

MEMORANDUM

NATIONAL SECURITY COUNCIL

3004-X

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INFORMATION

July 18, 1974

MEMORANDUM FOR: SECRETARY KISSINGER
FROM: W. R. Smyser
SUBJECT: Where do We Stand in Asia?

Good job
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The situation in Asia has been developing fairly undramatically while you have been concentrating on other things, though we have some upcoming problems that will need your attention. We have been moving forward, trying to evolve policies and options as appropriate.

This paper is intended to give you a general context for dealing with the specific issues we will bring to you separately.

What is Good

I still believe, as I wrote you six months ago, that the Asian countries are generally adjusting well to the shift in American policy represented by the Nixon Doctrine. They understand and tolerate the ambiguity of that doctrine much better than many countries elsewhere or than our own bureaucracy, and I think they will continue to do so as long as we can keep a reasonably steady course and as long as there are no sudden major shifts.

Even the capacity to absorb shock is considerable. Except for Japan, the consuming nations of Asia reacted to the oil crisis much less hysterically than the consuming nations of the West, though the worst of that may yet lie ahead of us as the balance of payments problems hit home. After the "yellow peril" tremor that hit several countries when China took the Paracels, fear of an expansionist China has again subsided.

As we have pulled back, no real power vacuum has yet developed. Some Asian states have started to take up some of the slack of our departure by organizing themselves more closely, as in ASEAN. Others are making political adjustments.

Our withdrawal is gradual enough and is sufficiently well coordinated with other great powers that there seems little to fear at this point. The Russians have stepped up their diplomatic, political and military activity, but they

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are not yet a real factor. The Chinese have been winning additional recognitions in Asia, with Malaysia announced and Manila soon to follow. But these are not now seen as destabilizing, except on Taiwan.

Indochina has been messy but contained. The North Vietnamese military activity exceeded some expectations, but fell short of others. Fortunately, our press saw the most recent Hanoi offensive largely as a fiction, a propaganda ploy for the South Vietnamese to get more aid; we were not confronted with wholesale allegations that the Paris agreements had collapsed. In Laos, the Pathet Lao have been racing forward to grab power, but they can be prevented from running away with the show if other political elements coalesce, as they have been starting to do, and if our own people begin to understand the problem. Souvana's illness has shown how careful everybody is about upsetting the applecart. The Cambodian war has turned into a pathetic marathon that almost everybody wants to stop but nobody knows how in the absence of unanimity. We will clearly need to negotiate about it at some point, but it is uncertain whom we should talk to, when we should begin, and how we should make our approach. We may need another dry season stalemate. We are trying to come up with some ideas for you on this.

General Problems

Asia has a number of general problems, some of which aggravate each other. We can do little better than to attenuate them. There are also a host of specific issues for us to think about.

The general problems fall into several categories:

-- Many are simply local manifestations of worldwide difficulties. Asian nations, like others, are being whipped by international economic storms that will only abate over time and may yet have their climactic phase ahead. Asian democracies, like those everywhere, are suffering from divided electorates and weak governments. Our alliances have softened. There is little we can do to solve any of these issues in a purely Asian context, though they form a background to everything else.

-- There is also the general problem of adjusting to the trend toward American withdrawal. Some countries, like Korea, try to keep our presence as long and as strong as possible. Others, like Thailand, try to take the initiative to edge or push us out. Paradoxically, we end up resisting both for obvious reasons.

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-- Related to this is the general problem of sustaining positive alliance relationships at a time when we and the allies feel we need each other less and when many allies are uncertain if we are still reliable. Some, like the Australians, are straining at what they think is a leash. Others, like the Philippines, are trying to adjust their basic relationship through negotiations. No Asian ally has, like France, tried to rally some of our friends against us. So the inevitable tensions have proven manageable.

-- There is also a good likelihood of political upheaval or political evolution away from us. It is easy to produce hypothetical scenarios under which virtually every allied Asian government might collapse or turn against us or both, partly because of the world-wide phenomenon of weak governments and partly because political forces are trying to adjust to new surroundings. The leading candidates for early upheaval or for the kind of repressive counteraction that we do not like would have to be Korea, Thailand, the Philippines and Indonesia. But to date they have kept stability and they may be able to continue. Over the longer run, democracies like Japan and Australia or New Zealand will probably produce governments less ready to collaborate with us.

