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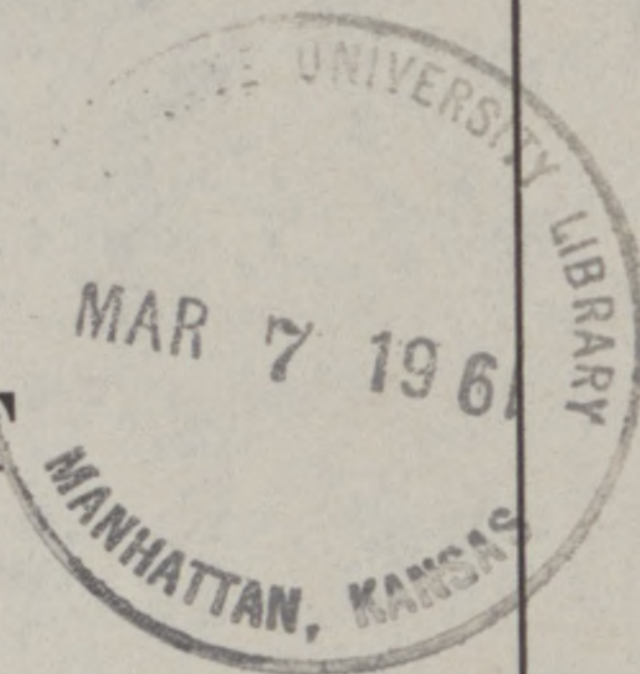
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COMMITTEE PRINT

GOVERNMENT

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THE FAR EAST
AND
THE MIDDLE EAST



REPORT

OF

SENATOR JOHN SPARKMAN

TO THE

COMMITTEE ON FOREIGN RELATIONS

UNITED STATES SENATE

4
Congress
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NOVEMBER 30, 1960

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LETTER OF TRANSMITTAL

NOVEMBER 30, 1960.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Foreign Relations,
United States Senate,
Washington, D.C.

DEAR MR. CHAIRMAN: Transmitted herewith is a report on my recent study mission to various countries in the Far East and the Middle East. As you know, I am a member of the Subcommittee on Far Eastern Affairs and a member of the Subcommittee on Near Eastern and South Asian Affairs.

Between July 29 and August 13, I visited Japan, Okinawa, Taiwan, and the Philippines. After returning to Washington to attend the continued second session of the 86th Congress, I traveled to the Middle East and spent time in Egypt, Israel, and Jordan. Mr. John Newhouse, a member of the professional staff of the Committee on Foreign Relations, accompanied me on my visits to both these areas.

Sincerely yours,

JOHN SPARKMAN.



LETTER OF TRANSMITTAL

February 26, 1911

Mr. J. W. Brown

University of Toronto

127 St. George Street

Toronto, Ont.

I have the honor to acknowledge the receipt of your letter of the 21st inst. in relation to the report on the work of the Department of the Interior, and to inform you that the same has been forwarded to the proper authorities for their consideration. I am, however, unable to give you any definite answer at this time, as the matter is still under consideration. I will, however, endeavor to give you a reply as soon as possible.

Yours very truly,

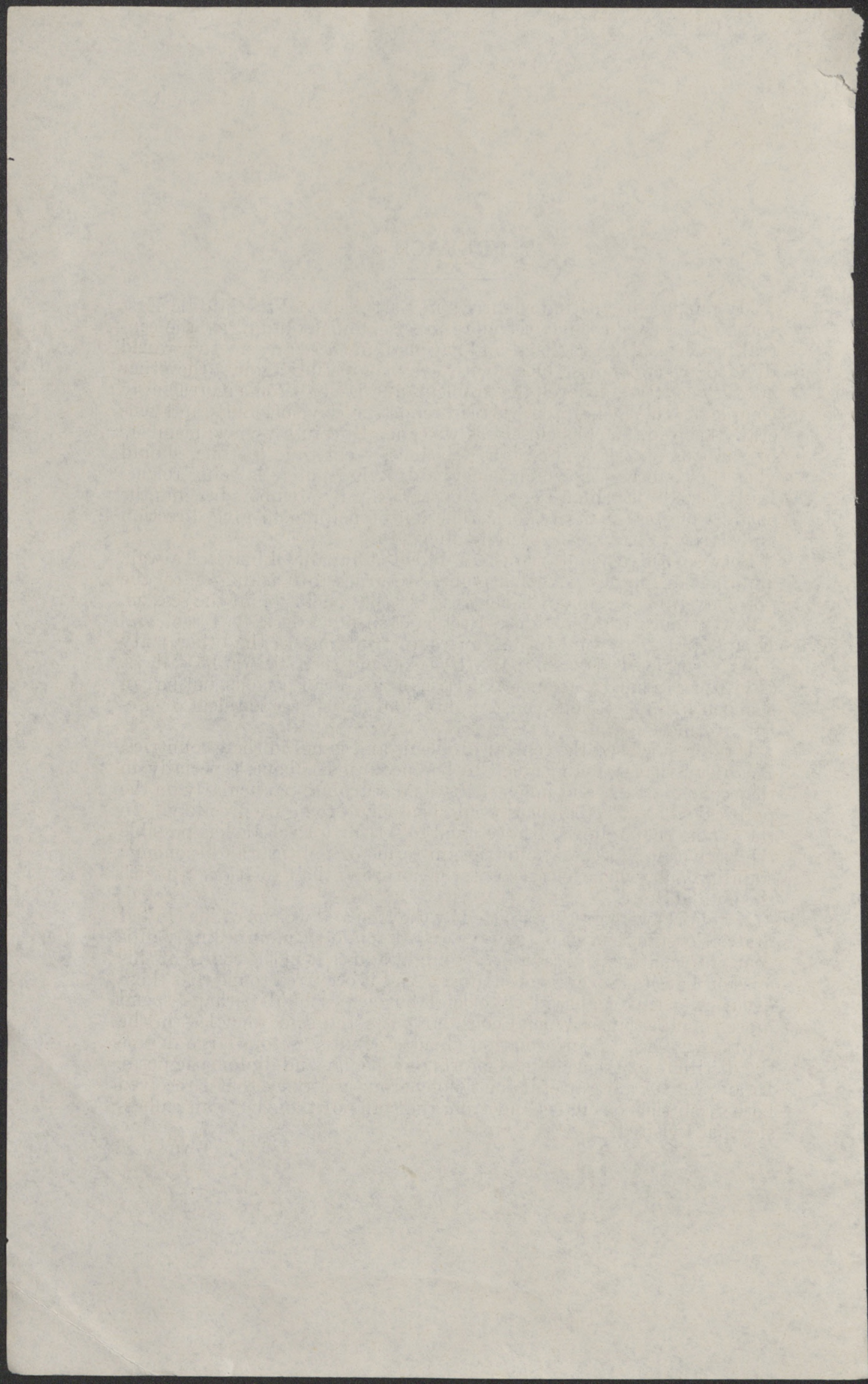
PREFACE

My purpose in visiting countries in East Asia and the Middle East was to obtain a broader, yet more precise, understanding of the central problems, both regional and national, in these areas. In a world divided by two power blocs, with each competing against the other at every conceivable level, the problems and issues become increasingly complex. In Washington, we read reports, receive briefings, and generally keep in touch as closely as we can. But, in my view, members of the Committee on Foreign Relations, from time to time, should visit the countries in which American foreign policy is being relentlessly tested. Such on-the-scene observation by Members benefits the entire Congress in its historic function of helping to give direction and clarity to American foreign policy.

Between July 29 and August 13, I visited Japan, Okinawa, Taiwan, and the Philippines. At that point, I returned to Washington for the postconvention session of Congress. At the conclusion of the session, I flew at once to the Middle East and spent 1 week in Israel and Egypt, plus 1 day in Jordan en route from one to the other. My longest single visit was Japan—1 week—and then Taiwan, 5½ days. A visitor can hardly acquire expertise in such brief periods, but he can sharpen his impressions considerably, and gather a good deal of useful information.

Having surveyed the central problems and issues in these countries, I can say that I found much to be encouraged about, especially in the economic area, and much that was disturbing, particularly on the political side. The balances would be difficult to figure precisely. In the report that follows, I have tried to set forth as clearly as possible the "situation" in these countries, in terms of political and economic stability, and, whenever relevant, the nature of their relationship with the United States.

My efforts were greatly assisted by the men and women of the United States Foreign Service. In every case, I found them unfailingly diligent, informative, and capable. I might add that in the course of this mission I visited several consulates. And it occurred to me that those of us who travel abroad on official business should perhaps spend more time in the provincial consular posts and somewhat less in the capitals. The best information about a country is to a large degree the distillate of the combined efforts of consular and diplomatic posts. In any case, I am grateful for the generous assistance that I received both from the consulates and from the staffs of the American embassies that I visited.



THE FAR EAST AND THE MIDDLE EAST

I. JAPAN

We are nearing the end of an eventful—indeed, a tumultuous—year. It has been a year of shocks for the American people, and the events surrounding the cancellation of the President's visit to Japan shocked us perhaps most of all. Behind this blow to American pride and prestige there remains a situation of great complexity. It is not susceptible to glib analysis or easy interpretation. Yet the tendency in some official and press circles has been to oversimplify it.

A parallel tendency is to take an arbitrary view of the Japanese affair. A good many well-meaning people concluded that the disheartening events in Tokyo amounted to a repudiation of the new Japanese-American Security Treaty, if not of the relationship itself. At the other pole, many more people point to the impressive victory of the Liberal Democratic Party (the government party) in the recent general election as a vindication of the treaty and of former Prime Minister Kishi. Indeed, it is likely that these election returns will be widely—but wrongly—interpreted as a general endorsement of the treaty and of the LDP's foreign policies.

The fact is that while the treaty issue may have dominated the front pages of the world's press for several days, it was not a source of great controversy among the bulk of the Japanese people. These are traditionally conservative people, who incline to the Liberal Democrats on so-called bread and butter issues, and entertain a basic distrust of Japan's Socialists, who generally range far to the left. The Socialists are well aware of their limited appeal; indeed, they campaigned for only 186 of the 467 Diet seats that were at stake in this general election.

What has been widely overlooked is that the hard-core opponents of the Security Treaty—a distinctly minority group—drew mainly upon a unique combination of circumstances, plus defections within the Kishi government. The Socialists and the Zengakuren (a students federation), by themselves, could not have created the destructive furor that occurred. Unfortunately, the treaty became one of the elements of a highly explosive mix. The U-2 incident and the ensuing collapse of the summit conference generated high feeling, especially when it was learned that U-2's had been based in Japan. And it is likely that the political overturns in Korea and Turkey—in both cases spearheaded by students (and apparently resulting from legitimate grievances)—encouraged Japan's radical elements to greater efforts and tightened their alliance. The fuse for this explosive mix was supplied by the Kishi government itself. Having negotiated a good treaty, one in which most of the concessions came from the United States, Mr. Kishi and his associates failed to explain it or to justify it to the Japanese people. The result was that

the public discussion of the treaty was taken over by the radicals, who, of course, distorted its meaning and intent.

The treaty was presented to the Japanese Diet in February. It was debated exhaustively; indeed, more hours were devoted by the Diet to discussion of this treaty than to any other legislative question in its history, including the Japanese-American Peace Treaty of 1951. Yet, when the government scheduled a recess of the Diet on May 26, the opposition objected and demanded more time for debate of the treaty. This objection was overruled. The Socialists thereupon imprisoned the Speaker of the Diet in his office so as to forestall action on the treaty. Finally, after 6 hours, the police were summoned to escort the Speaker to the floor. In the process he was mauled somewhat and later had to be confined to bed for a considerable period of time.

