sino-American entente previously embodied in Deng's statement that China was an honorary member of NATO.

If we turn to the other side of the conflict, that between patronage politics and calculated decisions, the Philippines since 1976 has seen its emergent technocratic leadership set back repeatedly and perhaps decisively by the so-called "cronygarchs." The post-Vietnam period in the United States has been noteworthy for the rising impact of small but well-organized pressure groups on both foreign and domestic policy. In substantial part, this resulted from the demoralization of the executive branch of the government after Vietnam and Watergate, and from the subsequent ascendancy of Congress, where pressure group politics is much more influential. The Reagan Administration is clearly trying to reverse much of the earlier shift of power from executive to Congress and for the first two years succeeded impressively in domestic economic policy. Nonetheless, pressure group politics scored a noteworthy triumph when quotas were negotiated on Japanese automobiles (and on steel, textiles, sugar, and other Asian exports), since the costs to various U.S. diplomatic and economic interests are likely to be high and the benefits to the automobile industry are likely to be relatively low.² There is room for

2. Patronage politics feeds on itself. The great crisis of the American automobile industry could have been avoided had the Carter, Nixon, and Ford administrations allowed U.S. energy prices to rise to world market levels and therefore created early incentives for the American automobile industry to cope with higher gasoline prices—instead of waiting seven years and giving the Japanese and certain European countries a seven-year lead in automotive technology.

hope that the new assertiveness of the executive and the more technocratic inclinations of today's State Department leadership will tip the balance of power away from pressure group politics.

A second trend which will challenge the leaderships of Southeast Asia is a wave of anti-Chinese feeling currently sweeping the region. In Indonesia during 1980, anti-Chinese riots of major proportions swept most of the cities of Central Java. In Thailand, one aspect of the unsuccessful spring 1981 coup consisted of the desire to rid the country of nine great economic families of Chinese origin and to loosen Thailand's current close ties to the People's Republic of China. In Malaysia, fear of a new wave of anti-Chinese sentiment is leading increasing numbers of educated, middle-class Malaysian Chinese to seek opportunities for emigration. In the Philippines, a scaled-down version of these widespread anti-Chinese sentiments is noticeable.

Throughout the region, these domestically rooted anti-Chinese sentiments are beginning to affect views on international political questions. The anti-Chinese views of the Thai coup participants appear to have more durability than the coup itself. Indonesia and Malaysia are increasingly questioning the current anti-Vietnamese posture of Thailand toward Vietnam's invasion of Cambodia, on the grounds that the real long-term security threat to Asian countries is China, not Vietnam or the Soviet Union. These arguments ring strange to most American ears, but they are a reality which will increasingly complicate American policy.

Anti-Chinese sentiments are increasing due to a variety of causes. A slack world economy has made economic life more difficult throughout Asia, and in these circumstances it is a natural temptation to blame the middlemen, who are heavily Chinese. Indeed, for any major problem, it is tempting in Southeast Asia to use the Chinese as a scapegoat. The rising prominence of the income distribution issue in Southeast Asia leads naturally to a focus of attention on that obvious pinnacle of the current inegalitarian distribution, namely the community of prosperous Chinese businessmen. In Indonesia, attacks from below are often surrogates for attacks on the government; by attacking the so-called "cukongs" of the political leadership, it is possible for critics to undermine the indigenous leadership without necessarily provoking a devastating retaliation. Moreover, throughout the region there is fear of increasing Chinese economic competition for export markets and fear that aid and credit will be diverted away from existing recipients to China.

A third trend is a massive generational change. Park Chung-hee, Lee Kwan-yew, Chiang Ching-kuo, and Ferdinand Marcos are fundamentally

men of the same generation. Similarly, Deng Xiaoping's generation must soon leave the scene in China. Many of the region's key leaders achieved national power in the 1960s and must exit from national power by the mid-1980s. Indonesia's press is overtly conscious of the crisis of the "Generation of 1945." Even Thailand, which changes its top leader almost annually, faces a change of generation in the sense that Thailand's elites increasingly recognize that a new style of leadership is required to adapt to a time when development demands no longer permit automatic budget surpluses, high energy prices no longer permit automatic national current account surpluses, income distribution requirements no longer permit patronage politics as usual, and widespread questioning of current political and social ideas has created a demand for more inspiring and novel leadership.

