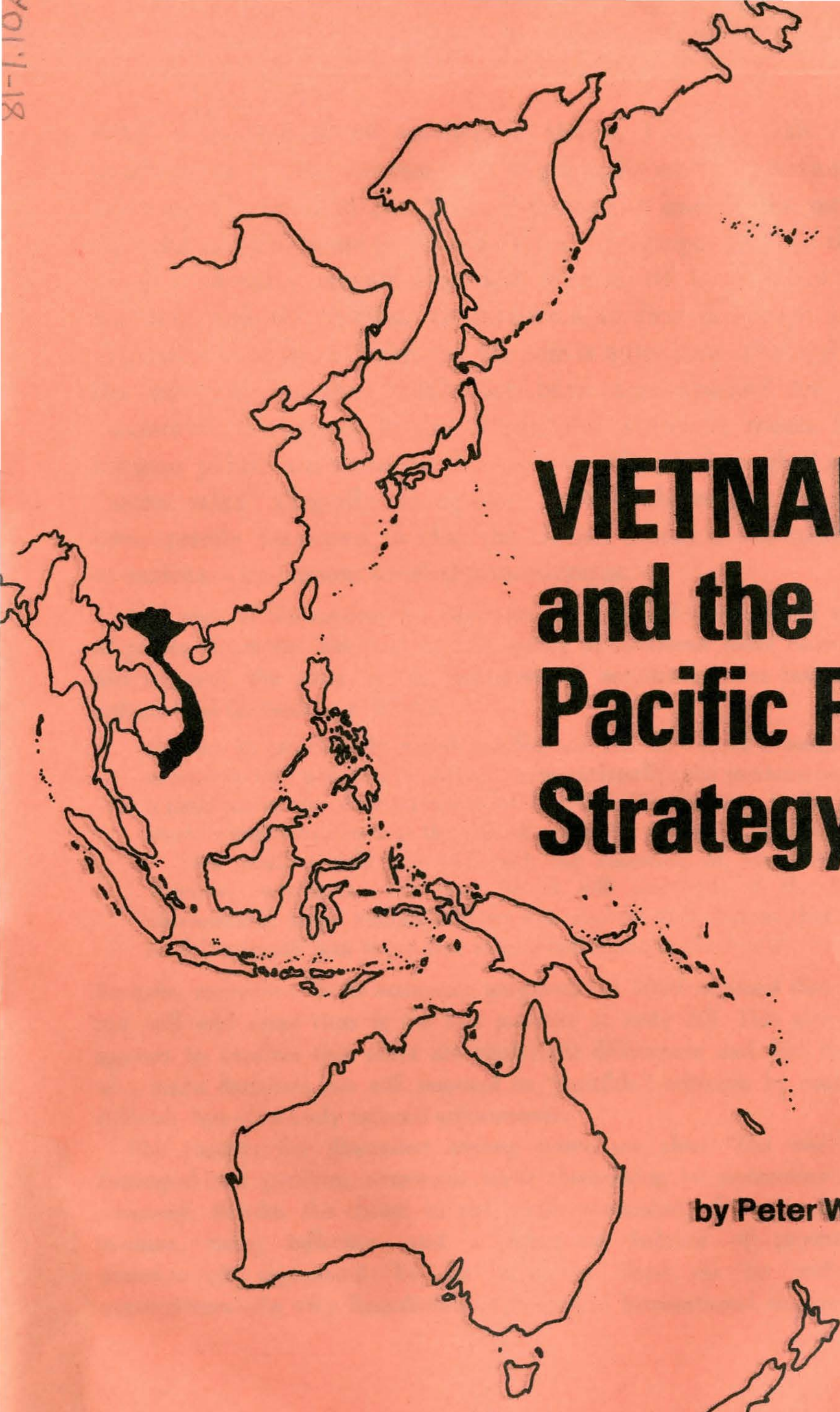

VIETNAM and the Pacific Rim Strategy

by Peter Wiley

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WAS THE DECISION reached in March, 1968, to halt the bombing of North Vietnam and begin talks with the National Liberation Front and the North Vietnamese one of the most remarkable turnabouts in United States' foreign policy? Did this decision signal a reevaluation and reversal of U.S. policy in Vietnam and the Pacific, an intention to first disengage and then withdraw from Vietnam? No one is quite sure. The end of the bombing in the North has been accompanied by an escalation of the war in the South, and while the media has focused public attention on the repeated "break-throughs" and "secret talks" allegedly taking place in Paris, the men at the top have quietly reassured us that the United States is determined to maintain its present level of commitment.