It was at this moment that Mr. Kishi ran out of patience. Understandably enough, he decided thereupon that to delay further was futile. He had the votes to ratify the treaty and against this background of high drama he used them. Thus, on the evening of May 19-20, the Security Treaty passed the Japanese Diet. The Socialists, supported by the Zengakuren, the giant Sohyo labor federation, and much of the press sent up a shrill protest. They accused the government of using police state tactics to thwart the deliberations of the Diet; of ignoring the democratic processes guaranteed by the Japanese Constitution. The phrase "tyranny of the majority" was adopted to stigmatize the government. The substance of the treaty was generally unexplained, either in press or government circles, although the opposition transformed it into an issue of transcendent importance throughout the world.

The Kishi government offered little defense. Instead of carrying its good case for the treaty to the people, the Prime Minister refused to see the press for a full week after the events of May 19-20. The "tyranny of the majority" phrase had taken hold; yet nobody objected to the very real tyranny by a minority that was under way. But if ever a leader needed public support for his policies it was Mr. Kishi. The chain of events had left him vulnerable.

To understand the degree of Mr. Kishi's vulnerability is to have at least some insight into the nature of contemporary Japanese society. There is, first of all, the tradition of opposition for the sake of opposition. This is most noticeable in the press. Whenever Japan is living under a permissive system, most of the press consistently opposes the regime in power. More serious for Mr. Kishi perhaps was the opposition within his own party.

In every Japanese political grouping there are several factions. The controlling factions are called the "mainstream." The opposing factions are the "antimainstream." This is true of both the Zengakuren and the Liberal Democratic Party. The latter, now composed of nine factions, contained eight during the Security Treaty furor. Four of these factions were opposed to Mr. Kishi. They found in the evolving issue over the treaty an instrument with which to defeat him. Yet they were not opposed to the treaty itself, and privately assured prominent American officials that once the treaty was enacted they would support its provisions. Still, they were not reluctant to jeopardize

adoption of the treaty in order to overcome their political foe and fellow Liberal Democrat, Mr. Kishi.

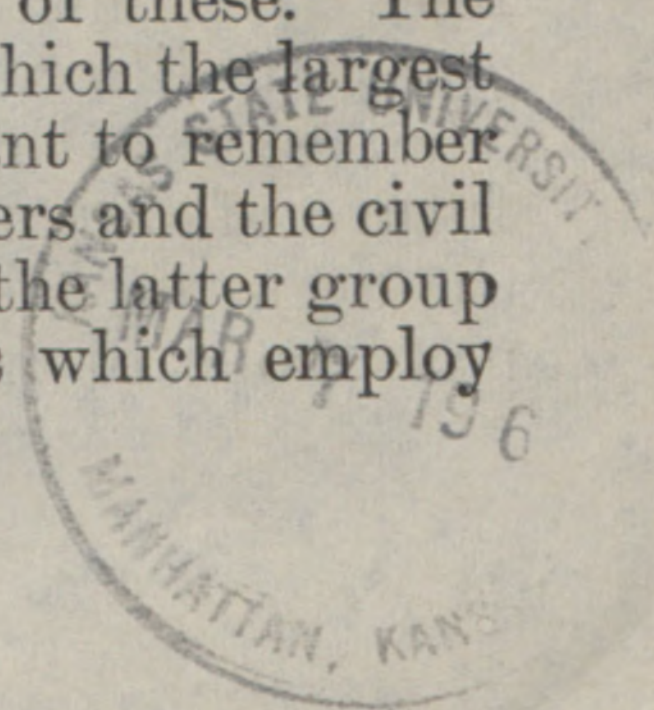
The antimainstream faction thus became allied for practical purposes with the Socialists, the Zengakuren students, and the Sohyo labor organization. Together they made up a strange but disturbingly strong force. The Zengakuren students, for instance, command the allegiance of a sizable proportion of Japan's university students. Generally they are divided between the antimainstream "moderates," who are pro-Russian, and the mainstream "Trotskyists," who represent the most extreme Japanese thinking and disparage Khrushchev and Eisenhower alike as "bourgeois nationalists" and enemies of the working class.

Many of us wondered why the excesses of the Zengakuren were not discouraged more effectively by their teachers and university presidents. The answer to this question probably lies close to the heart of Japan's difficulties with her students and intellectuals. They are not a worldly group. For 20 years they were isolated by the preparation for war and the war itself that was conducted by the military clique that ran the country. During the war, Japan endured the shattering experience of mass bombings, atomic attack, and total defeat.

Postwar Japanese sentiment has been understandably pacific, a sentiment that the United States encouraged. Japan's constitution reflects to a high degree the efforts of American occupation authorities; it contains a war-renouncing clause that all but forbids the existence of Japanese armed forces.

After the war, many Japanese experimented with new political ideas. Some felt that in Marx they had found the answer. They were encouraged and their views given precision by trained Communist cadres. Thus, these Japanese were—and are still—passing through an experience roughly comparable in a more extreme form to that undergone by many European and American intellectuals in the 1930's. And the youth who comprise the Zengakuren are perhaps comparable in their nihilistic rejection of national institutions and traditions to German youth in the 1920's. To what extent this may be, as some suggest, a temporary phenomenon I am not prepared even to guess. But I did discover that certain of Japan's university presidents made little or no effort to discourage the disorderly activities of the Zengakuren. And if the students needed encouragement, it might easily have come from their teachers, whose union, with upwards of 500,000 members, is the largest member of the Sohyo federation and reflects a strong degree of outright Communist influence. Thus, by a combination of circumstances, Japanese students have become estranged from such traditional national values as austerity, hard work, and respect for authority. It is against this latter characteristic that they appear to be in full rebellion.

The total trade union membership in Japan is roughly 5½ million, and the Sohyo federation claims about 3½ million of these. The balance is divided into more moderate groupings, of which the largest is Zenro, with nearly 800,000 members. It is important to remember that Sohyo draws its greatest strength from the teachers and the civil servants. During the Security Treaty riots, many of the latter group were found demonstrating against the very agencies which employ them.



Sohyo gives its full allegiance to the Socialist Party. Together, they have concentrated on international issues, and have largely neglected their responsibility to provide effective leadership on matters of primary concern to their members. Thus, they have gained neither the respect nor the confidence of the bulk of the Japanese people. Yet by identifying themselves with international questions, the Socialists have gained great favor with the intellectuals. Moreover, in Japan, as in many other countries, people are leaving the villages and towns for the large cities. Ultimately, this urbanizing process should also strengthen the Socialists.

The Sohyo and the Socialists are not yet committed to communism. But their frequent tendencies in that direction are worrisome and the signs point to their gaining, not losing, strength, especially if they adopt a more coherent approach to domestic matters. This is the challenge that the Liberal Democratic Party faces.

The Socialists' hold on the students, teachers, and other intellectuals is a highly significant asset to their party. If, as seems possible, Japanese public opinion should at some point become less preoccupied with domestic questions and more involved with the vital issues of peace and war, the intellectuals would doubtless furnish considerable guidance.

Thus far, the conservative Liberal Democratic Party has provided little in the way of public guidance on international questions. The Security Treaty was only one example of this deficiency. In a democracy, the government must elicit the interested support of its constituents for its policies. That is the essence of the democratic process. The Security Treaty, like most of Mr. Kishi's external policies, was well-conceived and, in my judgment, is clearly in the best interest of Japan. Yet most Japanese appeared unaware of that.

I suggested earlier that relatively few Japanese opposed the treaty. I should add that relatively few Japanese actively supported it. The fact is that the great majority of the people appeared not to care really whether the treaty was adopted or rejected. The irony in this, of course, is that the treaty represents a vast improvement over its predecessor from Japan's point of view. It formalizes the restoration of full Japanese sovereignty and the coequal character of the evolving relationship between Japan and the United States. And it gives Japan the equivalent of veto power over the use of its territory as a staging area for U.S. military operations in the unlikely event that a question of that nature should arise.

Close to the heart of this complicated situation, I think, is the newness of Japan's democratic institutions. Democracy came to Japan after the war, and was more or less imposed upon Japan by her conquerors. A prominent Japanese diplomat has said: "Japan is in the 20th century in terms of her industrial practices; in the 19th century in terms of her industrial management; and in the 18th century politically." This may be somewhat exaggerated, but the statement underlines the point that Japan, like other Asian countries, lacks the democratic tradition that is so deeply rooted in societies such as our own. The real issue that arose this spring was not the Security Treaty but the future of Japan's parliamentary system. The demonstrations over the Security Treaty were not even observed by most of Tokyo, a huge metropolis of nearly 9 million people. Rather, they were confined

to a small triangular area between the American Embassy, the Diet building, and the Prime Minister's residence. Nevertheless, for a short time the Japanese Government appeared to have become the toy of a highly disciplined mob. In the most violent of the demonstrations—the one in which a young coed was killed—the students moved with the precision of military formations.

Another question raised by the events of this spring is whether a significant anti-American sentiment has developed in Japan. The answer to that is "No." American newspapermen who moved in and around the demonstrators detected little anti-American feeling, as such. They are supported in that view by our trained official observers. The objectives of the radicals were to defeat the Security Treaty and topple Mr. Kishi. The proposed visit of President Eisenhower aided the Communist propagandists and their Socialist allies. They declared that he was coming not to promote friendship, but to strengthen the position of Mr. Kishi. This, they charged, amounted to interference in Japanese affairs. The argument drew considerable support.

However, with the treaty ratified and in force, and the presidential visit canceled, the heat seems to have disappeared from the situation. My belief is that no permanent or irreparable damage was done to Japanese-American relations, which have grown steadily closer in recent years. One of the greatest strengths of this relationship, of course, is the trade between the two countries. The United States is Japan's biggest customer, and, after Canada, Japan is our biggest market. Like England, Japan must export to live. In 1959, her balance of payments surplus was about \$370 million. Exports totaled \$3.4 billion (the 1960 target is \$3.6 billion), of which \$1.1 billion went to the United States. Obviously, any dislocation in her American market would gravely affect the Japanese economy. Exports to Red China are running about \$3 million annually, imports from China about \$20 million. If trade relations were fully "normalized," Japan's trade with China would probably rise to the \$100 million mark rather quickly. A new trade agreement with the Soviet Union is expected to develop an exchange between the two countries of about \$70 million, with the way paved for additional but limited trade. Clearly, Japan's present and potential trade with the Sino-Soviet bloc is insignificant when measured against the country's trade requirements.

Japan's Government estimates that the economy will grow at the rate of about 7.2 percent over the next several years; indeed, the new Prime Minister, Mr. Hayato Ikeda, told me that national income will double in the 1960's. (This works out to more than doubling the income of the lower brackets.) These are ambitious goals—extraordinary by any standard—but the estimates deserve credence and respect, if only because of Japan's phenomenal growth rate during the 1950's, which averaged out to about 9 or 10 percent. Furthermore, numerous factors argue in favor of steady economic growth in Japan. First, there is a flexible labor reserve, both in agriculture and industry. The postwar baby boom is just now making its impression on the economy. This is significant, since growth is essentially the result of more people working and producing.

Improvements in the means of production are encouraging growth. Fortunately, though, the Japanese have consistently declined to indulge in excess consumption. They are generally a frugal people, with considerable self-restraint. They are strongly given to saving; thus funds for expansion are made available on a noninflationary basis. Wholesale price levels have remained remarkably stable, and retail prices also reflect comparatively good stability. Real wages have risen steadily.

Japan's business community is dedicated to growth. Many of the industrialists that I met were preoccupied with their expansions or renovations, and I am informed that most of them are constantly pressing the banks for more credit. The steel industry, for instance, has grown at an extraordinary rate; the major concerns have been reinvesting heavily, expanding, and, in many cases, operating on very narrow margins in the process. The present steel capacity is about 20 million tons per year, but there is talk within the industry of reaching goals of 60 and even 70 million tons in this decade. Such optimism seeps down and gives confidence and encouragement to producers, bankers, and workers alike.

