

A Perspective of the Emerging Asia-Pacific Region†

At the outset let me say how honored I am to have been invited to address this noon such a distinguished gathering of a most esteemed organization, the American Bar Association.

In inviting me to speak before you today, you did ask that I talk about the Asia-Pacific region and provide you an ASEAN¹ perspective of what is likely to emerge in this part of the world.

I take this interest of yours as a manifestation of the current interest in evolving some kind of a “pan-Pacific” concept and of an awareness that when the long-term planning horizon extending into the twenty-first century is considered, the Asia-Pacific region invariably will stand out as the region offering the best opportunity in the world for peaceful trade and progress.

The Pacific Basin community, as a concept; and interdependence, as a word, have both entered our awareness in recent years. There has been much interest in and debate about the idea of a Pacific Basin community, and a general consensus has developed that there is a need to build upon the past dynamic growth in the region and to evolve some mechanism for cooperation and development among the Pacific Basin nations.

Among the factors which can be put forward in support of this projection are:

- (i) the relative political stability of the governments in most of the nations located in and around the Pacific Basin;
- (ii) the broad similarities among the non-communist states with respect to world-views and types of economic and political systems;

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¹Association of Southeast Asian Nations; a regional organization formed in 1967 to promote cooperation between the nations of Southeast Asia.

- (iii) the fact that vast resource-rich areas remain untapped, and an abundant supply of relatively cheap labor and substantial markets for manufactured goods and services are available; and
- (iv) the fact that in no other region of the world does the United States enjoy as great an advantage over the Soviet Union in terms of military presence and political influence.

Today, as we near the threshold of the twenty-first century, we see potent forces emerging that would indicate that the locus of origin of major historical forces has shifted from Europe and the Atlantic Ocean in the nineteenth century, and America and the New World in the twentieth century, to Asia and the Pacific Ocean during the latter part of this century and into the next.

The Pacific Basin, specifically the Asia-Pacific region, is the geographic locus where the interests of four powerful nations meet: those of the United States, the Soviet Union, the People's Republic of China and Japan. These four nations each embody some of the world's most forceful ideologies and cultures, ancient as well as young. However, the eventual attainment of a peaceful and prosperous "Pacific Community" would depend on the extent to which the perceptions and interests of these four major powers will converge.

Interest in the region has been increased in recent years by dramatic events, notably the conclusion of a peace treaty between China and Japan and the normalization of relations between the United States and China. And, over a longer period, the realization has grown that the region has tremendous economic growth potential and that China's modernization program and entry into the mainstream of international trade and investment will be a stabilizing influence in the region.

From the American viewpoint, the Asia-Pacific region presents a number of attractive features which other regions of the world do not have. Most of the countries of this region share ideological and cultural affinities with the United States; these, in the long run, tend to provide a stable climate for American interests which make these countries particularly receptive to American initiatives. In addition, these countries depend on the United States for military and economic support, and trade primarily with either the United States or Japan. At present, more than one fourth of the total United States trade is with the countries of this region—more than with any other region of the world. The United States, in fact, obtains from the ASEAN area alone one-tenth of its crude oil imports and much of its tin, bauxite, rubber, cocoa and other important raw materials. These five countries,² with a population larger than all of South America, bought more than \$3.7 billion worth of American goods in 1976.

²The members of ASEAN are Indonesia, Malaysia, Singapore, the Philippines and Thailand.

As the United States becomes more dependent on other nations for its oil and many important industrial raw materials, the Pacific Basin will be, by any calculation, an important source in the world to satisfy United States requirements.

If you were to make a table showing across the top the six major regions of the world and along the column on the left a list of all the characteristics that you would look for or that would attract you to a region, and then against this matrix rank each region on a scale of three, I think you might find something rather revealing as to how you perceive the world.

**Characteristics of World Regions
Assessed from the United States Viewpoint**

Characteristics	Relative Score of Various World Regions					
	Asia Pacific	Europe	Latin America	Middle East	Africa	South Asia
Ideological and cultural affinity	xx	xxx	x			
Accessibility of natural resources	xxx	x	x	xx	xx	x
Business opportunities or size of markets	xxx	x	xx	xx	xxx	xxx
Degree of economic control	xxx	xx	x			x
Degree of political military control	xxx	x	x	x	x	x
Political stability	xx	xxx	x	x		
Political distance from the Soviet Union	xx	xxx	xxx	xx	x	

Although no two countries, however similar in system, will respond similarly to a given criterion, a rough comparison between major trading areas in the world would indicate that the Asia-Pacific region offers, and will probably continue to offer, unequalled trade and investment opportunities for the United States. In fact, it is possible to foresee that in the next few decades, the countries of this region will assume a higher priority in American economic policy.

At this point in history, the dream of such a "Pacific Community" is one energetically nurtured by groups in Tokyo, Canberra, and Washington, but this enthusiasm has not been fully shared in Beijing and Moscow. While China has decided to fully enter the mainstream of international trade and investments and the Soviet Union has visibly started to increase its maritime and military presence in the Asia-Pacific region over the last few years, it cannot be concluded that they have thus decided to contribute and participate in the development of a prosperous economic community in and around the Pacific. Their future actions, according to their own perceptions of their interests in the western Pacific, may be the most crucial factors that could

determine whether or not they will contribute to the peace and stability of this area.