And what of the reports that there are fundamental splits among men of power about the direction of U.S. policy in Southeast Asia? *Business International,* the voice of the multinational corporation, for instance, cautioned as far back as 1967 that:

> **Despite its continually growing affluence, the U.S. faces a series of economic and political tensions.... Internationally, the tensions result mainly from the determination of the U.S. Government to be the world's policeman even at the risk of a steadily weakening dollar.**
>
> **This conflict will not end with the cessation of hostilities in Vietnam, whenever that may be; it will end only if the U.S. Government stops maintaining semi-permanent U.S. legions that are ready to march into every area of political chaos in the world.**

***Fortune,* moreover, in its economic prognosis for 1969 assumed that the war will end some time in the late summer or early fall. This attitude appears to confirm that there are significant differences and that those who make decisions can still respond to "sensible" criticism by making difficult, but ultimately rational adjustments.**

The reasons for dissension among rulers are clear. The war has destroyed the precious consensus while threatening to undermine the economy. Besides the threat to the dollar particularly from European bankers, rising inflation, and a worsening balance of payments situation—all aggravated by an economy fired up by military expenditures—the very foundation of American international expansion,

the superior productivity of the U.S. economy, has been eroded. Until recently the United States' strength in the global market system has been determined by its ability to produce key export commodities such as autos, machine tools, computers, and the like at lower cost than any other nation. With this competitive edge the United States needed only to demand that other countries adhere to the principles of free trade and open the door to American goods. Wherever American goods could gain access, their chances of dominating a given market were excellent.

But two months before the cessation of bombing, the United States began to report a trade deficit on top of the deficit in the balance of payments. The whole strategy of the open door was called into question. In addition, American goods were threatened not only abroad but in some instances they were also being squeezed out of domestic markets, particularly by Japanese goods.

Thus U.S. intervention in Vietnam has pushed American capitalism toward a fundamental crisis. The ability of the rulers to devise an alternative course of action is a test of the flexibility of the system itself. In order to understand the alternatives which are open to the rulers, we must look at Vietnam from the perspective of an analysis of the characteristics and direction of U.S. imperialism in Asia.

The greatest of all the seas and the last to be used on a large scale by civilized man bids fair to become in its turn the first in importance. The empire that shifted from the Mediterranean will, in the lifetime of those now children, bid fair to shift once more westward to the Pacific.

—Theodore Roosevelt, President of the United States, speaking in San Francisco, May, 1903.

FOR MORE than a hundred years the United States has been a Pacific power. But since the end of World War II and the collapse of the British, French, and Japanese empires, the United States has become the major Pacific power.[1] While the industrial nations remain the largest trading center for the United States and U.S. investment is increasing in Europe twice as fast as in the Pacific, trade is increasing in the Pacific faster than

in Europe. Nearly half of the United States' total trade in 1966 was with the Pacific where Japan is the United States' largest trading partner after Canada.[2] But more important than present economic activity is the vast potential of the area. If the United States can get Japan to open the door and the problems of "underdevelopment" in Southeast Asia can be solved, the United States could control a virtual *mare nostrum* whose economic potential far surpasses the advanced and stagnating economies of Europe. If the United States can continue to keep Japan in the position of a junior partner, while countering the threat of revolutionary nationalism, it can gain control over the Pacific and organize its markets in a way that would not be conceivable in Western Europe.

U.S. imperialism in Asia has developed peculiar characteristics which will determine the direction of future strategies in the area. Beginning with World War II economic thrusts have been accompanied and protected by an aggressive military presence. This fact has affected both the nature of economic relations in the Pacific Basin and the industrial development of the western United States. The United States' peculiar form of international military Keynesianism has stoked up the economies of the lesser Asian powers as well as Japan, producing a fatal dependency on the maintenance of a massive military presence. For years the bulk of foreign aid has gone to Asia, most of it for military reasons while more than half the funds distributed under Public Law 480 for the purchase of surplus agricultural goods from the United States has returned to U.S. corporations through the hands of modern oriental despots. But war has been the greatest pump primer of them all. In more than half the years since Pearl Harbor the United States has been either actively fighting or been the main supplier of military confrontations in the western Pacific and on the Asian mainland. Both the Korean War and more recently the Vietnam conflict have done more to build the economies of Thailand, South Korea, Taiwan, and Singapore than any other factor. The South Korean GNP, for example, has risen by 8 percent annually since 1963 due to U.S. presence in Vietnam.

It is a matter of common knowledge that defense spending has provided much of the dynamism for the American economy since World War II. With much of this spending going to maintain an American presence in Asia, military imperialism in Asia has played a significant role in the rapid expansion and internationalization of the American economy. And now since the United States committed itself to intervention in Vietnam, the very institutions which were generated by this expansion, particularly the multinational corporation, have begun to devise an imperial strategy consistent both with the traditions of U.S. imperialism in Asia and with the global scope of their search for markets and resources.[3] Beginning on the mainland of Southeast Asia, the corporations in the vanguard of the movement for rationalization and extension of the Pacific market are beginning to systematize and integrate the complex web of bilateral, multilateral, and regional alliances which have been constructed in the Pacific since the war.

Vietnam

To begin with, the formulation of a Pacific Rim strategy contributed to a clarification and alteration of the role assigned to Vietnam. In 1966 the United States saw Vietnam as another Greece or Korea. Upon successful completion of pacification, U.S. capital would move in and reconstruct the country tying its economy to the international market system. Henry M. Sperry, Vice President of First National City Bank, outlined this strategy:

> We believe that we're going to win this war. Afterwards you'll have a major job of reconstruction on your hands. That will take financing nd financing means banks.... It would be illogical to permit the English and French to monopolize the banking business because South Vietnam's economy is becoming more and more United States oriented.

