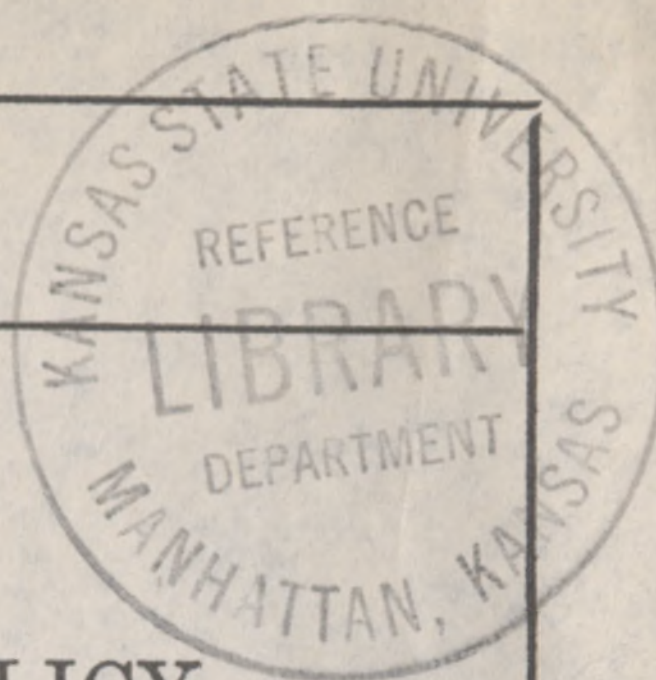


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UNITED STATES FOREIGN POLICY

ASIA

STUDIES

PREPARED AT THE REQUEST OF THE
COMMITTEE ON FOREIGN RELATIONS

UNITED STATES SENATE

BY

CONLON ASSOCIATES LTD.

(Pursuant to S. Res. 336, 85th Cong., and
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PREFACE

By Senator J. W. Fulbright, Chairman,
Committee on Foreign Relations

In January of 1958 the Committee on Foreign Relations decided to undertake a review of conditions and trends in the world and of the policies and programs of the United States with respect thereto. That review grew, in part at least, out of the concern of the committee over the impact which Soviet scientific achievements might have upon our relations with the rest of the world.

From time to time throughout the spring of 1958, the committee held public hearings on U.S. policies respecting the Far East, the Near East, south Asia, Africa, Europe, Latin America, and Canada. Those hearings were limited in nature and served primarily to focus attention on the principal policies and problems of the United States in its relations with the rest of the world. For the most part, the hearings were limited to receiving testimony from the principal officers of the Department of State concerned with various geographic parts of the world. The committee also sought the testimony of selected nongovernmental witnesses with special knowledge of the areas under examination.

The hearings during the spring of 1958, the focus given to our relations with Latin America as a result of Vice President Nixon's visit there, and, lastly, the then critical situation in the Middle East, all contributed to the committee's belief that the time had come for an exploration in depth of U.S. foreign policies throughout the world.

As a consequence of these factors, the Committee on Foreign Relations, in an executive session on May 20, 1958, authorized its Subcommittee on American Republics Affairs to undertake a study of United States-Latin American relations. At the same time, the committee established a special subcommittee, consisting of Senators Green, Fulbright, Wiley, and Hickenlooper, and directed it to explore the feasibility and desirability of a broad study of U.S. foreign policy throughout the world.

Subsequently, this subcommittee reported to the full Committee on Foreign Relations that it was feasible and desirable that the committee undertake such a study of foreign policy. It was felt a study of this nature might serve to develop fresh ideas and approaches to the foreign policy of the Nation and lead to a better national understanding of international problems and to more efficient and effective administration of our international operations.

On July 15, 1958, the Committee on Foreign Relations voted to report to the Senate a resolution authorizing the study. The Senate adopted this resolution (S. Res. 336, 85th Cong., 2d sess.) on July 31, 1958. The resolution authorized the Committee on Foreign Relations to "make a full and complete study of U.S. foreign policy." Without

limiting the scope of the study authorized, the committee was instructed to direct its attention to the following subjects:

1. The concepts which govern the relations of the United States with the principal nations and geographic areas of the world, and the policies by which these concepts are pursued;

2. The present state of the relations of the United States with the principal nations and geographic areas of the world;

3. The administration and coordination of policies and programs by the Department of State and such other departments and agencies of the executive branch which engage in substantial activities abroad; and

4. The relationship of other policies and activities of the Government and private activity which exert a significant influence on the relations of the United States with the rest of the world.

In the conduct of its study, the committee was authorized to "use the experience, knowledge, and advice of private organizations, schools, institutions, and individuals * * *" and to "enter into contracts for this purpose." It was directed to complete its study by June 1960, and not to exceed \$300,000 was made available to meet the expenses of the committee. The committee was authorized to continue this study by the terms of Senate Resolution 31 (86th Cong., 1st sess.).

Shortly after Senate Resolution 336 was adopted by the Senate, Senator Green, then chairman of the Committee on Foreign Relations, designated me to serve as chairman of an executive committee, consisting of Senators Sparkman, Hickenlooper, and Aiken, which was given the responsibility for directing and coordinating the study.

On September 16 and 17, 1958, the executive committee discussed with a group of distinguished private citizens the general problems involved and the most advantageous approaches to them. Taking part in these discussions, besides the members of the executive committee, were Robert Bowie of Harvard University, former Ambassador William G. Bullitt, Robert Calkins of the Brookings Institution, John Cowles of the Minneapolis Star & Tribune, William Diebold of the Council on Foreign Relations, Henry Luce of Time-Life, Inc., Walter Millis of the Fund for the Republic, and Dean Rusk of the Rockefeller Foundation.

Following these meetings the executive committee developed its plans and announced on October 15 that it was prepared to invite private research organizations and institutions to submit proposals on a series of 15 studies which the committee expected to have undertaken in connection with its examination of foreign policy. As a result of this announcement, the committee received over 50 proposals from organizations and institutions interested in undertaking one or more of these studies.

On January 5, 1959, the executive committee met again to consider the proposals which had been received and decided which organizations and institutions should be asked to undertake studies for the committee. Set forth below are the titles of the studies being undertaken and the names of the organizations and institutions responsible for these studies.

STUDIES

The Nature of Foreign Policy and the Role of the United States in the World. Council of Foreign Relations, Inc., 58 East 68th Street, New York, N.Y.

The Operational Aspects of U.S. Foreign Policy. Maxwell Graduate School of Citizenship and Public Affairs, Syracuse University, Syracuse, N.Y.

The Principal Ideological Conflicts, Variations Thereon, Their Manifestations, and Their Present and Potential Impact on the Foreign Policy of the United States. Center for International Affairs, Harvard University, 6 Divinity Avenue, Cambridge, Mass.

Worldwide and Domestic Economic Problems and Their Impact on the Foreign Policy of the United States. Corporation for Economic and Industrial Research, Inc., 1200 Jefferson Davis Highway, Arlington, Va. (Published as Study No. 1 in August 1959.)

Foreign Policy Implications for the United States of Economic and Social Conditions in Lesser Developed and Uncommitted Countries. Center for International Studies, Massachusetts Institute of Technology, Cambridge, Mass.

Possible Developments in Military Technology, Their Influence on Strategic Doctrine, and the Impact of Such Developments on U.S. Foreign Policy. Washington Center of Foreign Policy Research, The Johns Hopkins University, 1906 Florida Avenue NW., Washington, D.C.

Possible Nonmilitary Scientific Developments and Their Potential Impact on Foreign Policy Problems of the United States. Stanford Research Institute, Menlo Park, Calif. (Published as Study No. 2 in September 1959.)

The Role of Multilateral Organizations in the Formulation and Conduct of U.S. Foreign Policy. The Brookings Institution, 722 Jackson Place NW., Washington, D.C.

Formulation and Administration of U.S. Foreign Policy. The Brookings Institution, 722 Jackson Place NW., Washington, D.C.

U.S. Foreign Policy in Western Europe. Foreign Policy Research Institute, University of Pennsylvania, Philadelphia, Pa. (Published as Study No. 3 on October 15, 1959.)

U.S. Foreign Policy in the U.S.S.R. and Eastern Europe. The Russian Institute, Columbia University, New York, N. Y.

U.S. Foreign Policy in the Near East. Institute for Mediterranean Affairs, Inc., 27 East 62d Street, New York, N.Y.

U.S. Foreign Policy in South Asia. Conlon Associates, Ltd., 310 Clay Street, San Francisco, Calif.

U.S. Foreign Policy in Africa. Program of African Studies, Northwestern University, Evanston, Ill. (Published as Study No. 4 on October 23, 1959.)

U.S. Foreign Policy in the Far East and Southeast Asia. Conlon Associates, Ltd., 310 Clay Street, San Francisco, Calif.

Each of these organizations and institutions will submit a study to the committee.

Broadly speaking, I hope these studies will supply essential background to enable the Committee on Foreign Relations to accomplish the following basic purposes:

1. Provide the Senate and the American people with a simple, understandable, and forthright statement of the basic foreign policy

aims of the United States which reflects the motivations and aspirations of the American people.

2. Identify those forces, domestic as well as foreign, which now or in the future may tend to frustrate or to promote the basic foreign policy aims of the United States.

3. Suggest, and if possible, determine, feasible ways to deal with such forces so that they may promote the basic foreign policy aims of the United States.

4. Examine the impact of those forces and trends, foreign and domestic, upon the conduct of American foreign policy in the various geographic areas of the world.

5. Examine the foreign policy decisionmaking machinery to determine whether it is of the maximum efficiency consistent with our democratic processes.

At the January 5 meeting the executive committee also decided to send a letter to some 50 retired Foreign Service officers "to endeavor to obtain for the use of the committee the personal views of men of practical experience with respect to the foreign policy of the United States." Each of these retired Foreign Service officers was asked to give the committee his "general commentary on what is right with our policies, what is wrong with our policies, and what action (or inaction) might in your opinion best serve our interest in the future."

On June 15, 1959, the committee made public, in a summarized form and without personal attribution, the substance of the views of former members of the Foreign Service who responded to the letter. The views and attitudes expressed in that committee publication deserve the most careful consideration by officials in the executive branch of the Government, by my colleagues in the Senate, and by all citizens interested in the conduct of our foreign policy.

The studies—"U.S. Foreign Policy in South Asia" and "U.S. Foreign Policy in the Far East and Southeast Asia"—have been combined and are printed in this volume entitled "United States Foreign Policy in Asia." These are the fifth and sixth of the 15 principal studies the committee expects to publish. They are designed to help the committee find answers to subjects covered in an outline developed in consultation between representatives of the committee and representatives of Conlon Associates, Ltd. A copy of the outline appears in the appendix (see p. 156).

I take this occasion to emphasize that the studies which are received will supply the committee with background material for consideration in preparing a final report to the Senate. The committee is, of course, free to accept or to reject the findings and recommendations of the organizations and institutions submitting studies. It is the function of the committee to evaluate the studies which are submitted. Prior to the preparation of a final report, the committee will hold public hearings to receive testimony from all interested parties. In that way it will be possible for the committee to test the soundness of the findings and recommendations in these studies before reaching its own conclusions and submitting its final report to the Senate.

In addition, I wish to emphasize that the committee is approaching this assignment in a nonpartisan manner, endeavoring to avoid transitory issues and to concentrate on the fundamental forces at work within and without the United States which must be understood if our foreign policy is to serve the Nation.

LETTER OF TRANSMITTAL

CONLON ASSOCIATES, LTD.,
SAN FRANCISCO, CALIF., *September 1, 1959.*

The CHAIRMAN,
Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the terms of our contract with the Senate Committee on Foreign Relations, dated February 16, 1959, we take pleasure in submitting herewith 25 copies of a study entitled "United States Foreign Policy in Asia," based on study outlines XII and XIV of your study of U.S. foreign policy.

In conformity with the committee's objective, we have undertaken in this study to avoid transitory issues and to concentrate on those fundamental forces and trends in Asia which will have a significant bearing on the basic interests of the United States in the coming decade.

This study was conducted under the direction and review of a steering committee composed of Profs. Richard L. Park, Guy J. Pauker, and Robert A. Scalapino of the University of California, and Mr. Leon Sloss and myself of this firm.

Special credit must be given to Professor Park as author of the south Asia regional section; Professor Pauker as author of the southeast Asia regional section; and to Professor Scalapino as author of the northeast Asia regional section. The findings and recommendations of this study are based on the regional sections prepared by these three authors.

Credit must also be given to the more than 30 consultants who reviewed and commented extensively on the draft papers, and to Mr. Sloss as the administrative and editorial coordinator for the study.

Finally, we wish to acknowledge our deep appreciation to the numerous Americans and Asians with whom members of the steering committee exchanged views in the course of preparing this study.

The recommendations made in this study are endorsed by this firm.

Sincerely yours,

RICHARD P. CONLON, *President.*

UNITED STATES FOREIGN POLICY IN ASIA

I. MAIN FINDINGS

A. GENERAL

1. This study describes and analyzes major trends in Asia over the next decade and suggests courses of policy action. The impact of these policies will be determined to a large extent by the total context in which they are carried out. Global problems cannot be handled in a compartmentalized fashion. Communism is fully aware of this situation and exploits it effectively. U.S. policies in Asia should also take this fact into account and develop a strategy in which the timing and relationship of specific policies are carefully calculated.

The value of U.S. policies toward China, Japan, India, or any other country in Asia will be lost or distorted if piecemeal steps are taken hesitantly. Future policies of the United States for Asia should result in a total, vigorous effort which will cope realistically with all aspects of an urgent and complex situation.

2. The traditional fabric of societies in Asia is rapidly disintegrating while the creation of viable modern nation-states is lagging behind. This discrepancy between social disintegration and reconstruction creates a crisis situation which has ramifications in all aspects of Asian life. At the same time Asia is being thrust into ever closer contact with the modern world—its ideas, its technology, and its power policies. The process of nation building cannot take place in this age of global interdependence at the leisurely pace at which the West developed.

3. Communist methods have appeal, particularly in southeast Asia. At present the prevalent attitude in much of south and southeast Asia is that Western methods are desirable, but often do not seem workable under current circumstances, whereas Communist methods seem to be workable, but are not desirable. The combination of political maturity and economic promise which immunizes against communism cannot be expected generally in the next decade.

4. In Asia today, despite the very great diversity that exists between countries, there are certain important common factors and interrelationships. These include:

(a) The continued poverty of the mass of the people and their lack of opportunities for advancement;

(b) The growing realization that economic and social betterment can be achieved with the result that progress is becoming a vital political issue;

(c) The accelerated pace of social change which results in new living patterns, new social relationships, frustrations, and insecurities for the individual; and very complex political and administrative problems for the state;

(*d*) Strong nationalism that is reflected in antiminority and antiforeign sentiment, and manifests itself in foreign policies of nonalignment. Asian nonalignment is closely related in that it is considered a technique for maintaining national independence in the face of the pressures of the cold war;

(*e*) Economic dependence on the outside world to a precarious degree in terms of trade, aid, and sensitivity to commodity prices;

(*f*) A tendency to experiment with authoritarian political systems in an effort to find effective solutions to the growing problems of economic development, social change, and administrative efficiency.

5. In the next decade we are likely to witness:

(*a*) The growing importance of Asia and Asian states in world affairs, and with it a relative decrease in power of the United States and the U.S.S.R.;

(*b*) Greatly increased contacts with the United States resulting in a keen awareness of and a sensitivity to U.S. actions and policies in Asia;

(*c*) Continued and increasing contact among the states of Asia and between Asian countries and the rest of the world—both Communist and non-Communist;

(*d*) Development of an Asian system of power politics, in which the main forces will be China, India, and Japan.

B. SOUTH ASIA

1. Regional cooperation is likely to grow. Frictions, particularly between India and Pakistan, can be expected to decrease in the next decade.

2. In India the Congress Party is the dominant political force today and seems likely to remain so in the coming decade.

3. The Communist Party of India (C.P.I.) has become the leading opposition party in India, and may be expected to be a contender for control of more state governments.

4. If India hopes to develop her economy steadily and at what probably will be much higher levels of planned investment in the third and fourth 5-year plans, the foreign exchange gap averaging \$1 billion per year will have to be met largely from foreign sources.

5. The responsibility for the success of India's process of social adjustment must rest with the experienced leaders in India's public life who formulate and execute plans and programs with all-India consequences. Ultimately, the path of social reconstruction under Indian planning conditions depends upon the quality and character of those who legislate and administer, and upon the restraint exercised by the courts.

6. Because of the strong resistance in the states and regions of India to central financial manipulations, the Central Government may have to apply more authoritarian methods of administration to assure regional conformity.

7. It is probable that the Government of India will continue policies of independence in foreign affairs. However, India may be expected to work closely over the next decade with the United States in the sphere of economic development, and with regard to expanded cultural, informational, and educational programs.

8. India considers that its own security is bound up with the security and stability of Nepal, which needs the active assistance of India on every front.

9. In Ceylon sporadic violence and widespread ill will between the Sinhalese and Tamil communities can be expected to persist for the immediate future.

10. Ceylon's economic problems are intensified by a rapidly growing population increasing at the rate of 2.6 percent to 2.8 percent a year and an economy which is unbalanced and undiversified.

11. Political trends in Ceylon seem to be moving toward a government generally conservative in orientation.

12. In Pakistan a significant political problem has been the failure of any major political party or configuration of political parties to arise capable of organizing responsibly the economic, social, and political development of the country.

13. It can be expected that the Government of Pakistan will continue at present to support its military obligations involving mutual United States and Pakistan interests.

14. It can be anticipated that a constitution for Pakistan will be framed by President Ayub in the future that will allow at least advisory opinions from various parts of the country to be expressed. One may also assume that the military regime may choose to nurture a civilian political group that in due course could take on the task of guidance toward democracy.

C. SOUTHEAST ASIA

1. The political cultures of southeast Asia have not proved to be fertile ground for democratic institutions. Although in most instances democracy still seems to be considered a desirable form of government, to be achieved eventually, authoritarian practices are beginning to be accepted more openly and with fewer misgivings as unavoidable pragmatic responses to the current crisis.

2. The officer corps have come to play an important role in several countries of southeast Asia. It appears increasingly evident that some form of national tutelage is necessary in countries which were prevented during the colonial period from acquiring political experience.

3. It may be pessimistic but it is certainly prudent to assume that forms of representative government based on party systems are not likely to be reestablished unless the present authoritarian regimes have succeeded in consolidating and stabilizing the respective countries. If the present authoritarian regimes fail, communism may eventually take over in the wake of chaos and despair.

4. What the countries of southeast Asia have received from the United States in recent years is primarily time to find their way in the complex and unfamiliar world which they have entered. A major problem still facing southeast Asia in the coming decade is modernization. The solution of southeast Asia's major political, economic, and social difficulties is not yet in sight. However, the United States is still in a unique position among the great powers in that it is associated in the minds of southeast Asians with the dual achievement which they desire but do not know how to secure—efficiency with freedom.

5. The rate of population growth in southeast Asia as a whole is likely to increase with improvements in curative and preventive medicine and in food distribution. The prospects for a very rapid increase in food production appear rather slender, judging from past trends of agricultural production in the region. No country in southeast Asia is currently achieving the minimum rate of capital formation considered by the Economic Commission for Africa and the Far East (ECAFE) as necessary to double per capita incomes in 10 years—a goal which seems necessary to satisfy the countries of the region.

6. Viewing southeast Asia as a whole, one can probably assume that at present, despite serious reasons for immediate concern, such as poverty, disease, and ignorance, agrarian unrest is not the most important dynamic factor in the political situation.

7. Political developments in southeast Asia in the next decade are likely to be influenced most profoundly by educated and semieducated urban elements. A major danger facing most countries of southeast Asia today comes from expansion of secondary and college education beyond the absorptive capacity of each country for white-collar workers and other occupations for which individuals with such education consider themselves qualified.

8. There seems to be no inclination present in southeast Asia today to form a regional entente against the possibility of future Chinese Communist expansionism. The governments of southeast Asia are likely to be more receptive to efforts toward closer regional economic integration.

D. NORTHEAST ASIA

1. Japan in many respects represents the most rapidly changing non-Communist society in Asia today. The most powerful instrument of change in Japan is that of economic growth. Although conservatism is still a hallmark of Japanese society, economic growth and sociopolitical reform have inevitably accelerated the process of social change.

2. The rate of Japanese economic development during the last decade has been very high, exceeding the most optimistic predictions. On balance, present trends would seem to warrant continued optimism with respect to Japan's economic future, but given the nature of the Japanese economy and resources, foreign trade remains the key to the future.

3. The true Japanese conservatives are greatly alarmed at the degree to which the social class system, the family, and indeed the total Japanese "way of life" have been or are being altered. Despite their efforts, however, the process of change is likely to gain momentum, although some cultural patterns are rooted deeply enough to act as brakes, presenting Japan with the opportunities of evolution rather than the sacrifices of revolution.

4. Political trends indicate the continuance of conservative rule in Japan and a reasonable degree of political stability. The Japanese Constitution of 1947 may undergo some revision within the next 5 years, but fundamental changes are doubtful. The precarious two-party system now existent in Japan will probably survive but the odds are very close. There is no serious threat from either the Japanese Communist Party or ultranationalist elements except as these may infiltrate into more prominent organizations.

5. Irrespective of the precise internal political trends, an increase of independence and a reassertion of initiative in Japanese foreign policy are inevitable.

(a) The chances are strongly against Japan becoming a major military ally of the United States in the immediate future.

(b) Recognition by Japan of Peiping can be indefinitely delayed only by a combination of American pressures and Communist toughness. Should that recognition be accomplished in some form, however, intimate Sino-Japanese relations are improbable.

(c) There is every indication that Japan will play an increasingly important role in the Asian-African world, especially in southeast Asia, in the coming decade.

(d) No thorough solution to the tragic and bitter controversy between the Republic of Korea and Japan appears feasible at present, but some alleviation is urgently needed.

(e) Relations between Japan and the Soviet Union will probably continue to be cool and rather minimal.

(f) There will be a certain continuing appeal of neutralism in Japan for various reasons, but the U.S.-Japanese alliance with proper handling should have a long tenure.

6. Sentiment in Japan strongly favors the return of Okinawa to Japanese sovereignty, but the present government will not make this an immediate issue. The Okinawans also favor a return to Japan, but the intensity of this issue will be dependent upon our immediate economic and political policies on the island.

7. The Republic of Korea will continue to be heavily dependent on U.S. aid. Accelerated economic growth is now possible and likely, but the degree of progress is contingent upon overcoming such problems as inflation, modernization of industry, corruption and nepotism in business.

8. Korean democracy today stands in precarious condition. Democratic institutions face a very great trial in the immediate future, with the outcome unpredictable. The indications are strong, however, that some conservative coalition will hold power for the immediate future.

9. The chances of Korean reunification in the near future are remote despite the desires of the Korean people.

10. In mainland China the Communists have achieved impressive results in the opening stages of their campaign for economic development, even if some claims appear to be greatly inflated. However, any assessment of the economic future of China must seek to weigh several factors:

(a) Unless the Government launches a very strong birth control program, Chinese population increases are likely to keep living standards low and be a brake on the industrial process.

(b) Agricultural production will remain a critical factor, not merely in determining consumption possibilities but also in determining capital formation for the ambitious industrialization program.

(c) Export will remain one very important factor in capital formation for Communist China, and every effort will be made for trade expansion.

11. The Chinese Communists have created a powerful state in which major policies and critical decisions determined at the top can be

transmitted and applied effectively and quickly at the grassroots level of Chinese society.

(a) The authority of the Communist Party remains supreme and unchallengeable, being exercised over the people mainly through special organizations that link the individual directly with national policy.

(b) Many psychological-emotional appeals are made to the people, of which one of the foremost is nationalism.

(c) Opposition within China to the Communist Party and to communism certainly exists, and possibly in considerable amount. It is extremely unlikely, however, that the present regime will be seriously challenged by internal discord in the near future.

12. Communist China is very likely to emerge as one of the world's major powers in the late 20th century. The rapid growth of state power coupled with low mass living standards presents dangers to Asia and to the world. The power of Communist China will increasingly demand recognition, and the dangers that this power poses to the non-Communist world will demand the closer cooperation of free nations if the threat is to be met effectively.

13. The Chinese Communist policy of attempting to gain friendship and confidence in the Asian-African world is an important aspect of Communist foreign policy but this program is facing an increasing challenge due to its internal contradictions and the rapid rise of Chinese power.

14. The Sino-Soviet alliance is currently based upon vital mutual interests outweighing such negative factors as may exist. It will not be ruptured over trivial issues and will probably endure for a considerable period. Yet the long-term solidarity between the U.S.S.R. and Communist China is by no means assured.

15. Communist China regards the United States as its major opponent, and naturally it desires the reduction of American influence in Asia. There is virtually no chance that Communist China would consider any basic concessions on current issues to secure a shift in American policy. At the same time, the Chinese Communists are not in favor of war with the United States and there are also some issues, both now and in the future, that might be negotiable.

16. Taiwan remains heavily dependent on U.S. aid. This aid has brought much improvement in the Taiwan economy. However, certain difficult economic problems persist in Taiwan and cannot be solved under present conditions. These include:

(a) The cost of Taiwan's large military establishment;

(b) The large bureaucracy which is, in part, a means of maintaining mainland refugees;

(c) The ever-present threat of inflation;

(d) An even more critical problem of birth control;

(e) An uncertain climate for foreign private investment.

17. The elements of stability in the Taiwan political situation seem to predominate, and politics on Taiwan will probably undergo an evolutionary development, barring international conflict.

18. The major problem of relations between the Taiwanese and Nationalists revolves around the differences with which they view Taiwan and their relationship to it.

19. The Chinese military forces appear much more than adequate to defend Taiwan at present, and much less than adequate to engage the Communists on the continent.

II. CONCLUSIONS AND RECOMMENDATIONS

(This section summarizes essential conclusions and recommendations of the study. Details and substantiation of recommendations are presented in the body of the study.)

A. GENERAL

1. The United States should take the lead in mobilizing the resources and talents of the free world to assist the countries of Asia in an assault on the problems created by rapid economic and social change. Scattered insights and experience in coping with such problems need to be pulled together in long-range national action programs. Such programs should include detailed plans for achieving balanced economic and social progress while minimizing the individual frustrations and political tensions that attend such change.

2. Meanwhile, although substantial U.S. aid will continue to be required in Asia in the next decade if economic growth is to be achieved, other approaches to foster economic and social progress should receive increased emphasis:

(a) Private trade and investment can and should play a growing role in Asia's development.

(b) Multilateral cooperation should be given greater opportunities and support by the United States.

(c) Our aid programs should give more emphasis to identifying and directly attacking social problems associated with economic development.

3. The United States must find means of taking into account more effectively Asian attitudes and viewpoints in developing and carrying out U.S. policies. Among the ways this can be accomplished are:

(a) Diplomacy in depth: Creation of continuing contacts with all major political and social factions in each country is necessary. Our diplomacy must be capable of dealing more effectively with neutral and authoritarian governments.

(b) The contacts of our officials with Asian societies are too narrow and too limited at present. Routine occupies so much attention that many of our most able people have insufficient time to think. Both of these problems are partly the product of a mushrooming bureaucracy and the demands of the desk. However, they also reflect to some extent the inadequate theory that we can only do business with the government in power.

(c) A broader and deeper understanding by Americans of Asian cultures, peoples, and problems should be fostered. At the same time the United States should attempt to convey to Asians a clear picture of our entire society, stressing its dynamic changing nature and the benefits it has brought to the common man.

(*d*) Nonofficial organizations and individuals are most important in such an effort. Effective cultural exchange must be largely spontaneous, and the image of the United States will be the result of numerous individual and organized contacts. However, the Government can and should help to guide and stimulate the efforts of private individuals and groups.

4. The United States should make every effort to encourage cooperation between the countries of Asia in solving common problems. Wherever possible, our bilateral aid should be used to stimulate cooperative efforts. We should particularly foster cooperation in non-military spheres. We should lend support to Japanese and other efforts to foster regional economic cooperation.

5. It would be useful to reexamine the role of local military forces and U.S. bases in Asia in relation to: (*a*) total U.S. strategic objectives in Asia, and (*b*) political and economic objectives. The whole question of U.S. strategy in Asia in light of the increasing political and military vulnerability of our bases and the rapid change in military technology should be under intensive study by a combined American civilian-military team.

B. SOUTH ASIA

1. A long-range U.S. objective in south Asia should be to cement regional accord. Continuing disputes between India and Pakistan, in particular, lead to the expansion of defense budgets well beyond the level that would otherwise be the case; and to mutual fears and exaggerated antagonisms that detract from each country's capacity to face crises in the political and economic realms.

2. In India the United States should not so isolate its interest with Congress Party fortunes that other parties are ignored.

3. Considering the extent of economic need in India, one policy worth considering would be the negotiation of an agreement between India, the United States, and the U.S.S.R. and other interested countries such as Japan and West Germany. The United States, the U.S.S.R. and the other participating countries could agree to support given segments of India's third and fourth 5-year plans on the basis of long-range (10 year) commitments, providing the donor nations were invited by the Government of India to participate in advisory capacities in the detailed planning process covering the period of the commitments.

4. Aid from the United States, even with assistance provided in part from other cooperating countries, at the annual level of about \$1 billion clearly will not be feasible unless increased resources are made available by the U.S. Congress. One means of meeting the need would be the passage of legislation especially tailored for the Indian and similar cases. Such legislation might be preceded by an appropriate exploration of the south and southeast Asian region jointly by a Congressional-Administration delegation meeting with representatives from governments concerned to determine the best means, over a decade, for coordinating U.S. contributions to the broad planning objectives of the countries in this area.

5. For Nepal the United States should be prepared to contribute the relatively modest share in economic and technical assistance that Nepal is able to absorb at the present time.

6. Pakistan has not advanced as rapidly or as fundamentally in economic development as has India, nor has Pakistan demonstrated the capacity to carry out plans effectively, or shown the administrative skill necessary for the task. Nevertheless, it would be most unfortunate for south Asia generally if India should outstrip Pakistan to a marked degree. Rather than suggest a minimization of aid to India, it is proposed that the full potential of India be developed, at the same time that special efforts are made to encourage Pakistan to develop to its own full capacity.

7. It would be advantageous to cut down the budgetary priority given to the Pakistani military establishment, and to devote more concentrated attention to the basic economic problems of the country. When a favorable time arises, an attempt should be made to effect a mutual defense and partial disarmament agreement between India and Pakistan to release energies for more constructive activities in both countries.

8. The United States definitely cannot expect economic conditions to be favorable for substantial economic development in Ceylon over the next few years. However, somewhat increased U.S. assistance, plus an international regularization of rubber purchases (even at subsidy rates), would be helpful contributions to the alleviation of economic woes in Ceylon that may otherwise get much worse.

C. SOUTHEAST ASIA

1. The policy of the United States should not be one of doctrinaire condemnation of the authoritarian trend in southeast Asia, but one that would explore all means by which these regimes could indeed be a short but constructive phase of transition. Strong governments are eminently suited to implant in a new country the rule of law. The United States should miss no opportunity to encourage firm observance of the rule of law.

2. Hardly any thought has been given to the problem of how countries experienced in the processes of democracy could share their experience with countries which were prevented from learning these methods and techniques while they were under colonial rule. The United States should find means to contribute to the political education of the new countries of southeast Asia in the ways of effective and wholesome party politics.

3. In view of the growing role of the military in public life, the United States should help wherever possible the officer corps of southeast Asian countries to acquire the administrative and managerial skills necessary in the new task that they are assuming as the guarantors of their country's stability.

4. While granting that our military posture in the western Pacific must be maintained, it would be unrealistic to rely on defense arrangements in highly unstable countries. Today efforts to maintain the defense potential of southeast Asian countries can only be in our national interest if we have good reasons to believe that those countries can develop not only their capability to resist external Communist aggression but also to weather internal Communist subversion. Whether SEATO can become an efficient instrumentality for economic and social consolidation is open to doubt.

5. To secure the long-term increase in productivity that is necessary to southeast Asia, greatly increased capital formation is called for in agriculture in the form of land development, irrigation facilities, roads, experimental and seed production farms, etc. The United States should encourage and assist the efforts of southeast Asian governments to achieve during the next decade food production in balance with population growth and developmental requirements. In particular, a common approach to problems of rice production and consumption should be undertaken.

6. The countries of southeast Asia will probably become responsive to regional economic integration only when their most pressing national problems begin to appear amenable to rational planning. However, it should be U.S. policy to explore and encourage ways and means that would eventually lead southeast Asia to economic and cultural integration.

D. NORTHEAST ASIA

1. Japan-United States economic relations today are of vital importance and, at the same time, pose certain problems. Both Japan and the United States bear responsibility for searching out new approaches. Japan can contribute much through the following actions:

(a) Give the highest priority to methods of advancing and supervising its small and medium industries which are engaged so heavily in the export field;

(b) Continue with vigorous efforts to diversify its exports to the United States and give greater support to its own industrial research;

(c) Undertake more scientific studies of the American market and improve public relations;

(d) Provide mutually satisfactory conditions for legitimate foreign business, investment and patent sharing operations in Japan.

The United States should take the lead in exploring what bilateral and multilateral organizations might facilitate our economic relations with Japan and help to meet existing problems.

2. Both the United States and Japan have good reason to be vitally interested in the economic future of the vast Pacific-Asian region. American-Japanese cooperation might facilitate economic development in non-Communist Asia in the following ways:

(a) Contributions to international institutions or funds providing credit facilities;

(b) Support for organizations that would seek some control over the prices and production of primary goods in this area;

(c) Joint technical financial assistance on certain specific projects as was arranged in the case of the Indian Orissa Iron Basin;

(d) The United States should urge some collective agreement on the problem of international fishing grounds and the conservation of fishing resources at least among the non-Communist nations of the Pacific area.

3. The American-Japanese alliance is still relatively shallow; it does not have the kind of intellectual, political, and cultural roots needed to sustain it in an era of perils.

(a) In strengthening the image of the United States in Japan we should emphasize our dynamic changing society where the common man has had his greatest 20th century victories.

(b) One part of our cultural relations program is and should be directed toward Japanese leaders in every field, for Japan is still strongly an elitist society.

4. Although it is recognized that any decision to change the membership of the United Nations Security Council is a matter involving a number of complex issues, if and when changes are contemplated, the United States should take the lead in proposing Japan for permanent membership. Asia at present is woefully underrepresented and Japan and India are obvious candidates should a decision be made to enlarge the Council.

5. Our Okinawa policy must be a part of, not apart from, our Japan policy. The political facts of life dictate that Okinawa is Japanese and must at some point revert to Japan. The only realistic policy is that of accepting the fact of the gradual and ultimate reversion of Okinawa to Japan, and developing plans now to take account of the timing and adjustment needed to insure long-range American interests. A proper sense of timing on this issue and correct interim policies, both political and economic, are crucial. In this interim period the arguments favoring some type of civilian administration for Okinawa are most persuasive. It is also important that economic assistance of the type proposed in the Price bill be supported by the U.S. Congress.

6. In Korea, our aid program should be reexamined with respect to the following questions:

(a) What form of aid is most conducive to stimulating indigenous energies and capital formation?

(b) To what extent should assistance be geared to long-range plans and what should be the American responsibility for checking the validity and progress of such plans?

(c) What is the proper balance between military and economic aid, in terms of the security and welfare of Korea?

7. The United States has too great a stake in the Republic of Korea to permit any wholesale destruction of democratic rights without some counteraction. Korean leaders are presently convinced that the American people are not concerned with what happens in Korea as long as it remains anti-Communist. The American press should give far greater coverage to the Korean political scene. It should be made unequivocally clear to all Korean political groups that repeated violations of human rights or assaults upon democratic institutions in Korea will have a sharply adverse impact upon American-Korean relations; and means should be used to give this warning effect, if necessary.

8. On the positive side, the United States needs to encourage all types of cultural relations and foster scholarship pertaining to Korea.

9. It is strongly in the interest of the United States that the Republic of Korea have increased diplomatic, cultural, and economic relations with the non-Communist world. It is especially important that relations between Korea and Japan be improved. The United States must do some serious thinking about compromise solutions to current Korean-Japanese differences that might be proposed privately

to the two parties by us—solutions that might involve some American commitments as well.

10. On China and Taiwan there are three alternative lines of approach for U.S. policy:

(a) Containment through isolation: This is essentially our present policy.

(b) The normalization of relations: This policy would encompass the recognition of Communist China by the United States, support for its seating in the United Nations, and general treatment equal to that which the United States accords to the Soviet Union.

(c) Exploration and negotiation: This third alternative represents the recommendation of this report, and is discussed in detail in section 4 of the body of this report.

III. BODY OF THE REPORT

Section 1. U.S. Foreign Policy in Asia

A. ASIA TODAY

1. At the very outset it is essential to stress the great diversity that exists between countries and regions of Asia. No two countries of Asia are fully alike and therefore the problems which confront U.S. foreign policy also vary greatly from country to country.

Some countries are rich in natural resources; others are so poor that economic self-sufficiency can hardly be envisioned. In India, China, and parts of Indonesia vast exploding populations are already straining meager resources to the limit, and no real solution is in sight. In other countries such as Japan, rapid population expansion is just now being brought under control. Still other countries, such as Malaya, are underpopulated, but there population is growing rapidly even by Asian standards.

In terms of economic and social development, the area includes one highly organized industrial society—Japan. It includes two states—India and China—which are massive in terms of area, population, and resources and have in the past decade commenced organized efforts toward economic development. However, these efforts are at a very early stage and are of a vastly different nature. One is an experiment in totally planned and regimented development, while the other is an attempt to effect economic development and social change within the framework of constitutional government. Most of the remaining countries in the area have only begun efforts to achieve economic progress or to seek solutions for the problems inherent in the creation of a modern society.

In this area are four of the world's major religions and many lesser ones. Similarly, there are great diversities in social organization, in levels of education and literacy, in political systems and practices, in races, languages, and in climate. No generalizations about the area should obscure these vast and important differences which are discussed in the regional chapters of this study.

2. Yet there are some factors common to most Asian countries today, which are so important to U.S. policy that they bear emphasis. There are also important interrelationships between the countries of Asia that have a bearing on U.S. foreign policy.

(a) The first factor, which is common to the great majority of people throughout Asia, is poverty combined with lack of opportunity. Living standards vary from a per capita income of well under \$100 per year in many of the countries of south and southeast Asia, up to \$224 per year in Japan, and even higher in special cases like Brunei. However, even in those countries which have relatively high living standards for Asia, poverty is the lot of the average peasant and urban worker. Furthermore, to date, there has been little opportunity or

hope for Asian peoples to improve their lot. This poverty and lack of opportunity contrasts strikingly with average living standards and opportunities in the United States and in Western Europe and even in parts of the Soviet bloc. It is a central fact of life which conditions the outlook of most Asians, and affects the policies of their governments.

(b) Of even greater importance in terms of U.S. policy is the fact that recently more and more of these poverty-stricken peoples are beginning to realize that something can be done about their current condition. One of the great revolutions in Asia and other less developed areas of the world since World War II has been increased and broader communication with the outside world. The realization is spreading that people in the Western World have greater wealth, individual opportunities, and social mobility, and that they have accomplished these improvements in their way of life largely through their own efforts. At the same time, the transfer of political power in many of the states of Asia from the hands of colonial powers to the hands of national leaders has placed the destinies of Asians in the hands of their own people. Increasingly, Asians, particularly in urban centers, are becoming aware of this. As they do, they expect their national leaders to provide the economic and social progress which they know that others have been able to achieve. Thus, the achievement of such progress has become a vital political issue in almost every country in Asia, an issue which can be used to good advantage by political parties seeking to attack or change the existing government.

(c) With the introduction of Asian peoples to the modern world, a very rapid change is taking place in social structures and social customs. This change will accelerate over the next decade, and will bring with it some of the most complex and vexing problems for our Asian friends and for U.S. policy. For example, the limited steps that have been taken toward industrialization have resulted in expansion of a wage earning class in most countries and the growth of a market economy. Industrialization coupled with the expansion of government functions is also resulting in the rapid growth of urban centers. These developments, in turn, lead to the loosening of family ties in many Asian societies, as members of the younger generation move to new factories and cities.

The institution of land reform measures by many of the new national governments is changing the character of land ownership in many Asian countries. New educational and business opportunities for women are being opened which in turn are altering the role of women in the community. The introduction of modern medicines and health practices has resulted in the drastic lowering of death rates while high birth rates continue. Thus, in a number of areas population is increasing beyond the economy's capability to provide the barest essentials for subsistence, let alone support increased living standards. The introduction of mass education is resulting in the creation of an educated group which in many cases is far larger than the positions which are available for this group to fill.

All of these rapid social changes result in tensions, frustrations, and painful individual adjustments to the rapidly changing social scene. In most cases this change is an inevitable result of closer contact with modern societies. However, we know all too little about

either its causes or its effects and what can be done to ease and/or to speed the painful social adjustments that are taking place. We do have evidence that the tensions and frustrations resulting from societies in transition create demands for extreme political solutions. This can be a fertile field for the disruptive tactics of the Communists.

(d) Most of the states of Asia share a strong feeling of nationalism, which is reflected in antiforeign and antiminority sentiments, rather than in a widespread sense of national unity. The states of south and southeast Asia which have achieved or regained independence in the past 15 years are still deeply and sincerely concerned about the possibility of a return of colonialism. Although few of the states of Asia have yet achieved a sense of national unity, and in fact many are fraught with internal tensions and divisions, a common ground on which national unity and perhaps in time even regional unity can be achieved is the desire to maintain their often hard-won independence. This results in a sensitivity to both political and economic intervention by foreigners which is frequently evoked as a symbol or rallying point by nationalist governments.

Mistrust extends not only to westerners, but also to the Chinese who have long been resented for their control over the economic life of many southeast Asian countries, and are remembered in much of Asia for previous acts or threats of aggression. Thus, China and the U.S.S.R., as well as the United States, find the countries of Asia extremely sensitive to any threat of foreign influence in their affairs.

(e) Neutrality in Asia is closely related to nationalism. It is by no means universal, but it is a common position and a typically Asian one. The desire of many Asian countries to avoid involvement in the East-West power struggle does not stem primarily from an ideological neutrality as between communism and democracy. Rather, it reflects a response to the pressures of the cold war by states that are determined first and foremost to maintain national independence. Neutrality is conceived of as a technique of maintaining newly won and often precarious independence and buying time to cope with vexing internal problems by balancing off one foreign power against another. This is a typical Asian approach to power politics which was tried for many years by both Japan and China.

U.S. policy must recognize that most Asian states do not consider the struggle between the Soviets and the West nearly as important as their internal problems of consolidating a stable government, and achieving economic progress and social change. We must also recognize that states like India and Burma, which have common borders with China, have justifiable reluctance to antagonize a powerful neighbor.

However, the states of Asia are coming to the realization that world power politics will at times affect them directly. Furthermore, they recognize that they need outside assistance to deal with their complex internal problems. Their neutrality reflects the fact that in accepting such outside assistance and in becoming involved in international politics, they wish to minimize dependence on any major power. They hope to do this by dealing with both sides and by refusing to choose sides. The United States needs to understand these motives clearly.

(f) Asia, like other late developing areas of the world, is economically dependent to a marked degree on the outside world. For Japan, trade is a vital economic lifeline, without which her continued existence

as a nation would be impossible. Trade is also becoming increasingly important to the other countries of Asia, and notably to Communist China. Foreign aid, whether from the West or from the Communist bloc, is an important and often essential element to almost all of the states of Asia. Such aid is a source of foreign exchange and technical skills. It also helps to meet government budget deficits while minimizing the dangers of inflation. The economies of south and southeast Asia are particularly dependent on and sensitive to world demand for such key commodities as tin, rubber, rice, and copra. Fluctuations in world prices for these basic commodities can wreak havoc with weak economies or with the best prepared development plans.

(g) Finally, there is a growing awareness of the United States. Prior to World War II, the United States was little known in Asia. The presence of French, Dutch, British, and Russians was much more real to Asians than that of the United States. The postwar years have seen a drastic change. There is hardly a country in Asia which has not been touched by U.S. culture, affected by U.S. policies, and assisted by U.S. aid. There are few countries in Asia today (excluding China) where there are not several hundred and often several thousand American residents. These include businessmen, journalists, scholars, the U.S. military, and countless technicians, as well as diplomatic officials. There are few large cities in Asia that have not seen American movies, American groceries, and American automobiles. There are thousands of small villages in Asia where the people have met Americans or seen American products for the first time in their lives within the last decade.

Our very newness on the Asian scene, the fact that we are associated with the new era of nationalism rather than the older one of colonialism, and the generosity which the United States has displayed in providing aid to these countries, leaves us with a substantial reservoir of goodwill in Asia. However, the impact of American culture has been very uneven, and the influx of Americans on the Asian scene has not been without its incidents and bitterness. Furthermore, the United States has not always found it possible to completely dissociate its policies from those of its European allies, with adverse effects on our relations with Asian countries.

B. MAJOR PROBABLE TRENDS DURING THE COMING DECADE

The scene in Asia is changing rapidly. Projections over a period of 10 years are hazardous at best and particularly so when dealing with a situation of great complexity and rapid change. Nevertheless, certain important trends can be perceived in this area, and it is important to attempt to assess the implications of these trends for U.S. policy. It should only be emphasized that assessments made today, no matter how carefully prepared, could be invalid in a matter of months. Thus, constant reassessment of the situation is essential.

1. In the next decade the countries of Asia are likely to assume an increasing importance in world affairs and thus in U.S. policy considerations. Today Asia contains 56 percent of the world's population. This population is growing rapidly both in absolute and relative terms. Their size alone already gives such countries as India and China positions of considerable influence in world affairs. This is particularly true in an era of mass communications and public diplomacy.

Japan today certainly must be considered an important factor in world political and economic life. The continued economic development of Asian countries, the welding of India and China into unified states, their increasing experience in the arena of world politics, and their growing tendency to attempt to assume positions of leadership in international politics will make them more important factors to be reckoned with.

Economic growth can make the entire Asian continent a more important market for U.S. products and also a more important source of supply for U.S. markets. As living standards and productivity increase, our trade with and investment in Asia, now quite limited as compared to Europe and Latin America, are almost certain to increase relatively as well as absolutely.

Even more significant, if the countries of Asia can begin to release their peoples from grinding poverty and set their feet on the path of progress, tremendous energies and talents will be unleashed that cannot help but have a profound impact on the future history of mankind. The attitudes assumed by Asian leaders and governments and the actions which they take can be expected to have increasing influence on U.S. policy. Thus, although the United States has traditionally considered Europe as the primary focus of our foreign policy, concern with events taking place in Asia must assume an equivalent priority in the coming decade.

2. As Asian development progresses there will be greater interaction among states of Asia, and also greater opportunities for cooperation between Asia and the outside world. With economic development will come new opportunities for trade between the states of Asia. At the same time there will also be increasing competition for markets, and for political influence in the area. As the issue of colonialism fades, the countries of Asia will be less likely to act as a single bloc in international affairs.

Given the existing military commitments of the United States and the Soviets in Asia, and the need in the area for foreign trade, capital and technical assistance, there is a substantial basis for expanded contact between Asian countries and both the Western and Communist blocs. As the countries of Asia grow in economic strength and political maturity they should also gain self-confidence in their dealings with others. In time these factors will tend to modify the more extreme forces of nationalism and encourage the countries of the area to increase ties with the outside world.

With the growth in influence of such states as India, China, and Japan, Asia is likely to develop its own system of power politics. As it does, the relative influence of the U.S.S.R. and the United States in Asia will decrease. However, the future power relationships between these Asian states are still unclear.