Some profess to believe that the compatibility and complementary character of the economies of Japan and the United States is assurance that their relationship will grow closer and closer. Some caveats should be attached to that notion, in my opinion. The trade figures are, of course, reassuring. But, as with figures generally, they do not tell the whole story. They do not comprehend the historical, psychological, and political forces at play.

There have been many complaints in the United States concerning imports of Japanese textiles. This is a difficult problem and one of the difficulties is that Japan is the greatest purchaser of American raw cotton. The real difficulty has not been the volume of imports but the fact that in many instances the competitive product is of inferior quality and represents a flooding of the United States market with specialty items.

Looking ahead, I would caution the United States against taking for granted its position in Japan. The Japanese experiment in democratic government is far from complete, and both its institutions and policies are likely to undergo certain adjustments and changes. The United States must be alert to these adjustments and ready to adapt itself to shifting circumstances when necessary. On the economic side, American business must realize that in Japan, as elsewhere, the situation is a competitive one.

It should be noted, for instance, that under a new trade agreement, Japan has commenced buying 5 to 6 percent of its crude oil from the Soviet Union. This is a new development. It means that the big American suppliers—Standard Vacuum, Caltex, Tidewater, and Gulf Oil—will lose a share of the market. Under an extremely complicated price formula, the Soviets are quoting Black Sea port prices of roughly \$1.02 per barrel of oil, as against American Persian Gulf prices, which seem to vary between \$1.50 and \$1.60 per barrel.

The trade agreement with the Soviet Union is quite broad and also includes lumber (Japan's requirements are high), as well as coal, iron ore, and manganese. In the Japan Times (an English-language newspaper) for July 31, I noticed the following two items, which were run side by side:

KYOTO FIRM SELLING RUSSIA MACHINES

OSAKA.—The Kyoto Machine Co. has signed a contract with the Soviet Technology and Machinery Import Corporation to sell 100 million yen worth of textile processing machinery to Russia. The deal was closed under the new Japan-Soviet trade and payment agreement, signed last March. Talks on the contract had been conducted with the Soviet trade mission in Tokyo through the Toho Co., a Japanese trader dealing with the Soviet bloc. Delivery is scheduled in December.

U.S. GOLD STOCKS

NEW YORK (AP).—America's gold stock declined by 70 million dollars this week to the lowest level in more than 20 years, the U.S. Federal Reserve Board reported Friday.

Viewed alone, none of these things is alarming. Yet if the scope of Soviet economic penetration of traditional American markets and trade routes is permitted to increase, while the American economy continues to plod along listlessly, its balance of payments problem worsening, then the sum of Soviet gains will acquire real significance.

I would also warn against overstressing the importance of the American bases in Japan. That they are important is beyond doubt. For instance, the logistical problem of servicing the 7th Fleet would increase sharply if the facilities in Japan were no longer available. The access to Japanese repair shops is of great importance. Without these, ships and equipment must either be sent home at great cost, or even purchased anew. Under the present arrangement, the equipment emerges from Japanese machine shops in excellent repair and at a cost far lower than in the United States.

There is also the symbolic value of America's bases in Japan, a factor that cannot be precisely assessed, but which may become the most important justification for maintaining them. But their importance to America's limited war, or nonnuclear, capability in Asia is negligible. Moreover, the likelihood is that at some point the Red Chinese will be able to reach those bases with missiles. Thus, eventually the bases may become more of a liability, especially in the political sense, than an asset. And that would represent one of the changing circumstances in Japan that the United States, at some time in the future, will have to acknowledge and adjust to.

The danger to Japan of external political subversion seems negligible to me. Most Japanese do not like or trust the Russians, whom they regard as both covetous and barbarous. They have a different feeling for the Chinese. Buddhism came to Japan from India through China in the seventh century. And Japanese tend to have a slight inferiority complex vis-a-vis the Chinese, ascribing to them an intellectual and cultural ascendancy. Moreover, many Japanese regret the injury done to China by the Japanese military regime. In short, they would prefer normal and good relations with China. With Kishi gone, the Red Chinese have ceased their shrill hostility toward the Japanese. If they continue to exercise restraint, normal diplomatic and commercial relations may develop. And that would represent another changing circumstance that the United States would have to acknowledge and adjust to. It need not call into question Japan's Western orientation or its ability to thwart the real designs of communism. It is worth mentioning perhaps that most

Japanese presently incline toward the so-called "Two China" policy. They do not want Red China to possess Taiwan, because this, they fear, would represent a threat to Japan's security.

My personal feeling is that the recent uproar in Japan, while admittedly a blow to American prestige in the world, may have had some salutary effects, as well. First, it served notice on our country that Japan cannot be taken for granted. Second, it served notice on thoughtful Japanese leaders that excessive factionalism leads to disorder, from which the only beneficiaries are the enemies of Japan's parliamentary system. For many Japanese the events of last spring were a cold shock. They appear to have had a somewhat chastening effect on the press, the most important elements of which have moderated their views and taken a more reflective attitude toward some subjects. The new government of Prime Minister Ikeda indicates that it will seek support for its policies from the people; this government has already shown itself to be more public relations conscious than its predecessor.

Among those who have been most deeply alarmed are the leaders of Japan's business community. Toward the end of the Security Treaty crisis they made an effort to aid Mr. Kishi. But this amounted to an amateurish and old-fashioned attempt to gather support in the relaxed atmosphere of the teahouses. Now they are meeting and discussing ways in which they can provide effective support to the government on matters of importance to Japan's security. Recently, a group of them recommended to the Ministry of Finance that an admission tax be imposed on Soviet and Red Chinese cultural entertainments. This arose from the general belief that much of the rioting and demonstrating in Japan has been financed from the proceeds of such entertainment. The admission tax, which is levied on all other commercial entertainment in Japan, would enable the Government to keep track of the funds earned by Communist entertainers. They have managed to exempt themselves, thus far, on the ground that they travel on official passports and are hence not commercial entertainers but "government officials." In order to put an end to this fiction, the Japanese businessmen have further recommended that Communist entertainers be required to declare their income in Japan before receiving an exit clearance from the immigration authorities.

Whatever the merit of this proposal, it reminds me of a significant difference in the Communist approach to cultural exchange and our own. The Communists take full advantage of the high value placed on cultural programs by most countries. Their dance groups and other artistic troupes are richly supported and are sent all over. Comparable American groups, on the other hand, insist on high financial guarantees which many countries can meet only infrequently, if at all. This is a matter that deserves a new and hard appraisal by the executive and legislative branches of our Government.

I think we should also examine carefully our policy of denying U.S. visas to Japanese who visit Red China. Prominent Japanese businessmen have complained that because of this policy most Japanese visitors to Red China are those who are already Communist oriented; others are discouraged, with the result that Japan is denied a true picture of what is happening in China. In the past, certain eminently responsible and influential Japanese have had their appli-

cations for American visas rejected. In such cases, waivers have usually been obtained, but at the cost of considerable embarrassment. I personally see little value in a policy of excluding from the United States responsible Japanese citizens solely because they have visited China.

It is my view that the interests and long-range objectives of Japan and the United States are the same—that is, peace, stability, and the progressive development of the economically less favored countries. The effort to reach these objectives will be the work of generations and must involve the generous participation of many nations. Japan is one of these.

Thus far, Japan is committed to spending about \$1 billion in reparations in Burma, the Philippines, Indonesia, and South Vietnam. And there is talk of a program of export credits and possibly certain other forms of loans. On the technical assistance side, Japan has established six training stations in other Asian countries. India has received a \$50 million credit, under which Japan is supplying railway equipment, hydro and thermal power generators, industrial machinery, ships, and other goods. In the past year, the two countries have signed a double tax convention, and Japan has begun participating in Indian iron ore exploration and other developmental schemes.

The Japanese Citizens Watch Co. is expected to begin producing cheap watches soon in India under an agreement in which Indians will be trained in watch manufacture. Annual output should be about 300,000 to 400,000. The Shin Toy Factory will turn out cheap clocks under a similar arrangement. By the terms of a joint self-help program, India, starting in 1966, will supply 4 million tons of iron ore annually to Japan in return for a \$21 million loan and Japanese technical help. Indian and Japanese firms are planning joint ventures in the manufacture of cheap cameras, transistor radios, and television sets.

In Asia, especially in Eastern Asia, Japan's experiment in Western institutions and processes is observed closely and respectfully. Japan has given its people a permissive political system, within which the Japanese people, through hard work, have earned for themselves the highest standard of living in Asia. In making this extraordinary recovery from the shambles of the war, Japan has received generous support and encouragement from the United States. Throughout the postwar period, its orientation has been toward the West, another factor their fellow Asians have noted.

My view is that American policy must seek constantly to encourage Japan to provide economic and technical assistance to other countries up to the very limits of her capabilities. As a consequence, Japan at some stage may be in a position to consolidate the views and policies of a good many of the non-Communist parts of Asia. This, in fact, may be Japan's historic function.

II. OKINAWA

In 1854, the Ryukyu Islands, of which Okinawa is largest and most important, were visited by Commodore Perry, who noted their high strategic value. Today, 100 years or so later, Perry's judgment has been richly borne out. Okinawa is the most strategic and most

useful of America's Far Eastern bases. It gives the United States control of the East China and Philippine Seas. Only a few short hours by plane from both Japan and Taiwan, it lies about equidistant between the two. The Chinese mainland is within easy reach of Okinawa-based aircraft. Should American bases in Japan become inoperative at some future point, a sizable amount of equipment and personnel could be moved to Okinawa. This is especially true of aircraft. Okinawa's Kadena Air Force Base has two runways that are longer than any other available to U.S. military aircraft in that part of the world. Regarded strictly in terms of its strategic value to the United States, Okinawa, in short, is an irreplaceable asset.

The long-run usefulness of Okinawa is enhanced by the fact that it is administered by the United States. Our Security Treaty with Japan acknowledges Japan's residual sovereignty over the Ryukyus, but grants to the United States administrative rights for an indefinite period of time. This gives the United States a practical advantage, but a responsibility as well. About 780,000 people inhabit the Ryukyu chain. About 660,000 of these are on Okinawa, as densely populated as any area in the world, with about 1,500 people per square mile.

When the war ended in 1945, Okinawa, like Taiwan, was destitute. After 5 years of what has been described as a "dole" economy, the U.S. Civil Administration of the Ryukyus (USCAR) was set up to govern the islands in accordance with article 3 of the peace treaty with Japan. In 1952, a local central government, democratically organized, was brought into being, and authorized to exercise civil administration of the islands under USCAR guidance. The chief executive of this local government is answerable to a 29-man unicameral legislature, of which 14 members belong to the Conservative, or government, Party. The balance consists of 10 left of center Socialists and 5 Communists. Local courts have jurisdiction over matters involving Ryukyuans alone.

The system works well enough, but it is far from satisfactory to most Ryukyuans. Even among conservative Ryukyuans there is sentiment that the United States has assumed the responsibility for governing their people but not for taking adequate care of them. Ryukyuans inevitably compare their economic situation with Japan's booming economy. The comparison, of course, is unfavorable. The Okinawan economy is not growing at the rate it might. The commercial sector lies at the top, and affects perhaps 50,000 people, of whom above 45,000 are employed by the U.S. military forces. In all sectors, Okinawa's economy is far below Japan's.

For a number of reasons, including racial and linguistic similarities, a strong sentiment for "reversion" (to Japan) exists on Okinawa. This is not yet a serious problem, but it could become one. And the reversion concept is, of course, fully compatible with the Communists' objective—to force the United States to withdraw from Okinawa. This they will try to accomplish by exacerbating and giving direction to the internal pressures arising out of the reversion question.

The Communists' line appeals strongly to many Ryukyuans. It is argued that, if Okinawa were a Japanese prefecture, it would receive more assistance. And that is quite true. Okinawa receives less assistance from the United States than Japan budgets for its seven poorest prefectures.