Specific Problem Areas

Japan. Almost all troublesome world trends coincide in working their effects upon Japan and upon its relations with us. Those relations are now good. I think they will remain good if we and the Japanese can avoid lashing out at each other in order to solve our own economic and political problems and if we can give the Japanese a sense of full partnership in our worldwide enterprises. This effort is in train on our side but is meeting bureaucratic difficulty, principally from State which wants to control Japan policy by asserting that we face no problems worthy of outside attention. I am uncertain whether the Japanese will be able to handle their part. Their government is likely to weaken rather than strengthen over the next several years. The traditional power bases of the ruling party are being worn away by demographic and economic factors.

China. Solving the two-China problem between Peking and Washington looked easier when all the governments were strong. Now detente is under fire at home; Chou En-Lai is sick in Peking; even CCK is starting to have problems with his military. Before we work out a normalization

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formula, the politicking may get a lot nastier than we had hoped. We cannot count on either the PRC or the ROC to remain on course with us in the difficult and complex process of normalization, or to be able to tolerate all the upcoming tactical uncertainties. Fortunately, the Russians will probably be too inept to pick up the pieces. Also, many Asian governments are now moving toward Peking, so the shock waves of our normalization may not be too severe. But our initial objective of normalizing relations without substantial adverse impact at home or in Asia will be difficult and perhaps impossible to reach.

Indochina. At some point the North Vietnamese must try to reverse the flow of events in South Vietnam. Nobody can predict for certain when or how they will try, partly because it depends on developments in other areas of Indochina and in several major capitals. I suspect it must be within the next one to three years, and we are kidding ourselves if we think that any "decent" interval will be persuasive to our electorate or others. If Hanoi so chooses, it will probably have to be a fight. In the meantime, we have little choice but to arm our friends for what is coming and hope perhaps to stop it. It could still hurt our dealings with Peking.

Law of the Sea. Much of Asia being water, Asian countries are intensely interested in questions of the Law of the Sea. We have tried to keep in step with our friends on many issues that they regard as vital (such as the archipelago concept), but we have some major differences on straits transit and other thorny matters. Most of our problems are with Indonesia, the Philippines, and Japan. Also, as I have written before, we may still need to deal with crises over some of the islands of uncertain sovereignty, such as the Spratlys, the Senkakus, or several islet groups around Korea.

Indonesia. Indonesia is to date the only country in Asia that will benefit from higher oil prices, but it is still a poor country. There is pressure on the Hill and in AID to cut aid. We are using a NSSM to find means to adjust our aid gradually to better terms, as we once did for Iran, so as to keep our relationship intact without giving too much away. We also want to decide how to move Indonesia toward a regional role. Atmospherics, such as a Suharto visit and your briefings for them, can do a lot for us there.

Australia. We are reviewing our policies and attitudes toward Australia through a NSSM. We need to examine our basic relationship since Marshall Green is uncertain and DoD very skeptical. We also need to review the specifics of our defense and intelligence installations, trying to prolong the life of our most vital assets (like Pine Gap).

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The Philippines. We have just finished the first round of talks in Manila to negotiate new economic and basing arrangements now that Laurel-Langley has expired. The main problem is to make trade arrangements for the Philippines that we can validate in our general trade bill, so that we can keep our bases and our investments. We are trying to keep Manila from acting unilaterally even though we cannot yet talk with confidence without a trade bill. With luck, it will work.

Thailand. We are getting papers about our future military presence there. As Bill Colby indicated at yesterday's WSAG, our bureaucracy may have some fairly draconian proposals that we will need to review and adjust. But I get the impression that we have to date marched pretty well down the same track as responsible Thai opinion, and we should be able to continue to do this if we are sensible. The Thai are not being silly.

Micronesia. Our talks are nearing a successful conclusion that will cost us some money -- within the President's guidelines -- but will give us a sane long-term relationship with Micronesia and a territorial status with basing rights in the Marianas. The Russians in the Trusteeship Council have made some noises which suggest they will create problems, but I should think we can handle that.

Problems in Washington. You are well aware that many congressmen want to cut back our aid to a number of allied countries, particularly to dictators whose opposition has friends here or in our press. Many in the State Department feel the same way, or at least feel inclined to lecture. Moreover, the State Department has never understood the Nixon Doctrine and has always emphasized the pullout aspect. DoD sometimes objects when we try to use its military assets to fine-hone a political message or to supplement aid, as in turnover of equipment in Thailand or Indonesia. Your intervention on some of these problems may be needed.

Our aid people also continually try to take money from Asian programs for other purposes elsewhere.

(per Smyser telecon)

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