It seems likely during the coming decade that Japan and India will work closer together in political and economic affairs in Asia. Japan has much to gain through greater trade with, and investment in, India. Not the least of the advantages to Japan should be avoidance of economic dependence on China. As India industrializes, opportunities for closer economic ties with Japan should develop. Certainly the development of close relations between these two states and cooperation between them would represent the basis of a formidable non-Communist bloc in Asia.

In the coming decade China will have increasing contact with and increasing influence on its neighbors. China's trade with Asian and African states may increase as it seeks both foreign exchange and political influence. There is little doubt that China will try to play a more active role in the economic and social life of Asia.

All of Asia will look upon the Chinese experiment with increasing interest and possibly apprehension. Any successes which China achieves in meeting the problems associated with rapid economic development are likely to have a profound influence on other countries. Because China is an Asian state attempting to solve problems common to most of Asia in an Asian context there will be a tendency to follow Chinese patterns if they prove successful and no alternatives seem equally so. However, China's own internal problems will continue to be staggering, and the likelihood of China herself emerging from poverty, even in the next generation, is remote. The low living standards of the Chinese will be an important factor in terms of the total image China presents to Asia.

Mistrust of the Chinese minorities is strong in south and southeast Asia and the recollection of past Chinese imperialism is still vivid to such neighbors as Japan, Burma, and Korea. Communist China's policies are creating growing apprehension in Asia. This may well continue, although it is not likely to result in a basic change in the nonalignment policy of such states as India. It may well result, however, in a new willingness on the part of some Asian states to cooperate with the West.

3. Economic progress will be one of the crucial political issues in most Asian states in the next decade. This issue will be reflected in both domestic and foreign policies. Domestically, any government which fails to provide its people with visible economic progress within a fairly limited period is likely to experience serious difficulties. This will be particularly true if, once goals are established, there is failure to meet them. Failure will be most likely when the governments' goals are not sufficiently identified with their peoples' immediate wants.

Unfortunately, the further economic development progresses the more intense becomes the pressure for further change. This provides valuable fuel for any opposition group, including the Communists. Thus, continued political change and experiment are probable, at least in some Asian countries, during the decade ahead. The political groups who can best organize the participation of their people stand the best chance of eventual success.

Because of the importance of economic development as an internal political issue and because economic development cannot be achieved rapidly without considerable outside assistance, the countries of Asia will continue to turn to the industrialized countries of the world for help. In the coming decade it is likely that most Asian states will welcome and accept aid from any government or private organization willing and able to help.

4. During the coming decade the breakdown and reorganization of existing social systems in Asia is certain to gain speed and intensity. As the pace of economic development quickens, its social impact will also accelerate. Frequently one change interacts upon another to create a very complex pattern. All of these rapid changes have a

profound impact on the individual, creating various pressures, frustrations, and insecurities. These complex and interrelated forces which are at work in Asian society need to be understood much better than they are today, and techniques should be developed within each of the countries to cope with these forces so as to minimize the possibility that tensions and frustrations will explode in political violence.

5. There is a growing tendency for the countries of south and southeast Asia to turn toward more authoritarian political methods in an attempt to solve pressing problems of economic development, political organization, and social change. The establishment of more authoritarian governments in such countries as Pakistan, Burma, and Indonesia, pose both problems and opportunities for U.S. policy. On the face of it, the rejections of Western constitutional forms of government in favor of military rule could be considered a setback for U.S. objectives. However, it should be recognized that democracy as we know it in the United States has never existed in Asia, nor is it likely to exist during the difficult early stages of national development, where often radical solutions are sought in an effort to achieve political stability.

Although some of the institutions of democracy were tried and although efforts were made by some Asian leaders to establish democratic forms of government, the fact that these efforts did not take hold does not necessarily indicate a failure or rejection of democracy. Rather, it reflects the nature of the urgent and pressing economic and social problems with which these countries are faced. Authoritarian or military regimes were established because existing regimes had not proven capable of coping with the complex problems of a modern state. Visible economic progress had not been achieved. Complex social problems such as the creation of national educational systems and the development of new urban areas, had not been met adequately. Thus, the establishment of authoritarian forms of government in many cases reflects a determination to cope more effectively with such basic problems.

In all cases authoritarian forms of government are envisioned as temporary. Of course such governments could become permanent and despotic. However, it should be recognized that in such countries as Burma and Pakistan the military leaders at the present time actually represent the best hope for honest and efficient administration.

C. SOME ISSUES AND ALTERNATIVES FOR U.S. POLICY

1. Among the most urgent and crucial problems for U.S. policy is the development of realistic action programs to assist the peoples of Asia to meet the problems arising from rapid economic, social, and political change. Programs in Asia over the past decade have been designed primarily to assist the newly emerging states to establish and maintain national sovereignty without falling prey to communism. Although our assistance has been massive both in terms of personnel and in terms of money, it has been essentially a holding operation. It has only begun to cope effectively with problems of economic development and social change. In reviewing the situation in Asia today, one is forced to the conclusion that in no country in Asia have means been found to assure progress with efficiency and freedom.

This study does not attempt to suggest solutions to every specific problem inasmuch as these must be specific to each separate country. However, it does suggest that one of the central problems of the coming decade in Asia will be that of achieving economic progress and social change at a rate rapid enough to satisfy rising individual expectations. We need to assist the governments of Asia to develop action programs which both take into account the growing pressures for rapid change and at the same time are feasible, given existing technical, administrative, and financial resources and sociocultural conditions.

Section 3 suggests that the best talents in the free world be enlisted to develop and execute programs for economic and social action which are individually tailored to the problems and needs of each specific country. Such programs should be given sufficient priority and funds so that the very best administrators, scientists, and engineers in every field can be enlisted when needed and their dedication to the task aroused and sustained. The objective should be to work out, in cooperation with each of the late developing societies of Asia, detailed plans for achieving balanced economic and social progress which are practical and which will achieve a rate of progress responsive to the needs and desires of the people while maintaining maximum possible freedom for the individual. We should be in a position to mobilize every available skill and resource in the free world to put such plans into effect as rapidly as possible. Such a policy should give intensive consideration to such problems as—

(a) What rates of increase in consumption and investment are required to achieve adequate economic growth combined with political stability?

(b) What relative emphasis needs to be given to agricultural production, processing industries, light and heavy manufacturing, and infrastructure?

(c) What types of educational programs are most needed?

(d) In what ways can and should the processes of social change be influenced? Are there ways to minimize the individual frustrations and political tensions inherent in social change?

We must carefully and critically review our successes and failures to date in Asia, and draw on the accumulated experience of the past decade to find new solutions to these and many other critical problems that exist in this area.

2. Although substantial and probably increased economic and technical assistance from the United States must continue to be a central tool of our foreign policy in the coming decade, we need to give more serious consideration to the role that can be played by other approaches which might support our foreign policy.

(a) Foreign trade and investment: Foreign trade and investment must play a growing role in Asia's development.

U.S. commerce and industry have had relatively limited contacts with their Asian counterparts, particularly in the colonial areas of Asia. Much of the contact in the past decade has been basically indirect, very often under the auspices of or through our aid programs. It can safely be said that American business relationships with the limited but growing number of Asian businessmen have never been normal and are still inadequate for the development of mutual understanding and confidence. Meanwhile European and Japanese competitors are rapidly becoming further entrenched in Asian markets.

This situation is too serious to allow complacency, both from the standpoint of our overall national interests and from the more specific need of American industry to maintain and enlarge its sources of raw materials and its markets in face of growing global competition.

Trade is a two-way street. If we are to maintain and expand our exports of capital and technical skills, both the United States and Europe must find ways of absorbing increased imports of semiprocessed and finished goods from Japan and Hong Kong and also from the other Asian countries as they develop their industrial capacities over the next decade. Interaction between the industrial nations of the world and the developing nations of Asia will be to the ultimate benefit of all.

Similarly, ways must be found for stabilizing world prices of commodities which significantly affect the precarious trade and payment positions of limited-crop economies, which are also increasingly subject to the political-economic manipulations of the Communist bloc. The United States must find ways of utilizing our own surplus commodities to alleviate critical food shortages without disrupting world commodity prices.

A more farsighted attitude toward foreign competition and a more aggressive spirit of pioneering in markets and operations abroad by the American business community would do much to further our policy objectives in Asia. Expanded trade and private investment in this area would help to increase foreign exchange earnings and would thus permit government aid programs to concentrate more on increasing the productive skills and capacities of the area. It cannot, however, be considered as a substitute for the public aid and loan programs required in the coming decade.

(b) Multilateral cooperation: Our European allies, and others, including the Communist bloc, can contribute much in terms of both capital and technical assistance to the solution of Asia's problems. The assistance of free world countries certainly should be enlisted both individually and multilaterally in developing and executing action programs to assist the Asian countries. In so doing, however, we must be aware of the sensitivity that still exists in many Asian countries to the past colonial relationships. We should also explore the possibility of some form of cooperation with the U.S.S.R. in Asian aid programs such as suggested in section 2 below.

The success of some of the United Nations specialized agencies indicates that multilateral bodies can be useful and effective in administering economic and technical assistance programs. Although multilateral aid cannot be expected to be a substitute for bilateral aid in the near future, the United States should give adequate financial and personnel support to multilateral agencies that have proven their effectiveness. In this connection, it is unfortunate that our contributions to such agencies must be fixed by arbitrary formula.

(c) Direct attack on social problems: To date U.S. intervention in Asia has done as much to create social problems as to solve them. Inevitably our efforts to assist in economic progress will accelerate social change. However, we should not be content to stop with efforts in the economic sphere. We should work directly with Asian leaders where possible to assist them in attacking problems of social change.

Our economic aid programs in the past have been too little concerned with content and too much with total volume. Technical assistance planning often has given too little attention to the types of technical skills needed in a particular country. More attention should be given to directing program resources to the solution of specific social problems.

For example, we need to consider more carefully what types of assistance are needed to fill particular gaps in a country's educational system; what can be done to meet the problems of expanding populations; and what can be done to assist in providing the public facilities required by rapid industrialization. The United States can also provide valuable assistance in helping our Asian friends to create the laws and institutions required by an industrial society. For example, we have much valuable experience to pass on in such fields as taxation, labor legislation, and social security systems. Much has already been done in this area, but more can be done in contributing to balanced and well-timed social progress.

3. Although the establishment of a sense of regional unity is still in the embryonic stage in Asia, the growth of greater regional cooperation between the non-Communist states of Asia could do much to strengthen these countries and to forward U.S. policy objectives. Growth of trade between the states of Asia will contribute to economic progress in the area. Closer political and military ties between the states of free Asia can provide them with a shield against Chinese Communist expansion, and will help to create greater confidence and security. Technical exchange will enable Asians to share their experience with common problems.

The United States is faced with the question of how and how fast it should attempt to encourage regional cooperation in Asia. The question of how fast will probably be settled primarily by the Asians themselves.

The economic weakness of most Asian states and the intensity of nationalism at present inhibit the development of cooperation. The chances for regional cooperation will be enhanced if it can be demonstrated that regional approaches can solve national economic problems. The United States can and should assist to accelerate the process of cooperation where a desire on the part of the Asian states themselves appears to exist. This can best be done at present by planning bilateral programs with the eventual regional implications in mind.

However, within the coming decade careful consideration should be given to developing regional agencies in the economic sphere. For example, a regional development bank financed largely by the United States but with some participation by Western European countries and Japan might provide a very useful vehicle for accelerating the pace of cooperation in Asia, and would also contribute to meeting capital needs. It could be administered primarily, if not entirely, by Asians. Regional technical centers and regional payments plans could also be envisaged in time. Such schemes would be greatly preferable to expanding the military-oriented SEATO into nonmilitary areas.

SEATO has had certain advantages. Primarily it symbolizes the U.S. military commitment to southeast Asia. It has resulted in expanded exchange of military information and planning, and more effective action in the countersubversion field. However,

SEATO has also had certain distinct disadvantages. In particular, SEATO has given the impression in such countries as Burma and India that U.S. interests in Asia were primarily military in nature. It has also created greater pressures for military aid from Pakistan and Thailand when an expansion of such aid was not necessarily in the U.S. interest. Although it would be possible to expand SEATO into nonmilitary fields, it is very unlikely that such a move would ever remove the primarily military aura from SEATO.

More fruitful foundations for multilateral economic and other non-military forms of cooperation exist in ECAFE and the Colombo plan. Perhaps even more promising are the bilateral and multilateral efforts toward cooperation, such as the Indus River and Mekong River projects and the U.S.-sponsored southeast Asia telecommunications project. Also, many private and semiofficial groups are doing and can do much to promote regional cooperation in such fields as tourism, trade, and cultural relations.

4. The United States should make greater efforts to take into account Asian attitudes and viewpoints in developing our programs in Asia. We have much to learn from Asians themselves about how to deal with the many mutual problems confronting us. Of course, in the final analysis U.S. policies must be formulated by the United States. However, we have developed useful techniques for policy consultation with our allies in NATO, and the possibility to develop such techniques in Asia should be explored.

Efforts to develop joint programs will not only be likely to result in more realistic approaches, but will also have an important psychological effect in Asia in that they will help to convince Asians that we are really interested in obtaining their views on matters of direct concern to them. More extensive consultation with Asian leaders by our diplomats both in Asia and at the United Nations would help to keep U.S. policymakers continually informed on Asian viewpoints and better prepared to take account of them. Consideration should be given to further use of joint agencies for administering aid programs such as the Joint Committee on Rural Reconstruction (JCRR) on Taiwan. This technique could well be extended to other countries. Similarly, it could be extended to information programs and cultural exchange as well as to economic aid programs.

5. During this period of rapid political and social change new groups may unexpectedly and rapidly assume positions of influence. Section 4 suggests the need for "diplomacy in depth." This is a multifaceted problem of images, contacts, and approaches. We must attempt to maintain contact not only with the political and social groups that are in power today, but also with those that are likely to be in power tomorrow. This is not easy in Asia, particularly in the political sphere. In many countries there is no "loyal opposition," but rather opposition consisting of groups directly or indirectly seeking to seize power by forceful means.

We need to develop a diplomacy which can work more effectively in cooperation with governments who are not antagonistic to the United States but which may frequently differ with us on specific policies. It is in the interest of the United States to work with such governments to the extent that they are willing to work with us.

As a basis for dealing with the new states of Asia, many of which may adopt forms of government vastly different from our own, embodying political philosophies which we may not totally approve, we need to reassess carefully U.S. interests in Asia and determine to what extent and in what way we can do business with such governments. Dealing with the neutral countries of Asia is vastly different from dealing with European countries which basically share our political philosophy and have experience with Western methods of government. In Asia we often may have to be satisfied with more limited forms of cooperation. For example, we have found it possible to work together with some countries in limited fields, such as economic aid, even though we may be pursuing differing policies in other fields, such as trade with China. We should attempt to find means of dealing with Asian countries in such a manner that they can avoid a feeling of dependence upon us and yet benefit from our advice and assistance.

In carrying out a policy of diplomacy in depth, nonofficial Americans can do much to help. The representatives of business firms, foundations, and mission groups can provide useful links to local leaders with which the official diplomatic community might find it difficult to establish formal ties. Many U.S. businessmen are willing to assist the Government in making contacts with various business and social groups in the foreign community. Such nonofficial ambassadors should be given encouragement and provided with channels through which their efforts can be better coordinated with Government action. Although the ambassador and his staff cannot assume official control over the efforts of private citizens and should not attempt to do so, they have a responsibility for maintaining more effective ties with the nonofficial American community, giving guidance and support where possible to their efforts to make contact with local groups.

Junior members of U.S. missions can also make and maintain contacts on both an official and nonofficial level when this is impossible for the top-level diplomats. Our military missions in foreign countries are an important point of contact with the military leaders who are at least potentially also holders of political and economic power. We should have personnel serving in these missions who are capable of dealing with their foreign counterparts not only on the military but on the economic, technical, and political level, where required. Every effort should be made to establish contacts at all levels and in all factions of Asian societies, so that we may have a true picture of opinion in various groups, and so that we may establish contacts with groups or individuals who are likely to assume power and influence in the future.

6. There is a need to develop real cultural interaction between Asia and the Western World to which both sides will contribute equally. Too often in recent years the relations between Asia and the West have been one-sided. Asians have been recipients of our aid, have had contact with Americans (often the military), have seen our equipment and have watched our movies. But the impact of our culture has been limited and uneven, and Asia has had little impact on the United States. Our relations with Asia do not have the deep intellectual, political, and cultural roots needed to sustain relations in an era of perils.

The image of the United States in Asia should be strengthened. First, the United States should be displayed correctly as a dynamic, changing society where the common man has had his greatest 20th century victories. Second, it is entirely proper to emphasize the United States as a society of material prosperity, scientific prowess, and military power. But it is not sufficient for our country to be seen wholly in these terms. It is important to highlight the creative work going on in American art, literature, music, and in the social sciences, and indicate the degree to which these have become cultural media for the American masses. Means also need to be found to dramatize our intense desire for peace and human progress everywhere.

These positive themes can be strengthened if the United States will also develop a more thoughtful image of Asia. It is not sufficient to see Asian countries primarily as a bulwark against communism. That type of negative approach antagonizes most Asians and causes even the conservatives to believe that we place too exclusive an emphasis upon the Communist threat.

In order to have more effective cultural interactions between the United States and Asia, the institutions through which such interaction must take place need to be strengthened. This is particularly true in Asia. The establishment of additional U.S. cultural centers, art galleries, educational facilities, et cetera, in Asia and of similar Asian centers in the United States would have a more lasting impact than individual exchanges.

Trade fairs can also be used as a medium of cultural exchange. United States exhibits should be carefully planned with consultation from and active assistance by cultural leaders from various fields in the United States so that our trade fair exhibits will be more broadly representative of our entire society. Various nonofficial organizations, such as women's groups, fraternal organizations, youth groups, and professional societies are also a medium of cultural exchange. The conferences of these groups provide an opportunity for transfer of ideas and experiences at a variety of levels. The support by such organizations of person-to-person programs designed to develop two-way exchanges at all levels of society should be further encouraged.

Responsibility for guidance and coordination of all activities related to cultural exchange in the broadest sense of the term should be centralized in a single Government agency and given appropriate emphasis in national policy. However, real cultural interaction cannot stem from Government direction or be "administered" by a Government agency. It must be carried on by private individuals and groups genuinely seeking better understanding and closer ties with people abroad.

7. This study has not gone deeply into military problems. However, it appears that our military policies in Asia require some reassessment. It is worthwhile to raise certain questions for consideration by people better qualified in this field. A clear statement of military objectives for the Asian area is not publicly available. It is difficult to obtain a clear explanation of how the relatively large national military forces maintained by states such as Taiwan, Vietnam, and Korea fit into an overall strategic plan for the area. On the other hand, it is easy to see how the cost to the local governments of maintaining these forces often has been an impediment to their country's economic

growth. The value of having mobile, well-armed units available to deal with limited aggression and large-scale insurrection giving an alternative to "massive retaliation" can be understood. However, it is less easy to perceive clearly the relationship between U.S. forces and bases in Asia, which are becoming increasingly vulnerable to local political pressures, and the local forces we are helping to support.

It is possible in Asia to see the value of the military for transferring technical and administrative skills and for achieving important political and psychological, as well as military, objectives. But are the military the best channel available? The level of military forces maintained by our allies cannot be entirely determined by the United States, although certainly our aid is a crucial factor in most Asian countries.

The problems have not been fully explored, and the answers are not known in any detail. However, the role of these military forces and of our bases in Asia is something that requires careful review by military and civilian experts who are competent to assess their strategic role and weigh it in relation to political and economic objectives.

D. POTENTIALS FOR, AND LIMITATIONS ON, U.S. POLICY IN THE COMING DECADE

1. The processes of social ferment and political change described above will continue in the coming decade regardless of what the United States does or does not do. It is most important for U.S. political leaders and for the U.S. people to realize that our ability to influence the basic forces at work in Asia is limited. If we do not realize this, there is likely to be continued disillusionment with U.S. policies both here and abroad. Too frequently in the past we have assumed that we can accomplish too much, and we have engaged in too much self-criticism for supposed policy failures. Although we are one of the most powerful and influential nations in the world today, we cannot completely control the course of world history. Essentially the future of Asia is in the hands of the Asians themselves.

2. However, this is not intended to be a counsel of despair. There is much that the U.S. Government and people can do to influence the course of events in Asia. We can influence the course of economic growth, particularly in such countries as India which are themselves determined to take vigorous and practical steps to help themselves. We can greatly assist in the transfer of skills from the technologically advanced countries to the less advanced countries. We should be able to assist in affecting the nature of social change, although we still know far too little about how and to what extent we can do so. We can certainly provide the capital that is urgently needed during the early stages of economic development. We can certainly help Asian countries to pay for part of their own economic development if we are willing to trade freely with them. We can assist them to achieve the security that they need from aggressive foreign powers so that they may have time to work out their own destinies. Finally, although we cannot choose their form of government for them or select their leadership, we can help them to appreciate the value of

free institutions, operating under the rule of law, and the dangers inherent in totalitarian forms of government.

3. The United States has major assets which we can bring to bear in our foreign policy. We have great wealth stemming from a vigorous economy and tremendous natural resources. We are not likely to lose by using this wealth wisely to assist others in their development. History shows us clearly that economic development and expanding trade are in most instances advantageous to the world as a whole. We have technological and administrative talents that are still unequalled elsewhere in the world, and we should not hesitate to share them. We have experience with operating democratic institutions, and although we cannot and should not attempt to force our experience on others, we can share it with those who are willing to accept our knowledge and advice.

We should make greater use of nongovernmental skills, experience, and resources for the magnitude of the job requires that every available asset be brought to bear. There is much that private groups and individuals can accomplish better than Government officials or agencies. By no means least of all, we have a considerable reservoir of goodwill remaining in Asia. In part this is based on our own revolutionary experience, which many states in Asia are trying to emulate. In part it is based upon our past generosity. In part it is based on our success in achieving economic and social progress in a free society. All of these assets can be used to great advantage.

4. In the final analysis, our influence in Asia and the success of our foreign policy there will depend on how we use these assets. We must convince the people of Asia that we are genuinely interested in them and in their problems for their own sake as well as ours. We must learn to identify and deal with Asian problems in Asian terms, not solely in terms of our own experience. We must enlist our best talents to find imaginative and realistic solutions to the problems of each individual country, and to assist in putting these solutions into effect. As the massive and talented population of Asia develops modern, dynamic societies, tremendous resources and energies will be released in that part of the world. Surely the impact of these countries and peoples on future history will be substantial, perhaps decisive. We must give our foreign policy efforts in Asia a priority commensurate with the importance of the area and its problems. We must help Asia achieve efficiency with freedom.

Section 2. U.S. Foreign Policy in South Asia ¹

A. GENERAL

The countries of south Asia (India, Nepal, Ceylon, and Pakistan) constitute today one of the critical regions of the world in terms of U.S. foreign policy interests. Strategically located at the crossroads of Asia, and geographically adjacent to the Soviet Union and Communist China, South Asia also interlinks with the Middle East and southeast Asia, and extends its interests into Africa as well. The political, economic, and social movements of change in the broad Afro-Asian area act and react upon one another, and the influence on this total area of south Asian developments is extensive.

Despite serious current differences that separate the component countries of the region, there are important economic, cultural, and historical ties that provide a general regional unity that should not be ignored in the formulation of U.S. foreign policy, and should be encouraged positively.

1. *Economic*

(a) Although all of the countries in the region are engaged in developing their industrial economies, the essential economic and social fact of life in south Asia is that over 80 percent of the people live on the land and are as yet removed from the benefits of a developed economy. This fact of shared poverty, combined with the aspirations of these countries' leaders for rapid attainment of higher standards of living, provides the basic links that transcend even heated disputes over political matters.

(b) Economically, the Indo-Pakistan subcontinent entered the modern era as one unit. Although there is only limited economic complementarity between nations (or between large parts of a single nation) which are predominantly agricultural, it clearly would be to the economic advantage of India and Pakistan to cooperate rather than to compete in the development of their modern technologies. Actually, contrary developments have occurred, notably in cotton and jute. Today there is a distinct advantage in trying to create political conditions that will permit greater measures of mutual effort in the future.

(c) The economic future of Nepal is closely tied at present to the success that India is able to achieve and to the capacity of India, in turn, to aid and advise Nepal on economic development. Ceylon, too, would benefit from greater cooperation in economic planning in relation to the developments in India and Pakistan.

2. *Cultural*

(a) The major language and cultural groupings of the region have common roots in the Sanskritic, Dravidian, and Arabic-Persian tra-

¹ The author of sec. 2 is Richard L. Park.

ditions, and the world religions of Hinduism, Buddhism, and Islam find a place in all of the countries of south Asia, with varying degrees of emphasis. India is the center of the Hindu world, but contains also over 40 million Muslims, plus substantial minorities of Sikhs, Jains, Parsis, Christians, and Buddhists. Pakistan is one of the largest of the Muslim majority states, but holds (largely in East Pakistan) over 8 million Hindus and much smaller groups of Buddhists and Christians. Ceylon is a Buddhist majority state, but there are minorities of Christians and Muslims, and a substantial number of Hindu Tamils. Nepal is a Hindu majority state, but Buddhist strength is considerable. These interrelated cultural and religious ties do not today substantially alleviate the political and economic stresses between the countries of south Asia. Indeed, as in the cases of Hindu (Tamil)-Buddhist conflicts in Ceylon, and Hindu-Muslim tensions both in India and Pakistan, strife often has been most readily identified as cultural and religious, though competition for economic advantage is the more likely source of disputes in most instances. Nevertheless, the cultural and religious ties in the area, as elements of shared patterns of values and more-or-less similar world view, may be expected to provide bridges to greater cooperation in the future.

(b) Moreover, the leaders of the south Asian countries conceive of the region as the center of their immediate political universe. India and Pakistan from 1947-48 and beyond exchanged populations (Muslims to Pakistan, Hindus and Sikhs to India) in numbers over 12 million. Despite the pain of these transfers, there remains in both countries traditional affection for peoples and places in the opposite country, and a concern for their well-being. If the governments dispute, many of the peoples of India and Pakistan retain deep cultural memories of values shared that rise above the horrors and disengagements of partition. Hindus in Pakistan, Muslims in India, Indians in Nepal, and Hindu Tamils in Buddhist Ceylon, even while engaged in conflict and surrounded by tensions, provide a net of family interrelationships that tie the countries together in emotional if not in political terms. One of the results is that political, military, and economic policies adopted in one country of the region are reflected immediately in the political, military, and economic policies of the neighboring countries. The region reacts and interrelates, and is aware of its regional existence, especially in terms of Indo-Pakistani relations, but also with regard to Indo-Ceylonese relations.

3. *Historical*

(a) Perhaps the most relevant historical continuity of contemporary political importance in south Asia is the common influence in the region of more than 200 years of British rule. This common experience has resulted in the growth of institutions in politics, law, and administration that are commonly understood and appreciated. It is not surprising, for example, that India, Pakistan, and Ceylon all were persuaded to maintain their ties with the Commonwealth of Nations after independence had been achieved. This was true even though opposition to the continuance of any British connection was elevated to the level of a principle during the later phase of the nationalist movement. In the end, familiar institutions and cordial personal relations, plus economic advantage, won the day in favor of an expanded Commonwealth.

(b) Political experiments in the post-independence years in south Asia, notably in India, have demonstrated the fact that constitutional development has followed political and administrative lines that, in general, are continuations of the experience gained during the period of British rule. Whereas the Congress Party in India has been able to maintain disciplined party government at the center and in most of the states, party government in parliamentary forms has failed in Pakistan for want of responsible and effective parties and leaders, and recently has faltered badly in Ceylon. (Party politics in Nepal are too young to be assessed.) And yet the likely political prospect in Ceylon is the return to power of the conservative, constitution-minded United National Party; and in Pakistan, the regime of President (General) Mohammed Ayub Khan has promised a constitutional (if not a parliamentary) form of government—a promise that is likely to be fulfilled in the near future. Party and leadership failures have not diminished, even in Pakistan, the respect for responsible, constitutional government held by the leaders and the politically alert citizens of south Asia.

(c) For international consultation the Commonwealth has provided a fruitful forum for the discussion of at least those aspects of international relations on which there were no severe disagreements.

(d) There is little reason to believe that within the next decade any radical departure from this line of constitutional continuity will take place, providing plans for economic development do not fail so badly that totalitarian forces are resorted to in circumstances of despair. Constitutional traditions thus have a reasonable chance for survival, although even under the best of circumstances the pressures of economic demands and internal weaknesses in national unity will most probably, as in Pakistan and Ceylon today, lead to the exercise of more authoritarian modes of rule (by the party in power and/or the government) in all of the countries of the region.

Tied to south Asia, of course, are the broader cultural bonds of the peoples and cultures of southeast Asia. Numerous political, cultural, intellectual, economic, and sports meetings between groups and individuals in south and southeast Asia since 1947, highlighted by the Bandung Conference of 1955, have given a more extensive meaning to "regionalism" in southern Asia. Burma and Indonesia, in particular, have much to share in political and economic experience with the countries of south Asia. For Pakistan, cooperation with other Islamic countries, particularly in the Middle East, has become a principle of its foreign policy. These various latent ties of mutual interest beyond the subcontinent, however, do not warrant the same high priority for measures of reconciliation as do those affecting the south Asian region itself.

4. *Conclusions*

This brief survey of a few of the traditional, latent, unifying factors in south Asia is entered here at the outset of this analysis to highlight the importance of assessing the principles of United States foreign policy in terms of the long-range prospects of south Asia as a regional entity in world politics.

Leaders in India and Pakistan, particularly since the Tibetan revolt, as border probings by the Chinese Communists continue, and as economic pressures increase, have become more acutely aware of the

urgent need for settling intra-south Asian controversies, both for purposes of national self-interest and for creating the conditions necessary for regional cooperation. The approaching solution of the Indus River Valley dispute and a series of Indo-Pakistani conferences on financial, commercial, and border dispute questions, give some hope that a better chance now exists for major advances in the improvement of their general relations.

Although it is probable that the Kashmir dispute will remain a stalemate—and a highly controversial one—for an indefinite period, the time may come soon when India and Pakistan, on their own initiative, will be willing to consider a mutual defense agreement and a bilateral reduction of armed forces, leading to a release of urgently needed financial resources for economic development. The outcome of such partial disarmament could be an increase in the social and economic stability of the whole region.

A greater measure of south Asian regional accord would contribute significantly toward a sense of mutual security in southern (south and southeast) Asia, and such a regional sense of mutual security could be a major symbol of strength that would act as a counterforce to the fears of Chinese Communist expansion of influence in the whole of southern Asia.

One may conclude that any steps taken by the United States in concert with one south Asian country that may contribute to increasing the political distance that separates two or more states in the region should be undertaken only if the reasons favoring such steps are powerful enough to override the long-range objective of helping to cement regional accord. Positively, U.S. diplomacy should continue to encourage solutions for problems—like the Kashmir dispute or the Tamil minorities question in Ceylon—that stand in the way of regional accord. U.S. interests would thereby be strengthened in the whole area, for, under present conditions, continuing disputes between India and Pakistan, in particular, lead to the expansion of defense budgets in both countries well beyond the level that might otherwise be the case, and to mutual fears and exaggerated antagonisms that detract from each country's capacity to face crises in the political and economic realms. The United States and the rest of the free world are the ultimate losers in such a situation of regional discord.

The Colombo plan, both in terms of its general arrangement for technical assistance, and in relation to bilateral economic development agreements encouraged by the plan, offers a likely basis for regional cooperation in the economic sphere. Donor nations, including the United States, should seek to make the most of this organization for cooperation, not only with regard to south Asia, but for southeast Asia as well. Other multinational organs for economic cooperation, such as ECAFE, the World Bank, and SUNFED, should be utilized to encourage regional accord.

B. INDIA

India undoubtedly is the pivotal country in south Asia: Where India goes politically and economically over the next decade largely will determine the fate of the rest of south Asia, and in all probability

much of the rest of independent Asia as well. In the struggle between the Communist and non-Communist worlds in its Asian setting, India provides one of the most critical and substantial cases of the attempt to develop economically, in a planned manner, and within the framework of a democratic constitutional order, as contrasted with Communist China's totalitarian way. The failure of India's undertaking in all probability would facilitate the collapse of other non-Communist governments in Asia, for India today stands as the most publicized symbol among the newly independent Asian countries of the feasibility of combining political freedom with vigorous economic development. Other countries can interact with and be influenced by a developing India. Moreover, India's experiment in national economic growth is, in and of itself and without reference to Communist China, one of the great, dramatic efforts of planned, democratic development of the 20th century, and is for this reason alone worthy of support and encouragement.

1. *Politics*

Constitutionally, the Republic of India is a parliamentary democracy organized along federal lines, with powers shared between the Center and the states. The constitution provides a structure for representative, responsible government (largely on the British model), with a system of law that includes a supreme court holding powers of judicial review. Civil and political liberties are guaranteed by law, as are independently administered, secret elections based on the principle of universal adult suffrage. Political parties representative of views ranging from the Hindu-communal right to the Communist Party left have contested local, state, and central elections since 1947 in a remarkably orderly fashion, especially to be noted in the general elections of 1951-52 and of 1957.

The Congress Party.—The Congress Party, led by Prime Minister Jawaharlal Nehru and supported by a large proportion of India's ruling elite, both in rural and urban India, has held power at the Center and in almost all of the governments at state and local levels since the attainment of independence in 1947. (The Congress Party, of course, is the continuation of the Indian National Congress, founded in 1885, the political organization that led the nationalist movement to the achievement of independence.) The Congress Party is today a relatively well-organized political apparatus extending from its institution of central direction, the All-India Congress Committee in New Delhi, down to district and local levels in all of the states. There is today no other political party in India anywhere near threatening the hold of the Congress on the whole of the Indian body politic. Indeed, leaving aside the deference shown by Congress leaders to spokesmen of opposing parties in central parliamentary or state assembly proceedings, the Congress Party controls all-India politics in the fashion of a one-party state. Only in a few states, such as Orissa and Kerala, and in an increasing number of municipal governments, has the power of the Congress Party been challenged seriously by forces of the extreme right (Orissa) or left (Kerala).

There are more active and meaningful politics carried on within the Congress Party, and between its regional and ideological factions and interest groups, than between the several recognized political parties in the country. The Congress Party, because it does inherit much of

the aura of Gandhi and of other leading figures in the Indian nationalist movement, acts as if it were the bearer of the mantle of the nationalist movement, even though it is divided internally by ideological and regional factions. Having achieved the goal of independence, the next step is seen as the enactment into legislation of the social and economic aspirations that had been developed by the Congress over a 60-year period, and the effective execution of these policies. Whereas the voices of the opposition are to be heard in the legislative halls of Indian politics, superior finances, a large and usually effective party apparatus, strength as the party presiding over an enormous government bureaucracy, and large numbers of nationally recognized political leaders holding membership in the Congress Party make it possible for the Congress Party to dominate the Indian political scene.

Observers of Indian politics often have overestimated the decline in Congress Party strength, have overestimated the nature and implications of the unique dominance of Jawaharlal Nehru's political personality, and have underestimated the large number of highly qualified Congress Party leaders who stand ready to assume top political positions in India's Government, including the office of Prime Minister. The strength in leadership of Jawaharlal Nehru has been an important stabilizing factor during the first 12 years of independence. But, as the Prime Minister has seen fit to share more of his power, and as the articulate public, press, and active politicians have gained self-confidence enough to criticize Mr. Nehru, the powerful second rank of statesmen at the center and in the states have come forward. The Congress Party is capable of adjusting to changing circumstances and to new leadership, though it remains to be seen whether the post-Nehru era will see the rise of a moderate Socialist or a conservative-agrarian party leadership. Toward the goal of encouraging the continuation of the moderate Socialist tradition of Mr. Nehru, recruitment of progressive young leaders into positions of responsibility has been stepped up recently under the guidance of Mrs. Indira Gandhi, Congress President and Prime Minister Nehru's daughter.

There is little reason to believe, in the normal course of events, that any political party will be able to replace Congress Party leadership in India's Parliament or in most of the states over the next decade. One can expect that other political parties will capture power in several of the states and in some local governments. It remains true, however, that any serious failure in developing the economy to meet rising expectations over the decade would give a far greater advantage to the Communist Party of India in its strategy for the capture of power in the country.

The Praja Socialist Party.—It was at one time thought that the Socialist Party (since 1952 the Praja [Peoples'] Socialist Party), under the leadership of nationalist leaders of the caliber of Jayaprakash Narayan and Asoka Mehta, would build its political status in the country and assume the lead as the major opposition party in India. Such has not been the case. The Praja Socialist Party today has lost its best known spokesman, Jayaprakash Narayan, to the Bhoodan (land-gift) movement led by Vinoba Bhave, although Jayaprakash Narayan remains closely in touch with the party as an informal adviser and friend. Meanwhile, a faction led by Dr. Ram-

manohar Lohia has left to form a separate Socialist Party of India, and the remaining regional and central factions in the party have been relatively weak in leadership and at odds internally over party policies. Seemingly endless debates over fine points of ideology, and inadequate attention to problems of party organization, have been the great weaknesses of Socialist politics in India since the 1930's. Praja Socialist Party leaders such as Acharya J. B. Kripalani and Asoka Mehta have been powerful individual spokesmen in public life; and many of their party associates join with Kripalani and Mehta in spearheading important intellectual movements in the country. But as a formal, vigorous party in opposition to the Congress Party, or as a group preparing for the potential responsibilities of heading governments, the Praja Socialist Party has failed to provide the necessary leadership and party apparatus.

Indeed, Asoka Mehta, member of Parliament and a leading spokesman of the Praja Socialist Party, has held the view for several years that responsible, democratic parties in opposition should maintain a vigilant eye for bad legislation and administration, but should join cooperatively with the Congress leaders when Socialist and Congress policies are similar. Asoka Mehta believes, and many in India agree, that the political compulsions of economic planning, especially under the coming third 5-year plan (from 1961) call for the formation of a national government which will eschew traditional party politics for a 10-year period or longer in order to assure the reaching of challenging economic goals that are expected to be outlined in the third and fourth 5-year plans. Such a national government, if it arises, should be welcomed and encouraged, for it will take the very best effort from every qualified leader in India to deal effectively with India's economic and social problems.

The Communist Party of India.—The Communist Party of India has been able, since the first general election in 1951-52, to gain a foothold in the Parliament and to build sufficient popular, electoral strength to take over direction (from 1957 to the time when President's rule was declared in 1959) of the state government in Kerala, and to win blocs of seats in most of the other state legislatures as well. The Communist Party of India (CPI) is well disciplined and is outspoken—and often effective—in its criticism of the governments headed by the Congress Party. Partially because of the organizational weakness of other opposition parties, and partially because of its own strength, the CPI has become the leading opposition party in India. The CPI has been remarkably successful during its "parliamentary front" period in building a popular following in urban and some rural areas, and in concentrating the party's resources in the winning of crucial seats in critical regions.

It may be expected, despite recent setbacks of the party based on the Tibetan uprising and repression, that the CPI will be a contender for control of at least two more state governments in the elections expected to be held in 1962, namely Andhra and West Bengal. Of these two, the situation in the northeast border state of West Bengal is the more important for a considerable portion of the Indian economy centers on Calcutta, the capital of West Bengal and a major industrial, financial, communications, and transportation hub of India. The party's greatest strength in West Bengal lies with the middle class and laboring population of Calcutta, and is offset by substantial Con-

gress Party power in rural West Bengal. Given success in the capture of the West Bengal government, the CPI's all-India leverage would be greatly increased and the prospects of political stability under Congress Party leadership would be seriously impaired. In addition, Communist Party pressures on East Pakistan, normally directed from Calcutta, would in all probability be increased greatly. However, the present outlook is that the rural vote in West Bengal will outweigh Communist strength in Calcutta at the time of the next general election in 1962. Competent observers report that the Tibetan affair, alone, will cut Communist strength significantly at the polls in West Bengal.

It is reported that the CPI, along with other Communist parties in Asia, may desert present "parliamentary front" tactics in favor of a new activist, more violent, phase of operations in the 1960's. The recent announcement of President's rule to replace the CPI government in Kerala, and the call for new elections in that state, have led to increased CPI activity in open opposition to the Congress Party in many of the states of India. One must anticipate increased pressure from the CPI as Congress Party governments, as at present, react more effectively against Communist operations.

The Swatantra Party.—A new political party, the Swatantra (Freedom) Party, headed by the veteran former Congress Party leader, Mr. Chakravarty Rajagopalachari, was founded in the summer of 1959. Although it is too early to assess the long-range significance of this party, it appears that it will appeal to the conservative forces in the country, including the landed peasantry, large segments of the business community, plus professional and middle class elements in urban areas. The party was established especially to oppose what its leaders feel has been undue interference by the state in matters that should be of private concern. In particular, the party opposes the Congress Party's program of introducing cooperative (joint) farming into the Indian countryside, fearing that this move will result in the growth of a totalitarian form of Indian Government by means of the emasculation of peasant independence.

In addition to C. Rajagopalachari, the party's leaders include the Andhra peasant leader, N. G. Ranga, Bombay businessmen, Homi Mody, former Congress Cabinet member and former Governor, K. M. Munshi, and India's leading anti-Communist spokesman, M. R. Masani. It may be expected that this party will be a recognized political party of substantial strength by the time of the general election of 1962, and may become a serious contender for recognition as the party in opposition in India's Parliament. Such success would tend further to isolate the Communist Party of India in Parliament, thus accomplishing one of the purposes for which the Swatantra Party was formed.

Political parties: General.—India's other political parties are either lacking in broad national appeal, as in the case of the Jan Sangh (Peoples' Association) that has gained wide support only in north-central India, or are of regional significance only.

In recent years Indian politics have become more and more bipolarized between the ruling Congress Party and the Communist Party of India. None of the other non-Communist parties has, to date, been able to approach the power developed by the Congress.

However, parties such as the Praja Socialist Party, the Jan Sangh, and the new Swatantra Party are groups that have an excellent chance in the future of growing in power, most immediately in given state governments. The United States should not so isolate its interests with Congress Party fortunes that these other parties are ignored. Diplomacy in depth would suggest the merit of fostering cordial relations with all responsible party groups of democratic persuasion.

2. *Economics*

Politics in India is, as elsewhere, closely associated with factors in the economy. The overriding public problem of the country is the effort to increase the standards of living as rapidly as possible, to feed properly a growing population, to increase employment and decrease underemployment; in short, to guide a country scourged for centuries by poverty, disease, and miserable living conditions up the ladder toward economic stability and well-being. No one familiar with the facts will underestimate the enormous task involved in this effort. Complicating the process also is the determination of the country's leaders, at least to date, to accomplish these economic ends by democratic means. "Democratic means" include the machinery that the public may use to press for immediate consumers' needs, thus limiting the amount of capital resources that can be devoted to industrial development. The reports of rapid—even spectacular—achievements economically in Communist China tend both to spur on Indian leaders and to depress them, for the Indian effort is slow and painful, and the achievements to date are pitifully inadequate as compared to the needs.

The Indian countryside must be organized to make more effective use of resources and to yield surplus capital for modernization. Communism appears to provide a model for that organization, but at great cost in human freedom. The question is whether India can organize its countryside in substitute, more democratic, but more or less equally effective fashion. It appears that India can. But the task can be accomplished only with much more effective indigenous effort and greater outside assistance than have been forthcoming to date.

Population and national growth.—Starting with about 400 million in 1959, India's population is increasing at rates estimated to be between 1.3 and 2 percent a year, with the higher percentage probably being more correct. Annually there are up to 8 million new mouths to feed, and some 2½ million more workers to employ. And of course, the population rises each year with compound interest.

By 1961 India will require approximately 80 to 85 million tons of food grains to feed her people; present prospects indicate that the gap then will be as large as 10 million tons. (In the present crop year of very favorable weather, food grains production reached a record 73 million tons. Last year, it was only 62 million.) Leaving aside the probable future food deficit, and the fact that necessary food imports probably will drain off scarce foreign exchange as well as require foreign contributions in the form of food, the rate of population increase in itself requires an annual investment equal to about 6 percent of national income just to maintain the existing low standard of living for the larger population. To place India on the economic ladder upward, and to achieve a modest annual national growth

of at least 2 percent per capita, additional investment of the same order will be required, a total rate of some 12 percent of national income. Thus, the "handicap" of population increases makes the economic burden for an India that would move beyond subsistence and static levels very great indeed.

Economic planning.—In circumstances calling for radical approaches to economic planning, the Government of India from 1951 started a series of 5-year plans to build gradually the agricultural, transportation, communications, and industrial sectors of her economy along planned lines. The first 5-year plan was a modest plan based on a level of \$3.89 billion of public and \$3.5 billion of private investment over the 5-year period. Priority was given to the growth of agricultural output, to the rehabilitation of the railways, to the vitalization of rural life through the community development program, to the development of sources of power, and to the first stages of new industrialization. Perhaps because the plan was modest, most of the goals were reached, both in the private and the public sectors. The United States, it will be remembered, contributed the vast bulk of external aid, almost one-half billion dollars for the first 5-year plan period. National income increased by about 18 percent; food grain production went up about 20 percent; targets were exceeded in cloth, jute, cement, paper, chemicals, and in light engineering industries. There was a general stability of prices, a slight decline in the cost of living, and per capita income rose on the average almost 2 percent per year. But these achievements, gratifying as they were, did not put a substantial dent into the needs for progressively greater industrialization that might lead to a real breakthrough toward self-generating economic development.

The Congress Party in 1954 at its Avadi annual session declared itself in favor of achieving a "socialistic pattern of society." In 1956 at the Amritsar session of the Congress Party the objective was rephrased to "socialist pattern of society" to emphasize a greater measure of support in developing and broadening the scope of the public sector in India's economic planning. The 1956 resolution of the Congress Party was reaffirmed in Parliament as the Government's chosen policy objective. The Amritsar resolution was supplemented by the 1956 revision of the 1948 industrial policy statement wherein greater scope and flexibility in application of the policy were given to the public, as well as to the private sector in India's industrialization efforts. In point of fact, however, the full impact of the "socialist pattern" philosophy has not been felt to date, and there is reason to believe that with the exception of industries devoted to fields such as mining, armaments, most of iron and steel, transportation, communications, oil, power, nuclear power, and capital goods, the private sector will continue to be a major contributor. Private investment from Indian and foreign sources is being sought more vigorously, and present indications are that private investment, under conditions generally favorable, will continue to be encouraged in the future. But exchange controls and competition from the Government in seeking the mobilization of savings will inhibit vast increases in the private sector over the coming decade, unless a higher level of private investment from foreign sources is forthcoming. Unfortunately, most of the current proposals for further encouraging U.S. foreign investment overseas have limited practical applicability in India.

The second 5-year plan (1956-61) called for investments at the level of about \$8 billion in the public and \$5 billion in the private sectors, or about twice the investment of the first 5-year plan. An additional \$5 billion was expected to be invested from the private sector. Greatest emphasis in the second plan was given to irrigation and power, to industry and mining, and to transport and communications, though agriculture, community development, and social services received substantial shares as well. Of especial importance in the second plan was the attempt to increase vastly the production of iron and steel. Indian planners estimate that by the end of the third 5-year plan (1966), 15 million tons of steel will be in annual production.

In actual point of fact, the Government of India has had to lower the level of planned investment in the second 5-year plan to the point where only 75 to 80 percent of the estimated expenditure in real terms will be possible, and even this level of achievement depends upon greater than anticipated external assistance from the United States, to a lesser extent from other countries in the non-Communist world, and from the Soviet Union.