Reversion is strongly advocated by Okinawan teachers, whose salaries are very low. They have a teacher's association, which, as in Japan, is very strong. Politically it is left of center, but not, as in Japan, oriented to the Communists. Reversion, of course, would bring the Okinawan teachers into the Japanese Teachers Union, with consequent higher salaries and fringe benefits. This has an understandable appeal.

The United States provides funds for economic assistance to Okinawa, but the amounts are sometimes well below the island's minimal requirements for growth. In 1958, for instance, the appropriated funds available to the High Commissioner for economic assistance were only \$750,000. This year Congress set a \$6 million fiscal year limitation on the amount available for the promotion of economic and social development in the Ryukyu Islands.

The money made available for "economic and social development in the Ryukyu Islands" is by no means spent for this purpose alone. The enabling legislation provides that these funds shall also be used for "emergency purposes related to typhoons or other disasters in the Ryukyu Islands." This, of course, is the typhoon belt. In one recent 12-month period, the relief and rehabilitation expenses caused by four typhoons in the archipelago absorbed \$3.2 million of the appropriated funds. Obviously, this left relatively little with which to stimulate economic growth.

Meanwhile, Okinawa's needs are expanding at a rate roughly comparable to the growth of its booming population. (The mortality rate has dropped from 17.5 to 4.8 under the American regime.) One of the urgent needs is more classrooms. The United States is presently spending about \$750,000 to build many new units. But this program, as with others on Okinawa, is made more expensive by the typhoon problem. Wooden school buildings, for instance, must be replaced with concrete structures.

In 1959, Okinawa's imports amounted to \$98 million, its exports about \$19 million. (The import figure does not include food and clothing for American military personnel.) Among the commodities imported were \$21½ million worth of marine products. Yet the seas around Okinawa abound with fish, and the Japanese come down and fish these waters with great profit. The fishing business on Okinawa should be encouraged to expand, and assistance to that end should be provided. The economy, at present, is largely agricultural, with sugar mills and pineapple canneries complementing it. As in Hawaii, the American military services provide the largest source of income, with sugar and pineapple following.

Ryukyuan are subject to an income tax, but they are in general too poor to represent a source of appreciable revenue. The American High Commissioner would like to provide additional help to Okinawan teachers out of a special fund that the United States and the Ryukyuan Government would maintain on a joint basis. However, the local government's resources are barely sufficient to meet basic requirements, let alone provide social security as well.

Ideally, the United States should try to duplicate in Okinawa the conditions that exist in at least the less affluent prefectures in Japan. Okinawa is one of the most important of America's strategic bases. Furthermore, it is headquarters for an airborne battle group of the

Army and a division of marines. These represent the most important elements of what the United States possesses in the way of a limited war capability in the Far East.

In financial terms, this all means that Okinawa is presently a \$1 billion-plus installation, with annual operating costs running into the hundreds of millions of dollars. And the military costs are going up. Antiaircraft missiles, along with other more sophisticated types of military hardware, are being programmed for Okinawa. Someday we may need a second Air Force base. It may also be necessary to assign a full airborne Army division to Okinawa at some time.

Given the importance of Okinawa, which is not really measurable in dollars, plus the level of U.S. investment in the island, it would seem to me that the United States should provide economic aid to the Ryukyu Islands that is at least consonant with modest growth requirements. Failure to provide such assistance may at some point in the future jeopardize the uniquely favorable position that we now have on the island. Moreover, as the ultimate civil authority in the Ryukyus, it is clearly the responsibility of the United States to generate steady economic progress among these people.

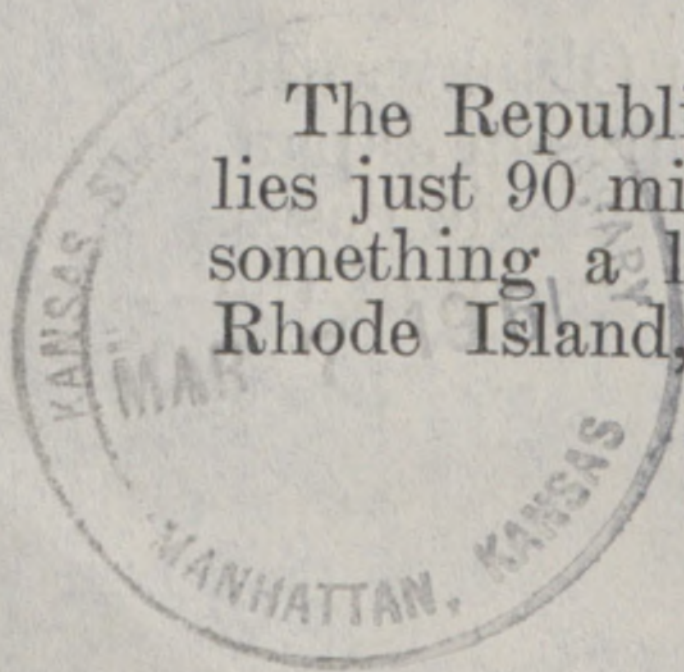
The problem is not yet serious. The United States is popular in these islands, and relations between American military service people and the Ryukyuans are thought to be quite good. But it must be added that the principle of reversion is supported by most Ryukyuans. It is both an economic and an emotional issue. It is supported by all seven of the political parties, including the ruling Conservative Party, which favors a gradual step-by-step reversion. Some of the others, including the two Communist Parties and the Socialist Party, are seeking immediate reversion, and have made a political weapon of the distinction between theirs and the Conservatives' approach.

The Japanese Government appears to be well aware of what is involved for the United States in the Ryukyu Islands, and has exercised restraint in its approach to the situation. Japan is presently sending Ryukyuan teachers and talented Ryukyuan students to Japanese schools. Japanese and American officials are discussing the possibility of sending Japanese doctors to Okinawa and establishing a model Japanese-style farm. We should encourage more such "nonpolitical" activity by the Japanese in the Ryukyu Islands. The serious lack of skilled Ryukyuan technicians and administrators is a problem that the Japanese, with residual sovereignty, ideally should solve for the most part.

Nevertheless, the chief responsibility for the welfare of the Ryukyuans is expected to rest with the United States until such time as the security requirements of the non-Communist world no longer dictate the presence of large American military forces in the Far East. In discharging this responsibility, the United States should seek and welcome greater Japanese participation. But the major economic burden is plainly on the shoulders of the United States.

III. TAIWAN

The Republic of China, centered on the lovely island of Taiwan, lies just 90 miles off the China land mass. Its size is estimated at something a little less than the combined area of Massachusetts, Rhode Island, and Connecticut. A network of 64 small islands,



known as the Penghu (Pescadores) group, lies about 25 miles to the west, and is administered by the Taiwanese Provincial Government. The Republic of China Government also controls two celebrated groups of offshore islands, the Kinmen (Quemoy) group and the Matsus. Quemoy Island is located in Amoy Bay, just 5 miles from the coast. The Matsu group is about 9 miles from the mainland.

Taiwan is generally regarded as one of the most sensitive, strategic, and controversial spots in the world. It is beset by political, economic, and military pressures. Some of these are generated from within, more from without. And in no part of the world, I fear, will U.S. policies be subjected to more rigorous testing than in Taiwan.

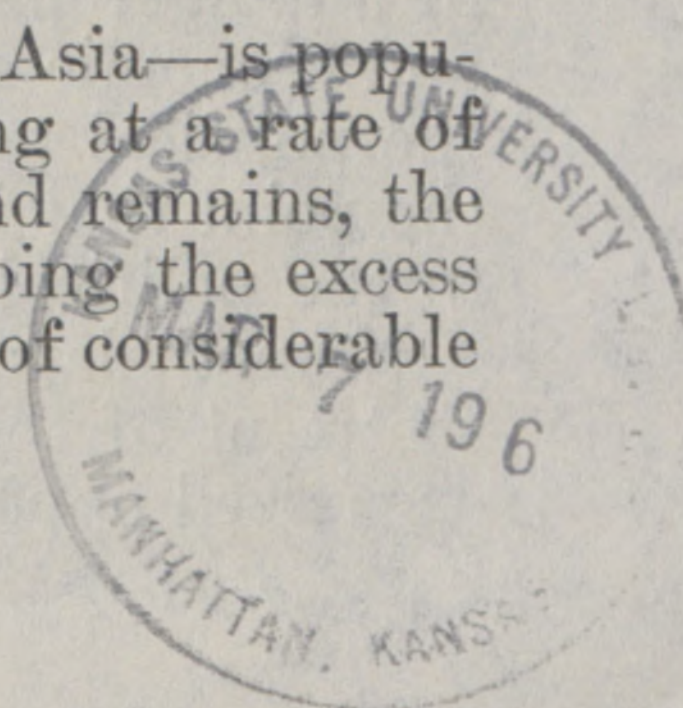
The terms of the Treaty of Shimonoseki, which followed the Sino-Japanese War of 1894-95, ceded Taiwan to Japan. During World War II, the Japanese used it as a major staging area for military operations in south China and southeast Asia. For that reason, it was subjected to a series of heavy bombings, which destroyed a good part of the island's economic underpinning. When the Chinese arrived in 1945, they found most Taiwanese existing within a bare subsistence economy. And a good part of what remained of Taiwanese resources was drained off by the Chinese Nationalists in the latter stages of their struggle against the Communists.

Viewed from any angle, the situation in Taiwan was bleak and discouraging when the Nationalist Government of the Republic of China arrived there in 1949. The Taiwanese, bitter and destitute, resented the mainlanders, and a good deal of friction developed. Since then, the situation has brightened considerably. Relations between the 9 million Taiwanese and 11½ million mainlanders have improved a good deal, although they are far from ideal. On the economic side, progress has surpassed most expectations. Thanks to the enterprise of both Taiwanese and mainlanders, skillfully utilizing nearly \$4 billion of American aid, Taiwan's economy appears to be fundamentally healthy and capable of considerable growth. Indeed, only the obligation to maintain a large military establishment appears to be preventing Taiwan from reaching the goal of self-sustaining growth.

It would be misleading, though, to leave the impression that Taiwan's economic problems are all well in hand. The intensive effort that has been under way in both the agricultural and industrial sectors will have to be continued. And American aid levels will probably remain high.

One of the most serious of the island's economic problems is inflation, accompanied by substantial deficit spending; this in turn has dictated a tight money policy, which has pushed up interest rates (already very high) and broadened the black market, where the rates range between 30 and 40 percent. A recent pay raise for civilian and military employees has sharply increased the pressure on the government.

Another problem—the one that is found throughout Asia—is population pressure. The people of Taiwan are increasing at a rate of about 3.5 percent annually. Little new cultivable land remains, the resource base is not wide, and the problem of absorbing the excess population into the economy is an acute one. It is one of considerable social and political consequence, as well as economic.



For instance, as a result of growing pressure to modernize the armed services, the Government recently decided to retire 48,000 soldiers. These, of course, are people whose lives have been spent in military service and who have no other home. Had they not left China, a good many of them would have the option of returning to the family farm. But in Taiwan they haven't this traditional alternative. I am told that a good many of these "over-age" cases are tubercular and have become squatters. Many of those who are hospital patients are well enough to be ambulatory, but are allowed to remain in hospitals because they have no other place to go. With the problem growing worse, the government has asked the ICA mission to try to find some solutions. This will not be easy.

On the brighter side, progress appears steady in both agriculture and industry. Most of the investment, to date, has been in the public sector, although there has developed recently an encouraging interest in expanding the private sector. This reflects a growing appreciation by the Kuomintang of the pivotal role of economics in the cultivation of growth and stability. About 2 years ago the government instituted a revision of its foreign exchange control system and eliminated the multiplicity of rates. The result of this reform has been a steady increase in Taiwanese commodity exports, which had been severely handicapped by the old foreign exchange policies.