American corporations as well as banks were already staking out their claims. Standard Oil, Caltex, and Shell, for example, were working on a $19 million oil refinery. Vietnam was being considered as more than a market for U.S. investments and a place where American-owned subsidiaries would purchase goods from parent plants in the United States. By reconstructing agriculture, particularly rice cultivation, Vietnam could resume its special role in the economy of the region by supplying rice to countries with serious food shortages.

Although the Tet offensive of 1968 destroyed these plans by driving the United States out of the countryside and into a few cities and fortified bases, the United States has no intention of withdrawing. As long as the United States is militarily incapable of pacifying Vietnam, it must accept second best. Rather than a politico-economic entity integrated into the Pacific economy, Vietnam is being developed as a military outpost, a key base in the defense perimeter which runs along the edge of the Asian continent and is anchored in South Korea and Vietnam. Former Special Assistant to the Secretary of State Graham Martin has described the United States as creating a "protective screen" in Southeast Asia. Bases like Cam Ranh Bay, recognized by all observers as a permanent facility, will anchor this screen.

Thailand and Indonesia

Behind this screen the United States is rapidly expanding its influence in Southeast Asia focusing its attention primarily on Thailand and Indonesia. Thailand is considered "the center of political and economic stability in Southeast Asia." In a real sense the United States is fighting in Vietnam to protect its interests in Thailand from the forces of revolutionary nationalism represented by the recently formed (January, 1969) Peoples Liberation Army of Thailand. With Vietnam lost except as a military outpost, the United States is trying to bring Thailand into the Pacific economy before the struggle there reaches the proportions of Vietnam. Between 1961 and 1967 the United States bolstered the military dictatorship of General Thonom Kittikachorn with $640 million in aid, almost two thirds of it military assistance. In return the Thai government reversed a tendency toward state control of the economy and opened the country to American investment and to the investment of important U.S. allies like Japan. The government provided tax holidays and guarantees against nationalization and against restrictions on entry of foreign capital, repatriation of profits, and transfer of capital. In 1965 the Department of Commerce listed 99 firms in which American companies or individuals have a substantial direct capital investment in the form of stock, as a sole owner, or as a partner. Present U.S. investment is estimated at $195 million with much more to come. Among the important investors are Caltex, Chase Manhattan Bank, Esso, Firestone Rubber, IBM, ITT, Foremost Dairies, Bank of America, and Kaiser Aluminum. The last three are important West Coast firms.

American firms are primarily interested in Thailand's raw materials. Thus Tenneco and Union Oil signed the first contract for exploration and future exploitation of the oil fields under the Gulf of Thailand while Standard of Indiana has constructed a $35 million refinery. Union Carbide has invested $4.8 million to extract tin concentrate and Goodyear has built three tire plants to tap Thailand's extensive rubber supplies. Meanwhile large U.S. banks–Manufacturer's Hanover Trust, First National

City, Morgan Guaranty, and Banker's Trust—are moving into Thai finance.

Two other forms of economic activity are significant. Many large Japanese and American corporations are taking advantage of their increasing international character in order to locate labor intensive industries and parts plants in areas where labor is cheap. In this way consumer goods and light manufactures can be produced cheaply and exported to domestic assembly plants. Parts can also be assembled abroad for the local market. Another type of activity is the actual construction of the defense perimeter. Utah Mining and Construction, a large international firm located in San Francisco, is building military bases in Thailand which are being used to bomb Vietnam. Utah's involvement in the military aspects of U.S. expansion in the region is instructive. Marriner Eccles, chairman of the board, has been a vocal critic of the war in Vietnam, a fact that has not prevented Utah from contributing to its extension.

The conflict [in Vietnam] is being fought mainly in the coastal area occupied by the Vietnamese.... Its implications, however, are much wider than the battlefield. The neighborhing land areas, Thailand, as well as Laos and Cambodia, are constantly involved in incidents and face the danger of hostilities erupting across their borders. Malaysia and the islands to the south and east—Singapore, Indonesia, the Philippines, Hong Kong, and Taiwan—may escape armed involvement, but they will ultimately be affected by any outcome of the present hostilities. The war in Vietnam therefore must be viewed as a struggle likely to determine the economic as well as the political future of the whole region.

—Stanford Research Institute, Trade and Development in the Pacific Area, SRI-International, *No. 1, 1967.*

BEYOND THAILAND is Indonesia, one of the richest regions and largest single markets in the world. American companies have literally swarmed into Indonesia since the coup against Sukarno although the chaotic state of the economy has proved a significant barrier to investment. President Eisenhower explained the relationship between the struggle in Vietnam and Indonesia as early as 1953 when he asked, "If we lost Vietnam and Malaya, how would we the free world hold the rich empire of Indonesia?"