Other more detailed examinations of India's economic development under the 5-year plans are readily available. It is our purpose here only to sketch the gross outlines of the economic problem. If India hopes to develop her economy steadily, and at what probably will be much higher levels of planned investment in the third and fourth year plans (through 1971), the foreign exchange gap will have to be met largely from Western sources, notably the United States, but also increasingly from West Germany, Japan, and others, and partially from Communist sources as well, if they are made available. Foreign exchange requirements are expected to rise rapidly as the rate of capital investment rises, for about 30 percent of developmental expenditure will need to take the form of imported goods and services. It cannot be anticipated that Indian exports will rise substantially enough, even after a decade, to offset this need for developmental imports.

U.S. economic policies.—Considering the extent of the economic need in India, one policy worth considering would be the negotiation of an agreement between India, the United States, the U.S.S.R., and other interested countries such as Japan and West Germany, wherein the United States, the U.S.S.R., and the other participating countries would agree to support given segments of India's third and fourth 5-year plans on the basis of long-range (10-year) commitments, providing the donor nations were invited by the Government of India to participate, in advisory capacities, in the detailed planning process covering the period of the commitments. The preliminary exploration of such an agreement would, among other things, test the seriousness of Soviet intentions in assisting in a substantive way the economic development of non-Communist India. Success in reaching agreement could help to assure the minimum foreign exchange requirements of India over the next 10 years, and at the same time share the burden in grant and loan funds that have, in the past, been carried largely by the United States.

Leaving aside future possibilities for broadening the base of countries cooperating in support of India's economic development, if U.S. economic assistance to India continues to be accepted on principle as

a major policy commitment, it should be carried on at a level that will substantially sustain the growth of the Indian economy toward the breakthrough point within the next decade or so when the Indian economy may be expected to become generally self-generating. The total amount of aid given by the United States over the first 5-year plan (1951-56) was approximately \$420 million. Over the first 2 years of the second 5-year plan (1956-61) the United States and other Western Powers have committed \$1.4 billion, and upward of \$800 million more may be added over the last 3 years of the plan. (Soviet aid under the second 5-year plan has not exceeded \$300 million.) But the fact is that India's needs from foreign sources in the third and fourth 5-year plans may well average \$1 billion per year, in gradually increasing amounts as the plan progresses.

Aid from the United States, even with assistance provided in part by other cooperating countries, at the annual level of about \$1 billion clearly will not be feasible unless increased resources are made available by the U.S. Congress. One means for meeting the need would be the passage of legislation especially tailored for the Indian and similar cases. Treating India as a special case would be warranted because of the importance of India's detailed economic planning, competent technical and administrative personnel, successes to date in seeing plans through to completion, and the relatively high absorptive capacity of India at this juncture for substantial foreign and domestic investment. Such legislation might be preceded by an appropriate exploration of the south and southeast Asian region jointly by a Congressional-Administration delegation meeting with representatives from the governments concerned to determine the best means, over a decade, for coordinating U.S. contributions to the broader planning objectives of the countries in this area. This approach has been suggested, in somewhat different form, by Senators Kennedy and Cooper. This direct and special approach might well lead to the strengthening of the various country plans themselves, and would certainly result in increasing the confidence of governments, such as the Government of India, in the progressive realization of the economic goals it has set for itself.

As another alternative, the resources of the Development Loan Fund might, as Senators Fulbright, Kennedy, and Humphrey have proposed, be increased substantially and an appropriate amount of the annual fund might be provisionally earmarked for Indian plans. Even in this instance, it would be most beneficial, for India and for the United States, if the long-range economic plans of India could be discussed in detail in advance of the drawing up of provisional Indian allocations from the Fund. The Development Loan Fund would be on much stronger negotiating grounds if its funds were authorized by Congress for a minimum of 2 and a preferred 5-year period, so that commitments over a period of years could be made. Such flexibility would, in all probability, increase the capacity of Fund officials to examine in detail various countries' economic plans, and in the process to influence the effectiveness of economic development efforts in which the U.S. stake is great.

It cannot be too often stressed that India's success in economic development under conditions of consent needs also the confidence that arises partially from the anticipation of availability of foreign

exchange requirements. India would, of course, also take advantage of funds made available under the United Nations, the World Bank, the Colombo plan, the Import-Export Bank, etc. But a large portion of the crucial dollar balance would need to come from the Development Loan Fund, supplemented by loans or grants from the rupee funds accumulated under Public Law 480.

Meeting a major portion of the additional foreign exchange needs of India over the next decade would have the secondary and important effect of relaxing restrictions on the private sector for needed imports for industrial development and for the mobilization of savings for investment in private industry. Since the private sector has shown since 1951 that it is quite capable of meeting its goals as allocated under the 5-year plans, this encouragement would permit private initiative to supplement public sector development and this would contribute an important factor in the overall development endeavor. More vigorous plans should be made to allocate resources from the Development Loan Fund and from Public Law 480 funds to the Indian private sector. India's economic planning, it should be remembered, is a joint effort of the public and private sectors.

3. General considerations

It may well be asked whether such a financial commitment to the future of India is warranted. What is likely to happen in India—politically and socially—over the coming decade? Will India be able to withstand the political pressures of the rising expectations of her people? Are there noneconomic factors that will tend to shape the future of India, despite economic goals and political aspirations?

Social.—Socially, India, like so much of south and southeast Asia, is undergoing the painful process of change and adjustment as a response to modern needs. The environment on the whole is hard and demanding, and there is little patience for those groups which stand back and resist the compulsions of a developing economy. Rural migration to Indian cities, for example, is proceeding rapidly, and inadequate plans have been made to face up to the attendant problems of urban growth. Cities of 5 to 10 million will not be rare 20 years from now, and cities of 1 million will be commonplace. And yet for urban as well as for rural peoples only so many limited units of time, energy, finance, and leadership are available to use in channeling and correcting the social ills that usually accompany rapid change. Programs of urban and rural community development have been devised since 1952 (with some advice and assistance from the United States) to offset at least some of the social distortions that are byproducts of change. But as one problem is faced and solved, two more crop up to await solution.

The responsibility for the success of India's process of social adjustment must rest with the experienced leaders in India's public life who formulate and execute plans and programs with all-India consequences. Ultimately the path of social reconstruction, under Indian planning conditions, depends upon the quality and character of those who legislate, judge, and administrate. The amount that those from the outside can add, however important and crucial as individual projects, nevertheless relies on basic Indian planning, programing, and good sense. A people less well trained in doing much with little

would despair at the social, economic, and political problems that lie ahead. India's leaders do not so despair.

Central and local government.—The Congress Party, as has been stated above, is likely to remain in power at the Center for at least the next 10 years, but will be forced increasingly to share power in the governing of the constituent states. Constitutional government in all probability will form the structure of the state, and there is little likelihood that a military regime is in the offing. However, it may be anticipated that more authoritarian methods of government will be exercised as the pressure for greater capital accumulation increases, as the tax system is spread to agriculture, and as the need for tighter administration of India's limited resources comes in conflict with the citizens' desire for a wider range of benefits in the form of consumer goods.

The task of planned progress in economic development will meet resistance, and experiments—some of them radical experiments—will be tried, if necessary at the expense of political and civil liberties. The recent adoption by the Congress Party (and the Government of India) of a plan for cooperative (joint) farming is one example only of the kind of experiments, having within them the potential of authoritarian application, that may be tried in the search for shortcuts to an economically better future.

Perhaps more important is a factor restraining the full development of a democratic society, namely the growing sense of regional particularism in the states of India. Indian democracy rests upon the assumption of national unity, and Indian constitutional government assumes this unity within a system of a federal distribution of powers. However, when the Government of India passed legislation reorganizing the states of India along linguistic lines, the regional forces of provincialism were given formal political status, and there has since grown in the states a strong sense of regional identity that tends to separate state from neighboring state, and the states from the Center. Since many of the states' powers, as enumerated in the constitution, are those that provide for local administration of development efforts, resistance in the states to central direction can have an unhappy consequence in failures to fulfill national economic objectives.

For example, education is a state subject. In recent years, the replacement of English by regional languages as the media of instruction, combined with mere perfunctory teaching of the national language (Hindi) in non-Hindi areas, plus inadequate adjustments of curriculums to the new national needs, have resulted in a lowering of educational standards and thus a relative loss in the availability of the scarce resource of trained, all-India-oriented personnel from the high schools and colleges. In the realms of culture the regional particularism effect is even greater.

To offset the growth of even greater regional provincialism, and to assure the attainment of national goals, it is likely that the Government of India will distribute revenues, grants to universities, and other central resources to the states in a manner calculated to strengthen de facto national power, to emphasize national goals, and to deemphasize local interests. In the process, and because of the strong regional resistance to central financial manipulation that may be anticipated to arise, the Center may have to apply more authoritarian methods of administration to assure regional conformity.

But the most important contributing factor to the growth of authoritarian forms of government will in all probability be the central government's exercise of an exacting hand in guaranteeing the meeting of planning targets. As long as the Congress Party holds a substantial majority in Parliament, even constitutional amendments may be initiated to limit the states' developmental powers and to create something more closely akin to a unitary state, in terms of real power, albeit still couched in terms of federation.

Whether authoritarian or not, measures taken by the central government to assure a maximum of national unity probably will be essential to the social and economic development of India. The United States should recognize the need for the assumption of more authority on the part of the central government.

Foreign affairs.—It is probable that the Government of India will continue policies of independence in foreign affairs and caution and question in dealings with foreign countries, including the United States, over the next decade. Whereas greater experience in the conduct of Indo-American relations in economic development matters is likely to improve mutual relations on the economic front, on foreign policy there is little reason to believe that the Government of India will shift away from its policy of nonalignment, of opposition to military defense arrangements away from home grounds such as the Southeast Asia Treaty Organization or the Baghdad Pact, of active encouragement of the Afro-Asian bloc, or of its strategy of building (apparently) cordial relations with Communist China.

The recent occurrences in Tibet and clashes between India and Communist China on the border are apt to add greater sophistication to Indian policy with regard to Communist China, but this sophistication will not include the growth of a situation of open controversy between Communist China and India, unless this conflict is imposed on India by Communist Chinese insults and intransigence. At the same time, the Tibetan case will probably lead to a greater alertness and preparedness in India regarding India's nearly 2,000-mile border with China, and may act as a stimulus to improved relations with Pakistan.

India may be expected to work closely over the next decade with the United States in the sphere of economic development, to a lesser extent in the sphere of social change, and most certainly with regard to greatly expanded cultural, informational, and educational programs. This relationship may develop into more cordial relations even on broader foreign policy lines, providing the United States is willing to treat India as a partner and not as a pawn in a strictly anti-Communist cold war. On economic planning, extensive if not massive aid from the United States should make legitimate greater measures of constructive criticism being directed from the United States into the stream of Indian planning. But the United States will have to rely on basic planning by Indians for themselves, and the United States will have to accept as settled policy the socialist path and mixed economy chosen by the Government of India as her economic objective and technique, and to learn to live with a country whose policy of nonalignment conflicts, especially in Asia, with United States and allied strategies of mutual defense.

The future of freedom in Asia well may rest upon the skills that both the United States and India exercise in cementing the bonds of

Indo-American friendship over the next decade, with particular attention to the fulfillment of India's goals in economic planning.

C. NEPAL

The Kingdom of Nepal is a strategically important border state between Tibet on the north and India on the south. The significance of Nepal was realized dramatically after the Chinese Communist armies marched into Tibet in 1950-51. Especially for India, conscious of a 500 mile easy-access boundary with Nepal, but also for the United States and others, Nepal no longer could be ignored. Indeed, since that time a series of internal and external political and economic pressures have begun to change the pace of life in Nepal. Katmandu, the capital, now houses offices of a United Nations technical assistance mission, several advisory missions from the Government of India, a U.S. operations mission, a U.S. information library, and numerous other institutional indications of the new status of importance held by this undeveloped country. Indian, British, Chinese Communist, Soviet, and U.S. Embassies, among others, are in existence or are planned for opening in the near future. Nepal has entered the modern age.

1. Economic geography

Nepal is made up of a strip of mountains and valleys 500 miles long and between 90 and 150 miles wide, boasting some of the highest mountains in the world. The country contains about 56,000 square miles of territory, largely uncultivable. Perhaps one-quarter of the land can be farmed, but of this portion only about 5 million acres are cultivated at present. Soils generally are good, especially in the Katmandu Valley. This valley has a good climate through much of the year and houses about half a million of Nepal's 8½ million people. Katmandu is the political and cultural capital of the country, and remains today the only normal meeting place between Nepal and the rest of the world.

The economy is backward. For example, there are only 120 miles of motorable roads in a total road network of about 310 miles. The Tribhuvan Rajpath, Nepal's national highway connecting India with Nepal, was built by India at great expense. Air services from India are in operation, though other modes of transportation and communication are poor. Little foreign private capital has been attracted to assist in commercial and industrial development; even India, Nepal's premier investor, has put in only about \$30 million in this category. And although much of the land is fertile, agricultural methods are primitive and unscientific and land tenure patterns are as yet not conducive to increasing substantially agricultural productivity.

Nepal has numerous other problems: a trade deficit with India, very unfavorable health conditions and few doctors, undeveloped and low-standard education at all levels, great linguistic and cultural diversity, inadequate housing, a small (and often untrained) bureaucracy, etc. The two greatest resources for future economic development are the cultivable lands—where improved agricultural methods, fertilizers, and better seeds could increase productivity by as much as 25 percent in one crop season—and extensive, unexploited mineral resources in limestone (cement), iron, copper, mica, lignite, cobalt, zinc, and lead.

2. Economic planning

Nepal's economic planning, initiated in 1955, has developed only sporadically and ineffectively, and has been subjected to considerable domestic and foreign criticism. The basic difficulties facing Nepal's planners involve the unavailability of trained planners and administrators, and only meager indigenous financial resources to undertake any substantial plan. However, the 1955 plan (as amended) is being implemented, at least in part.

One of the priority items in the plan is roads. At present approximately 900 miles of roads are to be constructed linking several parts of Nepal together for the first time in history. The Government of India has pledged \$1,875,000 to this scheme; the United States \$5 million (with an additional \$2.5 million to be negotiated); and Nepal is contributing \$525,000. In addition, a rail connection between India and Nepal is to be completed, along with improved air services and communications nets. Agricultural development, land reforms, the building of small-scale and cottage industries, and some industrialization constitute other elements in the plan.

Foreign assistance to Nepal's economic development has been modest. India has contributed about \$20 million; Communist China \$12 million; the United States \$16 million; and a Soviet-Nepal agreement has been under negotiation. The United Nations Technical Assistance Mission also should be cited as a contributor.

3. Government and politics

Politically, Nepal is a constitutional monarchy. King Mahendra on February 12, 1959, gave Nepal its first constitution. The government established by this document is parliamentary in form, with a house of representatives of 109 members, and a senate of 36 members, 18 elected by the house of representatives, and 18 nominated by the King. The house is subject to dissolution after 5 years, but the senate is a permanent body. The Government is headed by a Prime Minister selected by the King, working with a Cabinet whose members are nominated by the Prime Minister and appointed by the King. The Cabinet is responsible to the lower house. A supreme court has been constituted, among other things to help enforce the fundamental rights provisions outlined in the constitution. The King holds formal executive power, and discretionary powers that permit him to assume control of the Government in times of emergency.

In the first general elections, held in 1959, when the bulk of the people of Nepal voted for the first time, the Nepalese Congress Party, headed by Mr. B. P. Koirala, took a majority of seats in the house of representatives, and has since taken over direction of Nepal's Government. The Nepalese Congress is a moderate Socialist Party; Mr. B. P. Koirala is an experienced politician in his forties who has been closely associated both with the Indian and the Nepalese Nationalist movements since the years of World War II.

4. India and Nepal

India and Nepal for centuries have been closely tied by facts of geography; the low-sloping hills (terai) of southern Nepal border on India's plains. Trade between the two countries has been regular. Cultural relations are interlocked: Hinduism is the dominant religion of Nepal; Gorkhali, one of Nepal's major languages, is Sanskrit-

derived. Over 20,000 Gorkhas serve in the Indian Army. One hundred and fifteen thousand Nepalese are regularly resident in India. Numerous Indian traders reside in Nepal. The future of Nepal and India are intertwined, and the United States should recognize this fundamental fact in constructing its policies relative to Nepal.

India has provided Nepal not only with economic assistance in recent years, but also with technical, military, and political advice. The reasons motivating this relationship of interests are not hard to identify: India considers that its own security is bound up with the security and stability of Nepal, and Nepal needs the active assistance of India on every front. India would resent any undue interference in Nepal's affairs by any other state—including the United States, Great Britain, Communist China, or the Soviet Union. Nepal recognizes her dependent position in relation to India, and despite natural antagonisms that have become traditional in many aspects of Indian-Nepalese relations, Nepal realizes that there would be little hope of establishing itself as a "buffer state," taking advantages from all interested parties. The future of Nepal depends, to a very large extent, upon the Indian connection.

5. U.S. policy

The United States should be prepared to contribute the relatively modest share in economic and technical assistance to Nepal's development that Nepal is able to absorb at the present time. Increased informational, educational, and cultural activities that are constructive and mindful of the urgent need in Nepal for opening new opportunities for personal development by the people also should be encouraged. These steps should be taken not only in consultation with the Government of Nepal, but also in informal consultation with the other immediately concerned party, the Government of India.

D. CEYLON

Ceylon is a small country with large problems. The people of Ceylon are divided between a majority of Sinhalese Buddhists (68 percent) and a large minority of Tamil Hindus (20 percent), plus smaller percentages of several other minorities; upcountry folk are separated historically from those of the lowcountry; 65 percent are literate in some language, and 35 percent are illiterate; peasants and workers, urban and rural—Ceylon is a society of social cleavages.

1. Communal discord

Of all of these cleavages, the dispute between the Sinhalese and the Tamils has become the most heated. Since 1956 the dispute has resulted in extensive rioting in several sectors of the island and in bloodshed involving hundreds of deaths and thousands of injuries. Political stability and a chance for economic progress await some lasting solution of the Sinhalese-Tamil controversy.

The Sinhalese, as the dominant majority, have since independence in 1948 asserted their right to preside over Ceylonese affairs and to foster the cultural forces of Buddhism in Ceylon and abroad. The Tamils themselves are divided between the Ceylon Tamils, who have lived on the island for hundreds of years, and Indian Tamils, who have migrated to Ceylon more recently from south India to work on the rubber and tea estates. Whereas the Ceylon Tamils have located

to the north and east of the island, the Indian Tamils are to be found scattered in many locations, particularly in the plantation areas and in the larger towns and cities. Tamils and Sinhalese of education have worked together in urban settings, but otherwise the two communities live largely separate existences. Their languages differ, and language policy thus has become a leading bone of contention symbolizing the distance separating the two groups.

The English language at one time unified the small (6 percent) elite segment of the population that had been the core of local political leadership prior to independence. But, with independence, English was no longer acceptable as a national language and a choice was presented between dual national languages (Sinhalese and Tamil), or a single language, Sinhalese. The greatest organized pressure was from the majority favoring Sinhalese. The situation became so heated that public disturbances over the issue became commonplace in the period before 1956.

In the crucial elections of April 1956, the People's United Front, led by Mr. S. W. R. D. Bandaranaike, soundly defeated the United National Party under Sir John Kotelawala, not least of all on the issue of Sinhalese as the national language. Shortly after Mr. Bandaranaike took office as Prime Minister, legislation was drafted that would safeguard Tamil rights, but would designate Sinhalese as the national language. Had the bill been passed, it is possible that the riots of 1956 and 1958 in which perhaps a thousand Ceylonese were killed and many more were seriously injured might have been avoided. But the legislation was not passed, and instead authority was given by Parliament to the Prime Minister to undertake needed language reforms. The solution satisfied neither community. The riots of May 1958 over this issue resulted in a major crisis for government. Cases of arson, looting, murder, and assault were broadcast throughout the island, and only effective response by the Governor General using his emergency powers, and aided by the army, broke the back of the riot. To date the fundamental controversy is unsettled between the Sinhalese and the Tamils, and sporadic violence and widespread ill will between the communities persist.

2. Economics

The language controversy is, of course, much more complex than one of language and culture alone. The Tamils have held a disproportionate share of the professional, administrative, and skilled worker positions in the agricultural, industrial, and commercial sectors of the Ceylonese economy. On the other hand, the Sinhalese have the power of numbers in politics. Thus economic and political interests clash between the two groups; language, in a sense, is only a cultural symbol in a battle for advantage in an undeveloped economy.

Ceylon's economy, given political conditions of stability, might be less precarious than it is today. However, Ceylon's population (about 9 million) is growing at the rate of 2.6 to 2.8 percent a year, thus placing great pressure on a land that produces only about half of the 1 million tons of cereals that are needed each year. The cost of importing rice, the Ceylonese staple of diet, puts a great strain upon Ceylon's budget. Plans have been made to extend the area of cultivated land by 15 percent over the next 5 years, and recent legislation gives Government a much stronger control over the production of rice.

In the meantime, Ceylon and Communist China have renewed (1959) their barter agreement in which Ceylon exchanges stocks of rubber for Chinese rice.

The Ceylonese economy is unbalanced and undiversified. At present, tea, rubber, and coconut products (copra, coconut oil, and desiccated coconut) are the main commercial crops of the island. Each of them has been a favorable source of revenue, especially tea, though world rubber prices have been unstable ever since the end of World War II, and Ceylon has not been able to depend upon the resources in foreign exchange anticipated to be provided by this product. Industry has made little headway and there has been a steady decline in trade. Recent labor disputes, notably among dock workers at the nationalized ports, have seriously endangered Ceylon's economy. Income derived from trade, particularly in Colombo, has been interrupted critically because of the lengthy dock strike. Strikes on the tea, rubber, and coconut plantations have occurred regularly over the past several years.

Tourist traffic has been amazingly small for this would-be tourists' paradise. The Government of Ceylon has made no effective effort to capitalize on the natural beauties and historical sites that might have been exploited to lure tourists by the many thousands to this island.

Even more serious has been the continued flight of private (especially British) capital from Ceylon over the past 5 years through the self-liquidation of foreign investments. New foreign and domestic investment has been out of the question. Much of this unfavorable economic picture can be traced to the instability of government and politics in Ceylon, especially since 1957.

3. *Politics*

One of the peculiarities of postwar politics in Ceylon has been the rise in importance of organized Buddhist activities. Hundreds of Buddhist monks (bhikkus) were known to have participated in forwarding the fortunes of Mr. S. W. R. D. Bandaranaike in the 1956 elections. The strident nationalism and religious intolerance of at least some of the lay and monastic Buddhists has added an highly emotional factor to Ceylonese public affairs, dramatically culminating in the assassination of Prime Minister Bandaranaike on September 25, 1959, by a Buddhist monk.

Mr. Bandaranaike's government, in office since 1956, had been unable to cope with enormous social, political, and economic problems that faced it, despite organized Buddhist support. The emergency year of 1958 has been followed by a series of economic crises in 1959.

Whether the new Prime Minister, Mr. Wijayananda Dahanayake, can overcome the country's weaknesses remains to be seen. New elections may have to be held before 1961, or Governor General's rule, called under the emergency provisions of the constitution, may be the only alternative if the present Government does not fall on a vote of nonconfidence.

In any special election (or in 1961 when general elections are due), it is probable that the United National Party would be returned to office. The U.N.P. is the party of many of the leaders who advanced the nationalist movement, and which held office from 1948 to 1956. This party is generally conservative in orientation. There is at least

a good chance that this party would be able to restore confidence in government itself, and to reorganize with some effectiveness the commercial, industrial, and agricultural sectors of the economy.

It is improbable that the several Marxist and Trotskyite political groups in Ceylonese politics, including the Communist Party, would join forces and give a serious opportunity for a Communist coup in Ceylon, though these groups may be expected to harass whatever government is in power at the moment.

4. U.S. Policy

U.S. aid to Ceylon was hampered in earlier years because of the "rice-rubber" barter agreement entered into by Ceylon and Communist China. However, since 1957, some modest economic aid (at the general level of \$4 million a year in 1957 and 1958) has been given. Ceylon has benefited from aid under the Colombo plan, especially in relation to Canadian projects.

Although the United States most definitely cannot expect economic conditions to be favorable for substantial economic development over the next few years, or at least until a new government is elected, somewhat increased U.S. assistance, plus an international regularization of rubber purchases (even at subsidy rates), would be helpful contributions to the alleviation of economic woes in Ceylon that may otherwise get much worse.

In all events, it would be foolhardy for the United States to abandon Ceylon at this critical stage in her political life. A cautious policy of economic aid would seem to be called for, based upon Ceylon's new economic plans, and determined in close consultation between United States and Ceylonese officials.

E. PAKISTAN

Pakistan has experienced a troubled history ever since its founding in 1947. Under the leadership of Mohammed Ali Jinnah, the Muslim League from 1940 demanded that recognition be given to the "nationhood" of the Indian Muslim community and that when independence came to the subcontinent, contiguous Muslim-majority areas in India should be given separate status as "Pakistan." Circumstances in the immediate postwar period did not favor a union of interests between the majority of Hindu and Muslim communities in India. After considerable bloodshed, the transfer of many families from Hindu to Muslim and from Muslim to Hindu areas, and heated political disputes between the Congress Party and the Muslim League, partition was agreed upon and Pakistan was founded in August of 1947 at the same time that India became free from British rule.

1. Politics

The new state of Pakistan entered sovereign political life with numerous handicaps. Its population of nearly 80 million was divided into eastern and western sectors, separated geographically by almost 1,000 miles of Indian territory. Although about 52 percent of the people lived in the small and densely populated areas of East Pakistan, the larger territory, the bulk of effective political leadership, much of the country's industrial strength, and the center of political life were located in the west.

Pakistan lacked essential services and facilities for modern government, and all too few of the experienced higher civil servants of undivided India opted for Pakistan. In the massive exchange of populations between Indian and Pakistani areas, the vast bulk of the Muslims coming to Pakistan were unskilled workmen, peasants, or petty traders, whereas Pakistan lost to India tens of thousands of skilled and professional Hindu and Sikh engineers, industrialists, bankers, teachers, doctors, and skilled workers.

Although India and Pakistan each had to shoulder enormous burdens of rehabilitation for millions of refugees, Pakistan's was the greater burden, for the infant state had only meager resources in finance, administrative skills, and political leadership to cope with this tremendous problem. The local war over Kashmir in the early independence years added to the woes of nationhood, and the Kashmir dispute with India has remained to dominate Pakistan's interests in relations with India.

One could add much concerning the lamentable conditions under which Pakistan commenced her political life. Among the most important was the death of Pakistan's great national hero, Mohammed Ali Jinnah, in 1948, and the assassination of Pakistan's first, powerful Prime Minister, Liaquat Ali Khan, in 1951, which left Pakistan without front-rank political leadership stemming from the nationalist movement as has been the case of Congress Party leaders in India.

Constitutional development lagged through the years from 1947 until 1956 when a constitution for the Islamic Republic of Pakistan was adopted. This constitution, while paying deference to the Islamic nature of the state, was a federal arrangement, largely based on British patterns of parliamentary democracy, and with judicial safeguards added in the form of the powers of judicial review to be exercised by a supreme court. The constitution provided a balance in power between the western and eastern sectors of the country, and was based on the assumption that political parties would contribute the organizing strength necessary to give life to the formal constitutional institutions.

Political parties and leadership.—Central to the political problem in Pakistan, however, has been the failure of any major political party, or configuration of political parties, to arise capable of organizing, responsibly, the economic, social, and political development of the country. It was expected that the Muslim League—the party leading the partition movement—would succeed in becoming the party of reconstruction and innovation, similar to the Congress Party in India. And it appeared, at least until the Muslim League's defeat in the East Bengal elections of 1954, that the league had established itself as Pakistan's leading political party. But the severe party defeat in East Bengal, followed by growing evidence of Muslim League corruption and mismanagement in West Pakistan, led to the rapid decline of the league, and to the sporadic growth of competing (but weak) opposition parties in several parts of the country.

One of the major contributory factors to the instability of Pakistan's political parties was the strength of regional, family, and personal elements in politics that were exercised at the expense of national objectives. Politicians and party units in Sind, Baluchistan, Punjab, the Northwest Frontier, and in East Bengal concentrated more upon

consolidating local power and cornering personal gain than upon the building of truly national parties. Moreover, a number of the most able of Pakistan's early leaders came from Uttar Pradesh (in what is now India) and, despite their proven ability, were treated as suspect—and sometimes feared—outsiders or refugees. The struggle between the regional elements in Pakistani party politics seriously weakened such potentially all-Pakistan parties as the Muslim League and the Awami League, and resulted in the later-formed Republican Party being significant in West Pakistan only.

In a deeper sense, the enormous social gap between Pakistan's political leaders and its peasants and workers did not encourage the development of party solidarity from top to bottom, or vice versa. Nor was much done by anyone to resolve the obvious incongruity of a would-be democracy led and controlled by an elite composed of landlords and their counterparts in the commercial and industrial cities. The sheer struggle for personal and family gain dominated public life, and political parties as well as the state itself were thereby the losers.

2. Martial law and current policies

Through the latter 1950's, political party power disappeared as the administrative power of the then President of Pakistan, Iskander Mirza, was exercised more frequently and more incisively. The President's powers ultimately replaced all other political powers when the President abolished the constitution in October of 1958, and proclaimed martial law. Gen. Mohammed Ayub Khan then dismissed Iskander Mirza and himself assumed the office of President of Pakistan on October 27, 1958.

The establishment of a military regime in Pakistan in 1958, while based upon local circumstances, is not an isolated case in southern Asia. Other countries have followed similar paths. The fact seems to be that where the pressures of population, poverty, and disease are great, and where adequate political responses to urgent needs are not forthcoming from organized and disciplined political parties with effective leadership of democratic persuasion, the stability of constitutional, democratic government is imperiled. However much one may regret the regression in Pakistan to a form of dictatorship, the simple fact is that there has been a gross failure of political forces in Pakistan to establish conditions that would have obviated this turn to authoritarian release from a preexisting chaos.

It clearly is important in the interests of U.S. foreign policy to assess the nature, significance, and probable longevity of the military regime in Pakistan, and to determine the implications for United States-Pakistan relations of the establishment of this regime.

The United States has joined with Pakistan in several linkages of mutual defense. Pakistan has been an active and responsible member of the South East Asia Treaty Organization and the Baghdad Pact, and has entered into a bilateral arms agreement (1954) and a bilateral agreement of cooperation (1959) with the United States. These major obligations of Pakistan support segments of current U.S. defense arrangements covering an area from the Middle East to the borders of Burma. Considering military aspects only, the nonalignment policies of India and Burma, and unsettled political conditions in Ceylon, leave Pakistan standing alone as a country upon whom the

United States may be able to depend for initial military and base support in the northern sector of the southern Asian region.

It can be expected that the government in Pakistan will continue at present to support its military obligations involving mutual United States and Pakistani interests. Pakistan will support these obligations partially because it has staked its foreign policy on the active defense of its borders in concert with like-minded parties, but also because Pakistan feels that it needs economic, military, and technical assistance contributions from the United States, as well as added strength to increase Pakistan's power in relations with India. Whereas military aid has absorbed a large portion of about \$1 billion of U.S. aid to Pakistan through 1958, assistance from ICA, for example, has increased to the level of \$72 million in 1958. Pakistan has had a share of loans from the International Bank and from the Development Loan Fund, has benefited from funds made available under Public Law 480, and has gained from technical assistance under the Colombo plan as well. It is probable that Pakistan's willingness to contribute to mutual military defense efforts has enhanced her position as an aid-recipient well beyond the level that the country's natural economic and political assets would warrant on their own. The fact that the present regime is military in character does not in any way alter the basic facts of economic life in the country. Indeed, the military leadership has, perhaps naturally, been even more outspoken in its support of existing military arrangements than its predecessor civil regimes.

It may be questioned, however, whether it is sound policy for the United States to encourage Pakistan to maintain its military establishment at present high levels, levels that may involve outlays of as much as two-thirds of Pakistan's own budget annually, in addition to foreign contributions. Pakistan, if not her associates in arms, has assumed in the past that the building of her military strength was inherently a counterpoise in strength for bargaining with India and against possible encroachments on Pakistan by India. The fear of such encroachments upon Pakistan is not to be underestimated, nor should India's fears of Pakistani aggressive action be overlooked. For Pakistan, India holds the favored position militarily and geographically on every major issue in dispute between the two parties. Without a substantial military arm, Pakistan argues, India will not be moved by arguments of logic or of history on cases such as those of Kashmir. Thus it appears to have been a considered policy in Pakistan to construct an armed force that would back up in terms of power what Pakistan felt was her right in international affairs, especially as regards India.

At this time, however, with signs of betterment of Indo-Pakistani relations appearing, and with a sizable armed force now developed in Pakistan, it would be advantageous to cut down on the budgetary priority given to the military establishment, as financed from internal and from external sources, and to devote more concentrated attention to the basic economic problems of the country. When a favorable time arises, an attempt should be made to effect mutual defense and partial disarmament agreements between India and Pakistan to release energies for more constructive activities in both countries. Pakistan certainly will be of no use to herself or to the free world if

her present internal instability is allowed to be obscured by a superstructure of military power.

President Ayub's government is not a "naked military dictatorship," as some have described it. While it is true that the Army controlled the country's affairs directly, issuing martial law regulations and opening military tribunals to hear civil cases during the early months of the regime, civil authorities now control most of Pakistan's government. Military courts are still used occasionally, and a "suggestion" coming from top military sources usually has the effect of law. But, as a matter of policy, the Army has moved into the background. For the most part, Pakistan is now ruled by the bureaucracy—that itself has been purged of allegedly corrupt officials of high and low status—guided by President Ayub and a few top-level military men in Karachi and in the regions of East and West Pakistan.

3. *Economics*

Under General Ayub's government, fortunately, constructive measures of economic and social reform have been given support. The regime has seen fit to plan solutions for the country's problems systematically and thoroughly. Emergency measures in the late fall of 1958 opened the food market. Antismuggling measures were introduced effectively, and taxpayers were instructed to pay their past dues. A frontal assault was made against the muddled stopgap that had been rehabilitation policy for refugees and, among other accomplishments, the refugee township of Korangi housing 15,000 family units near Karachi was built in a very short period; financial claims of refugees were heard and compensations paid.

More fundamentally, a Land Reforms Commission was appointed that was able to report its findings a few weeks later. The reform recommendations would abolish large government-granted estates (*jagirdari*) without compensation, reduce the size of large estates, fix minimum and maximum holdings, give tenancy rights to the tillers, and generally effect a generous land revolution. These measures, if effectively administered, would break the concentration of upper stratum landed wealth that has until recently been in the hands of some 6,000 landlords in West Pakistan, the same landed families who, often for personal gain, had controlled large segments of Pakistan's organized politics in the past. Added to land reform have been "grow more food" campaigns and a step-up in village aid and other agricultural programs.

The new regime also moved reforms in the fields of trade, labor relations, financial administration, education, and economic planning generally. From February 20, 1959, a new industrial policy was enunciated that favors the growth of medium, small, and cottage industries and gives broader scope and encouragement for internal as well as foreign investment. Wide scope is given in Pakistan's industrial policy for private investment. With the exception of the fields reserved to state ownership—arms manufacture, the production of atomic energy, and probably railways, air transport, and telecommunications—all other realms are open to the private sector. The Pakistan Industrial Finance Corp. and the Pakistan Industrial Credit and Investment Corp. are established to provide credit facilities for private investment, with the latter corporation giving long-term loans in for-

eign exchange as well. The Pakistan Industrial Development Corp. continues to support both private, public, and mixed industrial development. The purpose of the new industrial policy is to expand production, increase employment, train technical personnel, and ultimately to improve the standard of living of the people. The success of the new policy is, of course, yet to be tested.

It seems likely that the present regime in Pakistan will continue and expand the national economic planning effort originally established (1953) under the National Planning Board (now the Planning Commission). The first 5-year plan in its revised version of 1957 aimed at raising national income by 15 percent and per capita income by 7 percent. Its aim was to reach self-sufficiency in food, to improve the balance of payments, and to accelerate development substantially, especially in East Pakistan and in backward regions. The Planning Commission is now preparing the second 5-year plan (1960-64), and it is expected that the goals for achievement will be set very much higher than in the first plan. The success of the second 5-year plan will depend, in part, upon the assistance that the United States is able to provide.

4. The political future

This brief review of actual and planned improvements in Pakistan's economy being given effect by President Ayub's government provides reason to believe that the martial law period could make a major contribution to breaking the crust of Pakistan's economic and social ills. Moreover, President Ayub has shown a willingness to turn over administration to civilian administrators, although military advisers and supervisors remain in the hierarchy to assure local compliance with national policy. President Ayub has stated publicly his desire that the Government of Pakistan revert to civilian control at the first feasible (and secure) moment. A first step towards this goal would be the elections to local and regional advisory councils (panchayats) that are expected to be held in the near future. No serious thought has been given to date, however, to the feasibility of restoring the Government to control by the political forces in the country.

In assessing the political conditions that will face Pakistan over the next 10 years, it can be anticipated that a constitution will be framed by President Ayub in the near future that will allow at least advisory opinion from various parts of the country, reflecting various interests, to confront the bureaucracy and top administrative leadership. How responsible political parties may develop (or be allowed to develop openly) during this period is impossible to determine. And yet, no truly democratic government can be expected to grow in Pakistan without the support of organized political parties. One may speculate that the military regime may choose to nurture a civilian political group, perhaps a revitalized Muslim League, that in due course could take on the task of guidance toward democracy. By such means the military would have an opportunity to revert to its rightful place as a subordinate to civilian authority.

5. U.S. policy

U.S. interests in Pakistan are great, not only because of Pakistan's military obligations for mutual security under current U.S. policies, but because Pakistan potentially could play a respectable role in the

economic and political stabilization of southern Asia. Geographical setting, history, and some elements of potential complementarity between the economies of India and Pakistan especially warrant that closer attention be given to the economic needs and interrelations of these two countries. No greater service in this part of the world could be done by the United States (or any other country) than to bring these two neighboring countries into closer and more cordial relations.

Economic aid.—In terms of economic aid, it has been suggested previously that India is capable of absorbing relatively high levels of investment at this stage of its economic development, and that the United States should undertake to fill the bulk of the gap in foreign exchange necessary for India's third and fourth 5-year plans. Pakistan has not advanced as rapidly or as fundamentally in economic development as has India, nor has Pakistan demonstrated the capacity to carry out plans effectively, nor shown the administrative skill necessary for the task. Nevertheless, it would be most unfortunate for south Asia generally if India should outstrip Pakistan to a marked degree. Rather than suggest a minimization of aid to India, it is proposed that the full potential of India be developed, at the same time that special efforts are made to encourage Pakistan to develop to its own full capacity, particularly by a substantial increase in technical assistance and an increase in economic aid.

It seems inevitable, however, that Pakistan will lag behind, at least in the short run. In the long run, a more even level of development in India and Pakistan would be of great advantage to both countries and to the building of political strength in southern Asia relative to future Communist Chinese strength.

The basic criteria for the advancing of U.S. economic aid, here as elsewhere, should be the demonstration of need, the development of adequate national plans for the utilization of aid, and the willingness to discuss these plans with representatives of the United States to determine the most effective means for utilizing the U.S. contribution.

Section 3. U.S. Foreign Policy in Southeast Asia ²

The first decade after the end of World War II was for southeast Asia a period of adjustment to the new forces of nationalism operative in the modern world. Peacefully or through the use of violence sovereignty was transferred from Western imperial powers to Asian states. The last few years are beginning to reveal the implications of those transformations. In southeast Asia new and inexperienced governments were suddenly faced with immensely complex domestic and international problems. In the rest of the world, policies had to be improvised to deal with the changed conditions in the area. Seen both from within and from without, these have been years of trial and error. The accumulated experience should make it possible to assess past U.S. policies in southeast Asia and to chart the way for the future.

It is difficult to generalize for southeast Asia as a whole. Nevertheless it will be attempted in this report to go beyond particulars—which may be of limited relevance in trying to ascertain fundamental characteristics and trends—to the factors most likely to be of major significance in the decade ahead. These reveal important similarities, although superficially differences between the countries of southeast Asia are greater than, say, in Europe. There is great variety in language, culture, and religion. Islam, Buddhism, and Christianity are solidly implanted, although in a context of primitive beliefs and rituals.

Whether the political map of the area will remain unchanged throughout the next decade, even barring external intervention, is questionable. Few of the countries of southeast Asia are nation-states by Western standards. The process of nation building seems to develop differently under colonialism than in the setting of independence. In several countries the process of integration of nationalities and tribes may have been retarded by Western dominance and appears to be still in a stage comparable to that of medieval Europe.

While this does not necessarily mean that under modern conditions of universal education and mass communications the lag could not be overcome in one or two generations, southeast Asia is likely to remain in the next decade an area of great cultural diversity, unlikely under predictable circumstances to achieve agreement on fundamentals, with political divisions which have never experienced a joint approach to matters of common concern, with economic systems which tend to accentuate local interests rather than broadly regional ones. The conjunction of these factors will tend to perpetuate in southeast Asia a power vacuum, in which political, economic, and social processes are of relatively low intensity, and therefore easily vulnerable by external interference.

² The author of sec. 3 is Guy J. Pauker.

The area is placed between the pincers of the world's two largest nations, China and India. In the last few centuries Western colonization acted as a barrier between these two expansionist nations. In the decades ahead relations with the two demographic superpowers will have to find a new equilibrium. This is the setting in which U.S. foreign policy interests in southeast Asia have to be examined: an area which raises problems due to its weakness rather than because of its strength.

A. DEMOCRACY AND AUTHORITARIANISM

With the exception of North Vietnam, where a Communist minority using an army created in the name of nationalism was able to impose a totalitarian form of government upon some 13 million people, in the rest of southeast Asia the nationalist elites decided at first on Western forms of representative government. The expressed hope was to create constitutional democracies. Whether this represented the wishes of the masses is not easy to determine. Four-fifths of the population of the area consists of peasants whose horizons do not seem to extend far beyond their villages. Most of them are still illiterate and have little or no access to the flow of mass communication characteristic of modern societies. Yet their response to nationalist appeals showed that they supported the struggle against colonialism. Furthermore, it proved easy, almost everywhere in southeast Asia, to bring the people to the polls. Democracy may have made deeper inroads than the skeptics are aware of.

If, alternatively, one assumes that the masses are primarily interested in a better life, free from oppression, without having clear notions of how this can be achieved, then one may argue that Western political institutions were adopted by the nationalist elites for a variety of reasons of their own. They had absorbed democratic values in the course of the process of mental evolution which brought them into opposition to the old order. In rejecting colonial rule they were also compelled to reject indigenous aristocratic or autocratic forms of government. The traditional elites had become, albeit under duress, the allies or auxiliaries of imperialism. To show their capacity to establish democratic-constitutional forms of government was taken to give evidence of the racial and cultural equality of the dominated nations, or at least of its nationalist elites, with their colonial oppressors. The victory of the Western democratic coalitions in two World Wars was considered proof that their forms of government rather than those of their totalitarian opponents represented the wave of the future. The elites also had a sense of mandate from the public at large to operate within a constitutional framework. In any case, constitutions providing a framework of representative government were adopted in most countries of southeast Asia.

Unfortunately, the political cultures of the area did not prove to be fertile ground for democratic institutions. More often than not representative government failed to grow and bear fruit. Most of its instrumentalities became forms devoid of substance. Parliaments neither really controlled the cabinets nor represented the people's interests. In the villages political parties became sources of schism, challenging the deeply ingrained need for unanimity developed through time in small, closed, village communities.

Openly aired conflict is the accepted price of democracy in countries familiar with this form of government. Where traditional or colonial administrations have prevailed until very recently, conflict arouses deep anxiety. The reaction is a quest for the reestablishment of a harmonious or even monolithic national community, especially when parties do not seem to become useful instrumentalities for efficient articulation and integration of interests and of purposeful decision-making at the national level. This became increasingly obvious in recent years in most countries of southeast Asia, where the new class of politicians operated without guidance from, and a sense of responsibility to, specific, well-defined constituencies.

It is hardly surprising that constitutional democracy, the most difficult to operate form of government developed by mankind, which has not functioned for even one generation without major breakdowns in more than a dozen countries, did not flower overnight in the new countries of southeast Asia.

In the last few years a critical reappraisal of the role of Western forms of representative government is taking place in southeast Asia. Significantly the same objections are voiced by neutralist and pro-Western leaders.

President Sukarno of Indonesia stated in a famous speech on February 21, 1957:

The experiences of these 11 years have convinced me that the democracy we have adopted * * * is not in harmony with the soul of the Indonesian nation. This is what I call Western democracy—for that matter you may call it parliamentary democracy * * * an import democracy, not an Indonesian one.

Foreign Minister Thanat Khoman, of Thailand, discussing on March 10, 1959, the course of action his country should take after the coup d'état of October 1958, said:

We can, of course, try to revamp the imported institutions, adapt them to our needs and our own climate and replant them, with the hope that they will take roots and prosper. My own view, and I like to think, the view of a number of people in Thailand now, seems to be that it is preferable to fall back onto ourselves, to withdraw into our shells and think, think hard and forget about these institutions for a while.

Traditionally, as well as under colonialism, Asian societies have experienced government above the village level as bureaucratic government. Independence has accentuated this trait. As the concept of the welfare state has gained wide acceptance, the number of public services has increased in proportion with the range of new functions to be carried out by governments.

Besides the pull stemming from the needs of the respective bureaucracies, the ranks of those on the public payroll are swollen by the push coming from the mass of candidates for public office. Many of those who took part in the struggle for independence, or in the respective country's reform movement, later voiced claims on governmental employment, although they were not always able to displace the bureaucracy of the colonial period which succeeded in some countries to perpetuate or even better its positions. These individuals, of whom only a fraction had educational qualifications which would even begin to meet the requirements of modern public administration, have rendered more difficult the task of increasing the efficiency of the instrumentalities of government. Entrenched in their jobs or sinecures, they block the access to positions of power and responsibility of the

younger, better trained elements. Not only does the efficiency of governments suffer, but tensions are created for which there is no easy outlet in societies with limited rates of growth. And, of course, the decline in administrative standards resulting from this situation retards the needed developmental process.

Although in most instances democracy still seems to be considered a desirable form of government, to be achieved eventually, authoritarian practices are beginning to be accepted more openly and with fewer misgivings, as unavoidable pragmatic responses to the current crisis, marking a presumably brief phase of transition.

The policy of the United States should not be one of doctrinaire condemnation of the authoritarian trend in southeast Asia but one that would explore all means by which these regimes could indeed be a short but constructive phase of transition. Furthermore, while real democracy does not seem possible in most countries of southeast Asia today, arbitrary authoritarianism is not the only possible alternative. Strong governments are eminently suited to implant in a new country the rule of law. The United States should miss no opportunity to encourage firm observance of the rule of law. This is a strong ideological antidote to Communist totalitarianism in countries which are not yet capable of making full-blown democracy work.

B. THE WEAKNESSES OF PARTY POLITICS

The authoritarian trend in southeast Asia is due in part to the frustrations generated by party politics. Political parties had been created as part of the elite's attempt to practice western-style government. In most instances there was no previous experience with party politics. While sometimes parties did express ideologically significant positions, in most cases they did not really represent and articulate the interests of large popular strata. They constituted cliques or factions within the elite, engaging in a political game in which personalities were of considerably greater importance than the representation of popular constituencies.

The political process was characterized by much talk and little action, constant jockeying for positions but no decision making. Added to the lack of experience of most politicians with governmental affairs and the weakness of the whole administrative machinery of the respective country, this has created increasingly an atmosphere of stagnation or even paralysis.

The dissatisfaction generated among those elements of the population aware of developments at the national level was compounded by increasing evidence of corruption. This involved not only self-seeking politicians using their influence for personal material advantage, but the more disturbing fact that the costly operations of party politics made parties in power manipulate economic controls in such fashion as to obtain campaign funds. Thus, not only politicians as individuals but the political institutions themselves, especially the parties, became increasingly discredited.