In the past year or so the government has liberalized its foreign investment regulations, simplified administrative procedures, revised regulations affecting plant construction, eased entry and exit procedures, and generally modernized its attitude toward external participation in Taiwanese development. These gestures should encourage still swifter growth in an economy whose total production—both agricultural and industrial—has about doubled in the past 5 or 6 years. Industry in Taiwan is presently well diversified, considering the island's relatively narrow resource base. Having been educated abroad, many of the Chinese managers have endowed certain of the industrial projects with highly sophisticated leadership.

As noted, Taiwan's economic growth is retarded by its burdensome military budget, which absorbs an extremely high proportion of the gross national product. The Taiwanese economy will not become self-sustaining so long as its security problems dictate a large military establishment. In turn, this means that American economic aid to Taiwan will probably remain at a minimal level of roughly \$70 million annually.

Still, with a standard of living second only to Japan's in the Far East, Taiwan's most worrisome problem is obviously not the upkeep of its military forces. It is the island's political problems that weigh most heavily. There is, for instance, the pressure from the Taiwanese people for greater participation in the government. A glance at the economic and political balances in Taiwan would indicate the presence of a dangerous situation. The Taiwanese have most of the resources and economic strength, while the Kuomintang mainlanders have all the political power. This situation has been reconciled—at least, to the point that it is under control and represents no immediate threat to the political stability of the island.

Nevertheless, among the Taiwanese there remains a good deal of resentment of the mainlanders. But this has not been translated into organized opposition, and such incidents as have occurred have been

contained and controlled without apparent difficulty and without resort to the repressive tactics that were used to suppress a brief uprising in February 1947. It is felt that the Kuomintang authorities would employ such tactics again only as a last resort. For one thing, they must consider their army, which is at least half Taiwanese in the lower ranks.

The problem of Taiwanese disaffection with the regime has assumed greater significance—certainly to the Kuomintang authorities—since the overturn of unpopular regimes in Korea and Turkey. Some people believe that in Taiwan the net effect of these events will be an extension of broader political opportunities to local leaders. Although Taiwanese do not participate in the government in numbers relative to their proportion of the population, such participation has been increasing. Two Taiwanese now hold Cabinet posts. My own opinion is that there is little danger of a crisis in Kuomintang-Taiwanese relations in the near future. The island is relatively prosperous. Moreover, thoughtful Taiwanese realize that their people do not yet possess the skills that would be required if they were to assume the burden of managing their own affairs. I also suspect that Taiwanese who aspire to self-rule probably believe that time is working on their side.

Like so many of the ruling groups of Asia, the Kuomintang is split into factions, all of which, however, remain steadfastly loyal to President Chiang Kai-shek. It is his commanding spirit which holds together the various elements of the party. The question that nobody can answer satisfactorily is whether any successor to the 73-year-old Generalissimo will be empowered with similar authority.

Earlier this year it appeared that the question might be put to the test. The Constitution of the Republic of China limits the President's tenure to two terms, and the second term of President Chiang expired on May 20. But in March, the Kuomintang leaders suggested a suspension of that particular article of the Constitution during the "national crisis," and thus President Chiang was renominated. Few seasoned observers actually expected him to step down, but for a time there was considerable speculation on the possible consequences of such an event.

Many of those with whom I talked assumed that when the Generalissimo steps down, his successor will be the Vice President of the Republic, Ch'en Ch'eng. He has worked closely with Chiang for more than 30 years, and has for much of that time been entrusted with those responsibilities to which the Generalissimo has assigned the greatest importance. However, the Vice President is 65 years old. His health is uncertain. And though highly regarded within the party, he could not expect to acquire nearly the prestige and strength which have been the Generalissimo's since 1928.

Another name prominently mentioned as a possible successor is the President's son, Chiang Ching-kuo, an energetic man in his middle fifties. His influence on policy matters is known to be an important factor, and his father entrusts him with responsibilities of a most sensitive and difficult nature. For many years, Chiang Ching-kuo has been a somewhat enigmatic figure, in the sense that neither the extent of his power nor his ultimate objectives are perfectly understood.

Obviously, the single great problem of the Republic of China Government lies across the Formosan Straits in mainland China. In es-

sence, the problem consists of 650 million people, increasing from 2 to 3 percent annually, and united as they haven't been since the days preceding the decay and decline of the Manchu dynasty. This is not to say that the Communist revolution is unopposed, or that setbacks such as the recent shortfalls in agricultural production have not created internal problems of a fairly serious nature. Some anti-Communist Han Chinese, the major element of the population, and non-Han peoples, like the Tibetans and other minorities, continue to oppose the regime of Mao Tse-tung. Nevertheless, it is the prevailing opinion in the Far East that this regime has imposed a centralized authority over most of the territory that appears on our maps as China. Moreover, the regime is thought to be supported generally by the bulk of the people living in this area. In a new book about modern China, Mr. A. Doak Barnett has this to say about the consolidation and expansion of Communist power in Asia:

There is no easy explanation for the Chinese Communists' success in uniting their party's members and in getting the party's adherents to adopt new values and a new way of life which in many respects seem "un-Chinese." Several factors, however, are clearly important. One is the positive nationalistic and ideological appeal which the Chinese Communists exert. In a country where traditional values have decayed and alternative modern ideologies have been discredited, Marxism-Leninism has exerted a definite appeal to many, because its basic philosophy purports to explain man, society, and history and to predict the future. Many have been attracted by the Maoist application of Marxist principles to China, which defines a clear course of social and political action, and by the nationalism inherent in the Communists' vision of a modernized and powerful China. In a situation of revolutionary upheaval and change, the party has attracted people, particularly younger men and women, who were dissatisfied with the past. And, since achieving a virtually total monopoly of power, it has controlled all the channels through which people who wish to acquire status, prestige, and influence can achieve their ambitions * * *

* * * The Chinese Communists are heir to a great civilization with an impressive imperial past, and, although they are revolutionaries, they are very much aware of this heritage. Throughout most of the last 2,000 years the rulers of China have exercised hegemony over large areas of the Far East, central Asia, and southeast Asia, and over the centuries Chinese imperialism and colonialism have ebbed and flowed. China has almost invariably been expansionist whenever it has had a strong government. In the past its expansionism has taken many forms: the spread of cultural influence, the inexorable pressure of population movements, and, in many periods, territorial conquest.

China's long history and imperial tradition have bred in its people a deep sense of cultural superiority and a belief in China's natural primacy in Asia. Until the modern period the Chinese regarded their country as the "central kingdom," the center of the civilized world, surrounded by states which either accepted a subordinate tributary relationship or were considered inferior nations outside the pale of the China-centered civilized world. Although the old basis for this world view has faded, most Chinese, including the Communists, still harbor a feeling of superiority over their neighbors (a feeling not dissimilar to that which many Westerners have felt toward the non-Western World in the modern period). In many respects China's resurgence in recent years can be viewed as the latest of many periods over the centuries in which a strong authoritarian government has aroused the energies of the Chinese people and reasserted China's power and influence in the entire region around China. Previous periods of dynamism have always been both creative and destructive, and they have invariably had a profound impact upon China's neighbors.

Nationalism has been one of the strongest and most fundamental forces shaping the course of events in modern China. In recent decades every important political group, including the Communists, has been inspired by a fierce anti-colonialism, by a determination to wipe out the humiliations of past foreign encroachments, and by the desire to remake China into a unified, strong, modern, world power. The Communist Party's victory within China was due in no small measure to its success in appealing to nationalist sentiment both during

the war with Japan and afterward. The merging of revolutionary communism with nationalism was shrewd tactics, but it was more than that; it was also a reflection of the Communists' determination that China achieve self-respect, international prestige, and world power. "Our nation will never again be an insulted nation," Mao Tse-tung proclaimed in September 1949. "We have stood up." ("Communist China and Asia," A. Doak Barnett, published for the Council on Foreign Relations by Harper & Bros., 1960, pp. 15, 66, 67.)

The flow of reliable information out of mainland China today is relatively small. Yet even after correcting for exaggerated claims, the evidence of remarkable economic growth has become apparent. Mr. Barnett, who reflects a consensus of detached observers of this question, reports that Communist China's gross national product rose at a rate of 7 to 8 percent annually between 1953 and 1957. Japan is the only other Asian country which has sustained growth at a comparable rate; but Japan is not one of the so-called underdeveloped countries, which means that Communist China is outperforming all of the other countries which fall into that category.

Much of the Communist Chinese growth is in steel production and heavy industry generally. A 2,200,000-kilowatt dam, with the world's largest reservoir, is under construction. There is a growing capability in aircraft manufacture, which portends less reliance on the Soviet Union. Within an arc that swings inland from the coast about 750 miles, the Communist Chinese have heavy concentrations of troops and jet aircraft. The estimates of their total strength in this area are classified, but deeply impressive. Moreover, recent air engagements in the Taiwan Straits indicate that both the Communist aircraft and pilots are capable now of first-class performance.

These are facts of which the American people should be aware. More specifically, they should realize that China, with the world's largest population, is growing in all directions and is unlikely to seek any accommodation with the West in the foreseeable future. The likelihood is that the Communist regime believes that time is its best and most durable ally.

Communist China is not represented in the United Nations, and does not have diplomatic relations with either the United States or many of our allies. Many people in the United States and the West profess to see a fundamental illogic in this situation. And they find equally illogical the continued presence of the Nationalist Chinese Army on Quemoy and the Matsus. A visit to the Far East, combined with talks with veteran observers of the China scene, leaves one with some impressions that are relevant, I think, to these questions.

Regarding recognition, many people think it is extremely unlikely that Communist China would "recognize" the United States, even if we were to change our policy on this question. The treatment accorded the United Kingdom in this regard is pertinent. The consensus is that the Communists feel that they stand to gain nothing—at least, not now—from recognition. Their immediate objective is the acquisition of Taiwan, an eventuality that the United States, of course, would fight to prevent. Thus, in the Red Chinese view nothing is to be gained from an exchange of ambassadors, which if anything might indicate to other Asians a softening of their resolve to absorb Taiwan.

The same thesis is advanced by some, although less assertively, with regard to admitting Red China to the United Nations. The argument runs like this: There is no reason to assume that U.N. mem-

bership by itself has any genuine appeal for the mainland Chinese leaders. India and other countries have suggested that as a member of the world body Communist China would be easier to handle. Whether or not this might be true, it is doubtful that the Communist regime would accept an invitation to membership at this time on any but its own terms. These, of course, would include the Security Council seat held by Nationalist China, and possibly a tacit acceptance from the great powers of Communist China's claim to possession of Taiwan. Again, it must be remembered that the main objective is Taiwan, not U.N. membership.

In any case, continue the advocates of this thesis, if Nationalist China were compelled to relinquish its place in the U.N. to the Communists, a crisis over the status of Taiwan could easily develop. The Communist bloc would doubtless make certain of that, and would accept no settlement that did not open the way to the ultimate acquisition of Taiwan by the Communist bloc. Viewed from the other angle, it seems likely that the Communist Chinese would accept membership only if convinced that a Taiwan settlement favorable to them was a good possibility.

These are by no means closed questions. With events in the world moving so swiftly, policies in some cases age rapidly. But at the present time, the questions of recognition of Red China, and, to a slightly lesser extent, the admission of Red China into the United Nations, are academic, because there is no reason to assume that Red China is presently interested in either development, except on its own unreasonable terms.