Finally, the region must face the consequences of high oil prices, high interest rates, and deepening recession. The earlier rapid growth of the region was based on cheap energy, cheap petroleum-based fertilizer, low interest rates, and a global trade boom. A recent study of Brazil shows that every dollar of increase in the price of oil cost Brazil \$350 million per year, whereas every increase of 1 percent in the interest rate cost \$400 million per year. When President Carter took office, the prime rate was 6¼ percent, whereas when he left office the prime rate was around 20 percent. Reagan's policies have initially exacerbated this problem. The 1979 to 1982 recession has created the first year of stagnating trade (1981) and the first year of declining world trade (1982) in a generation. The countries of Pacific Asia include four of the less developed world's six largest importers of oil, several of its largest users of commercial bank credit, and virtually all of the world's most dynamic exporters. While high oil prices and interest rates may be gradually ameliorated later, they have slowed growth and increased foreign debt. The world recession further depresses growth and makes it more difficult to repay debt—although Africa and Latin America would be delighted to exchange their growth rates and debt burdens with those of Pacific Asia.

More significant than any of these trends individually, however, is the fact that they are achieving their full force simultaneously. There is at least a moderate likelihood that, for one or two governments of the region, the multiple challenges will combine into an insurmountable crisis. The subsequent succession struggles would have uncertain outcomes. By 1979 South Korea had resolved sufficient social problems and had created sufficiently strong institutions to transit, albeit painfully, a simultaneous economic and political crisis. However, most Southeast Asian polities are less well prepared

for such a transition. Because of this, the American security and political position in Southeast Asia could at some point suffer important setbacks unless the United States is fast on its feet in protecting its core interests on the one hand and in shifting ties from old leaderships to new on the other. Despite the excitement over Sino-American security relationships, Soviet military programs, and Vietnamese invasions of Laos and Cambodia, the most severe challenges to U.S. regional security interests will probably come from the compounding of these *domestic* challenges to Southeast Asian states.

Major International Issues

The international political ferment caused by the dynamism of Pacific Asia equals the domestic ferment. First, as mentioned earlier, Japan faces the greatest debate over its fundamental international policies since it chose to remain aligned with, and allied to, the United States. On the outcome of that debate depend Japan's future relationships with all the big powers and with Southeast Asia. So long as the Japanese debate is a gradual, consensus-forming response to Soviet, Vietnamese, and Arab shocks, the prospects for closer alignment with U.S. interests and policies are excellent. However, if it becomes an emotional response to American badgering—a risk that became severe in early 1981—the results could be unfortunate.

Second, China's international orientation will hinge upon the success or failure of the Deng Xiaoping economic program. That program now hangs in the balance, and with it the whole theory of building China's future on a more open economic relationship with the rest of the world, on a priority for economic over military development and for light industry over heavy industry, on a predominance of technocratic rather than ideological leadership, and on an economic, technological, and diplomatic alliance with the West.

America and the world have an enormous stake in the success of China's economic development. Failure of that development program, whose fate is presently uncertain, could bring to power in Beijing another round of ideological leadership that could immensely damage the prospect of China's neighbors and of world peace. Even more dangerous than a powerful ideological leadership would be disintegration of authority in China. China's peasantry probably cannot take another cycle of high expectations and massive disappointments. The chaos in China's Cultural Revolution was far worse than the chaos attending Khomeini's revolution in Iran; another round

of upheaval in China could well be far worse than the Cultural Revolution, particularly if this time the peasantry revolted. The world cannot afford that much instability, and that great a power vacuum, in a part of the world as important as China.

Third, the Soviet Union has recently achieved nuclear parity with the United States, and conventional superiority in key parts of the world. It is seeking to turn this change in the military balance to political advantage. But the military challenge is less severe in Pacific Asia than in the Middle East, South Asia, and Germany. Moreover, Soviet diplomacy has proved extraordinarily unsuccessful in Pacific Asia. The Soviets' early postwar pressures on Japan, following a gratuitous declaration of war in the last days of World War II, permanently alienated the Japanese. Their quasi-colonial pressures on China transformed the new communist ally into a powerful enemy, and Soviet investments in Indonesia proved utterly counterproductive. Furthermore, Soviet influence in insular Southeast Asia is minimal. Only in Vietnam has the USSR achieved success, and it remains to be seen how long the nationalistic Vietnamese will swallow their already outspoken resentment of overbearing Soviet attitudes. Both increasing Soviet military power and the partial Soviet diplomatic collapse imply uncertainties for Pacific Asia in the 1980s. For the United States, while maintaining the military balance will require continued efforts, the priority issues will be China's orientation, Japan's security policies, the small countries' continued rapid development, and exploitation of Soviet problems together with economic incentives to change Vietnam's views. An overwhelming priority for military hardware and immediate Japanese military expansion would be terribly misguided; unfortunately, those have been the priorities of Reagan's first two years.