The crisis was sharpened by the fact that communism was able in several ways to benefit from this situation. Where Communist parties were illegal the venality of the political climate permitted communism to use large sums of money for subversion, such as in

Thailand before October 1958. Where the struggle for power centered primarily around a few key personalities, Communist-front organizations could hope to influence effectively the political game, such as in Burma during the summer of 1958. Where the Communist Party operated openly, such as in Indonesia, it had the advantage of superior organizational skills and financial resources, reaching down to the masses while other parties failed to do so effectively. Everywhere Communist propaganda benefited from the opportunities it had to emphasize overtly or covertly the inefficiency, corruption and lack of program of other parties. Thus the workings of party politics seemed to favor everywhere the fortunes of communism.

It should be the policy of the United States to find means to contribute to the political education of the new countries of southeast Asia in the ways of effective and wholesome party politics. The organization of political parties, electoral campaigns, articulation of popular interests is by no means an easier task than economic and technological activities. Yet hardly any thought has been given to the problem of how countries experienced in the processes of democracy could share their experience with countries which were prevented from learning these methods and techniques while they were under colonial rule.

Party politics are also costly. In poor countries voluntary contributions from citizens are not sufficient to maintain a sane and vigorous party system. Parties in southeast Asia have to manipulate economic controls in corrupt ways to keep afloat. The question whether there are no alternatives which would be less deleterious to the body politic should be explored realistically.

C. THE ROLE OF THE MILITARY

In the process of getting wise to democracy, the officer corps has come to play an important role in several countries of southeast Asia.

In Burma, General Ne Win became Prime Minister in October 1958. Constitutional proprieties were observed. The most influential members of the group of officers controlling the Government state emphatically that they do not intend to perpetuate army rule. Elections are scheduled for early 1960. But the army also makes it clear that from now on it will see to it that no group of politicians can act again the way the leadership of the AFPFL did in the first decade after independence. The officer corps of Burma seems interested primarily in efficient administration. The grand design of a welfare state, formulated by nationalist politicians who took words for action, seems to have been discarded for the more realistic concern of achieving again at least the pre-1941 standards of performance of British Burma.

In Indonesia a presidential form of government was established by decree in July 1959 with the support of the national army, after the political parties failed to reach agreement on constitutional reform. President Sukarno, as symbol of the nationalist struggle for independence, remains the dominant national figure in public life. But the officer corps has emerged as the most important group in the Government, while a military ban on political activities curtails the role of parties, much to the dislike of the Communists.

In Laos the older generation of nationalist politicians decided to merge their parties into a "Rally of the Lao People," following elec-

tions in May 1958, which showed that the Communist-controlled Neo Lao Haksat Party could win pluralities against the other parties. Simultaneously, younger elements among the small Laotian political elite founded a "Committee for the Defense of National Interests" in which army officers play an important role. This group seems less concerned with constitutional procedures than with efficient administration and the containment of communism.

In Thailand the officer corps has been deeply involved in government ever since the King was forced to grant a constitution in June 1932. Although since then power has been most of the time in the hands of the military, efforts were made to maintain a constitutional facade, forms of representative government, and a place in public life for politicians and political parties. In October 1958 these implements of stagecraft rather than statecraft were brushed aside by Field Marshal Sarit Thanarat. At the request of a "revolutionary group" of army officers, the King proclaimed a brief interim constitution in January 1959 giving broad discretionary powers to the Prime Minister.

In Cambodia Prince Norodom Sihanouk seems to be at present the only important political force in the country. Although he uses a "movement of national union," the Sangkum (Popular Socialist Community), as the instrumentality through which he governs, the authoritarian character of the regime can hardly be disputed. The events of February 1959, when a plot against the Prince was crushed, showed that he relies at least as much on the support of the Royal Khmer Army as on that of the Sangkum.

In South Vietnam the authoritarian regime of President Ngo Dinh Diem has been able to achieve a significant measure of political stability in 5 years. While financial assistance from the United States and the President's capacity for leadership have been crucial factors, the regime could not have survived without a devoted national army willing to fight and able to win against its armed internal enemies. Political parties acceptable to the President are permitted to exist and elections for the National Assembly are held on schedule, but they have to be protected by court-martials established in June 1959 to combat Communist terrorism.

In only two countries of southeast Asia, namely Malaya and the Philippines, are approximations of western-type forms of representative government still operative. Leaving aside the difficult question whether the expression of popular will in these countries can be compared qualitatively with similar processes in the West, in Malaya and in the Philippines, governments are formed in accordance with the results of free elections held in a political climate shaped by a free press and freedom of assembly.

Yet it is significant that even in Malaya the framework which makes democratic politics possible is provided by emergency regulations adopted in response to the Communist insurrection which started in 1948. The regime is protected by the presence in the background of loyal military power.

In the Philippines the army broke the Communist Hukbalahap rebellion. It also became the guardian of free and honest elections which marked after 1951 a turning point in that country's chances to develop viable forms of constitutional democracy.

Whether the Malayan and Filipino officer corps will remain the defenders of civilian governments, as they are today, will depend largely on the performance of these civilian regimes.

The lesson to be derived from recent political developments in southeast Asia is that in most countries of the area the hope for genuinely representative government was premature. Democratic forms devoid of substance were leading in most of the area to political disintegration, economic stagnation, or even regression and social confusion.

It appears increasingly evident that some form of national tutelage is necessary in countries which were prevented during the colonial period from acquiring political experience. The sudden withdrawal of imperialist tutelage does not create suitable conditions for the immediate establishment of constitutional democracies.

This is not to be construed as an argument against national independence. The sooner a country learns to govern itself, the better. But in shaping the attitudes and policies of Western democracies toward authoritarian trends in the new countries of Asia and Africa it will be necessary to keep in mind that what can be hoped for, realistically, today is not democracy but conditions which—unlike the establishment of Communist totalitarian regimes—would leave the future open for development in a democratic direction. The recent history of Latin America shows that regimes based on the military can be supplanted by civilian authorities, whereas there is no instance on record of a totalitarian regime collapsing without being defeated in war.

Authoritarian regimes, whether under civilian or military control, are of course no protection against corruption. Indeed the suppression of criticism in the form of political debates or through the press deprives the respective country of the most efficient instrumentalities for the combat and elimination of corruption.

In southeast Asia today there are numerous instances on record of corruption within the officer corps as well as among civilian bureaucrats and politicians. But on balance the new countries of southeast Asia have in their officer corps men who are the product of an unusual process of natural selection. The emergence of national armies was a response to the need for achieving and consolidating independence. The officer corps seem to include some of the new countries' best human material, men with above-average qualities of leadership, patriotism, and commitment to moral values. Their natural propensities are progressive. As fighters for independence they have a proprietary interest in their countries. They are almost without exception opposed to communism. But their education has often been interrupted by the very events which gave them their present status, and their technical competence in economic and administrative matters is generally limited. Those who have professional military training acquired it in the West or in military academies patterned on those of the West, in which they were not trained for the political, administrative, or managerial functions they are increasingly assuming, filling the vacuum created by the failures of civilian regimes.

It should be the policy of the United States to help whenever possible the officer corps of southeast Asian countries to acquire the ad-

ministrative and managerial skills necessary in the new tasks they are assuming as the guarantors of their countries' stability.

D. DEMOGRAPHIC FACTS AND AGRARIAN PROBLEMS

Southeast Asia enters the decade 1960-70 with a population slightly larger than that of the United States, growing at about the same annual rate of 1.8 percent, but inhabiting a land area which is less than half that of the United States. It consists of 15 territories ranging in size from the self-governing city of Singapore to the Republic of Indonesia. It includes countries like Thailand, proud to have never lost its independence, and colonies like Portuguese Timor, still dependent after more than four centuries.

Four-fifths of its population consist of ricegrowing peasants, speaking a great variety of languages and dialects, holding loyalties that are often more local than national. The educated class, consisting still to a large extent of persons claiming aristocratic descent, from which leadership is recruited, continues to carry the cultural imprint of the former colonial rulers, British, French, Dutch, or American, respectively.

The commercial class, largely Chinese, but occasionally Indian, faces the problem of reconciling conflicting loyalties: to the state in which it makes its living and to the important neighboring country whence it came. The Indians have been encouraged by the government in New Delhi to become loyal citizens of the country in which they live. The Chinese are traditionally more reluctant to renounce allegiance to the country of their forefathers. They also face the competing appeals of Peiping and Taipei. Divided loyalties accentuate the problems of these minority groups which, due to their economic function as middlemen, moneylenders, and shopkeepers, are regarded as exploitative and arouse in most countries of southeast Asia deep hostilities, which are increasingly expressed in discriminatory measures taken by nationalist governments against them. The only exception seems to be the Federation of Malaya which may succeed in becoming a truly multinational state.

In 1920 the total population of southeast Asia was 110 million. This increased to 128 million in 1930, 155 million in 1940, 171 million in 1950, and 190 million in 1956, the last year for which estimates are available. Rates of population growth vary from 1.5 percent for Burma to 3.2 percent for the Federation of Malaya. But as both these countries have the same high birth rate of 44 per thousand, whereas the death rate is 29 per thousand in Burma and only 11.7 per thousand in the Federation of Malaya, the rate of population growth for southeast Asia as a whole is likely to increase with improvements in curative and preventive medicine and in food distribution.

The population density for the area as a whole averages 108 per square mile which compares favorably with India's 306 per square mile and mainland China's 166 per square mile. Furthermore it should be kept in mind that the average for China includes the western part of that country, which represents 42 percent of mainland China's total area but has a population of only 8 per square mile,

whereas in crowded areas such as Kiangsu Province the population density reaches 1,116 per square mile. In southeast Asia only Java, with 1,080 per square mile, approaches this figure.

The population of southeast Asia is unevenly distributed between countries as well as within countries, averaging per square mile: Laos 15, Cambodia 65, Burma 75, Indonesia 145, the Philippines 191, and North and South Vietnam 209. As can be readily seen, no country in southeast Asia approaches the population densities of India or eastern China.

Some authorities assume that unused but cultivable land available in each country of southeast Asia could absorb the population increase, even without improvements in agricultural techniques, for two or three decades. But if the example of overcrowded Java is relevant for the area as a whole, internal migration is no easy solution. In recent years, while the population of Java increased by a million a year, only 25,000 to 30,000 persons a year moved to other islands. The rest were absorbed largely by their own communities creating a pattern of increasing "shared poverty." Population movements comparable to those known from the history of the United States would require major changes in social institutions and in cultural values. These have not taken place until now in southeast Asia.

According to the Economic Commission for Asia and the Far East (ECAFE), the prospects for a very rapid increase in food production appear rather slender, judging from past trends of agricultural production in the region. Yet, rapid increases in agricultural productivity are needed not only in order to keep pace with the accelerating rate of population growth but also in view of the fact that the age structure of the population is changing. The number of persons below the age of 15 and above the age of 60 is increasing relative to the number of persons of working age. In the Philippines it is already close to 1:1, whereas in Western Europe it is 2:3 and in the United States 3:4. Urbanization, which is only beginning in southeast Asia, will create a greater demand for marketable food and thus make the need for improvements in agricultural productivity even more urgent.

The ECAFE/FAO Division in Bangkok believes that in the ECAFE region, which includes southeast Asia, productivity in agriculture can be increased considerably without much additional capital investment on the farm by using more rational methods of cultivation. But to secure the long-term increase in productivity that is necessary, greatly increased capital formation is called for in agriculture, in the form of land development, irrigation facilities, roads, experimental and seed production farms, and so on.

The same experts point out today that—

in most cases the production decisions of cultivators have to be taken in an economic and institutional framework under which it is uncertain that their extra efforts to increase production will bring them commensurate rewards. Many cultivators are under an obligation to pay a large share of their output as rent to landlords. Others are chronically in debt and have to pay exorbitant interest rates to moneylenders who reap much of the benefit of higher yields. Others again have no alternative but to sell their crop to traders who are in a position to render less than full value for their produce.

One southeast Asian agricultural economist describes the situation as characterized by poverty, which he ascribes to low productivity, exploitation, and neglect. He concludes that—

economic development of agriculture cannot be separated from agrarian reform and from revolutionary changes in such institutions as the market, credit, and state aid to the peasantry. Piecemeal changes and "showpiece projects" are not likely to make any significant impact.

Some programs of land reform are being carried forward. In Burma, by mid-1958, 43 percent of the 3.3 million acres of nationalized land had been distributed to 190,000 cultivators. In South Vietnam 343,469 acres of paddy land had been redistributed to some 62,000 cultivators by early May 1958. But in the Philippines the drive for land reform seems to have slowed down since the death of President Magsaysay, while in Java overcrowding, not landlordism, seems to be the major problem.

Viewing southeast Asia as a whole, one can probably assume that at present, despite serious reasons for immediate concern with poverty, disease, and ignorance, agrarian unrest is not the most important dynamic factor in the political situation. While in central Luzon and in Java, where population density creates conditions of almost urban crowding, the peasantry seems to be susceptible to Communist appeals, this is not equally true elsewhere in southeast Asia.

In most of the area the peasantry is still quiescent. Conditions are therefore favorable in general to initiate while there is still time measures which could prevent the development of the explosive situation which demographic projections forecast.

The habit to use and the demand for manufactured consumers goods—such as bicycles and cotton goods—has entered the village world of southeast Asia. But it is probably still an exaggeration to speak of a "revolution of rising expectations" in most of the villages of the area. Furthermore, in most instances the peasant masses have not yet developed an image of their countries as political systems which can be influenced by acts of volition on their part. There are no peasant parties in southeast Asia and hardly any understanding of the distant and complex processes of national politics and economics. This makes the peasant masses vulnerable to unscrupulous promises by politicians or subversive agitators. But it also reduces, for the immediate future, the peasantry's direct impact on national politics.

It should be the policy of the United States to encourage and assist the efforts of southeast Asian governments to achieve during the next decade food production in balance with population growth and developmental requirements. The problem of rice is of special importance. Burma and Thailand depend on rice exports for much of their foreign exchange earnings, while for Indonesia and Malaya the import of rice forms a considerable item in their trade balance. In 1958, Communist China became the world's third largest rice exporter, making available some 800,000 to 900,000 tons of rice. Further increases in Communist China's rice production will give it substantial political leverage in southeast Asia on both exporting and importing countries. Arrangements should be made to harmonize the interests of southeast Asian countries with regard to rice. In this context the international implications of disposal of surplus rice by the United States under Public Law 480, title I, should also be examined carefully.

E. THE IMPACT OF EDUCATION

Political developments in southeast Asia in the next decade are likely to be influenced most profoundly by educated and semieducated urban elements. Unlike the peasantry, their outlook is no longer purely parochial. They have formed an image of the nation as a collective entity. They do have some aspirations for the nation as a whole. They hold views about national politics and relate them to their own interests and attitudes.

Many of these educated urbanized elements are in one form or another on the government's payroll. To them socialism, state capitalism, or communism may appear as job opportunities rather than as moves toward regimentation. Their ranks are constantly swollen by an ever-increasing flood of high school and college graduates.

In the decade ahead education is likely to be a greater source of instability in southeast Asia than agrarian unrest. Considerable efforts are made everywhere to spread education. Unlike early resistance of Western farmers to universal education, today peasant families in most of southeast Asia prod and push their offspring to go to school. The hope is, everywhere, that this will give them a chance to better their lot, leave the poverty and squalor of the village, and escape hard work on the land for more comfortable and prestigious white-collar work in the cities.

Not all parts of southeast Asia have reached the same stage of educational development. While in the Philippines lawyers, accountants, and teachers are redundant, in Indonesia only a quarter of all judges hold legal degrees, village schools lack teachers, and a survey conducted in the summer of 1958 by a team from Indiana University estimates that the Indonesian Government faces a critical shortage of adequately trained managerial and supervisory personnel possibly as high as 30,000 individuals.

Unlike economic development which takes a long time, educational development in its superficial aspects is quite rapid. In countries with low rates of economic and social growth the production of diploma holders is likely to go much faster than the creation of new positions to be filled. While really competent technical experts remain scarce and vocational training is looked down upon, large numbers of young men and women go through secondary schools seeking a status-giving liberal education, only to end up scrambling for employment in the bureaucracy.

The pressure to employ diploma holders accounts for the subdivision of one position into several jobs in various departments of government. Payrolls are inflated without gains in efficiency, while salaries are lowered, increasing the incidence of corruption.

In all countries of southeast Asia efforts are made to expand education as rapidly as possible. Understandably so. In Burma in 1931 only 40 percent of the population over 10 years of age was literate. By 1954 the percentage had reached 57.3, thus almost catching up with the Philippines for which the comparable percentage, in 1948, was 59.8. In Thailand the percentage of literates over 10 years of age was 53.7 in 1947. How much had to be done in some countries after independence was achieved becomes evident when one realizes that in 1930 only 8 percent of the population over 15 years of age

was literate in Indonesia, whereas in 1959 an estimated 50 percent of the population had acquired some literacy.

Naturally, governments which have achieved little else point with pride to their struggle against illiteracy and to the rapid expansion of their school system, which is given everywhere highest priorities.

In Burma, primary school attendance increased tenfold since independence with 1,593,201 pupils in school in 1956-57. Enrollment in high schools increased proportionally, with 167,910 pupils in attendance at the same date.

In Indonesia, 7,735,000 pupils were enrolled in primary schools in 1956-57, which is about 57 percent of the total enrollment expected in 1960-61 when compulsory education is to be introduced; 440,636 attended government high schools to which a substantial number in private high schools should be added. The number of students at universities or equivalent institutions was 25,476 in 1956-57.

In the Philippines, enrollment in public elementary schools increased from 2,387,513 in 1946 to 3,303,561 in 1955 and that in public secondary schools from 112,687 to 228,832. The total enrollment in private schools at all levels of instruction was 722,898 in 1955.

In the Federation of Malaya, 1,132,281 children attended 5,358 schools in 1958 but only 357 of these schools had secondary classes.

In Thailand, in 1954, 2,944,713 pupils attended elementary schools, 251,934 pupils attended secondary schools, and 21,050 students were enrolled in Bangkok's five universities.

These figures show that even now only one-third of children of school age are in elementary schools and not more than 10 percent of these reach high schools. Obviously, further expansion of the educational system is to be expected and welcomed. Illiteracy is a social evil that should be eliminated everywhere.

Education is an indispensable prerequisite for political, social, and economic advancement. But the educational process is bound to create political dynamite unless it is synchronized with and adapted to the needs of economic growth. The content and spirit of the education imparted in the new schools is not always tailored to the problems of societies which are still primarily rural and agrarian.

According to the United Nations, the number of students receiving any kind of vocational postprimary education preparing them directly for a certain profession or trade was in the 1953-56 period, per thousand of population, as follows: 2.6 in the Philippines, 2.0 in Thailand, 1.1 in Indonesia, 0.7 in Malaya, 0.5 in South Vietnam, 0.3 in Burma, 0.3 in Singapore, 0.04 in Laos, and 0.02 in Cambodia. These figures dramatize the misdirection of much of the educational efforts of southeast Asia. What is being created is not a literate and vocationally trained rural population but uprooted urban masses lacking opportunities for a decent life, due to an expansion of secondary and college education beyond the absorptive capacity of the country for white-collar workers and other occupations for which individuals with such education consider themselves qualified.

Especially in countries in which the difference between urban and rural ways of life is still very great, high school graduates and even more so college graduates are reluctant to return to the countryside, even as schoolteacher or civil servants. Manual labor is treated with contempt.

Even the Soviet Union, despite its impressive rates of economic growth, still faces this problem characteristic for underdeveloped countries. This explains recent measures to force high school students to perform manual labor and to be reintegrated into rural society, as the output of secondary schools is greater than the available places in institutions of higher learning and, probably, than the planners' projections of needed college graduates.

In southeast Asia the problems created by educational development, with which economic and social development fail to keep pace, are likely to become increasingly acute in the coming decade. This will make the young generation more and more susceptible to extremist appeals and intensify social turbulence. While a more practical, vocational curriculum may be a partial solution, the basic longrun problems created once a society has committed itself to modern mass education can only be solved by economic development, not only in the agrarian sector but in industry and services as well, in other words by a harmonious pattern of socioeconomic growth.

Our high school system has come in lately for much criticism, especially in the light of recent Soviet technological achievements. But unlike the Soviet Union, which has to force high school graduates to accept non-white-collar jobs, our secondary schools do not create uprooted semi-intellectuals but millions of young men and women ready for employment in the wide variety of activities of a modern society. It should be the policy of the United States to make available to the governments of southeast Asia its experience with mass education for a modern society.

F. THE PROBLEM OF ECONOMIC DEVELOPMENT

In March 1950, following strong congressional urging, a mission was sent by the Department of State to visit Burma, Indochina, Indonesia, Thailand, and Malaya. It was headed by Allen Griffin of California, who as a former deputy chief of the U.S. aid mission to China was concerned with preventing the repetition in southeast Asia of the circumstances leading to the fall of China.

Aid programs, using unobligated China aid funds, were formulated following the report of the Griffin mission. In its ninth report to Congress, of June 30, 1950, the Economic Cooperation Administration stated:

The countries of southeast Asia are not secure against internal subversion, political infiltration, or military aggression. The objective of each program is to assist as much as possible in building strength, and in so doing * * * to assure the several peoples that support of their governments and resistance to Communist subversion will bring them direct and tangible benefits and well-founded hope for an increase in living standards.

The guiding policy was reiterated in the 10th report of ECA to Congress:

The aims of economic assistance to southeast Asia as proposed by the Griffin mission are to reinforce the non-Communist national governments in that region by quickly strengthening and expanding the economic life of the area, improve the condition under which its people live, and demonstrate concretely the genuine interest of the United States in the welfare of the people of southeast Asia.

While no program was formulated for Malaya, aid to which remained the responsibility of the United Kingdom, the following

funds were obligated for U.S. economic and technical assistance in fiscal years 1951-57: Burma \$56.40 million, Indochina (Vietnam, Laos and Cambodia) \$229.04 million, Indonesia \$68.33 million, the Philippines \$159.71 million, and Thailand \$138.29 million. In addition to these funds, during the fiscal years 1951-57 the following funds were obligated for defense support, in other words assistance for military purposes in the form of "soft" commodities: Indochina \$1,641.38 million, the Philippines \$12 million, and Thailand \$138.29 million. Furthermore, under Public Law 480 surplus commodity assistance was extended in amounts of \$98 million in 1956 to Indonesia and \$17 million in 1957 to Burma.

Unfortunately, it cannot be stated realistically that the economic aid and technical assistance programs of the U.S. Government have achieved in southeast Asia the purpose stated by ECA in 1950. The peoples of southeast Asian countries have experienced few if any "direct and tangible benefits" and have not much "well-founded hope for an increase in living standards." Unlike government officials directly involved in work with representatives of the U.S. Government, and perhaps the most knowledgeable elements in the elites, the masses in southeast Asia are not likely to be aware of "the genuine interest of the United States in the welfare of the people of southeast Asia," even if they have benefited personally from programs such as, say, malaria-control.

At best, today the masses of southeast Asia may feel that things are not getting worse, but hardly that things are really getting better. According to statistics of the respective governments, compiled by ECAFE, the annual rate of increase of net domestic product at constant prices, excluding gains or losses from the change in the terms of trade, has been as low as 1 percent, from 1950 to 1955 in Thailand, and not higher than 6.6 percent from 1952 to 1957 in the Philippines. But although no major social tensions are apparent in Thailand and some process of growth is visible in Manila, it is obvious to any observer that neither country has found for itself a formula for stable growth. In Burma, where tensions are serious, the comparable rate of increase was 5.4 percent between 1950 and 1956 while Indonesia, having planned a rate of increase of 3 percent from 1956 to 1960, is approaching the end of this period without having been able to implement its plan, possibly suffering a decrease in net domestic product, certainly a major economic crisis.

It is increasingly apparent that a formula for peaceful dynamic growth in the underdeveloped countries of southeast Asia has not been found yet. Most indicators suggest that the development pattern of the West is not likely to be duplicated in southeast Asia.

Recent political events in southeast Asia reflect the intense efforts of these societies to find appropriate remedies to their major problems, following the failure of their first efforts. The new phase is one of experimentation, but also testimony of the will of important elements among the respective countries' political elites to prevent communism from becoming the receiver in bankruptcy.

As elsewhere in the non-western world, the major problem facing the countries of southeast Asia in the coming decade is modernization.

New values have entered the political culture of southeast Asian countries. The masses to a lesser extent perhaps than in some other

parts of the world, but the intermediate social strata, those more or less educated individuals characteristic of societies in transition, who have ceased to be full members of traditional culture, yet are not wholly modernized either, expect increasingly from their governments standards of performance which were not customary in the past, either under indigenous autocratic rule or under colonial administration.

Governments are no longer regarded, by these elements who have acquired some education, only as keepers of the peace and masters of ceremony, as in the past, but as providers of opportunities and services of all sorts: education, sanitation, communication, employment, material advancement.

Traditional forms of government as well as colonial rule took place in the context of an administrative state system. Decisions followed relatively simple lines of authority downward from the top. With the broadening of political participation, decisions are no longer simply transmitted downward for implementation but are subject all the time and at every level to complex pressures and counterpressures coming from organized groups.

Ambitious elements among the younger generations find it difficult to assert themselves. They are likely to project their personal frustrations against society as a whole. Everywhere communism stands ready to welcome these elements into its ranks. The danger is, therefore, that not just a few mavericks but whole generations may be lost to communism, if no meaningful alternatives become available to stir the imagination and utilize the energies of the younger generations.

Postwar governments, in most cases, have only been able to act as caretakers, providing a political framework for the routine administration of affairs. They have not been able to engage creatively in building modern nations. The West is so far ahead and the circumstances under which it developed so different that it fails to provide a meaningful model for the solution of these countries' problems. The countries of southeast Asia will be under increasingly heavy propaganda barrages telling them that their hope for a better future lies in following the "scientific" path of Marx, Lenin, and Mao. Every effort will be made by the Communist bloc to convince them to heed the example of the Soviet Union, able to pass in one generation from backwardness to industrial and military power, and especially of Communist China claiming to have "leaped forward" in one decade.

For a young person who left the village full of hope only to find himself, after completing a few years of secondary school, leading a marginal existence in the soulless and heartless environment of the city, the possibility to dedicate his energies to a cause has great appeal. If communism does not appeal to these elements at first, as other leaders manage to keep their allegiance, this is not likely to last forever unless those leaders produce tangible results. Such results have not been forthcoming.

Nobody seems to know yet how a society emerging from an authoritarian tradition, economically backward and socially rigid, can be transformed into an economically growing constitutional democracy rapidly enough to prevent disruptive and subversive forces from coming into play.

Hence, much of our efforts failed until now to achieve significant results. We have given economic aid and technical assistance in varying amounts to the countries of southeast Asia during the past decade. But we do not seem to have a clear enough theoretical understanding of processes of political and economic development on which to base our policies. We seem to assume that the aided countries know how to achieve progress and will request such aid as would be necessary to achieve the desired results. Furthermore, we try to exert self-restraint on matters involving a delicate balance between legitimate advice and interference in the domestic affairs of sovereign states. When we insist on specific actions, we often encounter resistance due to a combination of factors which includes nationalist pride, anti-imperialist suspicion, general misunderstanding, and sheer apathy.

Thus imperfectly understood principles are used in the context of touchy international relations to achieve the immensely difficult task of creating in a few years political and economic conditions which elsewhere were developed over decades or even centuries, with the additional complication that the aim is to achieve these results without the unpleasant features of either early capitalism or totalitarianism. It would be surprising, indeed miraculous, if results would be better than they actually are.

At the meetings of the Colombo Plan Consultative Committee in Seattle, Wash., in November 1958, the officials of the participating governments of south and southeast Asia signalled that "the rate of growth in per capita income in the region mentioned in previous reports was not maintained."

A sober understanding of the process and problems of development is beginning to prevail in the area. According to the Colombo plan report:

Experience has produced a growing recognition that the process of development is neither painless nor assured. It requires effort and diligence. It requires that momentum in development be maintained at an appropriate level and that it be applied to the most essential objectives. It requires some temporary economic sacrifice; some increase in current consumption must be foregone in order to provide for investment.

The essential problem southeast Asia faces today is how to translate the "growing recognition" mentioned above into action programs. Developmental efforts have not achieved momentum anywhere in the area. Such efforts as have been made in the past have not been applied to the most essential objectives.

Nationalist revolutions are bound to have at first a libertarian element after they throw off the bonds of colonialism. Psychologically it is understandable that this is not conducive to the frugality and prudence necessary to induce societies to forego consumption in order to provide for investment.

The victorious nationalist elites have in many cases taken over not only the responsibilities but also some of the habits of their colonial predecessors. They have tried to approximate modern Western living standards for themselves, financed from current income and even by disinvestment. Organized labor has adopted Western methods of pressure group action to impose welfare policies which, however desirable from a humanitarian point of view, are antagonistic to capital formation and growing rates of investment.

The peasant masses have been allowed to keep and consume themselves a greater proportion of their product and have not been forced to apply part of their energy to collective purposes. In part this has been an expression of the new political elites' sympathy for the masses whose leadership they have assumed. It also reflects a shrewd political calculus, meant to reduce a major source of immediate social conflict and of opposition to the new national governments. But it is also an index of the lack of developmental purpose and administrative capacity of the new regimes. It certainly dissipates by inaction one of the area's major sources of capital formation: the productive energy of its rural population.

The new political elites have become the principal beneficiaries of the revenue of the export economies of southeast Asia, and the rural masses have profited from the relaxation of governmental controls to fall back on a village-centered life, occasionally supplemented by a measure of imported consumers' goods.

The immediate victims of the absence of economic development are the rapidly increasing urban salaried groups. From their earnings inflation is constantly slicing away, while employment opportunities are increasingly jeopardized by the mounting pressure of numbers. These urban masses are likely to be the most sensitive, in southeast Asia, to the lack of momentum of their societies, to the absence of organized social will capable of improving their future.

This manifests itself at present frequently still in the apathy and discontent which has dampened the initial outburst of nationalist-revolutionary enthusiasm. But this situation is unlikely to last over the next decade. The alienation from the political elites who presided over the destinies of the respective countries in the postwar period and the disenchantment with Western methods will enhance the vulnerability of these urban masses to extremist appeals. Most of these elements have already been affected in their personality structure by the impact of rapid cultural change. They are psychologically in flux, socially unintegrated, economically weak, receptive to new appeals and promises.

The situation is too serious to allow complacency. The economies of southeast Asia are extremely vulnerable. Their relations with the free world are marred by the instability of the export markets for products such as rubber, tea, rice, copra, sugar, tin, jute, and so on. As foreign demand fluctuates widely, the whole economy of the primary exporting countries is being disturbed. Besides the unpredictable blows of the world market, the countries of southeast Asia face the ruthless manipulations of the Communist bloc. Whatever the truth may be about Chinese Communist agricultural production figures, that totalitarian regime is likely to be able in the future to mobilize economic resources which may influence decisively, if unobstructed, the situation in southeast Asia. But aside from Communist manipulations, ECAFE has shown in March 1958 why international measures to stabilize prices are needed: ECAFE estimated that net long-term capital inflow to the primary exporting countries of the region aggregated about 9 percent of the total value of their exports in the postwar period. The foreign aid component of this capital inflow aggregated about 7 percent. Meanwhile the average year-to-year fluctuations in the export earnings of these countries were in all

cases above 10 percent. Government revenues, private incomes and the capacity to import capital goods and other essentials are therefore highly unstable and fluctuations in export earnings cancel the beneficial results of foreign aid.

But the vagaries of the world market and Communist economic warfare only increase other difficulties. With the exception of the Philippines and the Federation of Malaya, nondevelopmental expenditures, such as defense, general administration and debt service, constituted in recent years the larger share of government spending in southeast Asia, while expenditures for economic and social purposes represented less than half of the total. In most of the area, according to ECAFE, the imbalance between government expenditures and current revenues has become "almost chronic," accentuating the inflationary forces within the economies. In part these budget deficits are financed by substantial amounts of foreign grants and loans. To the extent that foreign aid covers budget deficits without increasing the productive capacity of the respective country the crisis is postponed but not disposed of. Efforts to find a lasting solution are simply also postponed.

The policy of the United States cannot simply be to continue the programs initiated in 1950. Valuable as a holding operation, they offer no guarantee of lasting success. A new approach must be found while there is still time.

G. THE NEED FOR SCIENTIFIC ACTION PROGRAMS

ECAFE estimated in June 1959 that if per capita income increases at no more than 3 percent a year it will not be doubled until after 24 years. It considered it questionable whether this rate of increase will satisfy countries in which the average per capita income is at present less than \$100. It then argued that if it is considered that, for rapid economic development, a doubling of national income in 10 years is desirable, an annual increase of per capita income of 7 percent will be necessary. Given a capital-output ratio of 3, the required rate of capital formation would be 26 percent of national income. ECAFE concluded:

It will take many years for most of the countries to reach a rate of capital formation like this, if it is to be done without serious sacrifice or even hardship, and if primary reliance is to be put on domestic savings. * * * There thus looms a terrifying race between technology, organization, and capital formation on the one hand and population on the other.

No country in southeast Asia is currently achieving a rate of capital formation of 26 percent. Japan's rate of capital formation is 25 percent under conditions of development which are not comparable with those of any southeast Asian country. A rate of capital formation of about 20 percent is reported to have occurred in Communist China but is open to doubt. There are leaders in southeast Asia who consider China's experience relevant, rightly or wrongly, assuming that it started its developmental efforts 10 years ago from conditions similar in many ways to those of southeast Asia.

Surely, much reconstruction and some development have taken place in southeast Asia since the end of World War II. Impressionistic observations, especially if limited to the capital cities and

to a number of showpieces in each country, can leave a favorable impression. But the societies as a whole have not developed the momentum which seems necessary for self-propelling growth. Only a privileged few live the life available in the West to the common man. The figures quoted above strongly suggest that this is not likely to change significantly in the foreseeable future. It may be argued that this will be accepted with patient resignation as it has been in the past. But such an argument does not take into account the novel impact of mass education and propaganda. Projected over another decade current trends may well reach explosive proportions. Change is increasingly wanted. The fundamental question will concern means rather than ends.

The inner dynamics of the countries of southeast Asia have recently created conditions that might be favorable to a new departure. A spirit of urgency is spreading throughout the area. Nationalism, which expressed itself mainly as anticolonialism and xenophobia, is turning inward, hoping to achieve domestic reforms and growth.

But, for lack of clear notions of what should be done, the authoritarian governments which have taken over in southeast Asia act more like reform mayors than like governments engaged in the development of a nation. The streets in the capitals are swept clean; some slum clearance takes place; vice is repressed. Desirable as these actions may be, they will not bring about the necessary structural changes.

It seems futile, in the context of this report concerned with trends over the next decade, to examine in detail likely political shifts, in one country or another, in the immediate future. Even accurate predictions about the outcome of the next elections or the most probable successor to a certain political figure cannot be of much assistance in planning future U.S. policy. If these changes retain their cyclical character of promise and disappointment, eventually a catastrophic break with the past similar to the events which led to the establishment of communism in China will take place.

The future will be kept open for freedom only if a developmental spiral can be initiated lifting these countries out of their present condition. We must have the courage to admit that we do not know yet how to achieve this. Western developmental models are not directly applicable and the Communist model is unwanted and unacceptable.

The Senate Foreign Relations Committee's Subcommittee on Technical Assistance Programs stated in its May 7, 1956, report, discussing the process of economic development:

This process is extremely complex and is as yet imperfectly understood, but it involves a good deal more than the knowledge and skills which can be supplied by technical assistance. For one thing, it involves capital investment. For another, it involves an intangible but no less indispensable element which can perhaps best be described as a state of mind. This takes the form of a readiness, on the one hand, to make the social and cultural changes necessary to stimulate economic development; and a capacity, on the other hand, to adapt to the changes which inevitably accompany economic development. If any of these elements is missing, then either economic development will not occur or it will take political channels which may be inimical to the interests of the United States.

One of the studies prepared for the Special Committee to Study the Foreign Aid Program, submitted in March 1957, discussing social, cultural, and political factors in economic development stated:

At the outset, it should be said that we have few, if any, well-founded general answers to these questions. We know enough to say that noneconomic factors are exceedingly important; that the role of single features is often variable, so that whole complexes have to be considered together; and that interaction between noneconomic factors, economic factors, and the pattern of economic change itself is important. But these very complexities, together with the difficulty of discovering regularities in historical change, make it very hard to find more precise and detailed answers.

The Committee on Foreign Relations has, therefore, been advised at least twice, once by some of its own distinguished members, the other time by a group of able social scientists from the University of Chicago, that our theoretical understanding of developmental processes is still imperfect and that noneconomic factors are as important, or more so, than economic factors.

The political problem of translating available knowledge into appropriate action is in itself a difficult one. But in the case of the measures necessary for the achievement of stability and progress in southeast Asia such knowledge is not yet available. Circumstances are favorable now for a major effort. Much trial and error has accumulated experience. Internal developments in the countries of southeast Asia have had a sobering effect on their political elites. They are now eager to implement policies promising progress with stability and without losing their independence. But they do not really know how to do it.

In the years since World War II increasing attention has been given to problems of political, economic, and social development. These efforts take place in the academic centers of the free world, in the United Nations and their specialized agencies, and in governmental organizations.

The time has come for a major collective effort to attempt the breakthrough which has not yet been achieved. Isolated insights and experiences must be pulled together in a collective effort utilizing the best brains the free world has available. The Manhattan project of World War II comes to mind. Can it be seriously disputed that we would not have had the A-bomb in 1945 without the collective effort of our top physicists?

The social sciences deal with matters of greater complexity than the natural sciences. But there is no reason to assume that there is no alternative to either the naive optimistic expectation that the fortunate special circumstances which presided over the more or less spontaneous growth of modern Western societies will come to prevail in southeast Asia, or the pessimistic despair which leads to the establishment of Communist regimes.

New policies for southeast Asia are urgently needed. They should begin with a vigorous effort to enlist the most brilliant minds available and invite them to formulate, with the assistance of the persons most knowledgeable on the various countries of the area, concrete action programs for reconstruction and development. What are needed are not purely economic plans, but action programs considering carefully the political, administrative, and social factors necessary to achieve results in the context of the respective country's culture. This will

take a greater collective intellectual effort than has been attempted until now.

It is significant that in their imaginative and responsible study "A Proposal—Key to an Effective Foreign Policy," Profs. Max F. Millikan and W. W. Rostow, of the Center for International Studies at MIT, developed a persuasive argument for a larger program of foreign aid, based on a banking concept, but failed to suggest how the first of the considerations to be taken into account in applying banking standards can be achieved. They said:

It must be within the technical and administrative capabilities of the receiving country to carry out its proposed project with reasonable efficiency, over the time period of the loan or grant.

The question southeast Asia faces today is not only how to get adequate means to break out of the vicious circle of poverty and stagnation but even more so how to develop its total capabilities to carry out development plans.

In its third interim report, dated July 13, 1959, the President's Committee To Study the U.S. Military Assistance Program (Draper committee), in studying U.S. programs of economic assistance, develops an argument similar to that of the MIT group:

We should insist that countries whose development we are assisting take all steps which are reasonable under prevailing local conditions toward: (1) increasingly honest and efficient government; (2) an internal taxation system which provides a level of revenue consistent with the wealth of the country; (3) fiscal and monetary practices which will promote reasonable domestic price stability; (4) an attractive climate for local and foreign private investment; (5) the application of sufficient local raw materials and labor for projects receiving external capital assistance; (6) an appropriate exchange rate structure which facilitates expansion of exports; (7) removal of monopolistic conditions which hamper the private sector, particularly small business; and (8) development of financial institutions for channeling domestic savings into constructive investment.

These are judicious recommendations to which exception cannot be taken. But in most cases the countries concerned fail to take steps in the direction suggested by the Draper Committee not because they do not want to but because they do not know how to do it. On some of the points listed above there may have been a few years ago strong doctrinaire reservations. Most of these have given way to a more practical outlook. But goodwill, though important, is not sufficient. The countries of southeast Asia must be helped to formulate a realistic approach to problems such as those raised in the Draper Committee report.

If action programs are developed which inspire confidence, the United States should be willing to ascribe high priorities in terms of human and material resources for their implementation, wherever possible together with other advanced countries in the free world.

There are good reasons to believe that if the free world would have really mature and concrete proposals to make, without ulterior motives but in order to help save the future of freedom in an area where the danger of the expansion of communism will be increasingly great in the coming decade, the political elites of southeast Asia, who are struggling themselves with insufficient knowledge and means against this danger, will be responsive. Thus the partnership in progress, which in the last decade has been mostly a slogan, could become a reality.

Specific conditions vary too much from country to country to make any one solution applicable to a dozen different countries. General, abstract, concepts are likely to be clarified only when they are fitted into the complex formula needed to cope with the reality of a given situation. It would be presumptuous for any one expert to assume that he has already all the answers. But it would be a counsel of despair to conclude that no solutions compatible with our values and interests can be found by a really vigorous collective effort.

It may not be either possible or necessary to start simultaneously, on a broad front, developing and implementing new action programs in all the countries of southeast Asia. It would be sound and perfectly legitimate to start first with the country or countries where obstacles would be least. Success in even one instance would increase the confidence of the whole area in the possibility of progress by methods specific to the conditions of southeast Asia, and compatible with their and our ideals.

Unfortunately, today not even the Philippines, despite its close association with the United States, or South Vietnam, for which we have assumed special responsibilities, offer impressive evidence of our capability to transmit rapidly to our friends progress based on efficiency with freedom. This is the challenge we face in southeast Asia in the years ahead.

H. PROBLEMS OF FOREIGN POLICY AND REGIONALISM

In the context of the cold war there has been much irritation in the United States with the neutralist posture of some of the countries of southeast Asia such as Burma and Indonesia. There has also been much annoyance and fear in some southeast Asian countries concerning American efforts to create a coalition in the area as a deterrent and shield against Communist aggression.

Both positions have evolved in the recent past from doctrinaire to pragmatic ones. The United States, while continuing its efforts to strengthen the defenses of the free world in the western Pacific, has indicated repeatedly that it understands and respects the position of those governments which prefer a policy of nonalignment. The "neutralist" states' sophistication concerning the goals and methods of the Communist bloc has increased, as their own relations with it have provided the experience which was lacking even a few years ago.

In 1942 many nationalists in southeast Asia received the invading forces of Japan with open arms, expecting from them liberation in a context of Asian brotherhood. By 1945 many of them were fighting against the Japanese, having learned that imperialism is not made more pleasant by the color of the oppressor's skin.

In 1945 the United States was greeted as the great hope of all those who fight for freedom. Jefferson and Lincoln were quoted profusely all through the area. Our ambivalent posture in the following years, determined by the conflict between our interest to strengthen our Western European allies threatened by the Soviet Union and its fifth column in Western Communist parties and our natural inclination to support independence movements, accounted for a second round in the new countries' gradual disenchantment with great powers.

The Soviet Union had managed to appear in the eyes of Asian nationalists as the most vocal propagandist for the principle of self-

determination in the councils of nations and through all media of mass communication. The events of 1956 in Hungary jolted most Asians out of their complacent will to believe in Soviet benevolence.

Finally, the rapid rise of Communist China as an aggressive great power has completed the cycle. Today few, if any, southeast Asian governments are prone to delusions concerning the realities of international power politics.

When some years ago the new chancelleries in southeast Asia had no experience whatsoever with the realities of communism as an international conspiracy, our moralist posture may have fulfilled a needed educative function. But the learning process has been a rapid one. Today few, if any, countries in southeast Asia need tutoring concerning the facts of international life. As a result, the tide in southeast Asia has turned distinctly in favor of the United States. The number of those likely to believe Communist propaganda about "American imperialism" seems to be diminishing at least as rapidly as the number of those who see in Communist China just another Asian country in need of protection against malevolent Western intentions.

In the changing climate of opinion noticeable in southeast Asia it becomes less and less necessary for our diplomacy and propaganda to emphasize the dangers of international communism and increasingly desirable to let facts speak louder than words. If we can enlarge in Asian minds through deeds the image of the United States as the best hope and support in their efforts to become part of the modern world, we may leave to their own diplomats and statesmen the task of coping with the realities of Communist power politics.

Ultimately, the most solid base for real international cordiality is a community of interests. More than any other great power in the contemporary world, the United States is in a position to develop such a community of interests with southeast Asia. The Communist bloc could only win in this competition by default on our side.

A question asked with increasing frequency is whether the existence of SEATO does not prevent the establishment of a truly regional organization in southeast Asia which the "neutralist" countries might be willing to join. It is argued that such an organization is needed to achieve closer military, political, economic, and cultural integration in the area, as defense in depth against various forms of direct and indirect aggression.

The argument has some merit. In the last 2 years the Government of the Federation of Malaya has raised a number of times, formally and informally, the question of cultural, economic, and even defense arrangements among southeast Asian countries. Achieving independence only 2 years ago, Malaya seems to have tried to take a fresh look at the problems of the area. Strongly anti-Communist and tied to the United Kingdom by a defense treaty, Malaya decided nevertheless not to join SEATO. It has since explored alternative methods of regional consolidation. The response has been at best lukewarm and sometimes frosty in the rest of the area.

While regional feelings may grow in southeast Asia over the next decade, at present they are hardly incipient. The southeast Asian countries which are favorable to SEATO are interested in the organization as a device through which they can receive protection from the United States against possible Chinese Communist aggression. They

are much less interested in the contribution that other Asian members of the organization can make to their security.

The southeast Asian countries which are indifferent or opposed to SEATO seem to believe that the protection of their security by the United States is doubtful and they must rely on their own diplomacy in a dangerous world, or on the collective efforts of the Asian-African bloc in the United Nations. Yet published reports indicate that some elements in neutralist countries have begun to review their evaluation of SEATO, as their concern about the future intentions of Communist China increases.

The governments of southeast Asia may gradually also become more receptive to efforts toward closer economic regional integration. Some of them have experience with the benefits of international agreements concerning the marketing of tin and rubber. There could be complementarity between the interests of rice-exporting and rice-importing countries in the area.

The coming into being of the European Economic Community on January 1, 1958, has aroused considerable anxiety and fears, widely expressed in the countries of the region, that the operations of the European Common Market will affect adversely the interests of the countries of southeast Asia. Whether realistic or not, these fears may act as a catalyst for closer economic cooperation between these countries.

The Lower Mekong River Basin study project initiated in 1957 under United Nations' auspices and supported by the U.S. Operations Missions in Cambodia, Laos, Thailand, and Vietnam, seems to illustrate the value of the functional approach in international relations. Although considerable tensions developed last year between Cambodia and its neighbors, east and west, work on this project, in which representatives of the four riparian countries are active, continued without interruptions.

Economic regional integration may develop step by step if functional cooperation in a variety of fields creates the habit of cooperation among countries which at present work still very little with each other. In recent years useful contacts have been established between governmental experts of southeast Asian countries through ECAFE and the Colombo plan. But there is still much inertia, skepticism and suspicion to overcome.

The Asian-African Conference held in Bandung in April 1955 rejected the idea of a regional economic bloc. The following month the Simla Conference examined opportunities for an organization on the model of the Organization of European Economic Cooperation and concluded on May 13, 1955, that—

in the present stage of the economic development of the Asian region and having regard to the order of additional funds likely to be available, there would be no advantage in having an intermediary regional organization and that the national programs of the countries concerned may continue to be bilateral as at present and strengthened as far as possible.

More recently proposals advanced by Japan's Prime Minister Kishi in the course of exploratory talks with southeast Asian governments seem to have received little encouragement from the latter.

SEATO is also sometimes mentioned as a possible instrumentality for regional economic action. But until now it seems that most gov-

ernments prefer bilateral formulas to any that would involve third countries.