Since large scale U.S. intervention in Vietnam, Indonesia has been redeemed for the "free world." With the coup against Sukarno in 1966 the trend of growing hostility toward foreign capital was arrested and a more pliable government "came into existence." Within six months of its advent the new government returned expropriated property to its former owners and promulgated a new law on foreign investment. The law provides virtual exemption from taxation for new foreign investors and makes no provision for joint ventures, one method which is usually employed in an effort to retain some local control of foreign investors. President Suharto summed up the attitude of the new government toward foreign investors when he reassured Prime Minister Sato of Japan that Indonesia will "never ... interfere in the affairs of private business organization in Indonesia."

Soon after the coup and the counterrevolutionary blood bath which killed hundreds of thousands of Indonesians, the United States extended aid to the new regime. Aid is now being followed by the preliminary forays of American investors. American Freeport Sulphur is opening a $76.5 million copper mine while U.S. Steel, Bethlehem, Kaiser Aluminum (among others) are also interested. American oil companies are just beginning to investigate Indonesia's rich deposits although they are still hampered by a residue of nationalism from the Sukarno regime; the government insists on receiving 65 percent of the net returns. Fifteen American banks including Bank of America, Chase Manhattan, and First National City have received authorization to open offices. They are participating in the formation of a national investment bank which will give them a large measure of control over Indonesian finances.

Raw materials bring most investors to Indonesia and the economy is well on its way to becoming an extractive industry-plantation type of neo-colony. Although the Dutch were able to explore only a tenth of Indonesian resources, and the Sukarno regime did not get much further, potential investors know that the islands abound with oil, tin, copper, and many other important materials as well as timber and the most fertile lands in Asia. By the middle of 1968 the government approved foreign investment projects totalling $332.08 million with a five year goal of $2.5 billion. More than three quarters of these projects were concentrated in mining, plantations, forestry, and fishing. Projects totalling $57.8 million were approved for manufacturing. Of the total amount a little over a third were U.S. investments and the next two investors were listed as Canadian and South Korean, but the companies are in fact subsidiaries of U.S. corporations. Thus, almost two-thirds of the planned investment in Indonesia will be American-owned.

Japan

Although our attention is concentrated on Vietnam and Southeast Asia due to the prolonged military confrontation there, Japan is in fact the pivot of the United States' economic and military offensive in Asia. Japan, and island bases like Okinawa, have been the most important forward staging areas in two U.S. interventions, Korea and Vietnam. Japan is industrialized, seemingly stable politically, and often a willing partner in U.S. expansionist designs. Japan is the second largest market in the world after Canada for U.S. goods, the largest market for U.S. agricultural goods, and an important target for U.S. investors and exporters who so far have been prevented from penetrating the Japanese economy like they have the European.

But Japan presents a problem and the solution to the problem is perhaps one of the most important reasons for the United States' continued presence in Southeast Asia. Japan is an island economy with a small resource base, a rapidly growing population, and a domestic market that is limited in relation to the rapidly expanding productive capacity of its modern economy. In order to keep up its present rate of economic growth it must have larger and larger foreign markets and supplies of raw materials. Because of the importance of Japan to the United States in the Pacific, the United States, since the occupation, has assumed a great deal of responsibility for managing the expansion of the Japanese economy as well as its own. Eisenhower explained in 1954 that the loss of Indochina "would take away that region Japan must have as a trading area, or it would force Japan to turn toward China and Manchuria, or toward the Communist areas in order to live. The possible consequences of the loss of Japan to the free world are just incalculable."

The possibility of reorientation toward China and Russia is strong if not "natural." China and Russia are Japan's logical trading partners for reasons of transportation cost and economic specialization. Prewar Japanese imperialism was based largely on the complementary nature of the

Australia and began to develop new markets and sources of raw materials in Latin America. Japanese foreign investment in the "underdeveloped" Japanese and Chinese economies. China provided a market for Japanese textiles and industrial goods and at the same time supplied important raw materials like cotton, iron ore, and coal while helping to feed the Japanese population with rice and soya. Ideology and pressures from the United States have not prevented the Japanese from trying to reestablish this trade pattern since the Cold War. Trade grew rapidly in the fifties, was slowed down by Chinese political opposition in the late fifties, and began to pick up again until the Cultural Revolution. The future of Sino-Japanese relations is unsure at this point although Japanese businessmen feel that trade with China this year will pick up perhaps equalling the record level of 1966. In addition Japan is involved in several joint ventures with Russia in eastern Siberia designed to develop the resources of the area.

We have sought no American empire. Our purpose has never been to exploit, but to encourage; not to master, but to magnify the works of those who truly served the Asian people.

—Lyndon B. Johnson, Message to Congress in support of the Asian Development Bank, January, 1966.