There is also a somewhat academic quality to the question concerning Nationalist China's control of the offshore islands. First of all, the government of President Chiang says it does not intend to give them up whatever the pressures that are brought to bear. To the mainland Chinese on Taiwan, these islands possess incalculable significance as a symbol of their continued presence in China itself. And some detached observers are convinced that no diplomatic goading or pressure could persuade the Nationalists to withdraw. Indeed, Vice President Ch'en Ch'eng has indicated that if Chiang Kai-shek were compelled to choose between Nationalist China's seat in the U.N. Security Council and continued presence on the offshore islands, he would unhesitatingly elect the latter alternative. Last July 10 President Chiang said publicly that "under no circumstances will [his government] consider giving up Quemoy and Matsu. This stand permits no compromise whatsoever." I should add that President Chiang restated this position in a private conversation with me one month later.

Whatever develops from the Quemoy and Matsu issue, it is not thought that the Communists are interested in these islands as a solitary objective. It is unlikely that they would enter into any agreement that would give them the offshore islands and nothing more.¹ As noted earlier, the Communists believe that time is working for

¹ "Quemoy, Matsu, Formosa, and the Pescadores must be liberated as a whole. We will not allow the handing over of Quemoy in exchange for placing Formosa under U.N. trusteeship because that would be naked and outright splitting of Chinese territory. Trusteeship would be nothing but American occupation and that is what we cannot accept. Nor can we accept demilitarization or referring the matter to the U.N. or the International Court of Justice" (interview between Chen Yi, Foreign Minister of Communist China, and Gerald Clark of the Montreal Star, held on Oct. 30, 1958).

them, and that eventually they will have the islands and Taiwan, too.

It is widely felt that only the threat of a general defection of the local population on the offshore islands, with the resulting loss of face, would persuade the Nationalists to withdraw. That is unlikely to happen. Thanks to generous economic aid and a highly useful development program, the people living on Quemoy, for instance, have become largely self-sufficient. Formerly, the men on the island emigrated to the mainland and supported their families with remittances. Now they live off their own agriculture and fishing fleet, which each day sails in and out of the harbor under the Communist guns.

The troops who are assigned to the islands are not eligible for home leave, and it had been feared that native Taiwanese, who do not themselves attach the same importance to these islands, would resent having to serve there. But, so far, neither the Taiwanese soldiers nor their families have shown signs of making an issue of this question.

There has been no change in the officially stated intention of the Republic of China Government to return to the mainland. In Taiwan, however, neither the native Taiwanese nor most of the mainland population credits the Government with the ability to mount a successful operation against the mainland. The question of returning, it is felt, is dependent upon circumstances well beyond the control of the authorities on Taiwan. Only a general war or a successful counterrevolution on the mainland could create the conditions that would enable the mainland Chinese on Taiwan to return.

Those who favor the so-called two-China concept suggest that the new generation of mainland Chinese on Taiwan has less incentive to return. That may be, but few Chinese are in sympathy with this concept. For most of them, there is only the motherland, the "central kingdom." The two-China concept has a certain appeal as a possible future solution to problems in this area (it is highly regarded by Japanese, for example), but at present it is rejected by both the Communists and the Nationalist Chinese.² I think it would be relevant to quote a few fragments of an editorial that appeared in Taipei's English-language China Post for August 8. The Legal Inquiry Committee of the International Commission of Jurists had issued the day before a report called "Tibet and the Chinese People's Republic," in which the Communists were found guilty of genocide in Tibet. The newspaper did not object to the genocide findings, but devoted its full editorial columns to an attack on the premise that Tibet is not an integral part of China:

* * * We take strong exception to what it (the Commission) has to say on the status of Tibet. As a matter of historical record, Tibet had been a dependency of the Chinese Empire long before the British came on the scene in the last years of the 19th and the first decades of the 20th century when the imperialist powers made a wild scramble to extort concessions from the Manchu government and to extend their spheres of influence in China. * * * The foreign intruders held one common point of view; namely, that the regions where they first intended to extend their sphere of influence and which they

² " * * * The Chinese Government hereby declares once again that the Chinese people resolutely oppose the U.S. plots to create 'two Chinas.' China absolutely will not participate in any international conference or organization wherein a 'two Chinas' situation may appear. Any international agreement made without the participation and signature of China's representative will have no binding force whatsoever on China" (Chou En-lai, in speech to National People's Congress, April 1960).

later planned to annex were independent of China. That had been the British point of view with respect to Tibet before India became independent in 1947, and that has continued to be the point of view of independent India as successor to the British inheritance.

The * * * Committee could afford to be impartial on the questions of genocide and human rights in Tibet, but it took a strongly pro-Indian point of view on the question of the status of Tibet * * * Needless to add that the Chinese Communist regime cannot act in the name of China neither in Tibet nor anywhere else. Though the Chinese Central Government has temporarily lost touch with the people on the mainland, including those in Tibet, its legal rights over all Chinese territories presently under Communist occupation are not impaired.

The history of this question actually suggests that when China has been strong and unified it has controlled Tibet. And when China has been weak and divided Tibet has generally been autonomous. However, it might be added that the Chinese Nationalists have been very critical of the Burmese border settlement that the Communist regime has negotiated. They charge the Communists with an illegal surrender of Chinese territory. Whatever the merits of these issues, the sentiments of the Chinese Nationalists are hardly those of a people who might be entertaining even a mild interest in the two-China concept.

Such a solution could only be the product of the march of events in the Far East. For the immediate future, no significant change in the status quo appears likely. But the probability is that events in the more distant future will dictate some adjustments in the present situation. My hope is that U.S. policymakers will be alert enough to these events to be able to guide them toward productive and compatible ends.

IV. PHILIPPINES

The Philippine Islands compose a country rich in resources, even by southeast Asia standards. Its 24 to 25 million people are reproducing at a rate—3.5 percent—as high as any other in Asia. Yet the resources of the country are such that the pressure of this intense growth probably won't be noticeable for another 30 to 40 years.

As with most Asians, the current mood of Filipinos is highly nationalistic. But, thus far, Philippine nationalism has not reflected an excess of chauvinism, or neutralist tendencies, or any of the other qualities that are often found in new and emerging countries. There are, however, the signs of a people one of whose basic interests is making clear to everyone that they are managing their own affairs.

In 1957, President Garcia chose to make "independence" from foreign economic interests a campaign issue. In 1959, he campaigned on a "Filipino First" slogan. The country's Chinese population is the target of a law forbidding aliens to engage in retail trade. It stipulates that alien-owned enterprises will be permitted only during the lifetime of the proprietor, thus assuring ultimate transfer of the properties to Filipinos. Other foreign business interests have been subjected to a certain degree of harassment.

Notwithstanding the sensation-bent Manila press, anti-Americanism in the Philippines has not become a significant factor. The Filipinos are a proud and sensitive people, often detecting an insult when none has been offered. The recent record of U.S.-Philippine relations resembles a fever chart, in fact. There is a certain satisfaction gained from pulling at the American eagle's tail feathers.

But, in my view, this tendency is fully redeemed and balanced by the deep and abiding affection of Filipinos for the United States. In many ways, the Filipinos are a caricature of Americans, having borrowed heavily upon the worst, as well as the best, of our customs and traditions. The country, to a considerable degree, is a creation of the United States. Thanks to American influence, democracy flourishes in the Philippines as in few other Asian countries. The press is completely free, occasionally to the point of abandonment. The United States encouraged free institutions, and the Filipinos grasped them eagerly.

Anti-Americanism as a factor in Philippine politics has emerged since the death of President Ramon Magsaysay. And, though much discussed, it has not been productive as a political device. If at all, it is expected to figure only slightly in the general elections scheduled for 1961.

The elections of November 1959 appear to have had a moderating effect, in the sense that tactical, or studied, anti-Americanism was tried, found unproductive, and has since diminished. The opposition Liberal Party went into these midterm elections badly divided, but managed to win 3 of the 8 senate seats that were being contested and 19 provincial governorships, a gain of 15. For President Garcia, a Nationalist, there were also personal defeats. He threw his full support and prestige behind two senatorial candidates who were badly defeated.

It is widely thought that President Garcia interpreted these setbacks—in part, at least—as signs that Filipinos are tired of both anti-Americanism and, perhaps more importantly, venality in the Government.

In no country that I visited have I met a people so preoccupied with the problem of corruption in official places. Filipinos at every level, officials and private citizens alike, appear almost eager to discuss this painful subject with a visitor. Stories of corruption tend to crowd out other news in the Manila press. President Garcia has commenced a reform movement which, having gotten off to a promising start, appears to have lost momentum. Moreover, he vetoed the only strong, anticorruption measure that has been sent to his desk. Assigning the responsibilities for venality in public life is a difficult and arbitrary exercise. In this case, the responsibility probably rests equally with both parties. Nevertheless, between 5 and 6 million Filipinos will go to the polls next year, and many of their votes will be directed against candidates whom they regard as vulnerable on this issue.

In the 1959 elections, a group of reform-minded young politicians, belonging to each of the major parties, joined forces to challenge both of them. They participated in the eight senatorial contests, and presented a limited number of candidates for local office. And although they won no offices, they drew a surprisingly large vote—larger, by far, than any had expected. If a similar effort is made in 1961, the result, it is felt, might be even more surprising.

Despite these and other problems arising from growing pains, the impression gained by a visitor to the Philippines is an encouraging one. For example, a sense of political identity and awareness is emerging in the barrios, the basic social unit of 35, or so, families. There are probably between 23,000 and 25,000 barrios in the Philippines.

Thanks to a community development program that is as promising as any that I have seen, the barrio people are awakening to their responsibilities as citizens and voters. Their resistance to machine politics is felt to be growing, as well as their ability to make an informed choice between candidates. Thus, democracy in the Philippines is gaining in grassroots participation. And as a shrewd Filipino said to me, "This kind of awareness doesn't stop at the barrio."

The community development project is a joint United States-Philippines undertaking. The stated purpose of the project is:

(1) To change the attitude of barrio people from a passive dependence on political assistance to an active role of community improvement by strengthened civic responsibility and through training in local self-government; (2) to increase food production and family income; (3) to improve health and sanitation; and (4) to promote essential public improvements.

It would be useful here to quote a simple description of the barrio. It was prepared by community development authorities; the life it describes is similar to that in much of Asia.

THE BARRIO

The typical barrio is composed of 200 people or about 35 families. Persons below 10 years old comprise over one-third of the barrio population. Those 65 years old and over account for 2.8 percent. Persons below 20 years make up 56.9 percent. The average income of 48 percent of these families runs from 500 pesos to 749 pesos per annum.

Despite compulsory school attendance only 5 out of every 8 children of primary school age (7-10) are in school. Of those attending the peak of school attendance is reached at age 11 with 81.6 percent. After this age, school attendance drops sharply; 39.6 percent of the children will complete at least Grade IV; 18.3 percent will finish at least Grade VI; 2.8 percent will finish high school. The overall literacy rate in the barrio is 67.9 percent for persons over 10 years of age.

One-half of the barrio people over 10 years old worked most of the time last year for pay. Of the remainder, nine-tenths did some work as unpaid family workers in addition to attending school or being idle.

Three-fourths of the family heads are farmers; the tenancy rate is about 50 percent. The other one-fourth are related workers in commerce, or transportation, or unemployed. More than one-third of all households have only one gainful worker; about one-third more of the families has two gainful workers.

One-half of the families own both their house and lot. Two-fifths live in their own houses on rent-free lots. The rest live in houses provided free by relatives or landowners.

Ninety-five percent of the barrio families throw their garbage away or burn it; three-fifths have no toilet facilities; over one-third rely on shallow or open wells for water.

When someone in a household is seriously ill, 41 percent of the household still consult a herbolaria, only one-sixth of the farmers use commercial fertilizer; 75 percent do not use selected seeds; the majority did not use insecticide or fungicides; only two farmers have used the masagana rice planting system.

The farmers of this barrio dispose of their produce as follows: 32 percent have no surplus, 17 percent sold their surplus to Chinese dealers, 31 percent to other middlemen, and most of the others sell direct to consumers.