While there is no strong reason to assume that efforts toward regional economic cooperation are not worth pursuing, the process is likely to be, at best, a slow one. The economic weakness of the countries of southeast Asia and the intensity of their nationalism inhibit at present the development of a cooperative spirit.

The chances for regional economic integration are most likely to be increased if, in the process of developing and implementing with the assistance of the free world bold and imaginative national action programs, the possibility of eventual integration will be taken into account. The countries of southeast Asia will probably become responsive to regional economic integration only when their most pressing national problems begin to appear amenable to rational planning.

Emotional factors as well as rational factors will determine the closer integration of southeast Asia as a region. This implies the need for closer cultural contacts between the respective countries. Warring against each other in the more distant past, they were isolated from one another during the period of Western imperialism. The time has come, and the awareness for the need is growing, to foster closer cultural relations within the area. Some efforts in the right direction have been made under a variety of auspices, such as the Bandung Conference, SEATO, or bilateral agreements. But much still remains to be done. Despite some efforts made during the administration of President Magsaysay to create an Institute for Southeast Asian Studies in Manila, no such institution is significant in the area today. The circulation of scholars, students, books, and periodicals is still minimal. No newspaper or radio station provides a regional point of view to the public opinion-shaping circles in the area.

It should be the policy of the United States to explore and encourage ways and means that would lead eventually in southeast Asia to the economic and cultural regional integration which by consolidating the area in depth would transform it from a vulnerable power vacuum into a substantial entity in world affairs.

I. THE PROSPECTS FOR COMMUNISM

The political elites in southeast Asia follow with considerable interest developments in Communist China and are given every opportunity by the government in Peiping to visit the mainland on carefully planned conducted tours.

Chinese Communist totalitarian methods are currently rejected by most of these elites, not on the basis of deeply experienced democratic convictions but for ideological reasons which wear thinner as the crisis deepens, for religious reasons which are increasingly weakened both by the secularization spreading in southeast Asia and by the not unsuccessful efforts of communism to erase its image of militant atheism created in its early days, and for nationalist reasons.

The political elites of southeast Asia seem to realize increasingly that, unlike mainland China with its enormous territory and huge population, none of the countries of southeast Asia can expect to be more than satellites, if they enter the Communist camp.

Their experience with colonialism is recent and emotionally compelling. Their fear of new forms of domination by any great power is intense. In addition to this, their attitude toward the Chinese has never been cordial. As Communist China's power and evidence of Chinese imperialism grow, so will southeast Asian apprehensions against the Chinese as an ethnic group and as the potential fifth column of a great power. Communist solutions carrying with them the danger of subordination to China are likely to encounter strong nationalist opposition.

The weakness of democratic forces combined with the intensity of nationalism and the increasingly strong desire for modernization may lead in coming years in various parts of southeast Asia to attempts to apply totalitarian techniques while maintaining an independent foreign policy. Precedent offers few clues about the results of such experiments in small or medium-sized countries. Failure is a distinct possibility and the result may turn out to be the destruction of the social forces opposing the spread of communism.

It may be pessimistic but it is certainly prudent to assume that forms of representative government based on party systems are not likely to be reestablished unless the present authoritarian regimes have succeeded in consolidating and stabilizing the respective countries. If the present authoritarian regimes fail, communism may eventually take over in the wake of chaos and despair.

It is of course possible that a strong man or a junta will be succeeded again by a coalition of politicians, to be replaced in turn by another strong man or junta, similar to the situation prevailing in Latin America since emancipation from Spanish and Portuguese colonialism or in Eastern Europe after the achievement of independence from the Ottoman, Hapsburg, and Tsarist empires. But there are several reasons why one should assume that the countries of southeast Asia are less likely to remain for long in the vicious circle of inefficient representative government and incompetent dictatorship.

The appeal of communism is stronger than in either contemporary Latin America or prewar Eastern Europe. Latin America achieved independence long before the development of Marxism. Eastern Europe's proximity to the Soviet Union gave it a clear picture of the true face of communism.

Into southeast Asia communism penetrated under conditions which made it appear to many as the vanguard of nationalist struggle against imperialism, claiming to speak for the whole nation rather than for a class. Today Communist true believers are not numerous in southeast Asia, even in countries like Indonesia where millions have voted in recent years for the Communist Party. But the fresh memories of Western imperialism confuse the issues. A movement claiming to be, like everybody else in southeast Asia, only more vocally, against "imperialist domination and capitalist exploitation" is not likely to be ruled out as totally unacceptable by people who have only the vaguest notions about its true nature. Most people in southeast Asia today are not too sophisticated to become Communists, but too apathetic. This is why social and cultural changes may increase the appeal of communism in southeast Asia in the years ahead. The political maturity which immunizes against communism is probably still far away in the future.

Communist achievements in modernizing Russia and China are likely to make an increasingly strong impact in the coming decade. Already, Russian technological successes and China's "great leap forward" give communism in the eyes of some Asians a morally perverse absolutism. Even Asians whose moral sensibilities are offended by Communist use of violence may find it difficult to make a sharp distinction between Communist methods and Western methods. Few have lived in Western countries experiencing the rule of law, whereas many have been exposed in their own lifetime to the whole range of repressive measures of Western imperialism, including arbitrary detention and summary executions. Unless alternative methods appear to be more efficient, the conclusion may rapidly gain acceptance that violence is a fact of life which may as well be used for developmental purposes.

To be sure, at present the trend toward authoritarianism is taking place in an anti-Communist spirit. There is increasing awareness of the variety of tactics, parliamentary and subversive, used by the Communists in their struggle for power. There are also indications that China's proximity is creating the same apprehensions in southeast Asia as the Soviet Union generated in Eastern Europe after 1917. The situation is perhaps even less favorable to the Chinese who are a disliked and feared minority in southeast Asia, whereas Slavic ties did mitigate to some extent anti-Soviet sentiments in Eastern Europe.

While Communist China may have benefited from a sense of Asian brotherhood after 1949, through the Korean war, until the climax reached at the Bandung Conference in April 1955, today there is increasing awareness in southeast Asia that Communist Chinese politics are power politics and must be handled accordingly. Communist Sino-Vietnamese indirect aggression against Laos contributes also to a heightening of the awareness of the true nature of communism as a system of power unrestrained by principles. But it would be unwise to derive from this situation the conclusion that the relevance of the Russian and Chinese examples as patterns of development will not be constantly brought to the attention of the peoples of southeast Asia and repeatedly pondered by thinking individuals in those countries.

The prevalent attitude in southeast Asia today is that Western methods are desirable but do not seem workable under current circumstances, whereas Communist methods seem to be workable but are not desirable. An impasse has been reached.

J. THE ROLE OF THE UNITED STATES

With Europe the United States is linked by common cultural traditions and close ethnic ties. The Atlantic has been crossed westward by millions seeking freedom or hoping to make their fortune. Twice in our lifetime Americans returned to Europe to intervene decisively in armed conflicts which could be interpreted in somewhat simplified ideological terms as opposition to tyranny and defense of human values. Where it has been accepted, American economic aid has helped Europeans reestablish or increase tangible and meaningful levels of prosperity. The American presence in Europe is taken to express vital interests for the sake of which major risks and sacrifices are accepted by the United States. Despite occasional apprehensions and uncertainties, the Atlantic community is a reality in the minds and

hearts of Americans and Europeans alike, and the refusal to acknowledge Soviet hegemony of Eastern Europe a normal reflection of this state of mind.

With regard to southeast Asia the situation is different. Except for the Philippines, the cultural traditions of the United States and of southeast Asia come from almost entirely separate heritages. Ethnic ties between the two areas have not and are not likely to be established to any meaningful degree. On either side of that large body of water there is no Pacific community present in the minds of men. To most inhabitants of southeast Asia the American presence is a vague and stereotyped image of power and wealth. It is controversial, constantly challenged by Communist propaganda, blurred by ignorance, or distorted by the impact of B-grade Hollywood movies, the mediocrity of which is seasoned by a dynamism and lust for life which makes them attractive to southeast Asians even in remote places which have never sampled the finer creations of the American mind. There is great uncertainty in southeast Asia about the United States as a source of inspiration and aid. This should not be surprising in the case of new or resurgent nations. They are still unable to determine their own vocation and destiny, being torn by doubts and conflicts about what they are and what they want to be. American culture appears to these countries as the quintessence of modernity, the creator of a way of life toward which southeast Asians, like members of other transitional societies, feel ambivalent.

Communist propaganda exploits this ambivalence, emphasizing their own allegiance to folk culture in all its manifestations, while denouncing what they call the "yellow culture" of rock 'n roll and cheese-cake magazines as typically American. Even innocuous fads like the hula hoop seem to lend themselves to the purpose of anti-American propaganda.

In the coming decade we may witness the paradoxical situation that those most eager to modernize their countries may be tempted to adopt methods copied or adopted from the Communist bloc, although what they want to achieve is an approximation of the American way of life. Therein lies a major challenge for U.S. policies in southeast Asia.

What the countries of southeast Asia have received from the United States in recent years is primarily time to find their way in the complex and unfamiliar world which they have entered. It also gave us time to become acquainted with the problems raised by these resurgent nations. But it would be unrealistic to assume that much more has been achieved so far. Some stopgap measures have been fairly successful, others have avoided the worst, but the solution of southeast Asia's major political, economic, and social difficulties is not yet in sight.

The internal changes taking place currently in most countries of southeast Asia, as well as the increasing awareness of their elites of the real nature of communism, are intensifying their hope that they will be aided by the United States in solving their problems.

The United States, with no Hungary, Suez, or Tibet to outlive, has still a unique position among the great powers. It is still associated in the minds of southeast Asians with the two achievements which they desire but do not know how to secure: efficiency with freedom. Our sputnik blues notwithstanding, American prestige is higher in southeast Asia than that of any other country.

But until now our actions in southeast Asia leave serious doubts in the mind of the local elites on whether we consider it really important to assist their countries in achieving progress with stability—in as liberal a context as circumstances permit—or whether we merely regard the area as a pawn in the cold war, using our resources mainly for manipulative purposes.

If it is assumed that progress in southeast Asia is in the national interest of the United States, a new departure in our policy toward the countries of this area seems indispensable. Projected over the next decade, present trends are bound to lead to the establishment of totalitarian, probably Communist, regimes, perhaps after a few more rounds of efforts on our part to bolster governments which are at best static and in some cases inefficient and corrupt, unless we are willing to undertake, in partnership with the peoples of southeast Asia, bold and imaginative new action programs.

The need for such a departure was already recognized in President Truman's inaugural address of January 20, 1949. But the climate of opinion in this country was not ripe. Furthermore the immensely complex character of the problems to be solved made it necessary to go first through a period of cautious experimentation. We promised perhaps too much, but we were well advised not to attempt too much too soon. Now, the time has come to pull together the experience accumulated during the last decade and to move forward.

Scientific and technological advances have created a "balance of terror" between the free world and the Communist bloc. Assuming that this situation is not likely to change drastically in the coming decade, the competition between the two systems will focus increasingly on efforts to help the modernization and development of countries such as those of southeast Asia. This in itself raises most serious doubts about the wisdom of a continued emphasis on military aid in the decade ahead. But, granting that our military posture in the western Pacific must be maintained, it would be unrealistic to rely on defense arrangements in highly unstable countries. Fear justified, in the past, the concept of "defense support" aid. But this type of aid is not a substitute for nation-building action programs.

Assuming that our most important strategic assets in southeast Asia are our bases in the Philippines, the solidity of the foundation on which these bases are built depends on the vigor of the political, economic, and social development of the Filipino nation. If we find ways to really help our Filipino allies to achieve progress, the security arrangements based on their territory will be firmly anchored. If not, we would be ill advised to rely decisively on them.

We have no bases elsewhere in southeast Asia. Military assistance programs and arrangements under SEATO have, from the point of view of our national interest, the function of making the respective countries capable to resist a first onslaught of Communist aggression. Such efforts may have had a character of real urgency in 1954, at the time when the military situation in Indochina was still fluid. Today efforts to maintain the defense potential of southeast Asian countries can only be in our national interest if we have good reasons to believe that those countries can develop not only their capability to resist external Communist aggression but also to weather internal Communist subversion. The latter may be, in the short run, primarily a matter of police measures, to which the antisubversion activities of

SEATO may be able to make valuable contributions. In the long run it can only be the result of successful efforts to achieve political, economic, and social progress. If SEATO becomes a holy alliance mainly concerned with maintaining the status quo in southeast Asia, our disappointment is likely to be bitter and our awakening rude.

Southeast Asia's last line of defense against overt Communist aggression is the military power of the United States, to be used through SEATO or otherwise. It is unlikely that in the coming decade the need for military preparedness in the area will diminish. But there is danger in a "Maginot Line" mentality. Unless vigorously growing societies become increasingly the masters of their own destiny, military means are not likely to be able to secure the future of the area. The decisions to be taken by the United States in the next few years are likely to influence the course of events for a whole historical period.

It should be the policy of the United States, now that the past years of trial and error have given us perspective and experience, to help the countries of southeast Asia with greater vigor than in the past, intellectually as well as materially, to formulate approaches to the solution of the complex problem of catching up with the modern world in ways that are both workable and desirable within the realistic context of each country's condition.

Section 4. U.S. Foreign Policy in Northeast Asia³

A. JAPAN

In many respects, Japan represents the most rapidly changing non-Communist society in Asia today. This is a fact central to any discussion of present and future American policy, but it is also a fact easy to overlook. Politically, Japan seems relatively stable. Economically, the patterns of industrialization have long been established and there is no need at this time for a "forced march" toward some entirely new economic order. And in general, one can still claim with considerable validity that Japan is a conservative society in which traditional behavior at many levels retains its hold.

Despite these conditions, however, changes in Japan are both rapid and pervasive, and there is good reason to believe that the dynamic qualities of this society will continue to manifest themselves in the decade ahead. Japan is involved in a rising tempo of economic development that affects every part of the society. In the broadest sense, this economic acceleration is the product not of a decade but of nearly a century of commitment to modernization. It has been greatly abetted, however, by certain events since 1945. Rapid economic growth naturally produces sociopolitical changes, and in the case of Japan, such changes were both stimulated and complicated by the American occupation.

Thus the present generation of Japanese youth is growing up in an environment substantially different from that of their parents. To be sure, there has been no violent revolution, and a struggle continues to determine the precise balance between old and new that should be established. In some measure, Japanese change is unplanned and "unconscious" in the manner of the American transition of the last three decades, but it is likely to be much more unsettling to the previous culture patterns. Hence an assessment of American-Japanese relations might well begin with some evaluation of these changes, their causes and likely effect.

1. Economic growth

The most powerful instrument of change in Japan is that of economic growth. The rate of Japanese economic development during the last decade has been very high and has exceeded even the most optimistic predictions. The big question is the extent to which that growth can be sustained in the future. This is an issue to which Japan must give the highest priority in the formulation of both domestic and foreign policy. On balance, trends would seem to warrant continued optimism, but certain qualifications must be attached to any favorable prediction.

Some basic facts of postwar Japanese economic development can be set forth simply. Since 1952, after the major war damage had

³ The author of sec. 4 is Robert A. Scalapino.

been repaired, the Japanese economy has registered an average annual growth of approximately 8 percent in gross national product. In this period, industrial production has expanded at an annual rate of about 13 percent. This expansion has occurred mainly in the heavy industries such as iron and steel, shipbuilding, and machinery, and in the chemical industries. Japanese agriculture has also enjoyed excellent harvests and unprecedented prosperity in recent years. Indispensable to the degree of advance attained has been Japanese trade expansion. During this same period, while world trade was growing at a rate of 4 percent annually, Japanese trade increases have averaged approximately 16 percent per year, despite a setback in 1958.

When the basic causes for this rapid economic growth are sought, three factors must be emphasized:

(a) First, Japanese recovery could proceed rapidly because that country has been engaged in industrialization for nearly a century, and during this time, her people have acquired important administrative skills, technical know-how, and a broad psychological adjustment to modernity. And perhaps the real secret of successful Japanese industrialization is connected with the degree to which that society was able to avoid destructive techniques or failures resulting from the purely mechanical transfer of foreign institutions, and instead find ways to maximize those "built-in" forces within her culture that could do service to the cause of economic development after some redirection. In this, there is a vital lesson for all who are interested in the development of the so-called "backward societies," including American policymakers.

Of course, the Japanese "answer" to rapid modernization was far from perfect, especially from a sociopolitical viewpoint. Despite the defects, however, Japan provided the first evidence that a successful industrial revolution in Asia would differ from the historic Western pattern both in cultural setting and in tempo. This experience and the tremendous fund of energy and talent now available make Japan a logical source of strength in the struggle to help other Asians and Africans develop their economies.

(b) A second major factor in Japanese recovery has been massive American assistance. This assistance has come in many forms and it is difficult to measure in purely monetary terms. Certainly, it has totaled in the billions of dollars. Between 1945 and 1951 alone, the United States provided \$2 billion in direct aid to Japan. Subsequently, new forms of help such as military procurement provided an indispensable source of funds while Japan was moving toward economic recovery. Without this aid, Japan might have collapsed, and even now, American procurement demand, while diminishing, is still important. One cannot ignore also the very great aid provided in the form of technical and administrative advice, and the opportunity to acquire new ideas. It is commonly acknowledged that recent Japanese growth comes in no small measure from the degree to which that country was able to purchase or borrow the latest foreign technology, much of it from the United States.

Our investment in Japanese economic stability, despite its costs, is probably paying more dividends in terms of the American national interest than any other investment we have made in Asia. Clearly the Japanese case is different from the problems of economic growth encountered elsewhere in the Asian world and hence it cannot be

applied mechanically to other countries. Nevertheless, results in postwar Japan argue strongly for an increased emphasis upon American economic aid to non-Communist Asia in some form. The Japanese experience indicates that a program involving substantial sums of money can be effective if it is geared to responsible indigenous leadership, if it is based upon economically sound objectives, and if it is structured in such a manner as to encourage rather than substitute for all possible internal efforts.

(c) A third important factor contributing to recent Japanese economic growth has been the general prosperity of the non-Communist world, and particularly the United States. Without this prosperity, Japanese markets could not have been rebuilt to the present extent. And as is well known, the nature of the Japanese economy dictates a heavy dependence upon trade. Japan imports about 20 percent of her foodstuffs and over 80 percent of her industrial raw materials, which she then proceeds to process and sell to all possible markets. The Second World War and its aftermath have forced major readjustments in Japanese trade patterns. New markets have had to be developed to compensate for the lost empire and the old China trade. Today Japan is heavily dependent upon two markets: first, the non-Communist societies within the Asian-African area; second, the United States. Any serious threat to these markets, or the inability to make suitable progress within them, would have immediate economic and political repercussions. Trade represents the lifeline of Japan, and for the foreseeable future, the United States must help to make this lifeline strong unless it wants to put Japan on the dole, or pay the political consequences.

From the three factors listed above and certain subsidiary ones, has come unprecedented Japanese prosperity. The per capita yearly income of \$224 in 1958 would seem very meager to Americans, but it is nearly 25 percent higher (in real income) than the prewar boom period of 1934-36. Moreover, there remains a sufficient conservatism or simplicity in Japanese preferences or way of life to make this income even more meaningful. But significant changes are currently underway in living patterns. A Japanese consumer revolution has been developing. Household gadgets of all types, radios, and even television sets are finding their way into Japanese homes, including rural households. Four bumper harvests in a row together with supplementary work augmenting farm income have also made possible a growing trend toward the mechanization of Japanese agriculture.

Japan is one of the very few societies in Asia where the rural citizen is realizing considerable improvements in his living standards, and perhaps even narrowing the gap between himself and his urban counterpart. But in urban areas as well, the Japanese common man is having his appetite whetted for more education and better jobs. It is in these senses among others that Japan represents a rapidly changing society. The social and political implications of this will be considered later, but here it is important to note that the greatest challenge confronting Japanese leadership in the immediate future is to meet or contain these desires. Foreign as well as domestic policy will strongly reflect this challenge. On the one hand, there will be a high premium upon economic development to meet the rising expectations of the Japanese people; on the other hand, as long as the conservatives are in

power at least, there will also be a strong attempt to reestablish and stabilize a "Japanese way of life," utilizing selected aspects of traditionalism in an effort to contain or slow down the process of change, with the hope of making it orderly, evolutionary, or minimal. The first of these objectives involves economics; the second, sociopolitical policy. Since both are intimately connected with the future of American-Japanese relations, they demand attention.

What are the Japanese economic plans and hopes for the future? In broadest terms, the Japanese Government hopes to double the national income in 10 years. Currently, it is counting upon achieving a gross national product increase averaging at least 7.2 percent during this period. These very ambitious goals are based upon the premise that an annual trade increase averaging 10 percent can be maintained at least through 1962.

Some Japanese and foreign observers believe that current Japanese planning is overly optimistic and that the targets are not likely to be reached. The planners maintain that anticipated Japanese savings and investment will sustain this rate of growth. They are hopeful that their export quotas can be attained, and that the import needs can be cut through scientific-technological advances and changes in production emphasis. And atomic energy is heralded as a special asset of the future.

There can be general agreement that the degree of success achieved in Japanese economic growth during the next decade will depend heavily upon the Japanese capacity to find new markets for her goods and expand old ones. Despite the enlargement of the domestic market, Japanese economic development continues to hinge upon the strength of the foreign market. When rapid economic growth takes place without an expansion of exports, a serious balance of payments problem inevitably occurs. Japan must regard foreign trade as her most critical problem, now and in the foreseeable future.

The Japanese plan for trade expansion can be briefly outlined as follows:

(a) Increased emphasis will be placed upon heavy and chemical industrial exports, but no field will be abandoned, and there will be a general effort to diversify Japanese products for foreign markets.

(b) An attempt will be made to reduce the sharply unfavorable trade balance with the United States, and also the present degree of dependence upon American markets.

(c) Efforts to "normalize" trade relations with the Communist bloc, particularly Communist China, will continue.

(d) Special attention will be given to southeast Asia and to the Asian-African world in general, with reliance upon Japanese reparations, private investment, and technical assistance programs, and with the hope that international cooperation can be of aid in this area.

These plans raise two broad issues that relate directly to the future of American-Japanese relations. The first issue is that of bilateral American-Japanese trade and economic intercourse. The second issue pertains to form of international cooperation that would involve the interaction of the United States and Japan. Perhaps a third issue also emerges: the question of a China policy.

(a) The economic relations between the United States and Japan today are of vital importance to both countries, and at the same time, pose certain problems. These problems must be approached without

recourse to economic nationalism if the American-Japanese alliance is to have continued validity.

For Japan, the major problem is a continuing import excess from the United States of serious proportions. The bulk of Japanese trade imbalance derives from her American trade. About one-fourth of her exports go to the United States, but currently over one-third of her imports come from our country. This represents a very sharp increase in both categories as compared to prewar trade figures. Japan has come to depend heavily upon the United States for important raw materials and foodstuffs. In view of our surplus commodities problem, this has been of great assistance both to American agriculture and the American taxpayer. It is natural, however, that Japan would like to reduce or eliminate her trade deficit with the United States by expanding exports and reducing imports. She can afford the present imbalance only because of American military procurement, which has been steadily contracting.

From the American standpoint, the Japan trade problem may be defined as the adverse effect upon certain selected industries of rapidly expanding imports from Japan, coupled with instances of design piracy. Once again, Japan is being charged with "dumping" and unfair business practices. The facts are often complex, involving American as well as Japanese business ethics. For example, in ordering from Japan, sometimes American buyers specify designs that are in fact copies or near duplicates of existing products. In general, moreover, the American buyer has taken the utmost advantage of the intense competition within Japanese small and medium industry. He has purchased huge lots of given items at prices which give the producer the lowest possible margin.

To assuage American opinion, Japan in recent years has accepted a quota system for certain major exports and also sought to patrol some key industries with respect to fair trade practices. Despite these moves, however, pressure for higher tariff barriers seems to be growing in the United States. This trend toward protectionism represents a most serious threat to our overall relations with Japan. If Japan finds herself increasingly frozen out of the American market, her commitments to the United States will naturally be affected. The slogan, "Trade, not Aid," has never been put to a more critical test. On the other side, Japanese economic nationalism has also advanced, and the future for foreign business in Japan has become increasingly cloudy. This, too, is a problem of legitimate concern.

Both Japan and the United States bear a responsibility for searching out new approaches. Japan could contribute much through the following actions: (1) Give the highest priority to methods of advancing and supervising her small and medium industries which are engaged so heavily in the export field. (2) Continue with vigor the efforts to diversify her exports to the United States, and give greater support to her own industrial research. (3) Undertake more scientific studies of the American market, and improve public relations. (4) Provide mutually satisfactory conditions for legitimate foreign business, investment, and patent-sharing operations in Japan.

Beyond this, the United States should take the lead in exploring what bilateral or multilateral organization might facilitate our economic relations with Japan and help to meet existing problems. Should the existing regulatory and trade agencies be expanded into a

permanent American-Japanese Commission on Trade and Economic Relations? Such a body might undertake a variety of functions: research, advisory, recommending, and regulatory. Its precise status, personnel, and operations would, of course, require careful study and mutual agreement. Because of the interrelated nature of many problems, should a broader Pacific Trade Committee or Commission be considered? The United States has an obligation to study various positive alternatives that might contribute to American-Japanese economic intercourse.

(b) Both the United States and Japan have good reason to be vitally interested in the economic future of the vast Pacific-Asian region. American military and political commitments to non-Communist Asia can have little effect if conditions of economic stagnation or decay ensue. The economic health of Japan is also at stake because of her great need for trade with this region. Asian economic development is most likely to be accelerated if effective patterns of regional and international cooperation can be established. This is also one of the best routes toward the political strengthening of the non-Communist world. Thus, American-Japanese cooperation to these ends is a matter of elemental self-interest.

The United States has invested billions of dollars in military aid and American installations in south and southeast Asia since 1945. But the capacity of many of these countries to survive is still uncertain due to the precarious nature of their economic and political conditions. Meanwhile, Japan is committed to over \$1 billion in grant and loan aid for Asia during the next 20 years, and both the Japanese Government and private enterprise are making vigorous efforts to expand trade with the non-Communist countries of Asia and Africa. For Japan, this program is not only important economically; it is also closely related to certain important psychological urges: to obtain an outlet for her creative energies and a sense of purpose in the modern world.

Given these mutual interests, in what respects might American-Japanese cooperation facilitate economic development in non-Communist Asia? (1) Contributions to international institutions or funds providing credit facilities. (2) Support for organizations that would seek some control over the prices and production of primary goods in this area. (3) Joint technical-financial assistance on certain specific projects, as was arranged in the case of the Indian Orissa Iron Basin.

There is also one special problem urgently requiring fuller international cooperation, that of fishing grounds and the conservation of fishing resources. The United States should urge some broader collective agreement among the nations of the Pacific area on this issue.

In the field of international economic action, the United States is rapidly approaching a crossroads. One direction represents a retreat toward protectionism, aloofness, and economic separatism. If this path is taken, much of the "late developing" world can be written off, irrespective of American military guarantees and political maxims, and such alliances as that with Japan will be largely hollow. This is an age which demands boldness and innovation. Thus far, most of the initiative has been taken in Europe, with the Common Market representing one prominent example. Separatism and economic nationalism do not offer satisfactory answers for the nations

of the Pacific world. The problems of credit, prices of primary goods, trade, technology, and resource development are interrelated and require international treatment. It is likely, moreover, that the bilateral relations between such countries as Japan and Korea can be most easily improved in the context of international economic cooperation involving third parties. The challenge and opportunity to the United States in this general field can scarcely be exaggerated, and Japan has much to contribute to our mutual advantage.

(c) Economic factors also enter prominently into the China policy of Japan. While this policy will be discussed more broadly later, it should be noted here that Japan is not reconciled to a policy of isolation from mainland China. Her preference is for a "normalization" of relations with the Chinese Communists, and a movement toward the so-called "two Chinas" (actually one China—one Taiwan) policy.

The American argument has been that China trade cannot be significant for Japan, and to the extent that it does develop, it may be dangerous since it can lead to political blackmail. These arguments have only limited effect in Japan. Considerable disagreement exists within that country as to how important trade with Communist China can be; most government and business leaders believe that it will be rather small under any conditions. The Japanese quest, however, is for total trade expansion wherever and to whatever extent it can be found. Thus any expansion of the China trade, even if it falls well below the prewar percentages, is regarded as highly desirable. And while the Communist use of trade for political purposes is acknowledged, most Japanese do not regard this as a serious danger, especially since the trade will probably be limited. They note that this has not been a critical problem in other areas where Western-Communist trade is taking place. Moreover, the Communists can also use nontrade for political purposes, as the Japanese Government very well knows. Thus, Japan continues to hope for a China policy that will support her economic interests.

The analysis of the Japanese economy and its prospects presented here has thus far emphasized the more positive and hopeful factors. In the interests of balance, the following soft spots and weaknesses should be listed on the debit side of the ledger:

(a) The very structure and operational patterns of Japanese industry pose certain stubborn problems in terms of heightened efficiency and further modernization. A myriad of small and medium industries still represents the largest single segment of Japanese industry; they employ a majority of the industrial workers and account for a substantial amount of Japanese production. And there is no indication that these units will disappear or grow progressively less important; many are organically connected with large-scale industry through the subcontracting system. Some improvements have been realized within small and medium industry, but under prevailing conditions it is extremely difficult to make major advances in working conditions and methods of production.

(b) Despite the general improvements in mass living standards in Japan, some major deficiencies such as housing are quite obvious. Moreover, Japanese prosperity has not been evenly distributed; some important groups within the society have been slighted. Two points in this connection can be emphasized. First, the number of very low

income families in Japan is still large, according to the most recent surveys. Second, such important groups as the intellectuals and white-collar workers have not shared sufficiently in the general economic gains registered.

(c) Underemployment is a serious problem in Japan, and an increasing number of workers must be accommodated during the next decade. Complete unemployment is not high in Japan, due in part to a social and industrial system that accepts "inefficiency" in the form of surplus labor as a price to be paid for greater social harmony. However, underemployment is widespread. Moreover, Japan must create well over 1 million additional jobs each year between now and 1965 if the new working force is to be fully absorbed. It would appear that Japan is en route to population stability. The current birth rate is steadily dropping, and is now relatively low, but the death rate is also down. By 1975, the population is expected to be about 103 million as opposed to the present 92 million; and stability may be attained within the following decade. Compared to other parts of Asia, this is a very favorable picture, but within the population the percentage in the working force (15-59 years) will increase sharply up to 1965. Both underemployment and unemployment are likely to be serious problems during the next decade.

(d) An improving domestic market has many benefits; but, given the nature of the Japanese economy and resources, foreign trade remains the key to the future. Yet competition for this trade is likely to grow more intense, and discrimination is an omnipresent threat from various sources. Already, Japan faces heavy competition from Western Europe for the "late-developing" market of Asia and Africa; and the countries of this region are themselves entering such fields as textiles and other light industries. Communist China also represents a probable competitor, particularly in southeast Asia. In addition, Japan must worry about GATT discrimination and the long-range effect upon her trade of such schemes as the European Common Market and other trade blocs. These are matters of concern along with the possibility of American protectionism.

Clearly, economic progress at a rate sufficient to satisfy the Japanese people is not assured. On balance, however, cautious optimism would seem justified. There is reason to believe that the major internal factors supporting rapid growth during the past decade can be sustained and expanded in the future. But the final answer will be strongly affected by trends in the international scene over which Japan has only limited control. In this connection, American prosperity, trade policies, and actions in the field of international economic cooperation will help to determine the Japanese future and provide one acid test of American-Japanese relations. Japan also has obligations. Cooperation is always a two-way street, requiring adjustments on both sides.

2. Social change

Conservatism is still a hallmark of Japanese society in many respects. Yet economic growth and sociopolitical reform have inevitably accelerated the process of social change. The true Japanese conservatives are greatly alarmed at the degree to which the social class system, the family, and, indeed, the total Japanese "way of life" have been or are being altered. Despite their efforts, however, the

process of change is likely to gain momentum, although some cultural patterns are deeply rooted enough to act as brakes, presenting Japan with the opportunities of evolution rather than the sacrifices of revolution.

Social change is affecting the nature of Japanese conservatism itself. In the prewar era, the bulwarks of conservatism in Japan were represented by the bureaucracy, civil and military; the industrial-commercial community; and the farmers who supplied the "mass" element. As a result of the war, such groups as the peerage and the old military class were almost completely eradicated in terms of function and power. The new military group is tiny in numbers, and totally lacking in the social or political prestige of its predecessor, at least for the present. Conservative leadership in Japan today comes essentially from the urban business community and the top civil bureaucracy as these interact with the conservative party. Mass support continues to come most strongly from the Japanese farmer.

Japanese conservatism, however, has not only been altered by the demise of certain old forces, but also by the changes occurring in those that remain. These changes are substantial and continuing, and they are also extremely difficult to quantify and assess. The civil bureaucracy is a case in point. In her struggle for modernization, Japan was favored by having a relatively well-trained, efficient, and honest officialdom, at least in comparison with many societies. Probably this was one reason for her success. Japanese officials also had great prestige and power, and frequently this power was accompanied by an arbitrary or condescending attitude toward the people. The saying, "Officials honored, people despised," has had a long and meaningful history in Japan. Not all of this has passed, but some transition is underway. The younger Japanese officials today have had different training from their seniors, have grown up in a generally different political environment, and appear more willing to accept the status of "civil servants." The trend is uncertain and should not be exaggerated. The indications, however, are that while bureaucratic power will remain both strong and important, the Japanese bureaucracy will increasingly take its directives from political channels. The premium upon elections and the public mandate will thus be enhanced.

The social prestige and political influence of Japanese business-industrial leaders, substantial after World War I, has now reached new heights. Within this group also, changes are taking place. Large-scale business and industry in Japan are no longer operated as family enterprises. The managerial system, already advanced in the prewar era, has now been fully established. Competition for key positions is intense, with young executives drawn from among the top college graduates. Although personal and familial connections are still of vital importance in this, as in every other aspect of Japanese life, merit and ability are receiving increased emphasis. Greatly increased contact between Japanese management and the West, particularly the United States, has also served to introduce new methods and ideas. Not all of the old order is gone by any means. There are still evidences of heavy dependency upon government, solicitation of officials, and paternalism. Business-political party relations are much broader and more diffuse than were the zaibatsu-party ties characteristic of the prewar era, but the problem of corruption is still apparent. On

the whole, however, Japanese business leadership today possesses a greater spirit of modernity, dynamism, and self-confidence than in the past, and this has both social and political significance. But, unfortunately, this is echoed only faintly in the ranks of small and medium enterprise.

Whatever its qualities, Japanese business leadership is likely to face increasingly stern tests and challenges as other elements of the society respond to social change. The response of the rural citizen is particularly important because this group constitutes nearly 45 percent of the total population. The postwar era has seen many changes in rural Japan. The land reform program conducted by the American occupation produced radical changes, including a very considerable leveling of the agrarian society. The new education has frontally attacked many cherished myths and even tended to undermine such instruments of social order as the traditional family system. The new era, moreover, has brought a degree of prosperity that rural Japan has not previously known.

The Japanese farmer is better educated, lives better, and participates more in the political and cultural life of his society than his counterpart anywhere else in Asia. The legacy of conservatism still lingers strongly with him, to be sure, but his conservative vote is also due to his current material satisfactions and the lack of a meaningful alternative to him in the political scene. In the coming decade, Japanese rural society is likely to be characterized by a further retreat from traditionalism, rising material aspirations, and increased political consciousness. Hence, the farmer's political responses, or at least those of his children, may be less uniform and more dependent upon economic trends.

The Japanese social trends emphasized thus far would suggest a tendency toward greater uniformity of culture, the growing proximity of the various classes in terms of interests and desire. These factors are present, but accelerated social change always presents a more complex and contradictory picture. Since change develops unevenly among the various social groups, differences may actually be accentuated in certain respects at the same time as both the consciousness of their existence and the power to do something about them increases. The distance between the peasant of Akita and the Tokyo businessman or intellectual, narrowing in some ways, is growing much greater in others. In political terms, however, this factor may have its chief significance in terms of Japanese labor.

The working class in Japan is no longer composed essentially of first-generation peasants. This alone would make Japanese labor substantially different from its counterpart of a generation ago in terms of occupational commitment, social values, and political consciousness. But there have been many other changes, including the new education, "modern management," and unionization. Enormous variations exist in the Japanese working class in every respect. As Japan moves further into industrialization, however, urban labor is likely to grow in political influence as well as in numbers.

Labor organization is essentially a postwar phenomenon in Japan, and mainly confined to large-scale industry. Millions of workers in small and medium plants have scarcely been touched by the trade union movement. Still, about 35 percent of the total Japanese industrial-commercial working force are in unions today; the highest

prewar figure represented 7 percent. While organized labor is in the minority and the political allegiance of the working class as a whole is sharply divided, a new pressure group of social and political importance has emerged.

Japanese unionism has multiple weaknesses and divisions. Its future is certain to be a stormy one, and it is impossible to predict whether the present unions will grow or remain static. But the indications are that Japanese unionism is here to stay, both as an economic and as a political force. Equally important perhaps is the likelihood that even the unorganized worker in Japan will look less to private paternalism and more to state welfareism for his protection, and in so doing will gradually find his political voice.

There remains the Japanese intellectual class, at once liberated and frustrated by the postwar era. At times, it has seemed the destiny of the Japanese intelligentsia to serve as the perennial opposition, the professional critics of their society and its ways. Their leaders, whether humanists, Marxists, or of some other belief, have tended to be strongly antagonistic to Japanese conservatism, seeing in it the image of the past, a basically antidemocratic force. That antagonism generally continues, but there are increasing signs of a new intellectual ferment that may produce a rich variety of ideological expressions. The Japanese intellectuals in general are likely to remain on the left, but it will be a changing, less orthodox left, increasingly able to interact with Western democratic forces.

Developments within and among the various Japanese social classes suggest the dynamic, changing quality of modern Japan. This evidence can be supplemented if one studies the effects of the new educational system; the expansion of mass communications; the latest cultural impact of the West, and particularly the United States; and the continuing consumer revolution. For a generation, Japanese youth have been indoctrinated in democracy, individual rights, and equality of the sexes, with more radical ideas occasionally inserted; such classic themes as filial piety and loyalty to the Emperor have been largely muted. No area of Japan, moreover, is beyond the range of the national publications, radio, and even TV. New ideas can be quickly and thoroughly disseminated; it is in this sense that Japanese culture can become more standardized even as it is changing. Many of the changes look in the direction of the United States: in such diverse fields as gadgets, popular music, and fashions. American influence is widespread. And this is but one evidence of the general desire to move away from the spartan, austere past toward a more comfortable, convenient future.

The impact of these various developments upon Japanese life and thought has been a matter of profound concern to the conservatives. Even the family, that institution implanting and sustaining most Japanese values, has been affected by the rising currents of individualism. Authorities are now attempting to overhaul the new education and in other respects "curb the excess" of the new age. The extent to which any political rollback can slow the tempo of social change is uncertain. That the process can be seriously affected by this factor alone seems doubtful. To the foreign observer, the tempo of Japanese change does not seem extraordinary perhaps, partly because the changes are generally in his direction. To those Japanese deeply committed to former ways, however, this is a relatively painful era.

What are the implications of Japanese social change for American policy? In broadest terms, they suggest the urgent need for a more effective policy of diplomacy in depth. In the mid-20th century, it is no longer sufficient to do business merely with the government in power. Success, perhaps survival, depends upon "doing business" with as many of the people within a society as can be reached. This is a multifaceted problem of images, contacts, and approaches, and despite our endeavors, we are still far from successful in Japan. As a result, the American-Japanese alliance is still relatively shallow; it does not have the kind of intellectual, political, and cultural roots needed to sustain it in an era of perils.

(a) What images of the United States deserve to be strengthened? First, the United States should be displayed correctly as a dynamic, changing society where the common man has had his greatest 20th century victories. Second, it is entirely proper to emphasize America as a society of material prosperity, scientific prowess, and military power, but it is not sufficient for the country to be seen wholly in these terms. It is important to highlight the creative work going on in American art, literature, music, and in the social sciences, and to indicate the degree to which these have become cultural media for the masses in America. Means also need to be found to dramatize our intense desire for peace and human progress everywhere.

These positive themes can be strengthened if the United States will also cultivate more thoughtfully its image of Japan. It is not sufficient to see Japan primarily as a bulwark against communism. That type of negative approach antagonizes the Japanese, and causes even the conservatives to believe that we place too exclusive an emphasis upon the Communist threat, and hence put too much stress upon essentially defensive, negative measures. Japan wants to be considered a major nation, independent, and with much to offer to the world.

(b) One part of our cultural relations program is and should be directed toward Japanese leaders in every field. Japan is still a strongly elitist society. Despite some excellent results, however, our leadership programs are not adequate. To men who are or will be important, we do not give sufficiently personalized treatment of the type that takes account of their desires, needs, and prestige. We do not match them adequately with our own elite, and they will not settle happily for less. Any red carpet treatment costs money, but if the Chinese Communists can afford it, we can. We need to give more first-class treatment to Asian leaders in the United States, and send more first-class American leaders to Asia, especially to sophisticated areas like Tokyo. This is a task not merely for government, but for foundations, universities, business, and unions as well.

(c) At the mass level also, American-Japanese cultural relations could be improved. Despite the occupation, very few Japanese have had direct, personal contact with Americans in any meaningful sense. The American is still very foreign to the average Japanese. Actually, personal relations on a mass scale between our two peoples are neither feasible nor desirable. But selective contacts based upon common factors of occupation, education, and age should be supported and expanded. For example, contacts between local union leaders, high school teachers, and farmers could be most fruitful if properly conducted and presented to our respective peoples. We also need to

make our popular literature and entertainment more available to the Japanese common man at prices he can afford. Baseball and popular music are two American exports that need to be further developed.

(d) In general, our officials in Japan are extremely able, well-trained individuals. Their intellectual caliber and technical skills are a credit to us, with very few exceptions. But there are two defects that warrant attention. First, the contacts of our officials within Japanese society are too narrow and too limited. Second, routine occupies so much attention that many of our most able people have insufficient time to think. Both of these problems are partly the product of a mushrooming bureaucracy and the demands of the desk. However, they also reflect to some extent the inadequate theory that we only do business with the government in power, or the more ridiculous notion that our officials might be compromised or corrupted by contact with people whose ideas differ from their own. We may exchange ideas with the Communists in Moscow but not so easily with the Socialists in Tokyo.

3. Political trends

Japanese politics represent a third general area of change having relevance to American policy considerations. In the years since 1945, Japanese politics have been altered by a radically different constitutional system, increasing mass participation in public affairs, and broad, new socioeconomic currents that affect the nature of pressure groups and political consciousness. These are all forces tending to support the democratic experiment and, once again, cautious optimism would seem warranted with respect to its future.

However, the adjective, "cautious," should be underlined. Democracy in Japan remains on trial and faces some serious problems. A significant gap exists between the political practices required by parliamentarianism and the social practices sanctioned by Japanese custom. Parliamentarianism, for example, depends upon "majoritarianism," but the Japanese custom insists upon consensus. Western style democracy has been legislated in Japan but it has not been integrated. The problem is further complicated by the wide range of interests that must presently be accommodated by any Japanese political system, and the extremely poor communications system that operates between competitive individuals and groups in Japan.

Despite these weaknesses, the indications are that Japan will have relative political stability in the foreseeable future. No major upheavals are likely, either in basic political institutions or in the present balance of power. Some political alterations will occur, but in all probability, these will not be drastic. This prediction, of course, might be rendered invalid by an economic crisis or some other conceivable events. Moreover, it is essentially a short-range estimate. Japanese politics a decade hence cannot be forecast, but there are obviously some factors that may aid the Socialists. The short-range factors, however, are strongly on the side of the Conservatives.

(a) The Japanese Constitution of 1947 may undergo some revision within the next 5 years, but fundamental changes are doubtful. The conservatives are giving highest priority to the repeal of the "renunciation of war" clause in the constitution, so as to permit legal and unrestricted armed forces. Some would also like to enhance the political position of the Emperor, alter the nature of the judiciary, or

change the upper house of the Diet. These amendments, however, would require an absolute two-thirds majority of the Diet, and the capacity of the conservatives to muster such a vote in the near future is doubtful.

(b) The precarious two-party system now existent in Japan may survive, but the odds are very close. It is much more certain that the Conservatives, in some form, will retain power. The Socialists face a series of internal ideological crises in the immediate future. Under present conditions, they will do exceedingly well to hold their own in any elections. There is no serious threat from either the Japanese Communist Party or ultranationalist elements except as they may infiltrate into more prominent organizations.

Within both major parties of Japan, the Liberal-Democrats and the Socialists, factionalism is rampant and the threat of a split always present. The conservatives have two chief problems: First, how to effect a synthesis between foreign ideas and institutions, on the one hand, and Japanese traditions, on the other, in such a fashion as to satisfy their values and provide a workable, modern political system; second, how to allot power so as to contain the factional struggles for supremacy that periodically rend the party. The latter problem is the more serious from the standpoint of party unity. Unfortunately for the conservatives, only one man can be Prime Minister at a time. Moreover, the form of political organization characteristic of Japan—the cluster of leader-follower groups that make up a major party—accentuates the struggle among leaders for supreme control.

The most serious problems of the Japanese Socialists are doctrinal, the wide gap between the moderate democratic Socialist element and the more orthodox Marxian leftwing. Currently, the leftwing has party control. However, neither the ideological position nor the tactics of Japanese socialism has been definitely fixed. An intense struggle is now being waged. A major split is possible but an uneasy compromise involving most elements within the party is more likely. If the Socialists seriously aspire to power, their general course must be more pragmatic, realistic, and attuned to multiclass interests. Despite sizable obstacles, including the rigid position of Sohyo labor leaders who have great power in the party, the Socialists will probably move in this direction after much travail.

There is little threat to continued conservative control of Japanese politics at present. In addition to Socialist weakness, the Liberal-Democrats have the advantages of established leadership, superior funds, and long-established roots especially in rural areas. Thus they have been able to hold nearly two-thirds of the Diet seats. Moreover, Japanese conservatives are experimenting cautiously with a "new look." This involves an attempt to project the personality of leaders, watch public opinion trends, and provide more appealing symbols. In the long run, it is probable that these techniques must become permanent parts of the Japanese conservative approach to politics, if their leaders are to retain supremacy.

Any attempt at long-range political prediction, however, is very dangerous. The conservatives have not really succeeded as yet in ingratiating themselves with the electorate; indeed, their internal struggles have produced much disgust, and the "plague on both your houses" attitude toward party politics is rather common in Japan.

Perhaps this is revealed in some degree in recent elections. Despite their many advantages, the Conservatives tended to lose ground slightly after 1949. Younger voters and organized labor probably made the chief contribution to the Socialist vote, but the opposition party also got a certain proportion of the urban "middle class" vote. In the elections of 1959, however, the Socialist percentage of the vote declined slightly. In the short run, the Socialists face a real crisis; today, they are a weak party. Given the general direction of Japanese political change, however, it would not be surprising if Socialist strength increased over a longer period. Clearly that depends upon certain developments within the Socialist Party, and within Japan and the world. American thinking about Japan, however, cannot afford to proceed upon the assumption that the Japanese conservatives will hold power indefinitely.

Neither the Japanese Communists nor the ultranationalists pose a serious threat to Japanese political stability in themselves. The Communist Party polls less than 3 percent of the total vote, it is rent by deep-seated internal cleavages, and it is profoundly distrusted by the overwhelming majority of the Japanese people. Such threat as exists from this quarter comes from Communist infiltration into student organizations, labor unions, and similar groups, together with their ability on occasion to channel or "seed" the opinion of the non-Communist left. The rather orthodox Marxist leaning of many left Socialists in Japan lends support to these tactics. The danger of Japanese Communist victory or rapid growth, however, is extremely remote. Only massive external assistance could give the Communists power today or in the foreseeable future.