THE UNITED STATES is clearly wary lest Japan first reorient its trade policy and then follow this change with a more independent political stance in all of Asia. To prevent this reorientation the United States is encouraging Japan to reestablish its relationship with the Southeast Asian region of its former East Asian Coprosperity Sphere, while directing the rest of its overseas economic activities toward the West. Southeast Asia is already providing important raw materials for Japanese industry (bauxite from Thailand, oil from Indonesia) and will provide more in the future as long as the Southeast Asian countries are amenable to the exploitation of their resources by new and old colonial masters. Until recently, however, the region did not live up to Japan's expectations as a market for goods and investment. Japan turned instead to the United States, Canada, and


THE PACIFIC
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Vietnam
Camb.
Taiwan
Phillipines
Malaysia
Borneo
New Guinea
onesia
Australia
Tasmania
New Zealand
United States
Mexico
Br. Hond
Hond
Nicaragua
Venezuela
Guatemala
El Sal.
Costa Rica
Panama
Colombia
Ecuador
Peru
Chile
Argentina

countries is presently shifting away from Latin America and toward Southeast Asia, particularly the United States' neo-colonial dependencies, Taiwan, Korea, and Thailand. Despite this shift, 26 percent of Japanese foreign investment in 1968 was in Latin America while only 14 percent was in other Asian countries.

Significantly, the United States has provided a surrogate market for Japan in Asia which helps to keep Japan out of the Chinese or Soviet trade orbit. From 1945 to 1962 U.S. military expenditures in Japan contributed significantly to the GNP and paid for nearly 20 percent of Japanese imports, a very important factor in a country which until the recent boom has had chronic balance of payments problems due to the necessity to import large quantities of goods. In addition, U.S. military involvement has provided the markets that Japan needs in the "underdeveloped" countries of Asia. The Japanese economy has thrived off the export of goods to Korea, Vietnam, Thailand, and other American outposts. The impact of the escalation of U.S. military involvement on the Asian mainland can be illustrated both by the Korean war which initiated the Japanese economic "miracle" and by the way the economy began to accelerate with the escalation of the Vietnam conflict. In 1965-66 the GNP rose 2.7 percent, in 1966-67, in comparison, it rose by 7.5 percent reading a fantastic 10 percent in 1968.

The relationship between the tempo of Japanese economic development and U.S. military involvement is more complicated than a simple accelerating effect from U.S. military expenditures in Japan and Asia. Both the Korean and the Vietnamese interventions caused rapid upswings in the U.S. domestic economy, the largest market for Japanese goods, which in turn stimulated the Japanese economy. In general, Japanese economic health is tied in large part to U.S. military adventures.

The Strategy

The corporations in the forefront of Pacific economic expansion see the development of a Pacific Rim strategy as the key to orienting Southeast Asia and Japan toward the West and integrating them into a market system under U.S. hegemony. Operating through their research arm, the Stanford Research Institute, these corporations (Kaiser, Union Oil, Bechtel, Bank of America, Castle and Cook, Utah Construction and Mining, and Tenneco, to name a few) began to articulate a conscious strategy beginning in 1967 as an outgrowth of their expanded activities in the area.[4]

At the core of the Pacific system, as they see it, are the advanced industrial nations, Japan and the United States, and the three industrializing nations, Australia, Canada, and New Zealand. The greater part of the flow of trade and investment is between these countries and is based on a certain degree of specialization. The United States trades with all the nations exporting a wide variety of goods, most important of which are raw materials, agricultural goods, consumer durables, and capital goods. In addition the United States has invested and will continue to invest in all the Asian countries with particular emphasis on Australia and Japan, where direct U.S. investment is presently not welcome. Australia and to a lesser extent New Zealand export raw materials and agricultural goods largely to Japan. In Australia raw materials in particular are being developed for sale in Japan with Japanese and American capital. Japan produces textiles and a great variety of consumer and capital goods for the same markets as the United States while also investing wherever possible.

The United States and then Japan stand at the apex of the hierarchy of economic development. They draw resources from the next tier, Australia, Canada, and New Zealand, while selling goods in these markets. These advanced countries, moreover, regard the integration of the neo-colonial countries around the Pacific Rim into their triangular and quadrilateral economic relations as essential to the future development of an international division of labor in the Pacific. First, because the neo-colonial countries are at a very low level of development, their growth could be spectacular and their potential as markets far greater than advanced countries. Second, the advanced countries view the raw materials of these countries as increasingly important to their economic well-being. SRI-International Vice President Ed Robison explained, "The raw materials that enable the rich countries to grow richer must increasingly be bought from the poor. The industrialized nations are using these basic materials in geometrically increasing quantities.... We are ... forced to scour the world to find out sources...." Finally, Southeast Asia and Latin America have a special significance, as we have described, for the United States' ally, Japan.

The need to "scour the world" for raw materials has provided the impetus for bringing western Latin America and western Canada into the Pacific pattern of trade tying the eastern Pacific to the western Pacific. The United States has been exploiting the resources of both Canada and western Latin American countries like Chile and Peru for quite a while. Now elaborate international agreements are being made in conjunction with Japan to expand these operations in order to meet Japan's soaring needs for raw materials.