Fourth, since Vietnam, America's policies toward the communist giants have been in doubt. Under Cyrus Vance, the U.S. sought to implement a policy toward the two major communist powers similar to the old Japanese ideal of "diplomatic equidistance" between the Soviet Union and China. As an abstract ideological proposition, the notion that the United States should not align itself with one major communist power against the other carried a certain plausibility. But China offered an effective economic, diplomatic, and technological alliance with the West, along with support for stability in Korea and Thailand and strong advocacy of the U.S.-Japan alliance, of ASEAN solidarity, and of a strong NATO. In contrast, the Soviet Union supported upheavals in Ethiopia and Angola, while invading Afghanistan and threatening Poland. Thus the policy of equidistance became clearly untenable.

After Afghanistan, the United States and China both decided to maintain closer ties with one another than with the Soviet Union, but to conduct an affair rather than a marriage, an entente rather than an alliance. Reagan's flirtation with Taiwan, however, is casting a chill over the affair, and renewed Sino-Soviet dialogue is worsening the chill.

China has gained over Washington, by forcing concessions on arms sales to Taiwan and through defeat of the right-wing Republicans' last effort to resurrect official relations with Taiwan. U.S. enticement of China, with promises of unequivocal recognition, military technology, and foreign investment, has weakened as Reagan campaigned to rejuvenate official relations with Taiwan, refused to permit sale of even one item on China's military "wish-list," and presided over an economy where business investment drastically declined. Both the Soviet Union and China gain leverage over the U.S. by talking to each other. Thus, the U.S. has lost leverage over both and has a clear policy toward neither. A firm but less rhetorically provocative stand toward the Soviet Union, and a steadier, economically and technologically forthcoming friendship toward China would better serve U.S. interests.

Fifth, Indochina remains a policy quagmire. While the United States must never condone Vietnamese conquest, with Soviet support, of Laos and Cambodia, neither can it long be comfortable with a policy based too heavily on support of the successors of the murderous Pol Pot. (The Pol Pot problem will not go away, even though it has temporarily been covered over by a Sihanouk-Son Sann-Khmer Rouge coalition.) Nor will moralistic discussion of these two alternatives help much. The central question for policy is technocratic and regional, not local and moralistic: how best can the U.S. promote the continuing economic dynamism and political consolidation of the rest of Pacific Asia, while avoiding the emergence of a large and permanent Soviet presence in Indochina? The U.S. has five cards to play: the dynamism of non-communist Asia, which puts time on the American side; the nationalism of Vietnam, which inhibits it from accepting Soviet predominance; Vietnamese war-weariness; the anti-Vietnamese nationalism of ASEAN, Laos, and Cambodia; and Sino-American cooperation. On the other hand, the U.S. has key weaknesses: the possibility that key ASEAN partners will not successfully overcome their imminent domestic challenges; ASEAN and Vietnamese fears of Sino-American cooperation; and U.S. indecisiveness, impatience, and unwillingness to deploy resources with appropriate imagination and scale. If the United States perceives the problem as regional, and the strategic key as deploying its strengths without overly exposing these vulnerabilities, it

should be possible to shape a flexible, long-range diplomatic program for ensuring that Vietnam is worn down to the point where conquest of its neighbors seems too costly, and the opportunities of rapprochement with ASEAN too attractive, to persist in its current strategy. The risks of serious Thai–Vietnamese conflict, of Vietnam selling out to the Russians, and of ASEAN being spooked by the Sino–American relationship will always be present—but need not be overwhelming. A successful long-range strategy of this kind will, however, require that the debate, both domestically and in Asia, be rearticulated in these regional and technocratic terms.

More broadly, the dynamism of Pacific Asia ensures that its future will not remain one of quietness and stability. It will offer grounds for inspiring hopes and profound fears. In this context, American policy toward the rest of Asia remains somewhat amorphous. To be sure, the United States supports its allies, supports ASEAN, is encouraged by rapid economic development, and opposes expansion of the Soviet and Vietnamese empires. Moreover, while crises in the Middle East and with Western allies have given Asia policy a low profile in Washington, the U.S. has basically rejected the early Carter effort to downgrade relationships with Pacific Asian countries to a low level of priority. Today it is widely recognized that U.S. trade across the Pacific outweighs U.S. trade across the Atlantic, and that, since the Soviet–Afghan war began, China has in many cases proved a weightier and more constant diplomatic partner than most formal allies. The United States is committed to strengthening its own military capabilities in the region and to insisting that allies take up a greater share of the burdens. But these expressions of direction, and of likes and dislikes, fall short of a rigorous set of priorities. How is the U.S. adapting its economic policies to promote the continued rapid economic progress of the Pacific Basin? To what extent would the U.S. support Thailand if a major clash with Vietnam developed? If major and difficult leadership transitions occur, for instance in Indonesia or the Philippines, what steps will the U.S. have taken in advance to ensure that its interests are protected from hostile groups or ensured against sinking along with the old leaderships?