The so-called "extreme right" has also been relatively impotent. Nearly 15 years after total defeat, the Japanese ultranationalist movement is still insignificant. Sources of financial support have not been forthcoming. Many of the circumstances that loaned it strength are now absent: the continent of Asia is no longer a vacuum of power; the myth of military invincibility has been shattered; and the Emperor system has been drastically restructured, both in theory and in practice. There are a few rightwing extremists operating in the political scene, but their influence at present is negligible. Nor is there any indication that Japanese militarism or aggressive nationalism of the old type constitutes a future menace. The tides against militarism are running strongly in Japan today, and chauvinism is out of fashion among the youth. A set of circumstances encouraging to an ultranationalist revival is conceivable, but highly unlikely.

In sum, political trends indicate the continuance of conservative rule in Japan, and a reasonable degree of political stability. This is clearer in terms of the short run, however, than in terms of the long run. Both the gap between the two major parties today and the gap between western and Japanese decision making procedures make an effective democracy difficult to establish. The Japanese people are not fully committed to the new system, and are themselves undergoing rapid change. Under all of these circumstances, one of the truly significant questions of the future may be what theories and practices will dominate the Japanese Socialist Party. Japanese domestic politics underline the need for a diplomacy in depth.

4. Foreign policy

Irrespective of the precise political trends, an increase of independence and a reassertion of initiative in Japanese foreign policy are inevitable. Homage is paid to these trends in the conservative formula, "an independent foreign policy within the framework of close cooperation with the West." They are, of course, far more pronounced in the Socialist program of neutralism which would abandon the Mutual Security Treaty completely rather than merely amend it. During the occupation, it was natural for the United States to make the basic policy decisions and Japan to play a relatively passive role. The transitional phase began as early as 1950, and was marked by the gradual return of nationalist sentiment. This also was natural. Now, as in the era after Perry, Japan again wishes to get rid of the "unequal treaties," and to attain a greater measure of equality in her relations with the United States.

The most immediate issue in this connection has been Mutual Security Treaty revision. It would not be unfair to state that in matters pertaining to defense, the Japanese Government would like equal rights, but not equal responsibilities. The latter are neither politically feasible nor legally possible. The present Government wishes to be consulted fully regarding the disposition and use of American forces stationed on Japanese soil, but it does not desire to expand substantially its present military commitments.

The chances are strongly against Japan becoming a major military ally of the United States in the near future. Political sentiment against large-scale rearmament is strong, a fact recognized by conservatives as well as Socialists. Opposition to atomic-hydrogen weapons has been very potent, causing the present government to issue repeated pledges against such weapons in Japan. Even the Pacific atomic tests have been vigorously attacked. In practical terms, the Socialists have the votes to block constitutional change permitting unlimited rearmament, at least for the present.

By fiscal 1960, the Japanese Government expects to have a 180,000-man army, a 124,000-ton navy, and a 1,300-plane air force. Plans for the following 5 years will emphasize quality rather than quantity. A modernization of all three branches will be undertaken, with stress upon air defense (including guided missiles), antisubmarine combat, and increased firepower for the infantry. No sizable expansion in terms of numbers, however, is contemplated. It is conceivable that menacing Communist actions (or violent Korean hostility) could produce a rapid shift in Japanese public sentiment and military policy. It is much more likely that Japanese defense forces will advance in strength slowly, and that Japan will continue to be essentially dependent upon the American military shield.

The United States must consider its military plans for northeast Asia in the light of these and related factors. Pressure upon Japan for rapid rearmament under present conditions will merely create political tensions. Given the current weakness of Japanese defenses, the United States probably must continue to man bases in the Japanese-Okinawan complex. These provide important strategic and service facilities, make the Japanese people cognizant of an American interest in their defense, and put any potential aggressor on notice to the same effect. They also represent a crucial part of the American

military power available for any part of the Asian area. Their disadvantages should also be acknowledged. The political hazards are sizable and may grow. There will probably be recurrent internal crises in Japan over incidents involving American forces, the general issue of dependency, and the possibility of Japanese involvement in war. These problems are likely to keep Japanese domestic politics focused to some extent upon "the American issue." At the least, this will be annoying, and possibly it will be dangerous. It may be argued, moreover, that any policy of retaining bases also serves to retard Japanese acceptance of responsibility for self-defense.

For the immediate future, these risks must be taken with attempts made to minimize them. In the longer range future, however, it is questionable as to whether the United States will find it desirable to maintain a large network of bases in the populous areas of east Asia. Will a combination of increasing political vulnerability on the one hand, and changes in military technology on the other, not render such bases of dubious value at some point? This basic question in all of its detail should be under intensive study by a combined American civilian-military team. Ultimately, do not societies like Japan have to maintain their own "primary" or "forward" defense, with American power standing behind them, relying upon bases in depth from the United States outward to the central Pacific together with mobile units such as atomic-powered submarines and aircraft?

Apart from the special problem of military defense, Japanese foreign policy today has three basic objectives. The first has already been stated: the achievement of greater independence and equity within the framework of cooperation with the West, and especially the United States. The second is the improvement of its position within the Asian or Afro-Asian area, and the use of both independent and cooperative policies to achieve that end. The third is support for an increasing participation in the United Nations, and other international enterprises attuned to joint economic, social, or cultural activities.

The Japanese drive for greater independence and equity suggests the element of tension in American-Japanese relations. Japanese dependency upon the United States is in the process of being reduced somewhat, but it will continue to be substantial, both in economic and military terms. Meanwhile, the desire for equality is rising rapidly. Japan wants a partner, not a tutor, but a somewhat indulgent partner who will not demand complete reciprocity. The psychological basis of this position can be understood. Moreover, in the most fundamental sense, Japan comes to the concept of alliance with some reluctance; it is not really in her tradition, and the alliance with the United States lacks as yet the type of basic roots that may eventually give it greater strength.

Some aspects of the Japanese desire for a special policy toward Asia have been discussed earlier, particularly as this desire relates to trade. The issue of China is, of course, a major one. The Japanese attitude toward China in the modern period has been complex, a mixture of respect and condescension, fear and indifference. As noted earlier, economic factors have combined with traditional and political ones to induce heavy pressures for "normalizing" relations with Communist China. Recognition of Peiping can be indefinitely delayed only by a combination of American pressures and Communist toughness.

Even should that recognition be accomplished in some form, however, intimate Sino-Japanese relations are improbable. Here, of course, the most difficult factor to assess is the political one, namely, how anxious are the Chinese Communists to woo Japan? It is conceivable that for certain purposes or with some elements, the Communists would exhibit great generosity. But the overriding factors governing these two societies strongly suggest that competition—both economic and political—will prevail over cooperation. If this proves correct, then now as in the past, rivalry in Asia is likely to support alliance out of Asia, thus lending strength to Sino-Russian and Japanese-American ties.

There is every indication that Japan will play an increasingly important role in the Asian-African world, in the coming decade. This is based upon the assumption that the political balance of this region remains roughly the same; any major Communist victories would render the Japanese future precarious. The old Asian hostilities toward Japan are not gone, but they are rapidly receding, even in the Philippines. The rising pressure of Communist China, moreover, will probably make these societies more receptive to a number of counterbalances, including that of Japan.

In setting forth her qualifications for leadership in this region, Japan has undoubtedly overstated them in some degree. At present, she neither knows nor likes the other Asians as well as she should in order to play a truly effective role. Basic research upon other areas of Asia has lagged badly in Japan since 1945, and is only now being revitalized. Like the Chinese, moreover, the Japanese have a tendency toward disdain for peoples whom they consider "backward." On the other hand, there are many cultural ties that bind Japan to the world of Asia, and give her certain insights and understanding. Her technology, moreover, is largely transferable, and in such fields as agriculture and handicraft industry she can frequently make a unique contribution.

It is legitimate to ask whether expanding Japanese influence in this area is in the American interest. To some extent, this will represent increased competition with the United States. But interaction between Japan and the late-developing societies can represent a basic contribution to the economic and political stability of both. This is supremely in the American interest. There is also some advantage to the free world in the wide display of an Asian model of non-Communist development. And Japanese overseas activities can be more complementary than competitive in the context of international economic cooperation and economic improvement in the backward regions.

One of the tragedies complicating Japanese foreign policy is the bitterness between the Republic of Korea and Japan. These two nations should logically be economic and political allies under present circumstances. Yet the sources of bitterness run deeply into the very marrow of each society, into large elements of its people. The background includes reminiscences of colonial overlordship and brutality, lawlessness born of disrespect and poverty, and widespread racial prejudice. This background is kept alive by such burning issues as the fisheries dispute and the question of Koreans resident in Japan. As will be noted in the Korean section of this report, no thorough

solution to Korean-Japanese relations is feasible at present. Time alone can make possible certain fresh approaches. But time is not necessarily on the side of better relations. Unless current issues are at least softened, animosities will be extended into the future, possible in more virulent form. Despite the risks, the United States must exert its influence upon both parties and insist upon constructive approaches to current problems.

Japanese interest in the United Nations and other international bodies has been strong in recent years. The U.N. has symbolized for Japan a movement away from isolation and toward international rehabilitation, companionship, and influence. Any decision to change the membership of the Security Council is a complex matter involving a number of issues. When and if changes are contemplated, the United States should take the lead in proposing Japan for permanent membership. Asia, at present, is woefully underrepresented, and Japan and India are obvious candidates.

Relations between Japan and the Soviet Union will probably continue to be cool and rather minimal. Japanese suspicion of Russia has been traditional and certainly not lessened by the events of the last few decades. On most points, the Soviet Union has followed a "firm policy," making few concessions to Japanese public opinion. Such a policy is exemplified by the Soviet stand on Japanese prisoners of war, fisheries agreements, and territorial disputes. Once again, Japanese policy has looked toward the "normalization" of relations, and sought to expand economic relations. This latter policy is enjoying some success. It is conceivable that the Soviet Union might abandon its hostile attitude toward Japan. But for the immediate future, Russia will continue to be the most distrusted nation in Japanese public opinion polls, and represent a substantial liability to the cause of Japanese communism.

As has been noted, Japan's three basic foreign policy objectives connote a stronger degree of independence in her relations with the United States. It is often said, with some reference to this fact, that Japan will be no one's ally. In some measure this can be said of any nation; policy will always be defended in the final analysis largely in "national interest" terms. Beyond this, however, it must be admitted that neutralism will have a certain appeal in Japan. Geographically, that country lies on the very edge of Russia and Communist China, her densely packed cities extremely vulnerable to attack. Japanese economic needs and political divisions, moreover, make her also vulnerable to a Communist "soft sell," should such a strategy be advanced.

Basically, however, there is good reason to believe that the American-Japanese alliance, with proper tending, can be built into a vital force for peace and progress. It will not be an exclusive alliance, nor will it be one resting essentially upon military power. Moreover, if it is to be firm, it must be sensitive to the special interests and conditions of both parties, and it must anticipate in some degree the general changes likely to unfold. It must also develop deeper foundations, resting upon broader elements of the society and more varied appeals. Under this framework, however, the continuance of close ties is to the advantage of both nations, especially in a period when the influence of Communist China is almost certain to make itself increasingly felt throughout Asia.

B. OKINAWA

The United States occupies Okinawa today because the bases which we have built on that island are considered essential to our military commitments in Asia. This is the sole reason why we continue to hold the southern Ryukyu islands. We have acknowledged that Japan has residual sovereignty over the area. We have also pledged our withdrawal when conditions of "threat and tension" no longer exist in east Asia. Since that happy day is not likely to come soon, American military bases on Okinawa may be necessary in some form for a considerable period.

This situation involves the United States in complicated relations with both the Okinawans and Japan. Care is required so that a military asset will not be turned into a political liability. For many years after 1945, we courted disaster in Okinawa by a policy that was much too heavily laden with neglect, indifference, and military fiat. At present, the climate of American-Okinawan relations is greatly improved, but these gains can probably be held and advanced only if development continues on both the economic and political fronts.

There are many immediate issues that confront the United States in Okinawa, but the major long-range issues should be raised at the outset, the questions of the reversion of Okinawa to Japan and the future of American bases. Answers to these questions have a direct bearing upon short-range decisions.

1. Reversion

All elements in Japan are fully committed to the thesis that Okinawa is Japanese territory and that Japanese sovereignty should be restored. The present Government, however, does not regard the Okinawa issue as one of highest priority. This is partly because it recognizes that the return of Okinawa to Japanese administration under present circumstances might involve additional military risks and responsibilities for Japan which it is not prepared to undertake at this time. Nevertheless, Japan is now increasing its commitments to Okinawa, in such fields as technical assistance, private investment, and education. Japanese nonmilitary involvement in Okinawa is rising. Cultural and political ties are generally close. Some strains of Okinawan separatism or independent development can be found, but the predominant theme is that of identification with Japan.

The Okinawan people are Japanese in culture and in desire. By a heavy majority, they favor return to Japan, but their interest in the subject or intensity of feeling varies with the individual or social group and with the times. Under normal conditions, it is an issue which counts most with the elite, and especially the "liberal" or "left" elite. But the call for reversion is partly a form of protest; thus when grievances mount, it becomes louder, while in periods of relative satisfaction, it is more subdued.

The Okinawans are commonly defined as a mild and gentle people, not easily provoked. We managed to find their boiling point during the land controversy and discovered that even a gentle people can vote "left." Recent surveys, however, indicate that Okinawan sentiment toward Americans is relatively favorable at present; the land issue seems en route to solution, and no other issue has yet taken its place.

But the problems of military accidents and incidents involving our Armed Forces can be dangerous.

Some ambivalence toward Japan or Japanese rule exists in Okinawa, especially within certain elitist circles. Faint traces of the old Okinawan nationalism can be found, and memories of Japanese discrimination against Okinawans in the prewar era are still painful to a certain number of people. It is commonly believed, however, that both Japan and Okinawa have changed, and that discrimination will not reoccur. Moreover, Okinawan leaders are generally convinced that their chances of being accepted as Japanese are infinitely better than their chances of being accepted as Americans. The number of Okinawans who are American-educated or acculturated is very small. A few others have enjoyed sufficient prosperity under American rule to make them exceedingly happy, but even they generally want their children educated in Japan.

In summary, the reversion issue will rise and fall in its surface intensity, depending upon the issues of the moment and the particular groups in power, both in Japan and in Okinawa. Broadly speaking, however, the overall political pressure for reversion will probably become stronger rather than weaker with the passage of time.

Some contrary trends will exist, but two prominent factors lend long-range strength to the reversion movement:

(a) The increase of positive interaction between Japan and Okinawa. In the past, Japan has given Okinawa more words than deeds, and used it as a political football. Now, however, practical assistance has begun to flow in a variety of fields, supplementing the deep cultural bonds that have always existed. De facto reversion has begun.

(b) Sociopolitical changes in Okinawa. These changes do not automatically support reversion, but their general influence will almost certainly be in that direction. The new education is reaching the common man with a dual message, democracy and identification with Japan; it would be strange if he did not use the first theme to support the second. Okinawa remains basically conservative, especially in the rural areas, and the outer islands even more so. However, education together with the tremendous socioeconomic upheaval of the American period have posed an increasing challenge to traditional authority, be it father or village boss. Okinawan politics is beginning to reflect these changes. While slow and uneven, the movement is from personalized leadership and "feudal" politics toward an emphasis upon issues, propaganda, and organization. The logical culmination of this "democratization" process is the end of foreign rule. Since independence is neither feasible nor desired, self-expression must be found ultimately within the Japanese state.

From the standpoint of the United States, the reversion of Okinawa to Japanese rule would raise certain military and administrative problems. There are two important questions. First, would Japanese control involve such restrictions upon our bases and their use as to interfere seriously with military requirements in Asia? Secondly, is divided authority feasible, assuming American bases would be retained? At present, the United States enjoys unlimited freedom of action on Okinawa with respect to types of weapons, movement of forces, and use of facilities. Naturally, our military authorities are not anxious to yield any of this freedom. Also, our bases and auxiliary

installations occupy a significant portion of the island, dominating it economically as well as physically. The U.S. Armed Forces currently employ some 45,000 workers, or nearly one-third of the nonagrarian Okinawan work force. Divided authority under these conditions would present complications.

If all factors are taken into account, there would appear to be two broad alternatives for American policy, since the immediate reversion of Okinawa to Japan is neither necessary nor feasible. One alternative is that of supporting the status quo; namely, unilateral American rule over Okinawa, for the indefinite future, and refusing to think in terms of stages toward reversion or any negotiations with Japan on the issue. The second alternative is that of accepting the fact of the gradual and ultimate reversion of Okinawa to Japan, and developing policies now that take account of the timing and adjustment needed to insure long-range American interests.

The first alternative has some definite advantages: maximum military flexibility and convenience, together with less complexity of administration. In the long run, however, it has one fatal weakness: it pays no homage to the dominant political factors in the equation, and would ultimately be self-defeating. The second alternative is the only realistic one. As was noted in the Japan section of this report, we need a civilian-military team to engage in the continuous measurement and projection of the political-military factors that must govern the American defense program in Asia. We need to be constantly alert to trends of political vulnerability and changes in military technology. Political and military requirements must be integrated.

Our Okinawa policy must be a part of, not apart from, our Japan policy. The political facts of life dictate that Okinawa is Japanese and must at some point revert to Japan. A proper sense of timing on this issue and correct interim policies, both political and economic, are crucial to our long-range interests.

The reversion issue can be delayed somewhat if American policies in Okinawa are progressive and successful. There is a danger, however, that we will miss the most propitious time for negotiations, standing firm until we have slipped into a strongly defensive position. Concessions made in time are usually more minimal and more effective.

2. Current policy issues

In the meantime, what issues confront American policy in Okinawa in the immediate future? The main political issues revolve around the type of American administration and the degree of local autonomy. At present, Okinawa is under military rule; the High Commissioner is the commanding general. The primary argument for this system is that since we are in Okinawa for military reasons only, it is logical that military authorities hold responsibility for policy decisions. It has been argued that a civilian head would lack authority and might be ineffective in the face of military pressures. Arguments in favor of civilian government include the fact that it is desired by almost all Okinawan leaders of whatever political persuasion (there are very few exceptions); that it would create a much more effective political symbol for the United States in Okinawa and in the whole of Asia; that it would be a logical step in the development of our position in Okinawa, complement Okinawan efforts at democracy, and represent a necessary transitional stage prior to any Japanese administration.

The argument favoring continued military rule is not without merit, but the arguments favoring some type of civilian administration are more powerful. Civilian government should be established in the near future. There are two possible methods: (1) a civilian High Commissioner under the Secretary of Defense, with a clear-cut charter of authority and adequate staff; (2) a civilian High Commissioner under the Secretary of State or Interior, with equally explicit lines of authority.

The issue of local autonomy currently centers around the question of the Okinawan chief executive. All Okinawan parties are on record as favoring the election of the top Okinawan official, but the American position is that political conditions are not suitable at present for the election of the chief executive. What are these conditions, and what are the future political prospects in Okinawa?

The salient characteristics of Okinawan politics can be summarized briefly as follows:

(a) Personalism remains strong in the Okinawan political scene but the importance of issues and organization is growing. The existing parties are controlled by a small number of individuals whose shifting personal alignments cause rises and falls in party fortunes. The prestige of given individuals or groups, and their capacity to raise funds, is very important. Personal ties still figure prominently in elections and candidates work mainly through local leaders or bosses, especially in the rural areas. Funds go to these bosses, depending upon the number of votes they are thought to control. In islands other than Okinawa, direct vote buying is still common. Nevertheless, political trends of the past few years have indicated the rising importance of issues; men and parties of supposed prestige have been defeated by the issues and organizational activities of their opponents. A transition of substantial proportions appears to be slowly underway.

(b) In this context, the significance of pressure groups and the formulators of public opinion is increasing. Such groups as the Okinawa Teachers Association are politically important, particularly since the social prestige of teachers is very high in Okinawa. Other pressure groups from business and labor can be expected to play a growing role in the Okinawan political scene, as the trend away from personalized, "feudal" politics advances. Already, the position of the leading newspaper, the Okinawa Times, is crucial to the propagation of issues and the formation of Okinawan public opinion.

(c) Okinawan politics continue to be deeply influenced by Japan, although there are no direct, open affiliations with Japanese parties. Okinawan political leaders generally maintain personal contacts with a number of Japanese organization and individuals. Consultations take place on various issues, and Japanese political trends are closely followed. Even in connection with legislation, Japanese precedents have an influence. For political reasons, however, none of the Okinawan parties has any formal tie with a Japanese counterpart.

(d) In the immediate future, Okinawa is likely to enjoy relative political stability. The three-party system will probably continue, with the left declining, the center remaining strong, and the conservatives gaining. The long-range future cannot be forecast, since it will depend upon many factors, including how various political and economic issues are handled. The leftwing Okinawa Peoples Party

(OPP), capitalizing upon our deeply unpopular land policies, rose rapidly after 1952 to become the strongest single force in Okinawa politics. Our abandonment of the lump-sum payment system has helped to reduce the appeal of radicalism. There have also been serious cleavages within the party. The evidence suggests that the OPP has definitely declined in strength, although it is now concentrating on organizational activities in the rural areas instead of its previous strongholds, the cities. Its policies are strongly anti-American and follow a far-left line that indicates Communist influence.

The leading position in the Okinawan political scene as of September 1959 was probably occupied by the Okinawa Socialist Masses Party, (OSMP). Despite its name, this party is not radical but reformist; it is social-democratic in general position, and has become more moderate with recent changes in American policy. But the conservatives are seeking to expand their party by uniting various factions, and hope to achieve an organization like the Japanese Liberal-Democrats. If successful, they might well challenge the OSMP. Previously, the Conservatives have been hurt by internal factionalism and by the American land policy because they are known as a staunchly pro-American party.

Obviously, the Okinawan political scene has elements of weakness and uncertainty. In part, the fault is ours. We did much to build a far-left movement in this unlikely place by failing to handle basic issues like land policy properly and in time. The issue of electing the chief executive probably will never have the same mass appeal as the land issue. Our stand, however, is very vulnerable politically. Having established Okinawan democracy, we are now saying that we do not trust it. To many Okinawan leaders, this stand is retrogression. At an earlier point, we permitted the election of district governors, including a governor of Okinawa, prior to the establishment of the present political system. If our position is adamantly held, once again the cause of political moderation in Okinawa may be harmed. The United States should permit the election of the Okinawan chief executive. A clear majority of the total votes cast should be required, with a runoff between the two top candidates, if necessary.

As long as the United States retains administrative control in the Ryukyus, it bears a responsibility for economic conditions. The Okinawan economic problem is a serious one and can be summarized quickly: too many people, too little land, and almost no resources. Nearly 850,000 people live in the southern Ryukyu Islands, and the population density on Okinawa is one of the highest in the world. This population, moreover, is increasing at the rate of about 14,000 annually. Arable land is an extremely scarce commodity. There are 146,000 acres of usable land in the southern Ryukyus, some 27 percent of the total acreage. And 11 percent of this arable land is now held by the United States for military purposes. Unfortunately, these islands have few natural resources, and their human resources are still at a relatively low level of development in terms of labor skills, technical training, and administrative abilities.

These are the ingredients of poverty, and Okinawa has always been poor. Formerly, she was the poorest prefecture of Japan. Productivity has increased in recent years, and living standards have improved. Now at least 7 of the 46 Japanese prefectures rank below her.

Improvements in sanitation and health have been significant. But there is a great distance to go. The following points require further attention if the Okinawan economy is to make progress: (1) the reduction of import dependency and some expansion of exports; (2) the development of adequate rural and urban credit facilities; (3) the improvement of managerial and labor skills; (4) the encouragement of foreign capital for industrial production.

American authorities in the Ryukyus have been in a troubled position with respect to economic development recently. There have been almost no American funds available for these purposes, and hence little leverage for the encouragement of constructive measures. In addition, we have been reluctant to interfere with the democratic actions of the Ryukyu legislature even when these seem to us ill advised. Thus we have been increasingly on the sidelines, in spite of our heavy involvement in Okinawan economic trends. It is most important that economic assistance of the type represented by the Price bill be supported by the American Congress. Our per capita assistance to Okinawa has been much less than that for either Korea or Taiwan. We cannot afford to pretend that we are relatively unconcerned with the Okinawan economy when in fact we are the power ultimately responsible for that island and its people. Funds would give us both the means and the right to exert greater influence.

The need for diplomacy in depth, advanced earlier in this report, could be repeated in connection with Okinawa. Hopeful progress in this respect has been made in the recent past; the American-Ryukyu Community Centers and International Women's Clubs are important steps in the right direction. But all elitist groups continue to talk about the need for more serious exchanges, and the small intellectual element on Okinawa feels particularly neglected by Americans. Once again, the funds provided for the types of activities are quite insufficient in comparison with their importance.

At some point in the not-distant future, it will probably be desirable to return Okinawa to Japanese authorities, with an agreement for the retention of American military bases. In the meantime, we should take the political and economic actions necessary to make our position most acceptable and beneficial to the Okinawans whose goodwill we will always want.

C. KOREA

Korea stands today as the symbol of free world cooperation against Communist aggression, the remarkable courage of a stalwart people, and the American determination to save a frontier state. It is unfortunate, therefore, that the South Korean Government has not acquired the type of respect from the broad community of free nations or the degree of contact with them that would lend it greater strength. Except for its contact with the small states of Taiwan, South Vietnam, and the Philippines, a few European ties, notably West Germany, and its close relations with the United States, the Republic of Korea has been largely isolated from the non-Communist world.

The reasons for Korean isolation and free world misgivings over Korean politics are complex. The fault does not lie wholly on one side. In addition to its difficulties in projecting a satisfactory external image, however, the South Korean Government faces an increasingly serious political crisis at home. The viability of democratic institu-

tions in Korea is on trial and political instability is a threat. Arbitrary decisions by officials and police-state suppression appear to be keeping pace with mounting political unrest. And in few areas of the world is American prestige more closely tied to the internal developments of a foreign state. Whether justified or not, the United States will be held responsible for what happens in Korea.

In many respects, the Republic of Korea lives on borrowed time. The Communists anticipated an easy victory in 1950 and came close to achieving it. For brief periods, they controlled almost the whole of the Korean peninsula. In retrospect, one substantial advantage emerged out of the war for the non-Communists along with the obvious tragedies. Usually, the appeal of communism is that of the unknown or the untried versus that of the government in power. But large numbers of Koreans now in the south lived under communism, at least for a short period, and therefore have some personal basis for judgment. The Korean Communists have not fared well in this competition. In the great natural "elections" produced by events in Korea, when people voted with their feet, the Communists suffered resounding defeats. The overwhelming flow of refugees was from North to South. The sizable leftwing movement in South Korea was also reshaped by the war and Communist actions. The "fellow traveler" element was sharply reduced. To the extent that the "left" plays a role in current South Korean politics, that role is essentially on behalf of democratic socialism. Behind this lies the fact that the great body of Koreans, including the intellectuals, are genuinely anti-Communist today, partly as the product of wartime experiences.

These advantages, however, might be only temporary. The Republic of Korea cannot count permanently upon Communist failures of the past. Memories are often shaped to fit current discontents. More importantly, a younger generation is now growing up in Korea who are mainly aware of the present. Within a few years, this group will represent a significant portion of the electorate. There are also external factors that argue against complacency. The rise of Communist China as a major power will produce increasing pressures upon non-Communist Korea that can only be resisted through a combination of internal strength and external support. The route to internal strength does not lie merely through a large standing Army. It must also include the vitality of the nation and the morale of its people. In order to protect its future, the Republic of Korea will have to meet these latter requirements.

1. The Korean economy

The Korean economy has been and continues to be heavily dependent upon American aid. Without that aid, it would collapse. The period of postwar reconstruction, however, is ending. Presently, a transition from mere survival to expansion is taking place. Accelerated economic growth for South Korea is now possible and likely, but the degree of progress is contingent upon a wide range of factors. Many serious problems exist.

Few societies, if any, in the modern world have undergone the travails of modern Korea. Colonialism, segmentation, and intensive war followed one upon the other. Japan contributed much to economic progress in Korea but it also shaped the overall economy in a typically colonial fashion, bequeathing to independent Korea a sharp

economic imbalance. That imbalance was compounded by the artificial division of the country at the 38th parallel into the so-called "agricultural" South and "industrial" North. Five years later, Communist aggression cost Korea 1 million lives and damages estimated at \$3 billion. Perhaps the real miracle is that this series of tragedies has not utterly destroyed the morale of the Korean people.

The current situation, however, holds promise along with problems. Industrial and mining production in South Korea have registered substantial gains in recent years. Progress in agriculture has been slower, but some advances are now being registered. In early 1957, the Korean Government, with the support of the American aid mission, undertook an austerity program. For the first time since the Korean war, inflation was brought under some control. In general, the signs indicate that the Republic of Korea is entering a phase of more rapid economic development. Perhaps it is between the crawling and the walking stage at present.

Many stubborn problems remain. Inflation must still be considered a threat. The Korean production system has various weaknesses. It is characterized by a high degree of unevenness: high-powered and ultramodern equipment furnished by ICA and a small number of skilled workers coexist with antiquated methods and tools, sometimes in the same industry. Modern entrepreneurial talent is scarce and its growth is inhibited by nepotism, the continued influence of the oriental family system. The interaction between business and government is extremely close, and marked by an unfortunately large amount of personal favoritism and corruption.

The problems of credit and investment are also difficult. Credit is both scarce and expensive; interest rates may run from 7 to 10 percent per month. Government investment in economic development must be limited as long as military expenditures remain so large. Private investment is also limited by a complex of factors: low savings proclivities, hoarding, and the channeling of funds into forms of investment other than industry. Moreover, conditions in Korea have not made it attractive to private foreign investment.

Living conditions in South Korea have greatly improved from the low point of wartime misery, but the Koreans are still a poor people. Some 75 percent of the people are engaged in farming and fishing, with per capita production estimated at not more than U.S. \$50 per year. In proportion to cultivated acreage, Korean rural population density is the second highest in the world. That population is rising, moreover. The total population, swollen to over 22 million by northern refugees, is increasing at a rate of 1.6 percent annually. Urban living standards are rising faster than those of the rural areas, but the problems of underemployment and unemployment are grave.

South Korea has relatively meager natural resources, especially of the type required for industrialization. Indeed, the questions of how much and what kind of industrialization is economically sound for this state are critical questions that have never been sufficiently studied, since they are also questions highly fraught with political dangers.

Many of the problems noted above are common ones in the so-called "late-developing societies," and there are no simple solutions. Tax reforms, an expanded credit system, and a rigorous campaign

against corruption, waste, and inefficiency are all needed. What responsibility does the United States have? Since 1953, aid to Korea has totaled some \$1.7 billion, the overwhelming proportion of this coming from the United States. A strong case can be made for the thesis that these funds have not been used as efficiently as they should have been, that American interests and objectives in connection with their use have not been sufficiently defined and defended, and that our generally weak position has created serious problems. The charge is common that American aid has created too many Korean millionaires and sustained too many corrupt practices.

There is some validity in this criticism. Basically, we have had a weak policy toward Korea in terms of stipulations, controls, and supervision. We have usually invoked the time-honored maxim "non-interference in the internal affairs of another state," despite the fact that massive aid obviously is interference and our responsibility for overall trends in Korea—and its ultimate defense—cannot be avoided. Clearly this is a complex and difficult matter, and one not confined to Korea by any means. It is one of the truly urgent problems in connection with economic aid to late-developing societies. In Korea, the difficulties were doubtless compounded by the rivalries and divisions of authority that have prevailed among our separate diplomatic, economic aid, and military missions; recent administrative changes may bring some alleviation. But the broader elements of the problem will remain, and need to be faced squarely. These issues must not be used as the basis for underestimating economic assistance as a major weapon in the worldwide struggle against totalitarianism. But our techniques of aid, and our responsibilities in connection with aid, need to be basically reassessed.

2. Korean politics and society

Korean democracy today stands in precarious condition. Some progress has been made, and, considering the events of the last decade—indeed, the last half century—perhaps the miracle is that any semblance of democracy exists. Nevertheless, democratic institutions face a very great trial in the immediate future, with the outcome unpredictable.

It can be argued that democracy has made fairly significant progress in the Republic of Korea since 1945. After a lengthy period of colonialism and authoritarianism, Korean politics have been marked by surprising vigor and intensive competition, a tribute, in part, to the independent character of the Korean people. A two-party system exists, with the Liberal and Democratic Parties both conservative in their general philosophy. The leftwing Progressive Party has now been outlawed; it had garnered relatively few votes except for the presidential election of 1956 when the Democratic candidate died prior to the election.

The Liberal Party, dominated by Syngman Rhee, maintains absolute control of the national government at present, with a strong majority in the National Assembly. Since the Korean political system is strongly centralized, this also gives the Liberals extensive control throughout the provinces. Both the popularity of President Rhee and that of the Liberal Party have dropped sharply, however, and the election of 1960 is in doubt, providing it is fairly conducted. The Democratic Party has steadily gained strength, especially in urban

areas, such as Seoul, where it has won a series of overwhelming victories. Competition in Korean politics has never been more intense.

There is also evidence to indicate that the Korean people are participating in public politics on a larger scale and with more vigor and intelligence than at any time in their history. Their participation is marked by the growing exercise of individual free will, the hallmark of a democratic society. There is no blind worship of a national hero on the one hand, nor meek obedience to the orders of the village headmen on the other. Increasingly, even the rural electorate appear to consult their "self-interest" when they cast their ballot. In some rural areas, to be sure, the influence of traditional elements remain strong, but new groups, such as the Korean war veterans and the modern educated class, vie with the old centers of rural power. Korean society at present is extremely complex, and in a state of great flux and transition. The historic conservatism of this people, especially the peasantry, is being moderated by rapid socioeconomic changes. Thus, the political landscape of Korea is being substantially altered.

The force of provincialism in Korean politics is also receding, a force of enormous historic importance. The effect of modern war and massive dislocation has aided in this process. Some traces of the old order still exist, of course. There is a tendency to hire men from one's own district when convenient. The northerners now in the south have banded together to some extent and help each other when possible. Certain political groups show regional proclivities. It is often said, indeed, that the present national government is dominated by men from central Korea; similarly, the Chang Myun faction of the Democratic Party is known to include many northerners although some of Chang's key advisers are from the south. Increasingly, however, regional differences and loyalties have been subordinated to a sense of Korean nationalism.

Each of the above factors in its own way indicates the progress of democracy and the Korean state. Yet the darker side of the picture demands at least equal attention. Throughout its brief history, the Republic of Korea has been marred by political violence, acts of flagrant suppression, and certain police-state tactics. And today, as the election of 1960 approaches, the Liberal administration is engaged in successive acts that can only be regarded as assaults upon basic democratic rights. The Democratic Party is being intimidated, its leaders threatened, its press restricted, and its general rights violated. The charge of "treason" is being used loosely to justify these actions, and laws such as the national security law are being rammed through the National Assembly over bitter opposition to give them legal sanction. At the same time, the Local Autonomy Act was amended to make the offices of mayor and township head appointive rather than elective, thereby greatly augmenting the power of the central government in what is obviously an attempt to make it impregnable at election time. Perhaps Korea does not have a two-party system, but rather a 1½-party system, with the opposition partly intimidated and discouraged.

As has been noted, such tactics are not new. In 1952, for example, the Korean Army was deeply involved in the elections; in 1956, it was the police who served the political purposes of the administration. It has been less easy to apply these pressures in major urban centers; hence the relative strength of the opposition in such places as Seoul, Taegu, Pusan, and all larger cities. But in the rural areas police inter-

ference has frequently been extensive. The degree to which this type of pressure upon the electorate will continue and be effective is uncertain. Some evidence suggests that future pressures may be more subtle and that Liberal leaders will also resort increasingly to such tactics as public works and similar benefits to win votes. Perhaps neither the military nor the police can be utilized for coercive purposes in the immediate future since many within these ranks suspect that political changes will soon occur. The task of "supervising" the next victory may be handed to some new group such as the Anti-Communist Youth Association which the Liberal Party has been grooming. In any case, however, the signs are very disturbing.

Syngman Rhee has had many of the qualities of a successful leader, and he has acquired, not unjustly, the symbol of "father of the country." His popularity among the Korean people has been very high at points, but now it appears to be declining. In the elections of 1952, Dr. Rhee received approximately 72 percent of the popular vote, but his percentage dropped to 56 percent in 1956 despite the death of his leading opponent just before the election. One factor involved is his advancing age, another the desire for a change, and the feeling that one group has been in power too long. But Rhee is a revolutionary before he is a parliamentarian, and he has been a revolutionary for most of his 85 years. He will not give up power easily, and he and his supporters may not be willing to give it up at all, whatever the cost of staying in office.

Perhaps a case can be made for "benevolent despotism" in Korea. Democracy may not be feasible in a society with the internal problems and external threats faced by the Republic of Korea. At the very least, some tempering may be necessary in the initial stages, some tutelage during the period of transition. In these regards, Korea, despite its differences, shares certain problems in common with many "late developing" societies. But irrespective of these problems, the immediate issue in South Korea is one of political stability or instability, and the degree to which a people's confidence in their institutions and leaders is won or lost.

The Korean political future is obscure. If President Rhee were to die before the 1960 elections, the Liberal Party would probably continue in power by some means, preventing Chang Myun, the Democratic Vice President from taking office. In the long run, however, Rhee's death or retirement is likely to produce some important party realignments among the conservatives. Both conservative parties are loose coalitions at present, with various factions jockeying for power. The two main Liberal factions have been labeled the "Extremists" and the "Moderates," with the former still seemingly in control. Within the Democratic Party, men like Chang Myun and Cho Pyong Ok each have substantial numbers of followers. The differences separating factions in both major parties are not basically questions of policy or ideology, but questions of office and power. Hence coalitions are always complex and changes unpredictable. Probably Cho will be the Democratic nominee for President if Rhee remains in office until the 1960 election. Should Rhee pass from the scene, conservative party ranks would almost certainly undergo a process of regrouping, with elements of both major parties forming new units.

The indications are strong, however, that some conservative coalition will hold the reins of political power in Korea, at least for the

immediate future, irrespective of Rhee's tenure in office. The leftwing, as represented by such groups as the now outlawed Progressive Party, is still relatively weak. This is due to many factors: the continuing force of Korean conservatism, the impact of the Korean war upon the leftwing, and the control policies of the Government, among other things.

The leftwing may not remain weak permanently, however. As noted earlier, the younger generation is increasingly restive, and even among the older groups, substantial sociopolitical changes are taking place. There is considerable danger that in Korea as in some other parts of Asia, an "intellectual proletariat" will develop, a younger educated class finding insufficient outlet for their talents and energies. This problem has a special facet in Korea, as it did once in Japan. The opportunities for the talented children of poor families in civilian universities are very limited, due to meager scholarship funds. If they have any chance for higher education, it is usually via military schools. Thus, a number of bright young officers from the lower economic classes are emerging, filled with resentment against "special privileged" civilians and politicians. This could be explosive.

In a broader sense, it is legitimate to ask whether Korea will follow a pattern set elsewhere, and replace civilian parties with military rule? This is possible, but the odds seem somewhat against it, at least for the present. Currently, no military man has great political prestige or organizational strength in Korea. Within the army, there are many ambitious men. But up to date, the military have been instruments rather than masters of civilian government. This is partly due to the skill with which the Liberal administration, and particularly President Rhee, has handled the army. Potential rivals have been sidetracked; strong, independent-minded leadership has been discouraged. Under the circumstances, factional disputes and attempts to gain the President's favor have flourished. If party government fails completely, military rule at some point is a definite possibility, but it is not likely to happen in the near future.

Thus, the prospects are for the continuation of conservative civilian rule in the Republic of Korea, irrespective of the lifespan of President Rhee and the outcome of the 1960 elections. This cannot negate the fact, however, that Korean democracy is on trial, and that the events of the next few years may well determine the support which democratic institutions can expect from the Korean people in the longer range future.

3. Korean foreign policy

Korean foreign policy also faces a major challenge. Since 1945, the Republic of Korea has been strongly attached to the United States, and the Korean-American alliance is very likely to continue for many reasons. At the same time, however, Korea will probably make increasing attempts to lessen the isolation that has characterized her position in Asia and add new dimensions to her diplomacy.

The historic Korean problem has been that of a small nation wedged in between major and often aggressive powers. It is an obvious advantage to have a firm alliance with a major distant power like the United States which has no territorial ambitions. Put simply, Korea has less to fear and more to gain from American aid than from that of any other major power, and most Koreans are aware of this fact.

But increasingly Koreans are also aware of the need for other friends and allies. There is a natural, growing desire for greater interaction with non-Communist societies other than the United States. One evidence of this is the newly found enthusiasm for West Germany, especially among many of the younger people. In intellectual circles, moreover, hope is rising that Korea can now have more meaningful contact with other Asian-African societies, especially those to the south.

Hostility toward Japan is substantial, especially among the Korean elite. Given political trends in Asia, close relations between Korea and Japan are important, perhaps imperative to the welfare of both societies. Yet the obstacles are formidable. Bitterness and racial prejudice exist on both sides, and are not confined to a tiny group. The roots of the problem are deeply imbedded in history, including recent history. For some 40 years, Japanese imperialism dominated the Korean peninsula. The Japanese did much to advance Korea in a technological sense, and provide law and order, but they could not destroy Korean nationalism, and their generally condescending attitude toward Korean culture created many barriers. Recollections of the past have been fortified by problems of the present such as fisheries and repatriation.

There are some rays of hope. Many Koreans have personal ties to Japan, either of respect or friendship, and most of the common people are not anti-Japanese. Moreover, even among those who harbor bitterness, increasingly there is a recognition that relations with Japan should be normalized in the national interest of Korea. There is considerable reason to believe that improvements can be realized, especially when Syngman Rhee ceases to be President, for his personal enmity to Japan is boundless.

The chances of Korean reunification in the near future are extremely remote despite the desires of the Korean people. There is some parallel with the German problem. The Communists cannot support peaceful reunification at present because they know that they would suffer heavy electoral defeats and become an insignificant minority. Nor do they wish to commence another war through any attempt at unification by force. They will be content to wait, hoping for mounting unrest in the south. On the other side, while the Liberal Party has threatened forceful reunification at times, the Rhee government is not likely to defy world opinion, including that of the United States.

Under these conditions, both the Republic of Korea and the rest of the non-Communist world are confronted with the question of how to treat the North Korean Government. Up to the present, the Republic of Korea has treated suggestions or acts of negotiation on any subject with the North Koreans as treason. Thus an isolation much stricter than that between West and East Germany has prevailed. For example, no trade or visits are permitted. Over a period of time, sentiment in the south favoring some relaxation may develop but this is difficult to predict.

Meanwhile, about 8 million Koreans live in the north under a Communist government. The North Korean Communist elite has often been divided into three factions: the "Yenan," "Moscow," and "indigenous" elements. This signifies the diverse background of the Korean Communist movement, and there is no doubt that factional

difficulties have existed in the north, although no simple generalizations can be made. Current evidence suggests that a number of purges have taken place in party ranks, and that Russian influence in North Korea is much stronger than that of Communist China at present. Indications are that life has been rigorous in the north, but that, through human sacrifices, industrialization is being advanced.

At present, North Korea does not offer great competition to the south. As has been noted, Communist actions before and during the Korean war turned millions of Koreans against that movement. Up to this point, communism has signified neither nationalist victory, political freedom, nor higher living standards to the average Korean. And North Korean propaganda to the south has been crude and relatively ineffective, although southern propaganda to the north has not been much better.

4. *U.S. policy in Korea*

(a) The United States cannot discontinue economic assistance to the Republic of Korea at this time without risking the most serious economic and political repercussions. Neither the Korean people nor the Government is prepared to underwrite economic development without outside help at present. It is important now, however, to reexamine our aid program in Korea with respect to the following questions:

(1) What form of aid is most conducive to stimulating indigenous energies and capital formation?

(2) To what extent should assistance be geared to long-range plans and what should be the American responsibility for checking the validity and progress of such plans?

(3) What is the proper balance between military and economic aid, in terms of the security and welfare of Korea?

This report cannot spell out detailed answers to these questions, but it might be suggested that whatever the form and amount of aid determined most desirable, the present military expenditures of the Korean Government should be reduced. Our treaty obligations for the defense of the Republic of Korea are clear and unequivocal, and they must remain intact. With these, and the recent development in weapons, the Korean Army can safely be reduced to more manageable proportions for the Korean economy.

(b) The United States has too great a stake in the Republic of Korea, and the symbol of Korean freedom for which Americans fought and died, to permit any wholesale destruction of democratic rights without some counteraction. What can be done? First, the American people and the American Congress should be more thoroughly alerted to the facts of Korean political life. Korean leaders are presently convinced that the American people are not concerned with what happens in Korea as long as it remains anti-Communist. The American press should give far greater coverage to the Korean political scene, and more foreign correspondents should be sent to Korea to cover political events, including the forthcoming elections. Some of our public leaders should go to Korea and, while there, reiterate the fundamental requirements of a democratic society. All Koreans should be made aware of the fact that the eyes of the world and, particularly the United States, are upon them.

It should be made unequivocally clear to all Korean political groups that repeated violations of human rights or assaults upon democratic institutions in Korea will have a sharply adverse effect upon American-Korean relations. And means should be used to give this warning effect, if necessary. We have been too weak in Korea, and have not gained the respect of either the Government or the people for this fact. There are means that would be painful without being fatal which the United States could employ to support its own national interests in a situation where we bear such enormous responsibilities.

(c) On the positive side, the United States needs to encourage all types of cultural relations and scholarship pertaining to Korea. Despite our heavy involvement in Korea in recent years, American understanding of Korean society and culture is extraordinarily poor. There are no centers of Korean studies in the United States at present, and almost no American scholars primarily devoted to this area. With such weak cultural underpinnings, it is extremely difficult to build a strong political alliance. Some of the fault lies with the Republic of Korea and its representatives. Nevertheless, both the American Government and private groups and citizens should give high priority to tackling this problem.

(d) It is strongly in the interest of the United States that the Republic of Korea have increased diplomatic, cultural, and economic relations with the non-Communist world. It is especially important that relations between Korea and Japan be improved. This will not be easy, and American pressure or mediation carries obvious risks. But the problem is also critical enough to our general interests to warrant risks. One possible method of slowly bringing Korea and Japan closer together is in the context of international conferences involving other nations or people. Even more informal means can be utilized such as the contacts of overseas student and scholar groups. But the United States must also do some serious thinking about compromise solutions to current Korean-Japanese differences that might be proposed privately to the two parties by us, solutions that might involve some American commitments as well.

(e) There is no feasible method at present whereby Korea can be reunited, and two de facto Korean Governments will likely continue for the foreseeable future. Ultimately, recognition of this fact will probably shape new policies, both within the Korean peninsula and outside. The United States may find it in the national interest to work for some general compromise agreement between the free and Communist worlds pertaining to divided states and their representation in international bodies.

The United States can take pride in its decision to uphold Korea against Communist aggression. It is important, however, that in the years ahead Korea remain a growing symbol of freedom, justice, and progress. This is only possible if the United States continues to make a substantial commitment, military and economic, to the Korean people. But it also depends upon Korea itself, the integrity of the political elite and the determination of the Korean people. Korea reveals both the challenge and the limits to American policy.