The activities of Utah Mining and Construction, a major Pacific Rim corporation and affiliate of SRI, are typical of the complex international relationships developing around the Pacific Rim between the United States and Japan. Utah owns a controlling share of Marcona Mining. Marcona invested in the exploitation of iron ore in Peru in 1956. Now the ore is exported to Japan in ships constructed for Marcona in Japanese shipyards. The ships then move on to Indonesia and the Persian Gulf returning to the West Coast of the United States with oil. In 1967, Marcona began exporting alumina from western Canada with a fleet of Japanese-built ships. In Australia Utah is embarking on a joint venture with Mitsubishi, one of Japan's corporate giants. Together they have paid $112 million (Utah put up 85 percent of the capital) to explore 1333 square miles in Queensland for coal. The coal will be moved to the coast on a railroad built by the government of Queensland and will then be shipped to Japan in Japanese-built ships. When Utah's construction of military bases in Thailand is taken into account we have a full picture of an expansive Pacific Rim corporation profiting both from the extension of the military perimeter on the Asian mainland and from the exploitation of raw materials behind this perimeter.

When I speak of the Pacific Rim, I am putting the broadest possible construction on the term—the western coasts of South America, Central America, and our own continent, and extending beyond Australia and the Far East to India. There is no more vast or rich area for resource development or trade growth in the world today than this immense region, and it is virtually our own front yard.... I emphasize that this is a largely underdeveloped area, yet an area rich in an immense variety of resources and potential capabilities. Were we California businessmen to play a more dynamic role in helping trade development in the Pacific Rim, we would have giant, hungry new markets for our products and vast new profit potentials for our firms.

—Rudolph A. Peterson, President, Bank of America, in California Business Magazine, September-October, 1968.

ALONG with the formulation of a conscious strategy for the Pacific, the United States has initiated or participated in a great variety of arrangements and institutions designed largely to "internationalize" protection of existing investments and facilitate further investment mainly in the less developed areas. Some of these arrangements are international in character; others serve as a convenient cover for U.S. control.

Foremost among the institutions is the Asian Development Bank (ADB) founded in 1966. Although the United States participated in the conferences which led to the founding of the ADB, Congress has not yet appropriated funds for the United States' share of the initial capital. An appropriation bill for the U.S. contribution will come up this session of Congress and will most likely be passed.

The ADB's main function is the stimulation of the private sector. This will be carried out through technical assistance programs, guaranteeing loans from private institutions, making loans to development banks, underwriting securities issued by private enterprises, and ultimately direct investment in equity capital of private enterprises. In the near future the bank is expected to focus on developing the infrastructure for private investment and servicing this investment.

American supporters of the ADB like Eugene R. Black, first president of the World Bank and President Johnson's Special Adviser on Southeast Asian Economic and Social Development, have emphasized that the significance of the ADB is its Asian character. But they explain that voting is based on the amount of contribution and the United States along with Japan is expected to contribute the largest amounts giving each about 17 percent of the vote. When Wayne Morse asked at a Senate hearing if the bank would protect U.S. national interests, Black replied, "I don't worry about this. While we will have about a 17 percent vote here, I think that the nonregional [European] countries and Australia and New Zealand and Japan would have similar interests to ours, and I think that the vote at all times would certainly be favorable. As a matter of fact in 15 years in the World Bank where I was, there practically never was any vote. There never was any question of the underdeveloped nations ganging up and voting." Black went on to explain that the United States "ought certainly to get more [through the ADB] than the small amount we contribute" because the United States—this was 1966—was competitive enough to command a large share of the imports financed for a client country through an ADB loan. U.S. contributions, moreover, were to be tied explicitly to procurement in the United States.[5]

If the ADB becomes an effective investment mechanism it will strengthen U.S. control over the entire process of investment while allowing the United States to portray its activities as Asian in character. In Indonesia, for example, U.S. banks are participating in the formation of a national development bank. Funds can be channelled to this bank through the ADB where they will be allocated in accord with U.S. interests. Once in the hands of the local development banks they will be used according to the desires of the U.S. banks in Indonesia. Add to this the fact that the industrial nations that are advancing aid funds to Indonesia have organized into the Amsterdam Group in order to control more strictly the use of aid funds and we have the picture of ever-growing subordination of the neo-colony to the imperial powers.

Another important aspect of the internationalization involved in the Pacific Rim strategy is the beginnings of military involvement by the other advanced Pacific nations particularly in Southeast Asia. In January, 1969, the Japanese began to send destroyers from its so-called Maritime Self-Defense Force into the Malacca Straits between Malaysia and Indonesia. The next month Australia and New Zealand announced that they will maintain forces in Malaysia and Singapore in anticipation of British withdrawal east of Suez in 1971. The United States has put great emphasis on the internationalization of the Vietnam intervention by forcing its more servile allies like South Korea to send troops. When revolutionary nationalism becomes generalized in Southeast Asia, which is only a matter of time, the United States will have its imperialist co-partners at beck and call.

Imperialist Cul-de-Sac

Despite the immense sophistication of the international corporation and the overwhelming strength of the American military state, the success of the Pacific Rim strategy is far from a foregone conclusion. Indeed it is subject to pressures from without and within due largely to the growth of revolutionary nationalism on the one hand and competition in the international economy on the other.