The majority of farmers, in all countries, need a source of credit. In our typical barrio 64 percent borrow from professional private money lenders, three men borrow from ACCFA or the FACOMA, the rest from rural banks, relatives, or private sources.

Over one-half of the households do not consult anyone concerning crops or livestock. One farmer consulted a municipal agriculturist last year, the rest talked about agricultural problems with their barrio lieutenant or neighbors. One-fourth of the people talked to barrio officials about international affairs, one-sixth went to teachers for information. Most of the barrio people listen to radio programs while a fifth read publications for news. Only 5 percent of these, however, read news in English.

Despite efforts on the part of Government service agencies, 65 percent of the households have not attended any demonstrations for crop improvement.

But the interest of these barrio people in improving their economic and social conditions was shown by the fact that one-half of all the households took part in some barrio community project during the last year.

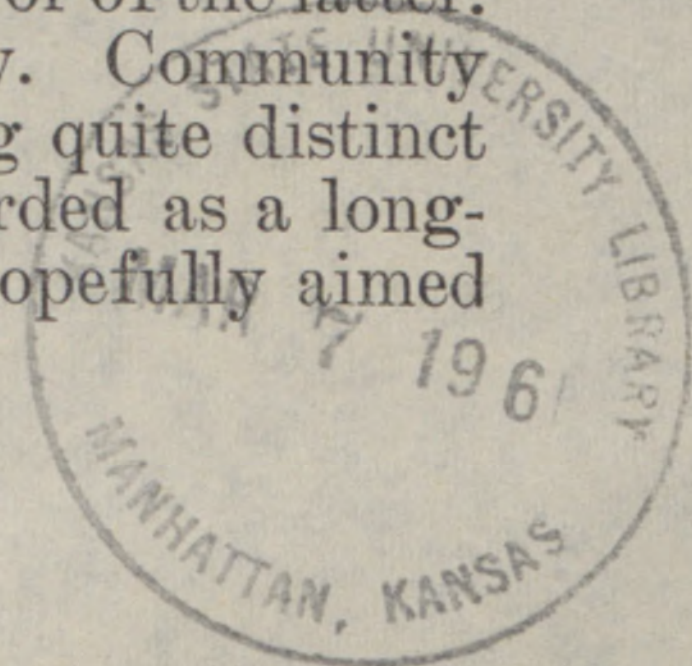
The typical barrio, then, is one which is characterized by too many people dependent upon the available land base, uneconomic units of farm land, large families with the majority of children under 10 years of age, persistent poverty due to restricted land base, poor land use, a one-crop economy, a lack of credit facilities other than private loans with usurious interest, a lack of communication between barrio citizens and Government rural service agencies, a rising rate of illiteracy, a lack of public sanitation and sanitary facilities.

Some of the accomplishments of the community development program are measurable; others are not. The accomplishments include the establishment of the community development center for the training of other community development workers; seminars for provincial officials; the instruction of more than 23,000 rural women and teenagers in home management and civic responsibility; a series of 6-week-long orientation courses for 843 public officials, including mayors, health officers, nurses, school officials, extension workers, pest control specialists, livestock inspectors, and other technicians. The sum of the knowledge gained by these people, the residual benefit of their exposure to ideas and information, cannot be precisely determined. But as a means of strengthening free institutions in the Philippines, these programs must be regarded as very important.

The community development field workers are all college graduates. They must possess a high degree of dedication to the program. Their wages are very low, and many of them are thus forced to leave behind their wives and children when they accept employment as field workers.

In the area of increasing food production and family income, community development has not yet made a significant impact. And this is a point that is often made by critics of community development. The question is really one of priorities. What should come first? Should it be the training of villagers in the meaning of citizenship and participation in the affairs of their community and country? Or should community development seek first to help village families gain greater economic security? My own experience is not broad enough to permit a categorical opinion. But my somewhat tentative judgment is roughly this: A country built on free institutions, as is the case with the Philippines, must provide its citizens with the means of participating usefully in their own affairs. In the Philippines, this means a program of training and education, which is the function that community development is performing at the barrio level. Failure to gain the informed participation of the people can weaken a democratic society fatally. Further, such participation can be a means toward economic improvement, and in fact proper community development will result in higher standards of living.

Most underdeveloped countries lack the democratic tradition. For these, the choice, I think, between enlightenment and filling empty stomachs should, more often than not, be decided in favor of the latter. Ideally, of course, the two should proceed concurrently. Community development in India, for instance, is an undertaking quite distinct from economic assistance. There it is properly regarded as a long-range program—the work of generations, perhaps—hopefully aimed at transforming life at the village level.



Of course, much of the community development work in the Philippines is in the form of economic and technical assistance. In the past 4 years, for instance, nearly 24,000 self-help projects were started. They included instituting irrigation systems, improved seed, improved poultry and swine, multipurpose centers, water systems, and spring development. About 85 percent of these have been completed at a cost of around \$5½ million, with the barrio people bearing more than half of the cost themselves.

Since 1951, the United States has provided about \$222 million in nonmilitary aid to the Philippines. About \$14 million of this sum has represented the American contribution to the community development program. In my view, this has been money soundly invested and very well spent. Nonmilitary aid is presently running at between \$18 million and \$19 million annually, of which more than \$3 million is technical assistance. This is a program that should—and doubtless will—be continued for some time to come.

The United States has a small MAAG (military assistance advisory group) in the Philippines, consisting of 61 officers and men. One of their problems, I am told, is the unfavorable comparison made by Filipinos between the level of military aid they receive and the much higher amounts that are programmed for Vietnam, Taiwan, and Korea. The fact is, though, that there are only 47,000 personnel in the Philippines armed services. And it is perhaps worth observing that 96 percent of the Philippines military budget is absorbed by salaries and allowances, with only 4 percent going into equipment and maintenance.

The Philippine Government has granted to the United States the privilege of maintaining three large military bases, of which the most important are Clark Air Force Base and Subic Naval Base. These are major installations. Moreover, the recent events in Japan have added to the importance of Subic. If the 7th Fleet were at any time denied access to the maintenance and repair facilities at the Yokosuka, Japan, yards, a good many of the vessels could receive comparable service at Subic.

The general terms of America's use of these bases are presently covered by a memorandum of agreement that will be superseded at some point by a more formal arrangement. One of the points in the agreement is somewhat similar to the celebrated "prior consultation" provision of the United States-Japanese Security Treaty. It states that—

the operational use of U.S. bases in the Philippines for military combat operations, other than those conducted in accordance with United States-Philippine Mutual Defense Treaty and Southeast Asian Collective Defense Treaty, will be the subject of prior consultation with the Government of the Philippines.

In the Philippines there does not appear to be any significant opposition to the present arrangement under which American bases operate. But recently the question of missile bases was injected into public discussion by the press. The Manila Times published a survey of Philippine congressional opinion on the question of putting U.S. missile bases in the country. Of the 100 Senators and Congressmen interviewed, 46 were "for," 37 "against," and 17 registered no opinion.

The newspaper said its survey was conducted by a Philippine research organization, called Robot Statistics, under contract with the

Institute for International Social Research, Princeton, N.J. The August 10, 1960, issue of the same newspaper released another survey, this one directed to the question: "Would you approve or disapprove of the Philippines being as neutral as possible in the cold war under present circumstances?" Of the 100 Senators and Congressmen interviewed, 15 approved neutrality, 76 disapproved it, and 9 registered no opinion.

The consensus of informed opinion in the Philippines is that communism is presently a negligible influence, but as in all countries with extremes of wealth and poverty it has a sturdy potential. The Huks (Communist-led guerillas who disrupted Filipino life in the late forties and early fifties) are still a problem, but not a serious one. There are perhaps 500 still at large; these still possess arms caches, and they continue to terrorize small segments of the population in some areas, including the Clark Air Force Base area.

The Communist Party is outlawed, but as elsewhere there is an underground group. Whether it can cultivate significant growth will depend ultimately on the Filipinos and the people they choose for their government.

The long-range outlook is optimistic. The Philippine economy has shown moderate but steady growth, and in 1959 it registered for the first time a surplus of exports over imports. Both the industrial and agricultural sectors have expanded production, and the latter has been averaging a growth rate of between 4 and 6 percent. By Asian standards, consumption levels are high. The "Filipino First" policy has discouraged foreign investment to some degree, but this is a factor that will probably be adjusted in time.

There remain other problems, both economic and political. Some of these are similar to those found in other new countries. But in the Philippines they appear to be manageable problems. Continued progress in these islands will depend on the recognition by the people of what the problems are, and the will to meet them head on.

V. MIDDLE EAST

Anyone who needs to be reminded that patience is an essential component of successful foreign policy should visit the Middle East. This is an area which persistently subjects reasonableness and patience to the stiffest possible test.

In making this observation, I am thinking not of any one of the disputants in the Middle East, but of them all. In the latter part of my study mission, I made necessarily brief visits to Israel and Egypt, and managed to spend a full day in Jordan en route. My last visit to this area was in 1957. The issues then were essentially the same ones that are uppermost in peoples' minds now. And the adamant position of the disputants—the general unwillingness even to consider a compromise of viewpoints—has, if anything, deepened since then. The central issues need no elaboration here. We are all too familiar with them; they have dominated the pages of our newspapers, off and on, for several years. The United Nations steadfastly offers resolutions and recommendations, but, thus far, to no discernible effect.

Having said this, I should add that the problems inherent in this complex situation are by no means insoluble. If the efforts of our and other governments, together with the United Nations, have so far

been inadequate, then we must all redouble our efforts. The Palestine refugee question is the major obstacle to stability in the Middle East. If it were settled the other outstanding issues could be quickly reduced to manageable proportions. My hope is that the next administration will put this question well toward the top of its order of priorities. More specifically, our Government, quietly and discreetly, should subject this problem to the steady pressure of a major diplomatic initiative. The problem has gone on for 12 years. The refugees have grown in number to nearly 1 million. For most of them, it has been a time of misery and despair. In other parts of the world the problem with refugees has been largely one of rehabilitation, and in most areas progress has been made. But the plight of the Palestine refugees was transformed from a human problem into a political issue. As such it has frustrated the most detached and well-intentioned efforts to reach a settlement.

I discussed this problem in each of the three countries that I visited. In every case, I remarked that Congress and the American people were growing weary and out of patience with the lack of progress on the question. The United States contributes about 70 percent of the funds that the United Nations uses to support the Palestine refugees.

The day I spent in Jordan was largely devoted to a visit to the big camp at Jericho, the world's largest refugee camp. I observed a good many of the facilities and had a lengthy talk with the director of refugee camp activities for that area. A refugee camp, by its very nature, gives a disheartening impression, but some are worse than others. In the Jericho camp there has been a measure of progress. Adequate classroom space appears to be available for the children. The sanitation and pure water facilities are also adequate. There is a large market in the camp, which indicates that an appreciable number of the 33,000 refugees are in a position to buy produce. An estimated 20 percent of the inhabitants are working.

But this is progress of a sharply limited sort, and must be carefully qualified. The facilities described as adequate are better than those found in other camps and, indeed, in many of the towns and villages in the Near East. But they are far from ideal. Of the refugees who are working, many have seasonal jobs, and are kept busy for only 60 or 90 days out of the year. The idleness of the refugees is the most corrosive element in their existence. Cards, the radio, group conversations in the coffeehouses (a good many of which are doubtless highly political)—these represent the sum of what life in the camps offers to many of these people. In my opinion, a good many of the refugees could be gainfully employed. Jordan is a very poor—possibly non-viable—state, and is trying painfully to develop itself. Among other things, Jordan lacks skilled and semiskilled labor. A great many of the refugees could be utilized in small developmental projects, especially in agriculture. The Palestinian Arabs probably possess more highly developed skills and capabilities than most of their brothers to the east. As many as possible should be put to work. Employment would save a large number from declining into the so-called irreclaimable category, and the combined efforts of these refugees could only benefit Jordan.