D. COMMUNIST CHINA AND TAIWAN

1. Communist China

Communist China presents the most complicated and serious problem faced by the United States in Asia. It is also a problem more likely to grow than to diminish, and one for which there are no easy answers. In the first decade since their advent to full power on the mainland, Chinese Communist leaders have concentrated upon two basic internal objectives: first, the creation of a powerful, centralized state in which Communist authority could proceed to carry out its policies boldly and with minimal opposition; and, second, the launching of a massive economic revolution intended to bring China abreast of the West in the shortest possible time. These two objectives have an interrelation. If an economically "backward" society is dedicated to a very rapid program of modernization, especially one emphasizing heavy industry and internal capital accumulation, it will require extensive sacrifices from its people. The more extensive the sacrifices, the greater the necessity of an "educative," totalitarian state to rationalize and enforce them.

a. Chinese Communist domestic policies

Current trends in Communist China are not easily measured or projected. Some of the most essential data is subject to serious question and the very rapidity with which changes are taking place makes assessment difficult. In the totally "planned" societies of our time it is still the unplanned events that sometimes make substantial differences. Nevertheless, the evidence on Communist China at this point is sufficient to permit some fairly firm generalizations.

(1) The Chinese Communists have achieved impressive results in the opening stages of their campaign for economic development, even if some claims have been greatly inflated. According to official statistics, the gross national product of Communist China averaged an annual increase of 9 percent between 1952 and 1957. Some experts in the West believe that the true increase during this period was 6 to 7 percent annually. The more seriously disputed figures, however, were those published in early 1959, figures that the Communists themselves have now revised.

When the production plans for 1958-62 were first announced in September 1956, they called for an annual 9 percent gain. But by 1958, many goals had been raised beyond recognition. Communist authorities initially claimed that output of key agricultural and industrial products during 1958 was double that of 1957. In late August 1959, however, they revised the earlier statistics sharply downward. The revised figures, if accurate, still represent a spectacular achievement in those areas such as grain, steel, and coal production where primary emphasis has been given.

The Communists now claim that the "great leap forward" has produced the following results: In 1958, grain production (including potatoes and yams) went from 185 to 250 million metric tons (instead of the 375 million tons originally claimed). The 1959 production goal of 525 million tons projected on the basis of the earlier report has been reduced to 275 million tons. Steel production rose from 5.35 to approximately 8 million tons "suitable for industrial purposes."

Earlier, the Communists claimed 11 million tons, but now they assert that 3 million tons of "backyard furnace" metal was inferior. The 1959 goal was reduced from 18 to 12 million tons. Coal production figures were unchanged, with an announced increase going from 128 to 270 million tons, but the 1959 goal was reduced from 380 to 335 million tons, still a 24 percent increase. Cotton output went from 1.64 to 2.1 million tons instead of 3.35 million tons as first announced; the 1959 target has been reduced from 5 to 2.31 million tons.

The Communists have certainly admitted gross overestimates. Undoubtedly this was due in major part to the inflated reports that came from local cadres, always anxious to please. The revised statistics may still be in error. But if they are reasonably accurate, the results have been impressive. And there is general agreement by trained observers that economic growth in Communist China is proceeding at an exceedingly rapid pace. That this has produced economic dislocations, the Communists themselves admit, and there is reason to suspect that the problems are far graver than the admission. Transport and raw material bottlenecks are apparently quite serious. Currently, food supplies are very short in some areas. 1959, unlike 1958, has been a poor crop year. And, of course, these troubles do not measure adequately the enormous human problems of the "great leap forward." This has been a period of trial and error, of some striking successes and some complete failures. On balance, however, the evidence would suggest remarkable achievement. Whether it is remarkable enough to give promise of meeting the extraordinary problems of this society is the great, unanswerable question.

The following factors have figured prominently in economic development under the Chinese Communists:

(a) The attempt to commit the massive manpower of China as fully as possible to the task of technological change. The Chinese working force has been mobilized to an unprecedented extent, and directed into those forms of labor considered most necessary to meet the major goals. An effort has been made to cause every element of the society to participate to the degree physically possible, given factors of age, occupation, and capacity. The attempted "full utilization" of labor includes such techniques as the "liberation" of women and their use in all occupations; the insistence that white-collar and student-intellectual groups engage in part-time manual or farm labor; and most importantly, the involvement of the peasant in diversified labor including public works projects, and handicraft and industrial labor in addition to agriculture, thereby seeking to eliminate the historic waste of agrarian underemployment. Perhaps the Chinese Communists have overemphasized what can be done with manpower alone, and how hard men can profitably be worked. Recent Russian criticisms and Chinese admissions suggest some retrenchment, both in theory and practice. There is little doubt, however, that the Chinese Communists still consider manpower a vital resource, and will rely upon it heavily.

(b) The attempt to extend industrialization in sufficiently varied forms and levels to maximize the use of all available skills and resources. Initially, the Communist emphasis was strongly upon centrally controlled, large-scale industry. The premium, however, was not merely upon enlarging the industrial bases inherited from Japan and the West in Manchuria and Shanghai. It was also upon expanding and intensively utilizing the transport network so that new

industrial units could be constructed close to sources of raw materials. An effort at industrial dispersal was made, with strategic as well as economic factors clearly involved. Where necessary, labor was moved to the new areas as required. Thus the prewar pattern of Chinese industrial concentration wholly in Manchuria and a few major coastal cities is undergoing substantial alteration. The Communists look toward increased regional planning, with the country divided into seven economic regions, and with developmental programs natural to each region being handled in a more decentralized fashion. These plans suggest strong Russian influence.

In recent years, moreover, Chinese authorities have stressed the importance of small and medium enterprise in Chinese economic growth. The advantages that have been cited are lower investment costs, less need for transportation, fewer complicated techniques and equipment—thus, greater ease of development. These are advantages relating to the mobilization of local capital and the immediate use of built-in skills and resources. The function of small enterprise as envisaged by the Communists is perhaps most clearly seen in the commune system.

The primary function of the communes has been that of labor mobilization. The plan has been to utilize this labor as fully as possible through the development of handicraft and small industrial units within the communes. Thus the peasant is being thrust into the industrial process at various levels in the hope that he can provide a major portion of his own producer and consumer goods. Once again, there have been failures, such as the primitive blast furnaces, but in the general concept, there is validity. The communes can also be considered instruments of consumption control, and to a lesser extent, military units. One might suspect that in some measure, the commune system derives from the historic experiences of the Chinese Communists when they were "surrounding the cities," building their rural, peasant-centered Communist movement.

(c) The attempt to raise agricultural productivity in spectacular fashion by concentrating upon expanded irrigation and intensive, scientific farming. To raise their agrarian output, the Communists are stressing the following factors: expanded and improved irrigation systems, and the use of marginal land (land under cultivation has also been increased by removing old private boundary paths, buildings, and cemeteries); extensive use of organic and inorganic fertilizer; improved seeds, multiple cropping, denser planting, and deeper plowing. The grave deficiency up to date has been that of fertilizer. The production of chemical fertilizer is still negligible, and if the soil is to be pushed to its limit through heavy cropping, it must have nutrients. The broad program outlined above, however, seems generally valid, and undoubtedly has produced substantial increases.

(d) The attempt to use state power so as to limit consumption and raise investment. By means of total controls, the Communists have sought to prevent serious inflation and channel a major portion of productivity directly or indirectly into capital investment for industrial expansion. Private ownership has been practically eliminated and private capital largely absorbed; the profits of state and state-private joint enterprise are a form of taxation. Wage and price controls, together with the rationing of essential goods, have been strictly applied. At this stage of the Chinese industrial revolution, the people

are expected to sacrifice "for the future"; these have been years of survival, not famine, but for the overwhelming proportion of the Chinese, they have also been years of extremely hard labor, meager compensation, and "bare essential" type living.

(e) The attempt to benefit from the historic experience of the Soviet Union as well as to utilize its economic and technical assistance. In addition to the internal factors influencing economic development in Communist China, one vital external factor is obvious, namely, Russian aid. It is impossible to measure that aid in any full sense, because the Chinese Communists have used the Soviet Union in a variety of ways as their basic model. The experience of the Russian revolution has been an asset of incalculable advantage; the errors of the U.S.S.R. as well as its successes have been made available for study. Thousands of Chinese students are now attending schools in Russia and between 7,000 and 10,000 Russian scientists, engineers, and technicians have been on temporary assignment to China.

Between 1949 and 1958, the U.S.S.R. probably furnished Communist China with \$2.24 billion in loans, but the great bulk of this was in the form of military assistance. The amount clearly specified for economic development was only \$430 million. Soviet credit appears to have financed about 30 to 40 percent of the machinery and equipment necessary for some 156 core projects. The latest economic agreement between Russia and Communist China, signed in February 1959, provides for supply to the extent of \$1.25 billion over 8 years.

Clearly, Soviet economic assistance up to date has represented only a small fraction of the total capital involved in the modernization campaign, probably about 3 percent of the total net investment. And this aid has required Chinese repayment in exports, repayment which is now underway on an increasing scale. The Chinese industrial revolution is being paid for by the Chinese people; it is not a gift of the Soviet Union. This does not alter the fact, however, that Soviet aid has been extremely important. Without the various forms of assistance noted above, the Chinese industrial revolution could not possibly have reached its present stage so quickly. But Soviet aid has not been a panacea; it has had definite limits, and it has created certain pressures and problems.

The foreign trade of Communist China illustrates the vital role played by the Communist bloc in Chinese economic development and also some of the problems produced by this fact. Between 1950 and 1955, total Chinese trade increased approximately two and one-half times to some \$4.6 billion. By 1955, over 80 percent of the total trade was with the Communist states as contrasted with only 33 percent in 1950, and less than 1 percent in the pre-Communist era. Naturally, this trade was mainly the exchange of Chinese agricultural produce for machinery and industrial goods. Despite agrarian scarcities, China had no other commodities to export in quantity, and thus agrarian, together with mining productivity determined in considerable measure the amount of industrial development possible. Basically, this remains true.

Through 1955, Communist China had a large trade deficit, the import surplus being counterbalanced partly by Soviet loans. However, these loans were limited, as has been noted, and repayment was scheduled for a sharp increase in 1955. This fact, together with Chinese economic grants to other countries, threatened a serious imbalance in

Peiping's international accounts. At the same time, production of light industrial products marketable in some foreign areas was increasing. These facts help to account for the Chinese Communist trade overtures to non-Communist countries, especially those in the Asian-African area, beginning in 1956. The need for foreign exchange and diversified markets was probably at least as important as the political gains envisaged. Recently, however, there have been setbacks in Chinese Communist trade with the free world, due apparently to transport difficulties and internal economic dislocations caused by rapid expansion and the new commune system. Political factors were also involved in the case of Japan.

The objective of Communist China has been summarized in their much-heralded slogan, "Catch up with Great Britain within 15 years." This refers, of course, to output of key products, particularly in heavy industry, not to overall nor to per capita production; but in these limited terms the slogan seems obsolete if Communist statistics are accurate. Any assessment of the economic future of China, however, must seek to weigh such crucial factors as population trends, agricultural production, and foreign trade.

(a) Unless the government launches a very strong birth control program, Chinese population increases are likely to keep living standards low and be a brake upon the industrialization process. If the 1953 census was accurate, the population of the mainland in 1959 is probably in excess of 660 million, and currently increasing at a rate of between 2.2 and 2.4 percent, or at least 14 million annually. With these figures as a base, it is entirely possible that by 1970, the Chinese mainland population will exceed 800 million, even assuming birth control enjoys some success. The government has recently backed away from its earlier birth control campaign, but it is probably concerned about the problem. Conceivably, it might launch a "crash program" that would produce greater results than are estimated here. It is more likely that there will merely be a gradual decline in the rate of increase. In this event, mass living standards are destined to remain low in spite of substantial productive increases.

The commune system may enable needs to be met with maximum "efficiency," measured in cost of service terms. This system may also represent some degree of rural urbanization with the special kinds of livelihood advantages that this could produce. Whatever the gains on these counts, however, a significant gap in living standards between Chinese urbanites and peasants will probably continue. And the population will remain overwhelmingly rural for the foreseeable future. The rate of growth of the cities will be more rapid than that of the rural population, but the urban-rural population ratio is not likely to change greatly due to the great absolute predominance of the rural sector.

(b) Agricultural production will remain a critical factor not merely in determining consumption possibilities, but in determining capital formation for the ambitious industrialization program; the Communist claim of a spectacular "breakthrough" in agrarian production may be sufficiently true to support rapid industrial development. The peasant pays a major share of the cost of rapid industrialization in China as elsewhere. The economic future of Communist China depends partly upon the ability of the government to keep him harnessed

to this task. He must produce as much as possible while consuming as little as possible, if the most ambitious goals are to be met.

1958 was a year of very good climatic conditions for China, abetting bumper crops. Even if gains over 1957 were great, the 1958 combination of favorable crop conditions and the achievement of a "great leap forward" in techniques suggests that further increases are likely to be of smaller magnitude and perhaps more painfully achieved. On the other hand, 1959 appears to be a very unfavorable year for crops, as were 1954 and 1957. The chances are strong that Government investment will continue to flow mainly into industry, with transport also getting attention in view of the serious deficiencies here, at the expense of the agrarian sector. Despite all the economic and sociopolitical uncertainties, however, the Communist record to date would seem to indicate that agrarian productivity can underwrite a speedy industrial revolution, particularly if consumption is kept fairly low.

(c) Export will remain one very important factor in capital formation for Communist China, and every effort will be made toward trade expansion, with increasing attention probably given to the Asian-African area for both economic and political reasons. The economic impact of Communist China upon the Asian-African world seems destined to grow. Overall Chinese trade expansion will probably take place at a slower rate of increase than during the early period of the first 5-year plan, and most trade will continue to be with the Communist bloc. However, as Chinese industrialization progresses, Communist China will seek a more diversified market. She can be expected to compete for foreign exchange and political influence in such areas as southeast Asia with her light industrial products.

The entry of Communist China into the southeast Asian market has already produced anxiety in Japan; Communist Chinese textiles, ceramics, cement, machinery, and metallic products have begun to make inroads into traditional Japanese markets. Meanwhile, Sino-Japanese trade has virtually ceased because of a political impasse, adding to Japanese unhappiness. On the other hand, trade between Communist China and some Western countries, notably Great Britain and West Germany, has shown some progress.

The general situation renders current American policy on Communist China trade very vulnerable. Our position has been one of maintaining a strict trade embargo on Communist China ourselves, striving to uphold the CHINCOM restrictions, and depreciating the probable value of trade with the Communists. Already pressures from Great Britain and Japan have caused us to acquiesce in modifications of the original CHINCOM trade restrictions. But further pressures are probable. If Communist China is interested in, and capable of expanding her trade with the non-Communist world, current American policy runs the increasing risk of being regarded as negative and obstructionist, and is likely to be overridden. Even if Chinese capacities for such trade remain weak, there will be the strong temptation to use commercial feints and overtures toward a country like Japan as long as these cannot be thoroughly tested.

If economic trends are to be summarized briefly, the emphasis must be upon the intensive economic change and growth that is taking place in Communist China today. Whether this tremendous drive toward

modernization can be successful will depend partly upon technical and economic factors and partly upon the ability of the government to mobilize and hold public support in the face of heavy sacrifices for the foreseeable future. This requires some appraisal of socio-political trends in Communist China and their implications.

(2) The Chinese Communists have created a powerful state in which major policies and critical decisions determined at the top can be transmitted and applied effectively and quickly at the grassroots levels of Chinese society. The following factors have been important in the political-social organization of Chinese Communist society:

(a) The authority of the Communist Party has been supreme and unchallengeable, operating under the customary rule of "democratic centralism" which allows basic decisions to be made by a small elite in private. Despite the fiction of a multiparty-multiclass government, Communist China is ruled by the Communist Party elite. This elite are generally middle-aged men, have had better than average education, are party veterans, come mainly from the interior provinces, and are mostly products of indigenous training, although one-fourth of the current Central Committee members have had some training in the Soviet Union. There have been very few purges of top-ranking leaders during the first decade of Communist rule, perhaps because the power struggle within the Communist movement had been settled earlier and an acceptable division of labor established among the victors. The "old Bolsheviks" in charge of the party today have had a lengthy history of working together. Also, under Mao's leadership, the party has guided and controlled the army, making it only an instrument of party purposes. There have been no indications thus far of any serious military challenge to party authority.

Nothing is more difficult than to assess the precise nature of relations within the Communist Party elite, since information is based largely upon rumors that cannot be substantiated. There have been recurrent stories of friction within high party circles, sometimes involving Mao Tse-tung himself. Concrete evidence, however, is almost totally lacking. Mao's position has some very great strengths; he is "father of the revolution," charismatic leader, and "philosopher-king." To seek his overthrow would not only be to fly in the face of an entrenched power position but also to risk enormous damage to the imagery of Chinese communism, which has been built around the symbol of the benevolent and omniscient Mao. It would probably wrench communism in China more severely than the de-Stalinization campaign did in the Soviet Union, and it is very unlikely.

It is quite probable, however, that vigorous policy debates take place in inner party circles, and basic policies may well be shaped by such debates. In some instances, personal rivalries probably blend with policy differences. It would not be surprising to find definable factions within the Chinese Communist Party. There is some evidence, for example, to suggest that Liu Shao-ch'i, Mao's presumed successor, and Chou En-lai, Premier and leading "diplomat," have led opposing policy lines.

On the basis of the scanty evidence available, however, Communist China does not appear to be wracked by party disunity at present. If this is true, one important reason is Mao Tse-tung. At this stage of the revolution, his role is unique and probably unassailable, at least

in terms of frontal attack. His death might produce or lead to a political crisis. A totalitarian society generally faces instability when its top leadership undergoes change. But upon all of these points, prediction is very hazardous.

A new military class is beginning to emerge in Communist China, a second-generation group who are essentially professional soldiers rather than the old revolutionary, party-centered type. It is possible that, in time, this new class will constitute a threat to the party, or at least produce individuals who must be closely watched. A more immediate problem confronting the Communists, however, is that of absorbing a vast number of new party recruits. Membership between 1950 and 1957 increased from 4½ to nearly 13 million. Many within this new elite are relatively raw and untested. Yet they must be given increasing responsibility. Some decentralization is now considered both possible and desirable; thus, the importance of local leaders will probably grow. In view of their recent arrival in the party and to power, however, this provincial bureaucracy may undergo numerous changes as pressures develop. But under "democratic centralism," the basic decisions will continue to be made at the top, and some instability at local levels should not disrupt the regime.

In brief, there are certain tests of strength which the Chinese Communist Party must meet, now and in the future; there is always the possibility of a political upheaval within top ruling circles. However, the chances of an elitist disunity sufficient to jeopardize party control seem extremely remote. On the contrary, most indications are that this is the strongest, most unified government that modern China has ever had, and that the Communist Party is able to enforce its authority effectively at all levels.

(b) Party control over the Chinese people is exercised mainly through special organizations that link the individual directly with national policies and commit him to them. Historically, the Chinese state was greatly served by localized or private groups like the family, but it was also forced to compete with them for the individual's first loyalty, a competition which it generally lost. The old system was thus the despair of the modern nationalists, those who would build a powerful, centralized state. The Communists have made use of the great organizational tradition of China, but they have sought to fashion units that will serve without competing. The old competitive elements are rapidly being undermined or destroyed.

Communist China has many types of organizations, but none is more important than the neighborhood cell-type association through which most citizens function. With the cadres as leaders, these small groups serve as ideological watchdogs, mutual exhortation societies, and transmitters of basic policy. Through them, the citizen engages in "study," "self-criticism," and reform. Through them also, he demonstrates against imperialism, overfulfills quotas, and kills flies. The Chinese is more than ever an organizational man, but every organization exists to fulfill state purposes and extend state power.

(c) The Communist regime at present relies upon many psychological-emotional appeals in its approach to the Chinese people. One of the foremost appeals has been that of nationalism. To win support and attain acceptance of their policies, the Communists have used a wide variety of techniques, both coercive and persuasive. In the initial stages, coercion was important to the regime. Especially dur-

ing the land reform era, a sizable number of "Kuomintang bandits" and "reactionary landlords" were liquidated. The purpose was not only to employ terrorism to break the back of the old elites, but also, through public accusation meetings, to produce mass denunciations of landlords and other traditionally elitist elements that would cut old ties irrevocably, thereby facilitating a transfer of loyalty and affiliation. These meetings served a second major purpose: they produced a sense of active participation in the new order.

The basic decisionmaking powers must be held firmly by the party elite, yet mass participation is of great value to Chinese Communist "democracy," providing it supports rather than challenges centralized decisions. Thus participation in Chinese politics at the mass level today is based essentially upon ratification, not decisionmaking; it is more ritualistic, induced, and collective than free flowing, self-interested, and independently derived. Its particular attributes, however, do not negate its significance.

For the overwhelming majority of Chinese, participation in public politics is an unique experience. Now that it is compulsory, it must be measured against the aloofness, indifference, and freedom allowable in the past. It cannot be compared in the mind of the average Chinese with a type of participation which he has not known, that type characteristic of the democratic Western societies. His participation does represent in some measure a tremendous projection and regularization of the sporadic mass demonstrations that emerged so dramatically at various junctures of the modern revolutionary movement. But the difference in degree—in scope, intensity, and continuity—amounts to a difference in kind.

The Chinese Communist system may also represent an alternative to Western-style democratic participation that can produce psychological satisfactions and emotional releases. It is undoubtedly a burden to many. Indeed, it appears that boredom and above all, weariness, much more than previously held convictions, serve as the main source of discontent. Nonetheless, group discussions and actions at the local level have conveyed some sense of spontaneity and dynamism, and certainly they have been effective in forwarding national policy. The precise attitudes of the Chinese people toward their new involvement cannot be determined with any accuracy. There is reason to believe, however, that the Communist government has been able to commit many, especially among the younger age groups, to strong support for the new order.

To this end, nationalism has been of great assistance. It is ironic that nationalism should have reached its zenith in China under Marxism. Yet in many respects, the Chinese Communists have forged the strongest, most tightly knit nation-state that has ever existed in this area. Among the Asian-African societies, only Japan has achieved comparable integration. In considerable part, this may be attributed to power or the threat of power: to the progressive elimination or tightening control of all "antinational" elements including minority peoples, and the extension of centralized power to the remotest areas of China. For many of the Chinese people themselves, however, the nationalist appeal has undoubtedly fallen upon willing ears. The call to make China a first-class power, to show the world the true capacities of the Chinese people, must be understood against a recent history of Chinese weakness, foreign invasion, and humiliation. This

is a history made more painful by virtue of the vigorous sense of cultural superiority and the xenophobia in China that survived in some measure the chaotic events of the last 150 years.

The effect of combining nationalism and communism is to make China a spartan state at present in which the themes of abstinence and sacrifice, love and hate are strong. Physical exercise, mass demonstrations, and militia training are symbols of the new China, as "the white-faced scholar," contemplative tea-sipping, and mah-jong were symbols of the old. Modernization—and all the sacrifices that must accompany it—is an act of patriotism, as it was in Japan 50 years ago. To overfulfill one's quota is to protect one's country against "American imperialism." A major effort has been made to represent the United States as the great threat to peace and prosperity for China.

The ears and eyes of the Chinese people are scarcely ever beyond range of propaganda to this effect. Billboards, publications, and broadcasts reiterate two themes: American imperialism is a serious menace and it will be defeated by the concerted efforts of the people. As evidence of the first point: "American military occupation of Chinese territory" (the offshore islands and Taiwan) is alleged and the extensive network of American Far Eastern bases is cited. The second point is stressed by hailing Communist successes in the Korean war and also by emphasizing the tremendous potential for future power implicit in the current revolution. Chinese official pronouncements are couched in tones of great optimism, indeed, cockiness. Having come to power contrary to most expectations (including those of the Russians), and having won on almost all their major gambles of the last decade, the Communist leaders do not appear to be overly worried about the future. There is rather a belief that "the east wind will prevail over the west wind," that China is again approaching an era of glories. To the extent that this concept can be communicated effectively to the Chinese common man, it represents a powerful nationalist stimulus. The harshness of sacrifice can be mitigated by the assurance that it is not in vain; that betterment will be the fruit of labor.

(d) Opposition within China to the Communist Party and to communism certainly exists, and possibly in considerable amount. It is extremely unlikely, however, that the present regime will be seriously challenged by internal dissidence in the near future. Basic changes in the traditional social structure of China have been underway for many decades. Communism has naturally accelerated those changes along with providing redirection. A tremendous leveling process has taken place within the agrarian classes. The rural gentry have disappeared, their properties have been communalized, their sociopolitical influence has been destroyed, and in many cases, they have been liquidated physically. The poorest peasants, on the other hand, have been raised in status, in opportunity, and probably in livelihood.

The urban commercial-industrial classes have been put under a variety of pressures. Their growing political influence during the nationalist era has been abruptly ended. Their increasing economic position as private entrepreneurs was destroyed with the nationalization of almost all firms and factories. Yet it would appear that relatively few members of these classes have been liquidated. A large number have made reasonably successful transitions to the role of state managers. This may not be a basically different function in

economic terms, but it holds very different sociopolitical implications. There can be little doubt, moreover, that a new managerial group is being trained as quickly as possible who will bear scant relation to this older generation. Economically, the urban working classes appear generally to have benefited from the revolution. Social security has been introduced; food is meager but adequate, and necessities are available. Their prestige, moreover, is vastly higher; to them, all must pay lip service at least, and engage in some emulation. Bitterness toward both the party and the system is probably extensive among the old commercial-industrial groups, but a considerable measure of support for the new era may exist among the urban workers.

For the mature intellectuals, recent years have undoubtedly represented a series of traumatic experiences. Many traditional ways and attitudes have been vigorously assaulted: individualism, the prestige of pure (apolitical) scholarship, and disdain for physical labor. The new premium is upon conformity and participation, and both must be active. Positive dedication to the regime can be shown by public denouncements of past "bourgeois" influence, collective action via study group and committee sessions, and some quota of manual labor as service to the state and method of acquiring respect for the vanguard class.

The intellectuals function not only in academic life, but also in journalism, the civil service, and industry. Communist China desperately needs their services in the thrust toward modernization, especially those in scientific and technical fields, or those who have special administrative skills. Relatively few intellectuals have been liquidated, although a large number have participated in "corrective study" and almost all have had to undergo a series of rigorous "self-criticism" sessions. Intellectuals who adjust to the new order are often accorded substantial privileges and opportunities. Funds are available for laboratories, official histories, and a wide variety of cultural activities in which the state has reason to invest.

Yet as a group, the older intellectuals must remain suspect, and some of the younger ones as well. During the 1957 "liberalization" period when the Government briefly encouraged or at least allowed fairly fundamental criticism, a number of student and intellectual elements registered their protests in vigorous terms. Subsequently, many of these elements were forced to admit their "rightist" errors as the Communist regime withdrew in some alarm from the "let 100 flowers bloom" experiment. There have also been other indications that opposition within intellectual ranks may be fairly substantial.

Intellectuals in any culture, however, interlace timidity with tenacity, and if left to their instincts, find their greatest solace in a very personal creed. They have all the weaknesses of unorganized men whose individual positions are likely to cover the entire political spectrum and whose personal rivalries are legion. These weaknesses are not necessarily fatal in a liberal milieu, and indeed, under circumstances of liberalism or "inefficient" authoritarianism, intellectual dissidence may become a political force of consequence. Certainly this force in China ultimately aided the rise of Chinese communism. As a class, however, the intellectuals are particularly ill equipped to do battle successfully with totalitarianism, especially in its early stages. The Government may have good reason to distrust

a substantial number of individuals within the intellectual camp, but given its present "stick and carrot" policy, it probably does not need to fear them. And it is trying to train a new group, both in the U.S.S.R. and China, that will not be influenced by the "bourgeois" or "Confucian" training of the older generation.

The military class, as has been noted, presents a picture of growth and change. The old Red army has a long history of party leadership and control. There is no indication that this general relationship has been altered. Communist Party leaders seem to take confidence in the strength and mobility of their armed forces, and have had no discernible difficulties with them. Currently, Chinese Communist military forces probably total about 2½ million men. In addition, there is the program of training commune militia. Huge numbers of citizens have been involved in this training, but it appears to have been crude and of dubious military value. It has probably been more important as a part of the general campaign for labor mobilization and discipline. The reliance of the regime must be upon the regular military services. The men in these units are becoming increasingly specialized and professional, more technically oriented, and perhaps somewhat less the revolutionaries. From the party standpoint, there are dangers implicit in any such trends, but at present, no signs of party anxiety can be noted. The military forces are considered trustworthy by the regime, and appear to be so.

Peasant grumbling and discontent have probably caused the regime much concern. In their overwhelming numbers, the peasants are still the people of China. It is obviously desirable to make them as satisfied and cooperative as possible, although the history of the U.S.S.R. strongly indicates that under communism, rural unrest can be widespread and still be kept under resolute control. No sweeping generalization about the present conditions and morale of the Chinese rural population is very safe. Conditions are not uniform; they are changing rapidly; and there is no way to measure accurately all the pertinent factors, especially the psychological ones. It is probably safe to say that most of the old rural elite harbor deep resentments while some of the poorest elements regard their lot as generally improved. But attitudes are undoubtedly mercurial, depending upon the relative satisfaction or distress of the moment.

How the peasant en masse will react to communism and the communal life over the coming years cannot be predicted now. With respect to the communes, a long period of trial and error is probable, during which various adjustments will be made as pressures arise. Already some "liberalization" has been allowed as a result of strong complaints voiced during the opening stages of commune operations. Refugees coming over the southern borders of China have emphasized the extremely heavy work schedule and the meager rewards. There seems little doubt that life in rural China has been and will continue to be very harsh. But it must be remembered that this has always been true. The average Chinese peasant had an infinitely lower level of technology and standard of living when he was confronted with collectivization than was true of his counterpart in East Europe, for example. The Communist Government remains vitally concerned over agrarian productivity. It can be expected to keep the pressure on the peasant up to those limits considered profit-

able and safe. It will continue to rely upon coercion when necessary, confident in its organizational apparatus and military strength. But it will also listen to the voice of the people, making tactical concessions when the situation requires them. Under all of these circumstances, the likelihood of a widespread peasant revolt seems slight.

The strongest and most organized opposition to the Chinese Communist Government has undoubtedly come from the Tibetans. Other minority peoples have also shown hostility, including the Uighurs, the Moslems, the Mongols, and some of the tribal peoples of south Yunnan. This opposition has been traditional and is culture based; in short, it is anti-Chinese at least as much as anti-Communist. In some areas, it appears that the Communists have made headway with the minority peoples by adopting a "go slow" policy, one calculated to make progress by stages. In other regions like Tibet, Communist troubles are obvious. These difficulties are likely to be expensive and annoying to the Chinese Communists, and may seriously affect their relations with neighboring Asian states, but they do not in themselves pose any basic threat to the regime. All minority peoples added together constitute no more than 6 percent of the total population of China.

Thus, the available evidence indicates the strong probability that barring a war with the United States, the Chinese Communist Government will have a lengthy tenure. American policy, whatever its precise forms, should operate under this assumption.

(3) Communist China is very likely to emerge as one of the major world powers of the late 20th century. The future of China hinges upon many imponderables, of course, but almost all signs point to the rapid increase of state power—economic, military, and political—under the Communists. The vast manpower and resources of China are being mobilized as fully as possible for this purpose. Primary targets include such fields as iron and steel, and heavy industry in general. In view of their accomplishments to date, there is good reason to believe that in their priority areas, the Communists will obtain notable results. The Chinese industrial revolution will certainly be uneven, but it may be one of the most rapid the world has seen.

A portion of this rising economic power will be channeled into military uses. In some respects, the Chinese Communists have been primitive in military tactics and weapons; Mao's greatest "Marxist" innovation, that of "surround the cities," was itself a sign of that primitivism, a peasant army supplied in part with homemade small arms. Yet in this field, as in others, the Communists are likely to skip many stages of military evolution. The atomic age for Communist China is probably not far distant. Meanwhile, Communist forces may already have obtained their first missiles from the Soviet Union. Communist China has a long way to go before it can be considered a first-class military power; although its army is the largest in the Asian-African world, its air and naval power is relatively weak, and its modernization campaign has just begun. This is a field, however, where the leaders will certainly be dedicated to advancement, and where even a few years may make a substantial difference.

While it may be en route to major power status, Communist China will continue to be dependent upon the Soviet Union. At this stage,

both Soviet economic aid and the Soviet military shield are essential. And this dependence, while gradually lessening, will probably exist for a very considerable time. It is very probable, however, that Chinese insistence upon equality in their alliance with Russia will come well in advance of their real attainment of that status. The shifting power balance between these two states and its effect upon their relations are clearly of crucial importance to the entire world.

The growth of state power in Communist China is not likely to be accompanied by an equal growth in living standards. The common man will live, but he will not live well. Priorities will remain with producer, not consumer goods. And unless the Government undertakes a crash program of birth control, populational increases will eat deeply into productive gains. The odds are strongly that the coming decade for the average Chinese will be one of unremitting toil and sacrifice for the glory of China and the hope of better things to come.

This could be a serious weakness for the Communist state. Certainly, it will put a premium upon the augmenting and skillful manipulation of political power. Perhaps Communist man lives less by bread than other man. He lives also by pageantry, propaganda, and persuasion, all encased in the coercive armor of Communist power. In China, moreover, these energy-producing substances are given in the form of heavy nationalist injections. Patriotism and socialism have been blended. Three revolutions, the nationalist, the industrial, and the Communist, have been mixed together. In the years ahead, the Chinese Communists seem likely to wield their persuasive-coercive techniques so as to keep mass material needs and demands at the minimum required for productivity and social order. In no other manner can they produce industrialization of the type and on the time schedule they demand.

Consequently, the chances are remote that any basic political "liberalism" will evolve in Communist China in the near future. Yet Chinese totalitarianism will have its own unique forms, and a certain dynamism that cannot be ignored. The bloody era is over, at least temporarily, and now heads are being shaped, not chopped. The effort at present and in the future will be to create so perfect an organizational man that coercion in its crude forms will be outmoded, except for "bandits" and "backward people misguided by reactionaries" like the Tibetans.

The implications of these developments to the world cannot be over-emphasized. To some extent, Communist China may have an appeal to certain countries and individuals as a model, a nation moving from the depths of backwardness toward modernity in giant strides. Its programs and techniques are likely to receive attention similar to that long given the methods of Japan and the Soviet Union. But the influence of China as a model will be strictly limited. This country cannot really become an ideal to most of the late-developing peoples of the world. The harshness of life and the continuing poverty of its people will prevent that. Moreover, admiration, even when present, will be increasingly mixed with apprehension, especially among those societies that border China. Progress and poverty, the rapid growth of state power in Communist China, coupled with low mass living standards, present dangers to Asia and the world. The power of Communist China will increasingly demand recognition. And the dangers that this power poses to the non-Communist world will in-

creasingly demand the closer cooperation of free nations if the threat is to be met effectively.

b. Chinese Communist foreign policy

The foreign policy of Communist China contains elements of both the past and the present. In it can be discerned echoes of the old tributary system (now there are cultural and economic missions to and from surrounding peoples) and the old antiforeignism, exhibited most strongly toward the West. Yet there is much that is new. Indeed, a certain parallelism exists between Chinese Communist domestic and foreign policy as to tactics. The formula for Communist success in China was based upon the theme of multiclass cooperation under "proletarian" leadership against "the enemies of the people." Each class and subclass from peasant to "big bourgeoisie" was analyzed and defined as "people" or "enemy," with separate treatments prescribed. The world has been subjected to similar treatment by the Chinese Communists in the last decade.

(1) The international proletariat is naturally represented for the Chinese Communists by "the socialist camp" headed by the U.S.S.R. The Sino-Soviet alliance is currently based upon vital mutual interests outweighing such negative factors as may exist. It will not be ruptured over trivial issues, and it will probably endure for a considerable period. However, Sino-Soviet mutual interests are likely to be reduced with the passage of time, and strains in this alliance be increased.

Chinese Communist leaders have repeatedly acknowledged a great ideological and material debt to the Soviet Union, and that debt is very real. An assessment of the Sino-Soviet alliance, therefore, should first pay homage to its strengths, in terms of the advantages accruing to the major parties. With respect to Communist China, the following advantages must be noted:

(a) Soviet economic experience, blueprints, experts, and materials have been essential during the initial thrust of the Chinese industrial revolution.

(b) Soviet military assistance and the broad protection of a Russian military shield have contributed mightily to Chinese Communist power at home and abroad.

(c) The Soviet Union has been of inestimable help to the Chinese Communists in marking out the broad ideological guideposts. Russia pioneered in applying Marxism-Leninism to the problems of gaining and holding power, and to the tasks of rapid modernization. While not without its annoying aspects, Russian ideological assistance continues to be extremely useful to the Communist leaders of China.

(d) In addition to borrowing extensively from advanced Soviet science, the Chinese Communists have also used symbols like sputnik as major propaganda weapons toward their own people, giving them a sense of affiliation with irresistible strength, the wave of the future.

(e) Through this alliance, the Chinese Communists have avoided a sense of isolation on the one hand and the dangers of widely variant external influences on the other. And in addition, Communist China has increased her world prestige within as well as without the Communist orbit. She has played a considerable role as mediator and source of influence in Communist circles.

From the Russian standpoint, there are also significant advantages:

(a) Communist China adds new dimensions to Soviet military and political strength. If the Sino-Soviet alliance remains intact, the Eurasian Continent will be spanned with an unparalleled combination of technology, resources, and manpower. The victory of communism in China has represented a tremendous gain in prestige and strength for world communism, of which the Soviet Union is the leader.

(b) While the development of China may prove a drain on Soviet resources, Communist China has begun to share in the costs of international Communist assistance, and in the planning and execution of its strategies. It has helped to lengthen the reach of the Communist movement.

(c) Economic interaction between Communist China and the Soviet Union has some advantages to the latter, and these may increase as Chinese economic development continues.

(d) The successes of Chinese communism enhance Russian propaganda to their own people, enabling it to play upon themes of growing Communist strength and emulation of the Soviet experience abroad.

(e) Communist China can be of valuable assistance in supporting the Russian position within the Communist world, as has now been well demonstrated.

Yet the long-term solidarity between the U.S.S.R. and Communist China is by no means assured. Their relationship is becoming increasingly complex. Even at this point, there have been suggestions of hard bargaining, uneasiness, and disappointments. Whatever the precise nature of current relations, the Sino-Soviet alliance faces the following hazards:

(a) Increasing competition between two expanding societies, dynamic, nationalist, and with marked cultural differences despite some common ideological bond. Notwithstanding their gratitude (and this may be mainly at the elitist level), the Chinese regard the Russians as foreigners. From most indications, relations have been more businesslike than fraternal. Chinese nationalism everywhere is ascendant. Enormous pride is shown in the capacity to move from dependence upon Russian aid to independence from it. The symbols used to identify Chinese communism and progress are increasingly indigenous ones. Even the venerable dragon has found a respectable place in the new China. And Mao Tse-tung is proudly heralded as foremost among modern expounders of Marxist theory and champion of Communist practice.

Meanwhile, for the first time in history, a true boundary is being established along the vast Sino-Soviet frontier. Chinese and Russian power will soon confront each other on a greatly expanded basis. Men and machines are moving into areas that were once arid, empty expanses or cold, hostile forests. Can the old Sino-Russian border disputes and rivalries for spheres of influence be permanently set aside in the face of these developments?

(b) Differences in practice lead to differences in theory, a thorny problem to rationalize in an ideological empire that appeals to supreme authority and aspires to "supreme truth." For communism, this is an age of pragmatism, yet the inner compulsion for ideological conformity remains. There can be different routes to communism, accommodations to diverse cultures, and different timings of develop-

ment, but there can be no national communism, say the leaders. However, do not differences in culture, in problems, in experience and revolutionary stages produce important differences in the practices from which theory must flow? In certain respects, Chinese communism differs significantly (and consciously) from the Russian model. This creates a problem similar to that of the Western medieval church—how to prevent doctrinal heresy and schism in a period of practical diversity and flux.

(c) Given the enormous interaction between Russian and Chinese societies at every level, mutual influence upon the internal politics of the other party is probably unavoidable. Sino-Soviet relations may be sufficiently important to create key internal issues around which policies, factions, and even national leadership could conceivably revolve. That such issues would always be resolved in favor of a strengthened alliance seems dubious.

(d) The coordination of policy toward the non-Communist world, particularly the United States, must also pose a problem to the Sino-Soviet alliance, a problem that will not become lighter as Chinese power grows.

Some of the factors discussed above may materialize slowly or not at all. It is possible that they can be handled without a disruption of the alliance. Western allies have worked out many complex problems. Yet, increased strain upon Sino-Soviet relations due to some combination of these factors is very possible, particularly if general world conditions encourage it.

Toward the minor Communist states, the Chinese Communists have played a varied role. Considering their own serious internal problems, they have been astonishingly generous to the three Communist states of Asia: North Vietnam, North Korea, and Outer Mongolia. Grants and loans allocated by the Chinese to these governments totaled at least \$600 million through early 1959. This appears to exceed the amount loaned China for economic development by the Soviet Union through 1958. Moreover, more than one-half of the Chinese assistance was in the form of grants-in-aid and gifts. The largest support is going to North Vietnam, where Chinese influence also appears strongest. In North Korea, the Chinese position seems to have slipped and Soviet influence appears predominant. Between 1956 and 1958, major purges took place in North Korea, and many of the old Chinese-influenced "Yenan" factions were ousted. This situation may be a very delicate one for the Communist world. Chinese influence in Outer Mongolia is still quite limited, but is likely to increase.

With respect to East Europe, Communist China has played an important ideological-political role, helping to shore up the Russian position but at the same time, no doubt, helping to define it, assisting in the formulation of permissible political stands. And there is some suggestion that Eastern Europeans, apprehensive lest Asians stand once more at the gates of Vienna (this time, ideologically), may look increasingly to the Russians as a counterweight. Thus current relations within the Communist world appear far more complex and uncertain than such slogans as "proletarian solidarity" would suggest.

(2) In the past, Chinese Communist policy toward the Asian-African world has had its objective in gaining the friendship, respect,

and confidence of the "independent camp"; but this policy has faced an increasing challenge due to its internal contradictions and the rapid rise of Chinese power. The Chinese Communists see in the Asian-African world the symbolism of the peasantry. The peoples of this area represent the great mass to be won by indirection, to be neutralized, utilized, and ultimately led. On balance, Chinese Communist policy toward the "uncommitted peoples" has been an attempt to win their sympathy, respect, and trust. This attempt to make Communist China "lovable" was most broadly displayed at Bandung and in the widely heralded five principles of coexistence.

In line with these principles, Communist China has made certain important concessions, offered economic aid to a number of non-Communist countries, and ardently pursued a program of cultural relations with her Asian neighbors. Some successes have been scored. Yet this attempt to woo the Asians now faces difficulties, and the problems reveal the complex choices which Communist China must make in her foreign policy toward such areas as south and southeast Asia.

(a) How strong can China become, and how far can she advance her "national interests" without worrying or antagonizing the other Asian societies? Despite her various commitments to internationalism, Communist China is not only a rising nation-state today, but one that is militantly nationalist in some respects, as if to compensate for centuries of weakness. Ideology affects both the tactics and objectives of Chinese Communist foreign policy, to be sure, but that policy can be defined partly in "national interest" terms: to unify China and to provide it with as much border security as possible. Specifically, this means that the Chinese Communists are dedicated to the complete control of "historic" China, from Tibet to Taiwan; and secondly, while they would prefer "friendly" states on their borders, they will accept "neutral" ones, but states allied with American power will be regarded as hostile and probably treated accordingly when Chinese capacities and the opportunities permit.

Both of these basic national policy objectives of Communist China affect Asia directly. The unification movement brings Chinese power into areas which were formerly buffer zones, power vacuums inhabited sparsely by primitive folk. Thus to the south of China as to the north, more direct confrontations of Chinese and foreign authority are developing, raising new problems and apprehensions. The Sino-Indian border problem is an especially significant example. Now the Chinese Communist Government wants the buffer zones pushed out, as it were, to encompass non-Chinese Asia. It will struggle against the imposition of any "hard line" involving American power around its borders. In this struggle, the Communists may choose from a variety of tactics; but, in fact, they will probably select some combination from the carrot-and-stick alternatives, varying the combination or balance in accordance with the area and circumstances. The "stick" policy, however, is not likely to take the form of a war in which Communist China herself is fully and openly committed. The risks of such an approach, both military and political, are so high as to make it primarily a course of last resort. It is safer and cheaper to launch and support indigenous movements, or to apply other forms of economic and political pressures.

(b) Thus the interrelated question becomes the extent to which Communist China will apply the Chou formula and the extent to which it will apply the formula of Lenin. The Chou formula rests upon noninterference in the internal affairs of another state, respect for the territorial integrity and sovereignty of all states, and support for coexistence. The Lenin formula is to promote subversion and revolution. It must be noted that major elements within the Communist world such as the Soviet Union and Communist China often face a troublesome problem in balancing their position and interests as nation-states with their position and interests as members of the international Communist movement. Sometimes there is a conflict, or at least minimal compatibility. In such cases, priority has usually been given to the national interest. There is considerable evidence to indicate that indigenous Communist movements in south and southeast Asia got little Chinese assistance in periods when it was considered against the national interest of Communist China to be heavily involved in such activities.

Thus, it is not wise to apply the Leninist formula mechanically to Communist foreign policies. Neither is it wise to ignore it. In reality, the foreign policy of a state like Communist China is always a blend or mixture. But the critical question is that of the proportions of "Chouism" to "Leninism," and that will vary with the circumstances and the tactical decisions of Chinese leaders. These circumstances and decisions in turn will be strongly influenced by the policies and attitudes of their major opponent, the United States, and their major ally, the Soviet Union.

Within certain limits (Russian influence is probably important), Communist China has room to maneuver in her policy toward the states of Asia and Africa. It is likely that in her broad approach to the uncommitted peoples, Communist China will continue to advance offers of aid, cultural exchange, and essentially "correct" policies. Any basic shift from this program makes no political sense. It would further jeopardize the very considerable gains that Communist China has made in some areas and would likely conflict with her first priority of the next decade, the domestic revolution.

Nevertheless, Communist China will take considerable political and even military risks to defend what she believes to be her national interests. And Chinese nationalism is presently both adamant and arrogant, as is illustrated by Tibet and also by the border controversies with India and Burma. Undoubtedly, Communist China is unhappy about the firmer policies being applied against internal communism throughout most of the south and southeast Asia today. Its gravest concern, however, appears when there is any threat of a movement from nonalignment to alignment with the Western camp, particularly the United States. It is likely to struggle against this by changing the proportions in its Chou-Lenin mixture so as to favor the latter.

(c) An additional complexity involved in Chinese Communist foreign policy toward Asia is the presence of some 12 million overseas Chinese in the southeast Asian region. What attitude should be taken toward this minority group? The overseas Chinese are generally apolitical, but loyal to the cultural traditions of China. They are the victims of discrimination and distrust in many areas. In this sense, they are a liability rather than an asset to good relations between

Communist China and southeast Asia. Many of them had hoped that a strong homeland government would arise to protect their minority rights, but they have been disappointed. The Chinese Communists have sought to retain some ties and influence with the overseas Chinese but their general policy has been not to alienate the southeast Asian governments through support for the Chinese minority. Still, they cannot completely escape identification with this minority.

Despite some of its policies and because of others, Communist China is viewed with increasing apprehension in many parts of southern Asia today. This trend is almost certain to continue as the power of the Chinese Communists grows. It would be a mistake to assume, however, that such apprehension will result in a general flight from nonalignment or toward the ostracism of Communist China. Many Asian states will continue to believe that the problem of China must be met in other ways. There will be, however, a greater degree of receptivity to cooperation with the West, especially when Western policy is projected in positive, developmental terms.