The consequences of the continued colonization of the third world are apparent: China, Algeria, Cuba, and Vietnam are all responses to the continued expansion of Western capitalism. At the same time the Western powers are incapable of learning the lesson of repeated defeats at the hands of revolutionary nationalism. This is more true in Asia than anywhere else. Through vast geopolitical arrangements like the Pacific Rim strategy the international corporations are consciously generating the conditions that lead to revolution. SRI, for example, explains that "In the colonial era, the export of tropical products from Southeast Asia was a cornerstone of the world trading system. The demand for these products, and for minerals, is still increasing year by year. *It is still true* that a country gains by exporting the products in which it has the greatest comparative advantage" (Italics added).

The kind of insistence on repeating what has been proved to be self-destructive is responsible for the internationalization of the anti-colonial revolt in Southeast Asia. At present guerrilla struggles are taking place in Laos, Thailand, Burma, India, Indonesia, Malaysia, and the Philippines. Some of these are just beginning (India and Burma), others were thought to have been terminated but are springing up again (Philippines and Malaysia), still others are emerging as major confrontations (Laos and Thailand).

Unable to deal with the conditions that breed revolutionary resistance, the corporations must opt for counterinsurgency, a disastrous course because once the struggle has sufficient roots counterinsurgency can only contribute to its growth. In Thailand where guerrillas are fighting in three separate areas, the struggle has reached the stage where the local militias have been consolidated into a Peoples Liberation Army. For several years the United States has been supplying the Thai "police" with a great variety of materiel including weapons, helicopters, and patrol boats. Within the last two years American pilots have been "advising" Thai pilots on missions against the guerrillas. There are presently about 50,000 U.S. troops in Thailand. Virtually all the elements of another Vietnam!

Investors in Thailand like Union Oil, Union Carbide, Kaiser, Castle and Cook, Bank of America, and Utah Mining and Construction are working through SRI for Project AGILE, the Pentagon's world-wide counter-insurgency research program so that the United States will be in a knowledgeable position should "large scale intervention in Thailand be called for" (SRI).

Another factor is China. How long will she sit by and witness the extension of U.S. military power along her borders? Many of the leading corporations active in the Pacific are eager to trade with China. It galls them to have to watch the Japanese and West Germans reaping profits from the enemy. But trade with China is unlikely to come while China sees larger and larger deployments of troops and bases on the Asian mainland. Further, China will undoubtedly continue to support liberation struggles in adjacent countries.

Besides the pressures from outside, the development of the Pacific is threatened from within particularly by the complex relations between the United States and Japan. While the United States has fought in Southeast Asia in part to secure the area for Japan, Japan still remains a serious competitor. In Thailand until recently, for example, Japan was the largest investor. Japan is pursuing new markets aggressively; the director of Pacific operations for one of the largest American firms in the area commented recently that "little by little Japan is taking over the Pacific."

Japan's most serious threat is in the U.S. domestic market in steel, autos, certain consumer goods, and electronic components. The steel industry in particular is adamant about imposing measures, whether higher tariffs or quotas,which will cut down Japanese imports. Many corporations are caught in a dilemma. If the decline of the United States' competitive position is a long-term trend due to factors like inflation which cannot be controlled, they will have no choice but to restrict imports.

U.S. corporations argue that they must restrict Japanese imports if Japan is not willing to reciprocate by opening the door to U.S. direct investments. Despite a recent token liberalization policy, Japan prevents American corporations from gaining control of Japanese firms or from setting up subsidiaries by limiting U.S. investment to joint ventures controlled by Japanese capital and to stock market investment. The United States is eager to compete equally within (read dominate) the Japanese economy by setting up its own operations and purchasing Japanese firms. If the United States is allowed to Americanize the Japanese economy as it has the European, Japan, with its fantastic rate of growth, could become the major market for U.S. capital.

Faced by a variety of pressures from the United States, Japan might embark on a more independent course. She is already arming herself with destroyers, subs, and American jets at the urging of the United States. It is forseeable that she might decide in the future that she can exist without living under the United States' nuclear umbrella, particularly if she has more amicable relations with countries like China who will remain hostile as long as Japan serves as an outpost for U.S. military adventures. The consequences of splitting with the United States cannot be taken lightly. Besides the benefits of imperialism without militarism, Japan would lose the annual "subsidy" from U.S. military expenditures in Japan and perhaps some of the benefits of military expenditures outside of Japan. Japan would have to be pushed quite a ways by a strong trend toward protectionism in the United States and more adamant attempts to open the door before any fundamental change would take place. The seeds of this conflict do exist, however, and they are growing.

Finally there are the political liabilities of an alliance with the United States. Japan is aware that subordination to the United States means inability to break out of the cycle of involvement in U.S. military adventures, a distinct problem for an Asian nation with a large, militant left. The United States and the Mutual Security Treaty which allows the United States to have bases in Japan have been a target of the left for years. Militant action against the huge U.S. base on Okinawa has increased in the last year with the return of the island to Japan as a goal. The Japanese and the U.S. mission seem to be in agreement at this point that a return of the base to Japan might be a good way to "manage" the confrontation which is anticipated for next year when the treaty is scheduled to be renewed. If the left can exert greater pressure on the government in the impending crisis, it may force the government to take a more independent stand. The return of Okinawa and several small bases would not represent an American pull-back to a defense perimeter in the Philippines and Guam. Most estimates are that if the United States can afford to give up the base in Okinawa, it will be transferred to Cam Ranh Bay.