Even in areas where these basic likes, dislikes, and directions define American policy with some degree of precision, the U.S. policy levers that can be brought to bear are unprecedentedly weak. American military ties, whether measured in direct U.S. presence or—probably more importantly—in the roles of JUSMAAG groups and of military exchanges with Asian countries, remain at extraordinarily low post-Vietnam levels. American taxation of for-

eign earnings, and such American laws as the Foreign Corrupt Practices Act have severely limited American investment in Pacific Asia during recent years; they have ensured ever-increasing roles for Japanese and Western European competitors. American embassies remain oriented to the situation of the 1950s, when security problems were overwhelmingly important and U.S. economic hegemony was axiomatic, rather than to the central challenge of the 1980s, which is to ensure that America's economy can remain sufficiently competitive to generate the resources needed to sustain a major regional role. (Excision of the foreign commercial service from the State Department has not changed this, at least so far.) While the Reagan Administration has emphasized domestic economic rejuvenation, it has opted out on foreign economic policy and has sought to cut drastically the kinds of programs (Export-Import Bank, labor retraining, research and development subsidies) which built the competitiveness of West Germany and Japan. In an increasingly cosmopolitan world, provincialism will prevent rejuvenation.

American cultural programs are pathetically underfunded: the total U.S. culture and information budget in Indonesia amounts to about one-fifth of what France spends there. The American educational programs and administrative training courses which produced the Berkeley Mafia that leads Indonesia's economic development, and which nurtured the technocratic leaderships throughout all of Pacific Asia, have essentially died. The old generation of Southeast Asian leaders thought American thoughts and channeled business to America, because they were educated there. The new generation, educated in Japan or Western Europe, more often will turn to Japan or France or West Germany. The foreign language and area studies programs that once trained legions of young Americans for careers in Asia have atrophied. American scholarship on Southeast Asia and Korea has largely dried up. While Japan has 10,000 English-speaking businessmen in the U.S., the U.S. has only 900, mostly non-Japanese-speaking, counterparts in Japan.

America must of course adapt to an Asia which is no longer susceptible to 1950s-style U.S. supremacy, but surely it can compete with France. Expanding U.S. trade across the Pacific, broadening Japanese, Korean, Taiwanese, and Singaporean economic challenges to America, and Asia's extraordinary political ferment would seem to require that the United States rise to the challenge. Japanese and South Koreans are vigorously adapting to the demands of a more cosmopolitan and competitive world. Will America rise to the occasion, or will it continue to turn inward in the post-Vietnam manner—

while talking a good line about participating in the dynamism of the Pacific Basin? America now faces, in Asia and elsewhere, many of the same challenges that Third World countries have faced: fear of more efficient Japanese and West German competition; fear of major industries being taken over by rich Japanese and Saudi Arabian investors; a need to export vigorously to maintain its currency; an associated need to tailor manufactures for the first time to foreign standards; and a need to acquire foreign languages and cosmopolitan attitudes. The U.S. may now be psychologically ready to move beyond its post-Vietnam trauma, but its resource allocations still reflect the post-Vietnam turn away from Pacific Asia. The U.S. may now have a right-wing administration ostensibly committed to competition and free trade, but its actual policies reflect a fearful, Third World-style reaction against foreign competition.

A generation hence, historians will almost certainly judge today's American policymakers in accordance with a fairly straightforward set of questions. Did they recognize the momentous importance of the alternatives being faced by China today, and did they mobilize their investment policies and diplomatic posture in ways that would facilitate the persistence of a peaceful, Western-facing China able to deliver to its population the benefits of gradual economic modernization? Did they accord Pacific Asia a weight in policy considerations proportionate to Japan's role as the primary center of global economic dynamism, China's role as a pivotal diplomatic power, and Pacific Asia's role as the most rapidly progressing population of 1.5 billion people the world has ever seen? Did they recognize that the advice they gave to other countries about adapting to a more interdependent world applied in full measure to themselves? Did they possess a clear concept of the political and economic transformations occurring in the region and structure a coherent regional strategy to channel those changes in America's interest? Or did they become preoccupied with the minutiae of day-to-day tactics? Did they allow the inertia of post-Vietnam resource cuts to leave them impotent in the face of some of the most inspiring challenges of recent history? Did they mount the tiger of change and ride it for all it was worth, or did they cling to fantasies of stability? In short, did they shape history or get lost in it?