The inability, or unwillingness, of the major Middle East disputants to settle their differences compels them to maintain large military establishments. Thus, 1 out of every 7 Israelis (men and women) is

a member of the armed forces. Israel maintains only 25,000 to 30,000 personnel on permanent active duty, but can mobilize 250,000 in 48 hours. Israeli factories are producing mortars and machine-guns, and heavier pieces are purchased from external sources. In September, the Israeli air force was awaiting the first deliveries of a number of Mirage III aircraft, the most modern French jet fighters. These will give the Israeli air force an edge over Egypt's. This is an expensive competition, however, and roughly 40 percent of Israel's annual budget is drained by its military services.

The Egyptian statistics are doubtless comparable. President Nasser had been anxiously awaiting delivery of Russian-built Mig 19 fighters, which would give his airmen an edge over the Israeli Super Mysteres. But with Israel in possession of the Mirage III, Nasser eventually will have to purchase Mig 21's from the Soviets in order to restore the balance. For him, more than money is involved in this relentless competition. His foreign policy is based on the principle of nonalignment with either of the two big power blocs. And while his personal orientation is slightly to the West, his official preference is scrupulous neutrality. But Nasser's problem is complicated by his growing reliance on the Soviet Union. More than half of Egypt's cotton, the United Arab Republic's main earner of foreign exchange, goes to the Communist bloc countries. The Soviet Union is building the high dam at Aswan. And recently Nasser has been locked in close negotiations with the Soviet Union in an effort to procure at manageable cost more modern fighter aircraft.

In the Middle East, it is felt that Egypt and Israel have reached a crude parity in their military competition. Until rather recently, Israel was thought to have a decisive advantage. But ever since the Sinai campaign of 1956, which for Egypt was a debacle, a strenuous effort to reform and modernize the Egyptian military services has been under way. Both officers and technicians are now thought to be competent, not always the case in the past. Physical training in the military academy which turns out the officers is rigorous, and is about the equivalent of what American paratroopers receive. Egyptian enlisted personnel are now regarded as being on a par with those of other modern armies. Moreover, they are well fed and have a medical corps to attend to their ailments. Under the old tradition, Egyptian soldiers were not properly fed and "fought sick."

It is generally felt that time alone whittled away at Israel's military edge. The Israeli Army once had a distinct advantage in being able to draw upon an officer corps made up of men with years of World War II combat experience behind them. Now these officers are gradually disappearing from active military life and are being replaced with younger people who do not possess such experience.

In short, both Egypt and Israel now possess highly trained military forces, well equipped and in excellent state of readiness. The irony is that neither side really wants a test of military strength with the other. Such a conflict would run counter to the best interests of each, and both are aware that the United Nations would move quickly against the aggressor. Nevertheless, pending a settlement that will permit a lessening of their military requirements, both Israel and Egypt must continue to hobble admirable economic development programs with heavy military expenditures.

Israel's gross national product is rising at the rate of more than 8 percent annually. In 1959, it reached 12 percent, the highest so far. The per capita income of its people averages \$1,000, which compares very favorably with southern Europe. Local natural gas deposits are now filling about 10 percent of the country's fuel requirements. The volume of citrus exports, the principal foreign exchange earner, is expected to double in 5 years. However, progress is not swift enough to liberate Israel from a reliance on outside help. Her balance of payments deficit is running at slightly above \$300 million annually, and she is heavily dependent on bond drives in the United States, receipts from the United Jewish Appeal, German reparations, and U.S. aid.

Egypt, of course, shares Israel's reliance on external sources for foreign exchange. At the beginning, the Nasser regime instituted a severe reform, which caused significant economic dislocations. Many of the large estates were broken up, with land given to the "landless." A good part of Egypt's wealth was controlled by non-Egyptians, many of whom have since been forced to transfer their interests to Egyptians. For a time, this "Egypt for Egyptians" policy created a shortage in sophisticated business direction and management. Time has adjusted this situation, I am told, and Egyptian know-how is filling the gap.

Indeed, for the first time in my memory the economic report on Egypt is optimistic; although hedged with qualifications, the signs suggest an economy with a potential for substantial growth.

Egypt's economy begins at the Nile Valley, surpassingly fertile but vastly overpopulated. The Aswan Dam, scheduled to be finished by 1964, will reclaim over 2 million more acres. These, however, will be quickly absorbed by the country's rapidly increasing population. The only answer to Egypt's dilemma of too little land and too many people is industrialization. And that is the major concern of the Government today. In 1952, industry accounted for 11 percent of the gross national product, and now contributes 22 percent. Per capita output is increasing, and this is finally being reflected in a rising standard of living. The net income per worker has risen. Perhaps most significant, about 12 to 13 percent of the gross national product is going into the economy as investment, a rate that is higher than that found in most so-called underdeveloped countries. It is, in fact, a sign of an economy that in some ways is not far from the goal of self-sustaining growth; one of the criteria for such an economy, according to some authorities, is a 15-percent rate of investment.

Some of the other factors that are generally essential to a healthy, viable economy are present in Egypt today. First, there is a strong central government. Financial management is conservative and regarded as good. The inflationary tendencies inherent in large development programs are mitigated to a considerable degree by such outside help as that provided by the United States under the Public Law 480 program.

On the debit side, the foreign exchange requirements of Egypt's development program are high, and probably are running at a rate of \$200 million annually. Reserves of foreign exchange have been steadily drawn down by the present Government. The people are growing accustomed to slightly higher standards of living, and re-

newed austerity would doubtless be unpopular. As a result of 3 years of drought, Syria's economy has grown very shaky. Wheat is the foreign exchange earner, and the water shortage has reduced the crop yields to a level that is barely adequate for domestic requirements. Egypt has pumped in some foreign exchange, and a good deal more may be required before Syria is again self-sufficient.

But the most serious economic problems in the United Arab Republic, as in Jordan and Israel, are onerous military requirements and inadequate sources of water. These are problems which, of course, are hopelessly entangled in the politics of the region. For instance, proposals to divide equitably the Jordan River water have been frustrated by the political situation. And the fact is that until a political settlement is reached, external assistance will continue to be the *sine qua non* of economic growth in the area. This will allow for only limited progress; and that is proceeding in many directions.

Much of it is very impressive. In Israel, I had the opportunity to visit a form of regional development, called Lakhish. It represents a relatively new kind of regional planning. A half dozen or so small villages, of a type known as moshav (small holders' cooperative), are grouped around a regional center, which processes their crops and performs administrative functions. Under this arrangement, the individual villages retain their identity, yet possess the advantages of the cooperative system.

The Lakhish moshav grow a good deal of cotton. It is processed in the rural center, which has cotton gins for long and short staple varieties, a weaving mill, and a dyeing plant. Thus, the production circle is fully closed.

Israel's policy is to orient its people toward the land, although 80 percent of them have had no experience in agriculture. In regional development, such as Lakhish, the villages are trained under a farm administration program. The training normally continues until the trainees feel competent to manage their holdings unassisted. The crops in a Lakhish area—cotton, peanuts, corn, sugar beets, vegetables—appeared to be healthy and well attended. Yields are generally good. The Lakhish I saw is admittedly a better than average development, yet its problems are those that are common to most others in Israel. The most significant problem is the water shortage. The kind of crops a farm, or moshav, can grow is dictated by the price per cubic meter of water in its area.

Israel is presently using about 70 percent of its water resources, although the country's needs grow steadily. In the last 3 years, the problem has been intensified by the drought that has afflicted the entire Fertile Crescent area. The Government has been very imaginative in devising methods by which water can be used to meet existing needs and even to reclaim new land. Israeli scientists are generally thought to be closer to an economically feasible water desalinization process than anyone else in the world. Yet even if the present optimism is borne out, it is likely that many years will elapse before the cost of water desalinized by this process will be cheap enough for general use in Israel.

The largest of Israel's water schemes is called the Jordan project. It is designed to irrigate the Negev area. As presently conceived, about 320 million cubic meters of water will annually be carried a dis-

tance of from 110 to 155 miles into this desert region. The main conduit will be a very sophisticated—and expensive—pipe, 9 feet in diameter.

Apart from the Aswan Dam, Egypt's best hope for reclaiming new cultivable land lies in an area known as the western desert. Geologists and hydrologists from many countries, including the United States, are presently surveying this area in order to determine its ground water potential. This has become known as the New Valley project, and ranks very high in President Nasser's order of priorities. There is evidence that in the days when Rome ruled this area the western desert area had a considerably larger population than at present. Egyptian antiquities indicate much the same thing. In general the project envisions a system of wells spread through the five principal oases of the western desert. Assuming the ground water is both plentiful and accessible at manageable cost, it is possible that from 500,000 to 2 million acres of new land could eventually be cultivated in this area.

Of course, the most productive approach to the question of giving the Middle East its economic push would be a regional development program. Most of the scientific and technical skills are in Egypt and Israel. A regional approach would eliminate much of the wasteful duplication of effort that is made, and would provide other advantages too numerous to mention. But this sensible answer to the area's economic ills must await a normalizing of relations between the disputants. The main objective, in short, is political stability. And for that we will have to be very patient, I fear. The will to take the steps leading toward stability has not yet emerged in the Middle East. The United States, as I said, must do its utmost to encourage these steps. Our objective in the Middle East is likewise the stability of the area. But this is going to take time, how much no one can say. Perhaps the necessary steps will be taken by a new generation of leaders—people for whom the divisive issues have a less visceral quality and who are not themselves committed to the inflexible attitudes of today.

VI. CONCLUDING COMMENTS

In each country that I visited I found problems that will bear significantly on the course of American foreign policy. Japan, for instance, has not yet fully adjusted to its new political institutions. This, of course, is understandable. The Japanese could hardly be expected to put aside their traditional values and attitudes in a few short years. Nevertheless, strong (and not necessarily compatible) pressures are militating against the old values and traditions. A booming economy, on the one hand, has put Japan in the first rank of the modern industrial nations and tightened her relationship with the United States. On the other hand, a disturbingly large number of the intellectuals and academicians, in rebellion against both the past and the present, are drawing closer to communism.

In Okinawa, a thin economic base must somehow support an expanding population of crushing density. The United States has helped to relieve the situation, but still higher levels of American assistance may be required.

In Taiwan, the Government of the Republic of China has been threatened with extinction by its Communist adversary on the mainland. Both antagonists are well armed, and, with only 90 miles of water separating them, each is committed to a change in the status quo by any means at his disposal. Economic growth on the Chinese mainland has impressed most authoritative observers, and the Communist Chinese obviously believe that time is working in their behalf.

Perhaps nobody in the Philippine Islands could have adequately replaced the late President Ramon Magsaysay, and his strong, dedicated leadership is sorely missed. In the Middle East, the basic problems do not change much over the years. They grow older, but no closer to a solution. This lack of stability, however familiar it has become, is worrisome and dangerous to peace. Two nations—Israel and the United Arab Republic—have developed potent military forces, which are kept in a high state of readiness. (Their fighter aircraft squadrons are said to maintain “runway alerts.”) And while the situation has been relatively calm for some time, a single incident could enflame the area as never before. Of more immediate concern, perhaps, these heavy military requirements have left both Israel and Egypt deeply reliant on external assistance for their economic growth.

Most of the fundamental problems in these areas will not be disposed of easily or in a short space of time. Yet many of them are not only serious, but extremely complicated and difficult to understand. Patience is not a quality normally associated with Americans. Yet as much as anything else the times demand patience. We cannot afford to wash our hands of certain situations simply because they frustrate our best efforts to improve them. The sheer weight of the problems that challenge American foreign policy should sober, but not discourage, our citizens. We must learn to live with frustration, setbacks, occasional defeats, and snail’s pace progress. Our Communist adversaries are more than willing to make the necessary investment in time and patience.

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