WHAT ALTERNATIVES does corporate imperialism have in Asia? Withdrawal or significant disengagement simply are not feasible given the nature of American expansion to the East. Since 1945 the United States has "invested" billions of dollars in aid and material and tens of thousands of lives in three wars (the Chinese civil war and the Korean and Vietnamese interventions) in order to maintain a presence on the Asian mainland. This fact alone should be indicative of U.S. intentions.

But now the corporations at the forefront of planning the Pacific Rim strategy are taking themselves further into a situation where there is less and less room to maneuver. Having constructed the southern flank of a permanent defense perimeter with its major bases at Cam Ranh Bay and in northern Thailand, they have defined the area immediately behind this perimeter beginning in Thailand and including Indonesia and all of Southeast Asia as vital to the existence of their leading ally, Japan, and as integral and essential to the entire Pacific Basin. The Basin in turn has been defined as essential to the future development of international capitalism because of its raw materials and its vast potential.

The propensity of the system to penetrate and attempt to incorporate larger and larger areas has generated an epic struggle against imperialism, the beginnings of which we are just witnessing. When we examine the liberation struggles in other Asian countries, we ought to remember that the Chinese fought for more than two decades for their independence and that the Vietnamese have been fighting now for almost three. These struggles will smoulder, rekindle, and flare up according, to their own rhythms but they have reached the stage where their expansion is inevitable.

The central role of armed counterrevolution in U.S. imperialism in Asia is probably the most important short term factor governing the United States' ability to extricate itself from Vietnam. The negotiations are influenced by the United States' intent to maintain a permanent military presence in Southeast Asia. The military cannot "liberate" Vietnam. It remains to be seen if they can hold on to the enclaves. But they will not accept anything short of this.

Finally the economic consequences of a significant reduction of the U.S. military presence would be severe, if not disastrous. The economies of the Asian countries oriented toward the West have grown in dependency on expenditures generated by American interventions. If Japan would suffer from a military cut-back, the impact on less developed countries like Korea, Taiwan, or Singapore would undoubtedly be more severe. Once committed to the generation of significant economic development by means of military expenditures it has become close to impossible to take a peaceful course even if the various liberation fronts would allow it.

With the United States operating on the basis of the assumptions which have shaped the Pacific Rim strategy, the Paris talks do not indicate a dramatic reversal in U.S. foreign policy. Indeed they are simply a ploy to buy time to cool out dissent at home while continuing the disastrous policies of the postwar period in Asia.

Notes

This article could not have been written without the research and assistance of David Ransome who has dealt with many of these subjects particularly with relation to SRI in the *Peninsula Observer.*

1. U.S. concern with regional configurations of power in Asia is nothing new. A State Department memorandum of December 10, 1940, explained that if Japan should succeed in driving the British out of the Far East, "our general diplomatic and strategic position would be considerably weakened—by our loss of Chinese, Indian and South Seas markets (and our loss of much of the Japanese market for our goods, as Japan would become more and more self-sufficient) as well as by insurmountable restrictions upon our access to the rubber, tin, jute, and other vital materials of the Asian and Oceanic regions."

2. Although the statistics are somewhat inflated by including trade with Canada as Pacific, not Atlantic trade, trade is still increasing faster in the Pacific.

3. "One factor in the westward shift [of population and the economy] has been the growth of defense installations and defense industries which have contributed heavily to the development of such states as California, Hawaii, and Washington.... The staging of troops and supplies, first for the Pacific War in the 1940's and then for the wars in Korea and Vietnam, created the need for expanded facilities. A substantial part of the airplane manufacturing industry is located in California ana Washington. The new scientific industries concerned with communications and electronic equipment for defense and space research have developed rapidly, particularly in California. As long as the United States maintains large naval and military installations on its western sea frontier this growth is likely to continue." "Trade and Development in the Pacific," *SRI-International,* Vol. 1, No. 1, 1967.

4. It would be incorrect to insist that U.S. policy in the Pacific is totally monolithic. There are a variety of differences in outlook among those who affect decisions. The State Department, in the short run, might see the problem in a different light than the leading corporations. But in the long run these conflicts are not basic. Differences tend to be synthesized and different positions tend to reinforce each other, not the opposite. Liberal critics of U.S. policy in the Senate, however, are in a very different position. They cannot affect U.S. policy in any basic way in the long or short run beyond ineffectual sniping at individual programs like foreign aid. There is no reason to devote space to reiterating the arguments of C. Wright Mills (*The Power Elite*), William Domhoff (*Who Rules America* and other essays), David Eaking in a forthcoming book, and literally dozens of muckrakers about the complete interpenetration of the largest industrial and financial institutions and the U.S. government.

5. U.S. Senate, Committee on Foreign Relations, *Hearings, Asian Development Bank Act,* 89th Cong., 2nd Session, Feb. 16, 1966.

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