(3) Communist China has correct, if limited, relations with a number of Western countries. The Communists view the "bourgeois" powers with varying degrees of hope or hostility. In some sense, the traditional Chinese Communist categories of "petty bourgeois," "liberal bourgeois," and "big bourgeois" seem to have applicability in the international scene. To be sure, the Chinese Communist attitude toward the West is characterized by considerable indifference. Traces of xenophobia are also present. However, definite gradations of treatment exist. Relations with the Scandinavian countries, for example, are quite correct, although not extensive. Even with some American allies such as Great Britain, a *modus vivendi* has been established and certain overtures have been made from time to time. With such countries, however, official cordiality is at a minimum, and the Chinese Communists sometimes resort to a "get tough" policy or a direct public appeal. Both tactics are currently being applied to Japan. Of course, Communist China welcomes increased recognition from some within the "bourgeois" camp. Her inducements will include trade, technical, and cultural overtures, but they will not involve the abandonment of any major policy stands.

(4) Communist China regards the United States as her major opponent, and naturally she desires the reduction of American influence in Asia. There is virtually no chance that Communist China would consider any basic concessions on current issues to secure a shift in American policy. At the same time, the Chinese Communists do not want war with the United States for obvious reasons. There are also some issues, both now and in the future, that might be negotiable.

For Communist China, the United States stands today in the position of the leader of the "imperialist camp." America, or rather the American Government, has been designated as the foremost enemy of the Chinese people, encircling them with bases, holding part of their territory, and dedicated to military aggression. Slogans to stop American imperialism have been widely used in labor speedup campaigns. A genuine fear of American aggression may have been induced among some of the Chinese people. Certainly the United States has served as the enemy in patriotic drives.

The Chinese Communists are certainly not interested in bidding for recognition by accepting the U.N. policy on Korea, or the "Two

Chinas" solution. Indeed, it might be said on the latter issue that the Communists prefer the present American policy because it does not alter a basic situation which they hope eventually to manipulate—namely, the identification of Taiwan as a part of China. Communist China is confident that within a decade her power and influence will demand acknowledgement, and that the basic issues involving China can then be settled on her terms, probably without war. Consequently, she sees no reason to make any basic concessions involving her national interests at this time.

Yet, there is another side to this picture. Communist China is not prepared to challenge the United States militarily, now or in the foreseeable future, except for such very vulnerable areas as Quemoy and Matsu. Consequently, she, like the non-Communists, must live indefinitely with some situations not to her liking. In the meantime, new issues are emerging which along with certain old ones probably are negotiable if the United States is interested in negotiating. These include trade, journalist and scholar exchanges, unofficial missions, and perhaps before long, the more serious business of nuclear weapons.

2. *Taiwan*

Prior to a discussion of our China policy, it would be well to examine current trends in Taiwan, which is under the control of the National Government.

(a) Taiwan remains heavily dependent upon American aid. The huge sums given in the last decade have helped to produce substantial improvements in the Taiwan economy as in its military defenses. Certain difficult economic problems, however, remain and cannot be solved under present conditions. Since 1948, the United States has extended over \$1 billion to the National Government. On a per capita basis, few countries in the world have received so much American aid.

Taiwan did not enter the postwar era without advantages. Progress under Japan had been extensive. Prior to World War II, the Taiwanese had a standard of living second only to that of Japan itself in Asia. The people had acquired many industrial and agrarian skills. The years immediately after 1945, however, were years of chaos. Wartime damage and disorganization produced near-collapse. The early Nationalist era complicated rather than solved economic and political problems. Not until the end of 1952 did Taiwan reach prewar levels of production in industry.

Both industrial and agrarian gains have been substantial in the last 7 years. Industrial production has risen about 80 percent since 1952. The emphasis has been chiefly upon those light industries suitable to island resources such as processing industries and textiles. Major increases have also been registered in electric power, chemicals, and metal products. This stress upon mining and industrial production must continue in Taiwan. There is no other feasible approach to the economic problems of the island. Unless remedial measures are taken, the population density of Taiwan may become one of the highest in the world; it is already greater than that of Japan. Ten and one-half million people live on less than 14,000 square miles, with more than two-thirds of the island being mountainous and unsuited for cultivation. All available land is being used intensively. And the population is increasing at a rate of 3.5 percent annually—one of the highest rates in Asia. The growing labor force must be accommodated through industrialization.

The gross national product of Taiwan increased substantially between 1950 and 1956, and is probably rising at a rate of at least 4 to 5 percent annually at present. While industrial gains account for much of this expansion, agrarian output still contributes over 1½ times as much as industry to the national product. Production in agriculture has also improved as a result of better seeds, more effective irrigation, extensive use of fertilizer, and new cultivation methods. Some rural mechanization is beginning. Socioeconomic conditions in the rural areas have greatly improved, aided by the 1953 land reform program and the excellent work of the Sino-American Joint Commission on Rural Reconstruction. Taiwan and Japan are notable examples of what can be accomplished by land reform in non-Communist Asia. Nearly 75 percent of the Taiwanese rural families were affected by land redistribution or rental reduction. Tenant-cultivated land was reduced from 41 to 16 percent of the total land under cultivation. Today approximately 80 percent of rural families own all or part of their land, while 20 percent are tenants or hired hands. The Joint Commission has supplemented this basic change through an effective program of technical assistance and social services in the rural areas.

Rural living standards in Taiwan are undoubtedly high and in the cities also economic conditions for the common man are generally improved over earlier periods. However, this should not obscure certain basic problems that have social and political as well as economic implications:

(1) Taiwan supports a huge army in proportion to the size of its population. Despite the fact that military pay is extremely low, the total costs constitute a heavy drain, and will continue to do so unless and until the military force is reduced in size.

(2) In addition to its military forces, the National Government maintains a sizable bureaucracy. This is partly to take care of the mainland refugees. Most of the 2 million refugees presently in Taiwan must be supported directly or indirectly by the Government. The heads of family are either attached to the civil government, to the military services, or to such occupations as university teaching. Some hold straight sinecures or pensions. The socioeconomic problems herein contained are grave. On the one hand, most of the refugees are deeply unhappy with their present economic lot. Official salaries and wages in all of the above fields are woefully inadequate. Indeed, Taiwan has witnessed a great leveling process, whereby the common man, particularly the farmer, has been brought up in standards while most of the elite, transplanted from the mainland, have come down. One can hear bitter complaints from the latter that they have lost everything and that most of the wealth belongs to the Taiwanese. This has affected morale, efficiency, and even honesty in government circles. Many of the children from these groups, moreover, seeing few opportunities ahead, are desperately anxious to emigrate to the West. On the other hand, not a few Taiwanese feel that they have to support a large number of "unproductive" people, and at the same time are denied access to official positions, and thus to the social and political status some of them desire.

(3) Under these general conditions, serious inflation is always a threat, and the Government, remembering the economic debacle on

the mainland, does worry about this problem. The price index continues to rise rather steadily, however, and it is difficult under the circumstances to keep inflation moderate.

(4) For political and cultural reasons, the Government is quite unwilling to support any program of birth control, and thus this problem is becoming ever more critical. Unless economic development can move much more rapidly than in the past, underemployment and unemployment will advance. There is a special problem with respect to the intellectual elite. High school and college graduates are not finding sufficient outlet at present for their training and talents. A dissatisfied, displaced young intellectual class is developing.

(5) Foreign investment has increased and can be of assistance. However, overbureaucratization, limited markets, and political uncertainties combine to discourage it. Changes have been proposed which may ameliorate the former difficulty, but the latter one will remain.

Most of the serious economic problems of Taiwan have a close connection with politics. This rich island would have a fairly bright economic future if it did not face a population explosion on the one hand, and unrealistic military-political ambitions on the other. If the population problem were tackled seriously, and if the military forces were reduced to dimensions fitting the defense needs of Taiwan, there could be optimism concerning the economic prospects. Otherwise, the future is cloudy notwithstanding the impressive gains of the recent past and the prospects of continuing American aid.

(b) The political situation in Taiwan has mixed elements of stability and instability. The elements of instability are sufficient to make a serious crisis at some unexpected point conceivable. On balance, however, the elements of stability seem to predominate, and politics on Taiwan will probably undergo an evolutionary development, barring international conflict. The following factors deserve close attention:

(1) The Kuomintang remains an elitist party with limited public appeal and with serious factional problems. After its mainland defeat, the Kuomintang conducted its own "self-criticism" and "rectification" campaigns. Grave shortcomings were admitted and a call to spartanism was issued. The experience of total defeat was not without some benefits to the party; many opportunists and unsavory elements disappeared along with good men. Among the leaders remaining, a sizable number are dedicated, sincere, and able. In the last decade, they have lived modestly, worked to the extent possible, and sought to vindicate a movement that once burned brightly.

While their efforts have borne some fruit, various problems remain. The party still tends to fall between two stools. It does not allow the range of political freedom and competition associated with political democracy on the one hand, and it does not possess the ruthlessness, dynamism, and efficiency of Communist totalitarianism on the other. Power seems held at the moment by rather tired hands.

Essentially, the Kuomintang continues to follow the Communist organizational model which it acquired shortly after World War I. It has made some progress in establishing cell organizations throughout the island and channeling political action through them. There is little indication, however, that the party has really appealed to the Taiwanese, or that it has genuine mass support. Meanwhile, faction-

alism within the party continues to be very strong. The internal struggle for position and power can probably be contained as long as Chiang Kai-shek remains active, but the question of succession looms increasingly large.

A deepening power struggle within the Kuomintang could produce various possibilities: further flights to the West by unhappy or discouraged elements; defections to the Communists; the use of the army for internal political purposes; a broader appeal on the part of some faction or factions to the Taiwanese people for support. These possibilities are not mutually exclusive. Flights to the West by prominent party men have taken place in the past and, indeed, irrespective of political conditions, a growing number of mainland refugees will seek opportunities for emigration as hope of returning home recedes.

The Communists have made a definite bid for a bloodless victory on Taiwan. Their message has been "Come home and all will be forgiven." Lavish promises of pardons and positions have been made to any who will "forsake American imperialism and return to the motherland." The strategy is obvious: to exploit party cleavages, refugee fears of being absorbed by the Taiwanese, and the declining morale of people who must face the increasing probability that they cannot go back to China under Nationalist banners. It is also a clever method of trying to undercut any possible change in American policy. But there is no evidence that it is likely to achieve its objectives. Some defection to the Communists is conceivable, but only a few refugees will ever become so desperate or so angry as to take this kind of chance.

It is much more probable that a party struggle at some point will involve the greater utilization of the Taiwanese. Even the use of the army internally, or the use of such groups as the Youth Corps would represent a trend in this direction. But there may also be an appeal issued in broader political terms, a turning outward on the part of some party elements to the public, in the hope of getting the support necessary to sustain their position. Thus increasing democratization could occur under the Kuomintang, but if it does, it is likely to produce new political crises. Some of these will almost certainly reflect the unresolved differences between the Taiwanese and the mainlanders.

(2) Personal relations between the mainland refugees and Taiwanese have probably improved in recent years. Various channels of communication have been established, and cultural links have been forged. Strong elements of difference and distrust still exist, however, and the largest gap between these two groups can be spelled out in one word: commitment. The Taiwanese are committed to Taiwan; the great majority of the refugees are still committed to returning home, or this failing, to emigrating elsewhere.

Refugee-Taiwanese relations constitute a troubled and complex aspect of politics in Taiwan. There are 2 million mainland refugees and 8½ million Taiwanese. Of the same race and general culture, these two groups have differences not easy to bridge. In the last 15 years, their relations have been marked by both revolution and evolution; which will prevail in the future? Today, Taiwanese revolutionary activities are mainly centered abroad, in Peiping, Tokyo, and the United States. The Peiping operation is naturally Communist and

seems to have little, if any, support. The organizations in Japan and the United States are devoted to Taiwanese independence. They are manned by a small band of intellectuals, mainly overseas students, very reminiscent of the Chinese nationalist movement itself 50 years ago. These groups claim wide underground support in Taiwan, an assertion difficult to prove under present conditions.

In all probability, most Taiwanese would regard "independence" in some form as their ideal. Pro-Communist sentiment at present is negligible; nationalist support fairly limited; and nostalgia for the Japanese era rather more widespread, but perhaps strongest among the older groups, and fading. As has been noted, the issue of commitment is a prominent one separating Taiwanese from refugees. For example, are "the local people" really interested in fighting to "return" to a place where they have never been? Then there are the deeply felt grievances held by upper class Taiwanese over their lack of social and political recognition. The refugees are a dispossessed elite, and they cannot avoid thinking of themselves as an elite; moreover, they must have some means of sustenance, and their profession has generally been officeholding.

Still, there are fairly good chances that this general problem will be solved by evolution. As long as economic conditions remain reasonably firm and some social mobility is possible, there will be no mass revolt. Meanwhile, a dual process of acculturation and assimilation is taking place. The acculturation affects mainly the Taiwanese. In place of the Japanese past, a modernized Chinese culture is being implanted via the new educational system and other forms of cultural interaction. The refugees are not unaffected by this process, however, for the borrowings both from Japan and the West are substantial. And at the same time, assimilation is beginning, a process whereby the dominant Taiwanese population is starting to absorb the refugee minority through intermarriage and a variety of other ways.

These developments provide the socioeconomic basis for an evolutionary change in politics on Taiwan. In the case of serious economic reversals, military overcommitment, or continued political rigidity, the Kuomintang will suffer further slippage, and Taiwanese resistance might take revolutionary forms. Under present trends, however, gradualism will prevail, with increased pressures for local autonomy and expanded social and political rights. One prediction is fairly safe: either Taiwan will be joined with mainland China or the process of Taiwanization will continue. In the concrete terms of the present, if Taiwan does not go to the Communists, it will go increasingly to the Taiwanese.

(c) The Nationalist military force today remains largely an unknown quantity. Increasingly, it is manned by Taiwanese personnel. It has not been tested in large-scale combat and opinions on its capacities and morale differ. It is safe to say, however, that it is much more than adequate to defend Taiwan at present, and much less than adequate to engage the Communists on the continent. Already, Taiwanese recruits constitute a substantial bloc in the Nationalist army. Their numbers can only rise. There is a small, well-trained air force, and it is possibly the most effective of the three services. All units are equipped with modern American weapons.

Taiwan could be defended adequately at present with a substantially smaller force. Until recently, however, the Nationalists had nearly one-third of their active forces on the islands of Quemoy-Matsu where they are much more vulnerable. Over the next decade, it must be assumed that the military balance with respect to Taiwan will shift. The Chinese Communists will certainly seek weapons and strength attuned to their ambitions. If Taiwan has to be defended militarily, the ultimate burden will surely fall upon the United States in company with the Taiwanese.

3. U.S. policy toward China

a. Introduction

No decision is more critical to our future position in Asia and in the world than that which determines American policy toward China. Every policy decision involves a choice between alternative risks, but in this case the risks of each approach seem extraordinarily high. Indeed, there is no "good policy" in the sense of a policy that will produce results completely beneficial to the interests of the United States and the non-Communist world. This does not reduce the need, however, to consider the various alternatives that are available to us.

The first step in such a consideration is to survey the major facts or probabilities that pertain to our China policy, and note their implications. Three key points are worthy of special emphasis:

(1) In all probability, the major issue confronting us is not whether Communist China will survive, but whether a dynamic, powerful China under Communist rule can in the long run be restrained from various forms of expansion or undue pressure upon Asia and the world. This challenge places a premium upon a policy that combines two central qualities. First, our policy must face this problem with realism, and with sufficient flexibility in tactics to adjust to changing opportunities and permit multifaceted approaches. Yet, also, it should be a policy that is sufficiently explicit and firm in its essentials to hold non-Communist confidence and prevent Communist misconception.

(2) Apprehension or at least alertness increasingly characterizes Asian reactions to the strength and movements of Communist China. For various reasons, both practical and ideological, the preference of many non-Communist Asians for neutralism or nonalignment will continue to be substantial. But the consciousness of a new and possibly dangerous power within Asia is beginning to take precedence over the earlier fears of Western imperialism.

In the long run, if a policy aimed at meeting the threat of Chinese Communist expansion is to be effective, it must have the understanding and support of the major Asian nations that border China. As a result of the growing awareness of the China problem among Asians, new opportunities now exist to obtain this support. But to move from a policy that is essentially unilateral toward one that is based upon joint responsibility requires that serious attention be paid to the realities of Asia and the total needs of its non-Communist societies. It must be a policy that stresses positive measures strongly and that seeks always the greatest common denominator between the national interests of the United States and those of the free Asian world.

(3) The involvement of Communist China in international affairs is almost certain to grow. Already it participates actively in such

international fields as trade, economic assistance, cultural exchange, and propaganda. At some point, probably in the not distant future, it will have atomic power for both peaceful and martial uses, connecting it with the most vital issue that confronts the world.

This increasing involvement cannot be ignored, and any tactic of trying to commit the Chinese by negotiating through the Russians is dubious. The situation demands a policy based upon realism. On the one hand, we must accept the fact that basic agreement between the United States and Communist China on such issues as Taiwan and Korea is inconceivable under any conditions at present. Thus we must maintain an effective military force that can underwrite our position and defend it if necessary. On the other hand, we must also accept the fact that Communist China is inextricably connected with many of the major problems which we face in Asia. The question is not whether Communist China should be allowed to participate in the world scene, but rather whether it can be persuaded or forced to bear any responsibility for its participation, which is steadily increasing. Our policy must accept the full implications of this point.

b. U.S. policy toward China

Perhaps there are three general lines of approach to an American China policy, although there are interconnections among these lines and innumerable variations within them.

(1) Containment through isolation—one approach to Communist China.

At present, U.S. policy is strongly committed to the maximum isolation of Communist China, and the full recognition of the National Government on Taiwan as the Government of China. Toward the Communists, our policy is composed of political nonrecognition, economic embargo, and opposition to almost all forms of interaction between the free world and mainland China.

This policy is defended upon numerous grounds and the following major themes can be set forth:

(a) The recognition of Communist China in any degree or form is not in the national interest of the United States because that Government has shown implacable hostility to us, is guilty of grossly immoral actions, is dedicated to the establishment of world communism, and has given no indication of being willing to fulfill its international obligations.

(b) Communist China stands condemned as an aggressor by the United Nations, and any recognition or admission to the United Nations would seriously damage the meaning and effectiveness of that body. Moreover, it would result in the weakening or destruction of the Republic of China to which we are committed.

(c) We cannot see clearly into the future at this time. It is always possible that Communist China will collapse or that some colossal upheaval will take place. We can afford to wait.

(d) If we were to shift our China policy, it would be taken as a sign of weakness or capitulation by many of the free peoples of the world, and particularly the weak nations of Asia which look to our firmness for support. By our unyielding stand, we have bolstered the Asian will to resist.

(e) There is some basis for treating the Soviet Union differently from Communist China. There are signs indicating that the Soviet

Union for various reasons may be interested in an accommodation with the United States, but Communist China is in an entirely different era and mood.

Collectively, this is a formidable argument. The validity or partial validity of some of these points can scarcely be challenged. Yet there remain a number of questions concerning a policy of containment through isolation that must be raised.

(a) The moral issue has its well-known complexities. If our decisions respecting relations with foreign governments were to be based upon moral judgments rather than the world as it is, we could not possibly conduct meaningful foreign policy, let alone attempt to lead the "free world" (which contains some peoples unfree and some governments immoral). We have long since discovered that we cannot impose our standards and values upon the world. We do believe that the success of our foreign policy is in the general interests of morality, but success depends upon proper tactics. And these tactics might involve trying to bring a government that we consider immoral into some framework of negotiations, agreements, or international organization where more varied pressures could be exerted upon it.

No one can doubt that Communist China has regarded the United States as its greatest enemy and acted accordingly. We have reciprocated. Both parties, however, have insisted that their hostility applied merely to the government in power and not to the people. For example, we have proclaimed that our respect for the Chinese people remains undiminished. But we have little means of communicating effectively with them. This suggests one of the problems with any policy that seeks containment through isolation. How does one reach the besieged people and with what kind of message? Does this policy have to rest upon the premise that a great majority of those people are so violently opposed to their government that they wish its downfall even at great cost to themselves? For those not in this category, there is a real danger that this policy will merely supplement the tensions and fears concerning us that their government is seeking to establish. Our capacity to present a well-rounded and favorable image of the United States is seriously affected, even assuming we can have some kind of access to the people.

The questions of international obligations and the drive for world communism are of course legitimate, but they are not to be answered fully by citing Lenin, Mao, or Khrushchev. Non-Communist states may be pardoned for having doubts as to whether the Communists will now rely upon peaceful competition, as Mr. Khrushchev avers, although the Communists seem to have increasing confidence that this will suffice. Our defenses must be strong to help them hold to that viewpoint but we should offer better incentives as well. In the final analysis, communism will choose its tactics in accordance with the circumstances. Mao and the Chinese Communists in particular are past masters at the practice of pragmatic communism. We should be aware that U.S. policy does influence and affect Communist tactics, just as their policies influence ours. And it is the short-range tactics of communism rather than its long-range goal that must concern us most. Like every messianic movement the world has ever known, this one is likely to fall short of its goal and be changed many times in the course of pursuing it.

(b) The arguments against the admission of Communist China in the United Nations are familiar and have some merit, especially for the United States. Communist China was labeled an aggressor by a majority of the nations in the United Nations, and no treaty settling the Korean war has ever been signed, although Chinese troops, it should be noted, have been withdrawn from North Korea. There are further questions concerning the increased prestige that would go to Communist China, what would happen to Taiwan, and whether Communist China in the United Nations would not act as a disruptive force.

These issues can only be weighed and assessed against the realities of the current world scene. Irrespective of the noble sentiments expressed in the Charter, the United Nations cannot in fact be considered a league of the pure. It is in practice a prominent international forum in which cases are put before the world, an area of contact for the purposes both of talking and negotiating over vital issues, and a valuable instrument for advancing technical, nonpolitical causes relating to world health and well-being. These are all considerations suggesting the importance of universal membership.

The United Nations already contains members that the United States considers guilty of past acts of aggression, including some of our allies. The difference, it may be argued, lies in the fact that they had already been admitted to the United Nations before the act occurred, were not legally charged with aggression by the United Nations, or, in some cases, were willing to abide by the United Nations' decision concerning the act. These various distinctions may be legally correct, but are they all meaningful in fact? There is no practical reason to treat the U.S.S.R. and Communist China differently because of legal technicalities. If the U.S.S.R. had not been absent from the United Nations in the summer of 1950, at the outset of the Korean war, legal action via the United Nations against Communist China would probably not have been possible. Presumably, then, the issue of "aggression" as it is now posed would not exist, although Communist China would have been no less an aggressor.

Speaking in practical terms, moreover, it must be realized that some non-Communist countries regard Chinese aggression in Korea as more complicated than Russian aggression in Hungary. This is due to the prior U.S. decision to cross the 38th parallel despite threatened Chinese intervention, a decision which is felt by many to have expanded the original purposes of the United Nations in Korea.

The prestige of Communist China would be enhanced if it were admitted to the United Nations and granted a permanent Security Council seat. In fact, however, its prestige and power are not essentially dependent upon United Nations admission. If its power has steadily grown, it is the product of developments within China and the Moscow-Peiping alliance, developments that seem very likely to continue. United Nations membership in the final analysis neither adds nor detracts much from a prestige or power that must be indigenously developed, as the case of Nationalist China well illustrates.

Certainly the admission of Communist China would be a heavy blow at the National Government, or should one say the confirmation of a blow that has long since been struck? The main question is how long the fiction can be maintained that the National Government is the Government of China. Perhaps this situation can continue for

some time, particularly if the United States exerts its full influence and if Communist China misbehaves. As the last few years have shown, however, there is a very clear danger of loss by steady attrition on this issue. A government having effective control over only 10 million people cannot indefinitely hold a "major power" position in the name of the 660 million Chinese.

(c) Communist China may collapse, but this is in the category of extremely remote possibilities that cannot weigh heavily in American thinking or policy on Asia. It is much more logical to make out a general case for a "let the dust settle" policy: to argue that both Chinese Communist domestic and foreign affairs are in flux, especially her relations with the rest of Asia, and that in this respect the trends are currently favorable to us; furthermore, that time is needed for Taiwan to adjust to its future, and premature action would be unwise.

There is considerable merit in this argument and also considerable danger. Events are moving rapidly in Asia and this is likely to be true for the indefinite future. The dust will not settle in our lifetime. We cannot continue indefinitely with policies that are not in tune with developing realities, and it will be extremely difficult under the circumstances to time policy adjustments in Asia accurately from the standpoint of our maximum advantage. Some changes now taking place are generally favorable to us; others are not. In the latter category is the rapidly developing state power of Communist China, and the general strength of the Sino-Soviet bloc. It is very questionable as to how long we can hold this power in check with a policy of containment through isolation.

(d) One of the most complex and difficult factors to assess in contemplating alternative China policies is that of the probable Asian responses. How tenaciously must we hold to our present policy lest we be considered a shifting, unreliable ally? Is it correct that the uncommitted nations of Asia are moving to our side, and approve, at least privately, of our current position on Communist China?

As is well known, non-Communist Asia is deeply divided on the China issue, as on most other matters. Thus attitudes and policies depend upon the particular category to which the Asian state belongs. First, there are our small Asian allies. These can be placed in two categories: the Republics of China, Korea, and Vietnam; and the Philippines and Thailand. The first three governments, drawing upon their own experience, believe that coexistence is impossible, consider that this is an era of war to the death, and argue that all policies should be fashioned accordingly. Indeed, the governments of South Korea and Taiwan have long advocated military action against the Communists, and despite American urging for moderation, continue to do so. These governments are not thoroughly satisfied with our present policies, and any trend toward relaxation would meet with their strenuous opposition. Changes in our China policy might have adverse effects upon these states, or at least upon their present governments. Much would depend, however, on the timing and the methods. For example, if changes were made, they might be coupled with renewed or even expanded guarantees of military and economic support to underwrite the security and progress of these people. It must be remembered that these are governments totally dependent upon our aid; they have adjusted before to U.S. decisions of which

they violently disapproved and they probably would do so again. And the attraction of communism for their people is to be equated far more with internal developments than with American policy toward China. The greatest problem of adjustment, of course, confronts the National Government on Taiwan; and this is likely to be true, irrespective of trends in American China policy. Our other small allies, the Philippines and Thailand, would be less affected, but the governments in these countries favor an isolation policy toward Communist China.

The second category of Asian states is the "neutral" or nonaligned states. This category includes India, Indonesia, Burma, Ceylon, Cambodia, Singapore, and in much lesser degree, pro-Western Malaya. Laos is presently in flux and contested. In population, resources, and strategic significance, this group together with Pakistan and Japan constitute the overwhelming strength of non-Communist Asia. Their position is vital. As has been emphasized, there are many signs within southern Asia that apprehension concerning Communist China has risen sharply in the past year or more. Clearly, the Indian border issue is likely to have long-range repercussions. It has been suggested that as a result of such events, there exists a growing "underground support" for current U.S. policy toward Communist China. It is asserted that in spite of a public stand in favor of Communist China trade, cultural relations, recognition, or United Nations membership, some of these governments are secretly happy with the current American position.

This "underground support" thesis is based upon some solid facts, but it can be inflated. Growing concern over Communist China has been communicated in a variety of ways to American officials in some of the nonaligned countries. Support for a firm U.S. stand has been voiced privately by some who would not speak in public. But there is no indication that any of the leading "neutralist" Asian states will reverse their China policies and support the present position of the United States. Indeed, many of those most deeply concerned over the China problem continue to argue that the importance of Communist China and its involvement in almost all Asian issues must be accepted as the first principle of contemporary Asian politics. They do not believe that any policy of containment by isolation will work, nor do they believe that it will last. One of the most widespread questions in Asia today (and it goes far beyond "neutralist" states) is not whether U.S. policy toward China will change, but when and how.

It is always possible that future Chinese Communist actions and words might produce such a serious deterioration in their relations with southern Asia as to alter the policies of this region. It is more likely, however, that most of these states will continue to stay aloof from any policy of containment through isolation. Japan and Pakistan are countries in separate categories. The Japanese position has been discussed in the Japan section of this report; it is based upon the hope for normalized relations with China. Pakistan, while a member of SEATO, has recognized Communist China; at the moment, it appears to have no strong feelings on the issue in either direction.

There are also the overseas Chinese, a special and important group. Probably the influence of U.S. policy upon this group has been exag-

generated. They have been mainly pro-Chinese culturally and apolitical, although some changes have occurred in the younger generation. In the long run, it seems probable that the southeast Asian Chinese will either acquire a deeper loyalty to the country in which they reside or pay some degree of homage to mainland China. Taiwan can never really be a satisfactory symbol for the Chinese mainland, and less so when familiar mainland faces disappear.

In sum, the Asian attitude is a very mixed one. But the non-Communist "big three" in Asia—India, Indonesia, and Japan—all have reservations about current American policy, and all prefer to follow different lines of approach. Thus the statement that "Asia expects firmness and will regard change as capitulation" must be questioned.

(e) One of the basic issues confronting U.S. policy is what should be the relation between our policies toward the U.S.S.R. and Communist China. Two interesting theses have been advanced in recent years.

(i) To isolate Communist China as completely as possible and to press it into the arms of the U.S.S.R. are the best ways to heighten internal tensions and produce friction in the Sino-Soviet alliance. This thesis seems doubtful. Aid to China has not been an enormous strain upon the Soviet Union, and it has paid rich dividends. The Chinese Communists may well have felt that the terms were too stiff, but it was the United States that sought to prevent them from bidding elsewhere. And may not Russia find it an advantage to serve as Communist China's spokesman in the international scene? It would seem logical to argue that the more independent Communist China becomes from Russia, the greater the possibility of competition and rivalry.

Greater international involvement for Communist China might provide new sources of influence both upon the people and the regime. Out of a variety of contacts, flow a variety of ideas and stimuli, and Chinese Communist propaganda to their own people might have to adjust to this type of competition in a manner not now necessary. Isolation always serves totalitarianism. At the governmental level, moreover, heavier world involvement would naturally provide the need for more varied and complex decisions, more careful adjustment to national interests held by foreign states. It would increase opportunities for policy diffusion from and difference with the Soviet Union; almost certainly the decisionmaking process of the Sino-Soviet alliance would become more complicated and be subject to greater strains. That alliance might even be affected by any increased world attention given Communist China and its national decisions; outlets for Chinese nationalism of this type could increase Soviet anxieties.

(ii) The U.S.S.R. may be in a position and mood to make serious negotiations feasible, but Communist China is in a Stalinist phase, rigid and implacable, and negotiations are pointless. This thesis may have validity. But there are certain arguments to be advanced against it. The Soviet Union appears to be in a more negotiable mood with respect to the United States than Communist China, but this has not been thoroughly tested with respect to either Communist state. It is possible that both ends of the Sino-Soviet alliance, despite their substantial differences in stage of development and power, are in approximately the same position with respect to negotiating: a desire for peace but an unwillingness to make any basic concessions that are

considered to affect their national interests. Further, it is possible that this rough equality of position is due to the fact that Communist China has a Russian military shield behind it, and extensive treaty guarantees from the Soviet Union. This appears to be an era when the Communist world, like its non-Communist counterpart, coordinates foreign policy more closely than domestic policy, at least insofar as the Sino-Soviet section is concerned. There is definite evidence that the Russians clear international issues, especially those affecting Asia, with Communist China. Thus, in one sense, Communist China is already involved in major power negotiations, without bearing any direct responsibility for such secret positions as it may take.

It is questionable whether the Soviet Union is prepared to take any position in opposition to the interests or wishes of Communist China. There is, moreover, another troublesome problem in connection with the thesis that we cannot and should not negotiate with Chinese, but only with Russian Communists. If there is an element of independence between these two in the field of foreign policy, do we not court miscalculation on the part of the Chinese Communists? And is it not miscalculation that provides the gravest chance of conflict in this atomic age? Despite the services of the Indians, this problem was apparent at the time of Chinese Communist entry into the Korean war; the channels of communication between the United States and Communist China were not adequate.

The major issues relating to China policy having now been set forth, two possible alternatives to our current position can be presented in more succinct fashion.

(2) Normalization of relations—a second approach to Communist China.

This policy would encompass the recognition of Communist China by the United States, support for its seating in the United Nations, and general treatment equal to that which the United States accords to the Soviet Union.

This policy is supported upon the following grounds:

(a) In accordance with established international practice to which U.S. policy has usually adhered, the recognition of Communist China would not signify approval of the regime, but rather its existence as a *de facto* government, having control over some 660 million people. To accept these facts of life is in the national interests of the United States because it is essential that we establish a realistic policy toward Asia as the first step in a long-range economic and political competition with communism. Nonrecognition has not prevented the rise of Communist China. It has isolated us as much as the Communists, giving our policy an essentially unilateral character, making it defensive, and negative.

(b) Normalization of relations, if successful, would give us greater access to the Chinese people, from whom we are now almost completely cut off. It would thus make possible some kind of informational and cultural relations program in which we could not possibly lose, and which might provide certain pressures upon the Communist leaders to deemphasize hate and fear of the United States. Moreover, it would provide us with direct communications in terms of official channels, thereby reducing the threat of miscalculation on both sides.

(c) The primary function of the United Nations today is as an international forum whereby issues can be debated and nations called to account before the world; as an instrumentality for the mediation of disputes through its technical staff; and as a valuable organization for a multitude of nonpolitical purposes of a social, educational, or research nature. As long as the government controlling one-half of the people of Asia is outside the United Nations, that organization will be seriously handicapped in terms of the above functions.

And Communist China outside the United Nations may be more of a disruption than Communist China in the United Nations in a variety of ways. There are advantages in being an international outlaw, not being legally bound to international agreements, having to take only such stands as one wishes, and thereby being able to compartmentalize one's policies. Moreover, the U.S. policy of supporting the Government of Taiwan as the only legitimate government of China in the U.N. is in serious danger of losing by attrition. Despite our pressure, this position is becoming more difficult to sustain in the international scene, and is being sliced away, a sliver at a time.

(d) If we are to have a strong policy in Asia, it must be one attuned to the realities of that area and one that interacts with the national interests of the major non-Communist Asian nations. These nations are neighbors of China, share common borders with it, and also see many of their problems as closely intermeshed with its future policies and attitudes. They can be expected in general to continue to search for some *modus vivendi* whatever the difficulties. American influence and help in this part of the free world will be much stronger in the final analysis if it is geared to these facts. And from this approach will come a greater capacity to deter any possible Communist aggression through strength in depth.

Taken together, these points constitute an extremely impressive challenge to the policy of containment through isolation. There are two ways in which this policy might be questioned, of course: first, in terms of some of its premises or facts; second, in terms of its sense of timing and procedure. Arguments of the first type have already been raised earlier in this report. The leading ones may be summarized here:

(i) Recognition of Communist China or its admission to the United Nations would greatly enhance the prestige and power of that state, harm many of our Asian allies, damage the United Nations, and thus not serve the national interests of the United States.

(ii) The great majority of the Chinese people themselves are opposed to the Communist regime, and do not want to see it strengthened.

(iii) The non-Communist Asians are fearful of Communist China and are increasingly grateful for the firmness of U.S. policy. They do not want any change.

The second set of questions regarding this approach relates basically to matters of technique. Even if one accepts many of its premises as valid, this policy as stated may be deficient in its sense of staging, timing, and development, thereby lacking sufficient leverage or bargaining opportunities for our position and facing many political hazards. In these respects, the second approach may have some of the weaknesses of inflexibility and unrealism for which it criticizes the present policy.

The third alternative represents the basic recommendation of this report, and is supported, in our opinion, by its findings.

(3) Exploration and negotiation—a third approach to Communist China.

This policy would be multifaceted and would have three basic objectives:

(a) To test the willingness of Communist China to coexist with us.

(b) To seek an expanded policy that would retain certain firm commitments, but also present a more dynamic, flexible, and positive tone.

(c) Through the actions, to make possible a greater degree of collective agreement on the China issue among the major nations of the free world, and hence provide a firmer basis for collective action if and when necessary. This policy contains the following proposals, based upon a sequence of stages:

1. Stage one:

a. An offer for the mutual exchange of journalists with Communist China; if this program is successfully inaugurated, to be followed by proposals for the exchange of scholars and commercial representatives.

b. Permission for some prominent individual or group not in the national executive branch of the Government to go to Communist China and conduct such informal discussions with the leaders as are possible.

c. The launching of informal, private discussions between the United States and our European allies, Japan, and some of the leading "neutrals," particularly India, Burma, and Indonesia, to solicit ideas and some cooperative thinking about the problem of China.

This first stage would seek to test the position of Communist China and its interest in improving relations with the United States. It would also test the position of our allies and some of the "neutrals," indicating our possible interest in a more positive, flexible policy, and one in which they might assume some joint responsibility. If the results of these actions showed some promise, the next stage should be undertaken.

2. Stage two:

a. Abandonment of CHINCOM restrictions and permission for trade on the same basis as that with the U.S.S.R.

b. Informal discussion with our allies and "neutrals" on the following four-point program: admission of Communist China to the United Nations; recognition of the Republic of Taiwan; the seating of this Republic in the Assembly; the enlargement of the Security Council to include India and Japan as permanent members, as well as China.

c. Simultaneous discussions with our small allies pledging full and continued support to all of our treaty obligations.

d. Simultaneous special discussions with the National Government on Taiwan, looking toward the following agreement:

1. The United States would continue to honor its existing obligations to Taiwan and the Pescadores. It would underwrite the defense of the Republic of Taiwan, and would support an expanded economic-technical assistance program.

2. The military forces of Taiwan would be withdrawn from the offshore islands, together with those civilians desiring to leave.

3. The United States would endeavor to help in the resettlement of any mainland refugees who wished to leave Taiwan following the establishment of the Republic of Taiwan.

e. If feasible, the United States would negotiate a treaty of commerce with Communist China, and if successful, this would be followed by de facto recognition.

Under any conditions, this would be a complex and difficult stage. It is obviously unrealistic to consider the above proposals as more than general suggestions of the directions in which we should move and the positions that we should hold. Both improvisation and basic changes might be required. Moreover, the precise timing of this policy in each of its phases would have to be determined with respect to the international scene.

The offshore island issue is extremely serious. It might become critical again at any point. Thus it is possible to argue that irrespective of this program, we should extricate the Nationalists and ourselves from this area. These islands bear no relation to the defense of Taiwan, and can only be considered stepping-stones to the mainland. They are an integral part of the mainland. Militarily they are very vulnerable. Politically, they are a liability, both in terms of world opinion and in terms of the unhealthy psychology they foster in Taiwan. In the event of full military action over them, the American people themselves would be of divided opinion.

The four-point program raises a number of difficulties which should be admitted. It would be acceptable at present neither to the Communists nor to the Nationalists. Either might refuse to sit in the United Nations if the other were present under any designation. Communist China is likely to hold to its claim on Taiwan tenaciously. It might also be impossible to get Taiwan into the United Nations, even if the government of that time were willing to sit, due to a Russian veto. Various techniques should be explored, including that of treating Taiwan membership in the Assembly as a matter of the continuing membership of a government already recognized, but given a changed designation.

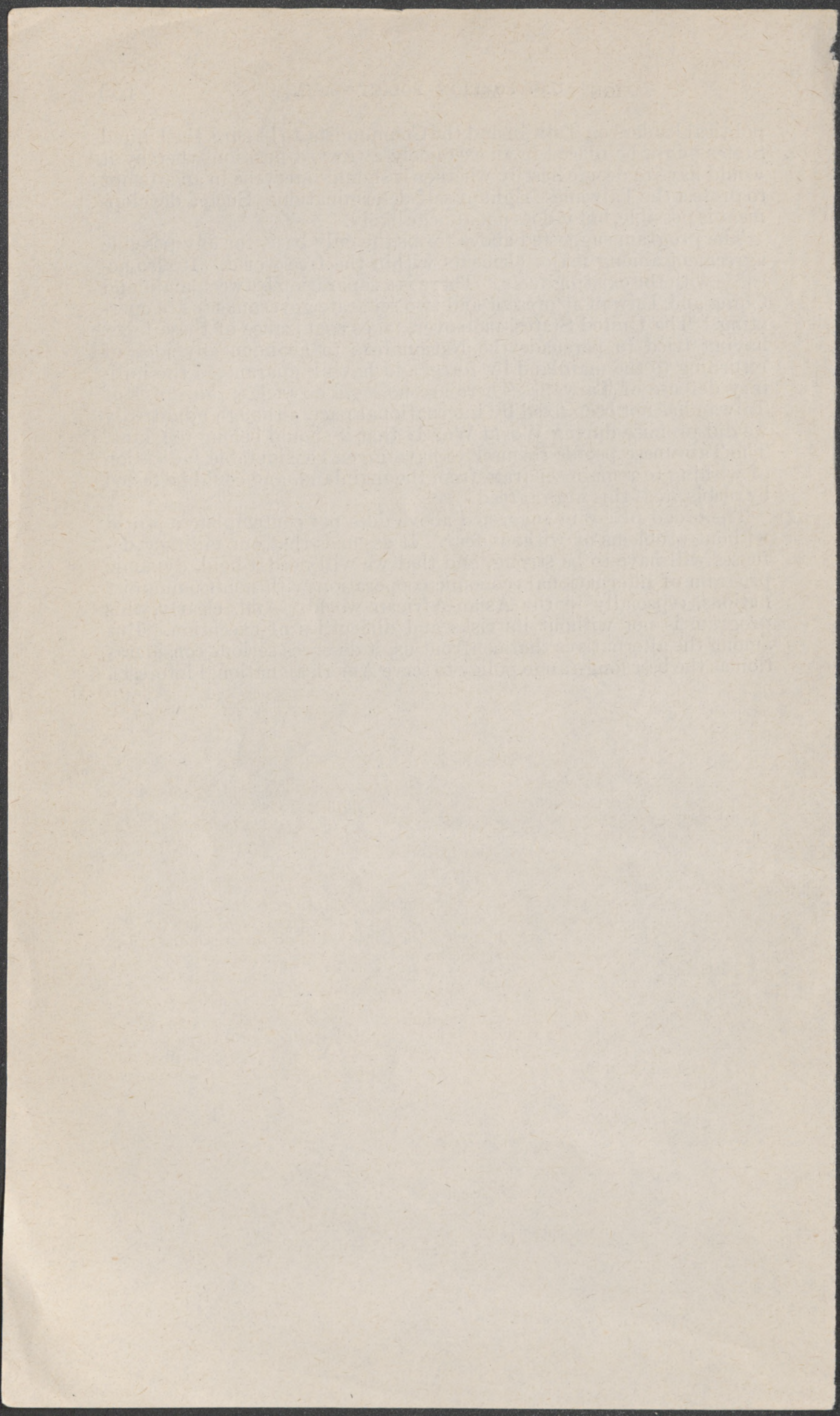
What are the alternatives? Continued recognition of the Nationalist Government as that of China seems most unpromising unless we are forced into this by Communist intransigency. The acceptance of Taiwan as a part of mainland China? This alone would satisfy the Chinese Communists at present, and therefore remove what is otherwise likely to be a continuing source of trouble. Indeed, it has been argued that Taiwan is not so important from a military or political viewpoint as to warrant ipso facto the enormous cost and risk of a long-term U.S. commitment for its defense. It has even been suggested that a general settlement in Asia might be attempted whereby Taiwan would be united with the mainland in exchange for a Communist agreement to accept free elections under U.N. auspices throughout Korea, leading to the unification of that country.

To adopt this policy, however, would be to jeopardize the American position with respect to other small nations dependent upon our protection and aid. It would seriously affect morale in South Korea, South Vietnam, the Philippines, and other areas. In addition, if it were done without the consent of the people on Taiwan, it would represent an immoral action. In the event of a bargain between some

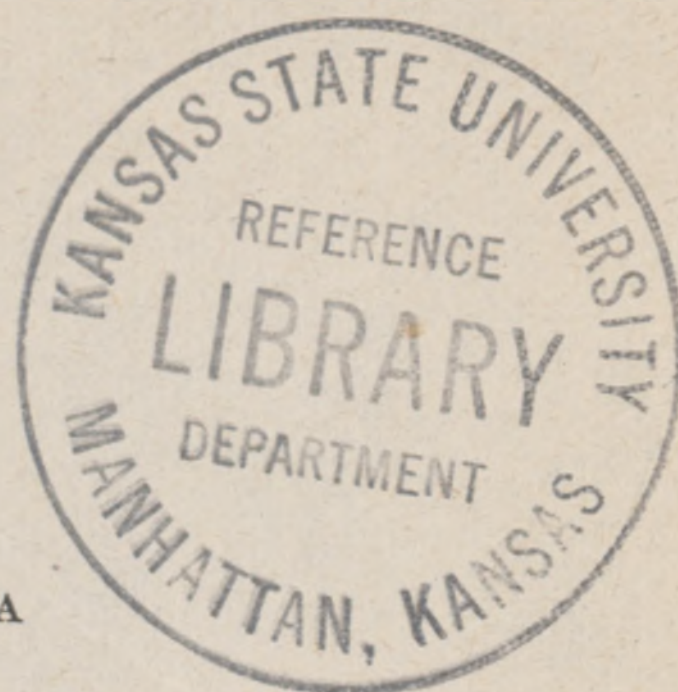
political leaders on Taiwan and the Communists, to be sure, the United States might be placed in an extremely awkward position whereby it would have to decide hastily whether it should intervene in an attempt to protect the Taiwanese right of self-determination. Such a development is possible, but it does not appear likely.

The program suggested above forms the only basis for any possible agreement among major elements within the free world. It also accords with the existing facts. There is a separation between mainland China and Taiwan at present and two separate governments are operating. The United States, moreover, takes cognizance of these facts, having tried to persuade the Nationalists to abandon any idea of returning to the mainland by force, and having guaranteed the military defense of Taiwan. There are no legal obstacles; the status of Taiwan has not been fixed by international pact, although admittedly we did promise during World War II that it should belong to China. The Taiwanese people themselves have given considerable indication of wishing to remain separate from the mainland, and could be tested by plebiscite if this were agreed.

The broad program suggested above does not contemplate a world without problems or without fear. It assumes that our military defenses will have to be strong, and that we will need a bold, dynamic program of international economic cooperation with non-Communist nations, especially in the Asian-African world. And, clearly, this program is not without its risks and difficulties of execution. But among the alternatives that confront us, it deserves serious consideration as the best long-range policy to serve American national interests.



APPENDIX



STUDIES: U.S. FOREIGN POLICY IN ASIA

Conlon Associates, Ltd., 310 Clay Street, San Francisco, Calif.

Submission date: September 1, 1959

OUTLINE OF STUDIES

- I. Main findings.
- II. Conclusions and recommendations.
- III. Body of report. (In order to present a concise and easily readable document, major findings will be set forth in summary fashion, excluding extensive supporting data or detailed argumentation from the body of the report.)

I. U.S. foreign interests in the region as a whole

- A. A brief description of the existing situation.
- B. A forecast of probable developments during the next decade of major significance for U.S. foreign policy.
- C. An evaluation, in terms of U.S. interests, of the relative merits or implications of alternative U.S. policies related to developments in the region during the next decade.
- D. A summary analysis of the potentials and limitations upon the United States for influencing the course of developments in the region during the next decade.

II. U.S. foreign policy interests in south Asia

- A description of existing conditions, forecast of probable developments during the next decade, and analysis of the implications of alternative U.S. policies with specific application to U.S. interests and programs in India, Pakistan, Nepal, and Ceylon.

III. U.S. foreign policy interests in southeast Asia

- A description of existing conditions, forecast of probable developments during the next decade, and analysis of the implications of alternative U.S. policies with specific application of U.S. interests and programs in Burma, Thailand, Cambodia, Laos, Vietnam, Malaya, the Philippines, and Indonesia.

IV. U.S. foreign policy interests in east Asia

- A description of existing conditions, forecast of probable developments during the next decade, and analysis of the implications of alternative U.S. policies with specific application to U.S. interests and programs in Korea, Japan, Communist China, and Taiwan. Special attention will be given in this section to China.