While peace is ever the goal of the smaller nation-states in and around the Pacific Ocean, their most immediate concerns have not yet included consciously contributing towards the evolution and development of a Pacific Trade Basin. The ASEAN nations, as a group, aim for regional cohesiveness and resilience while they also strive individually for internal political stability, security and national economic development.

One can argue that ever since Adam and Eve, man has been living on the brink; i.e., there has always been a bomb of some kind in the human existence. Man has had a far greater tendency to use it in his ignorance and in his hunger than he does today with his awareness of the consequences and his ability to get on without it.

In similar circumstances, the United States and the Soviet Union, despite the increasing tension between them, are aware of the enormous dangers of living with weapons systems of mutual mass destruction. As a consequence, except by inadvertence, war between the super-powers is most unlikely and regional factors are likely to be more important in influencing the situation in the Asia-Pacific region than is possible super-power conflict.

The United States is now largely in a fluid and remote offshore stance, vis-à-vis Asia, with the notable exception of Korea, where President Carter's withdrawal plan is subject to continued deferral.

The evolving strategic situation in Asia is characterized by:

- i. the rise of the Soviet Union to the position of principal rival of the United States, particularly in East Asia but also increasingly in South-east and South Asia;
- ii. the exercise by Japan of a more independent diplomacy—more than just the expression of its economic power—and, with one percent-of-GNP defense budget, the attainment of a formidable military prowess; and
- iii. the disarray of the United States alliance system in Asia and the progressive limitation or denial of the United States' former network of military bases and the complication of its capability to project force into the area.

Along with the attenuation of the American alliance system, another characteristic is the failure of any superpower to dominate the region strategically. There is a revival of fragmented conflicts or contests, not yoked in parallel with a single major axis of confrontation. Some of the quarrels are reversions to ancient antagonisms, overriding common ideology. Pairs of antagonists include: the Soviet Union and China, North Korea and South Korea; China and Vietnam; and Thailand and its communist neighbors. There are also the continuing insurgencies in the non-communist countries of Southeast Asia which had their beginnings in the late 1940s and early 1950s. Domestic instability is still a problem in many nations. Having survived the communist bloodbaths of the late 1940s, which broke out in every one of the

ASEAN countries, every ASEAN leader is aware that successful insurgencies share a pattern: an alternative government composed of a dissident elite, since intellectuals, not peasants, make revolutions; the perception of an exploitative economic system that is so pervasive that citizens lose hope of any positive change; some degree of external support; and, obviously, internal political dissatisfaction mirrored especially in urban-rural dichotomy and pockets of opposition intellectuals. Against such developments, they have found that military might is not a winning strategy. It is also their perception that outside intervention only handicaps a government by emphasizing its dependent status and disrupting the culture.

To meet the internal threat, the idea of "national resilience" has developed. Deriving from the Malay-Indonesian word *tehan* (to resist), this concept asserts that the nations of the area must depend on individual, internal strength to resist insurgency and dissidence. ASEAN leaders have met the resurgent dissident problems with greater military strength than they had available 30 years ago. At the same time, they not only have more stable governments, they also are stronger economically and have been able to implement for the benefit of their people economic development and social justice programs. Under such conditions, they have been able to eliminate the popular roots of insurgency, and as each country develops its own resilience, a collective regional resilience is hoped to be created that will discourage external intervention.

There are wide differences among the countries of southeast Asia in their perceptions of a possible external threat. For the countries on the mainland, there is concern about the eventual intentions of Vietnam. The insular positions of the Philippines and Indonesia tend to reduce their sense of direct external threat, but Indonesian defense doctrine has traditionally postulated a threat from China, and more recently, a threat from Vietnam, despite Vietnam's lack of amphibious capabilities. While the countries of the area see the chances of a direct attack from either China or the Soviet Union as extremely remote, China's continued moral support of communist insurgent movements in the region, and the Soviet aspirations for leadership of national liberation movements throughout the world, generate fears of covert material assistance to internal dissidents from one or both powers.

As to the Vietnam-Cambodia-China conflict, ASEAN has taken a neutral stand. This policy of neutrality is primarily intended to reduce the propensity of great powers to intervene in Southeast Asia. The basis of this policy is twofold. First, it is believed that Vietnam is basically nationalistic and therefore will try—in its own interest—not to become unnecessarily dependent upon the U.S.S.R. Some observers question this view and point out that the U.S.S.R. will try to impose its influence in any way possible, and that Vietnam itself wants to enlarge its sphere of influence in Southeast Asia. Second, China's intention toward Southeast Asia, to some analysts, continues to be a "riddle" for although they recognize the present parallels of interest between the West and China, their knowledge of geometry tells them that parallel lines do not converge.

If Vietnam does not want to be alienated from ASEAN in the future and be completely isolated from the West, its principal hope for aid in economic development, it will have to show a willingness to compromise in Cambodia and to restrain itself from any further moves, overt as well as covert, especially in Thailand. Developments in Indochina have not altered ASEAN's perceptions of threat. This means that the nature of ASEAN's response will not change in substance, but it will vary in degree according to developments within the region.

A gradual increase of defense expenditures will certainly be noticeable, though it will not be so dramatic that economic development must be sacrificed. Bilateral efforts among ASEAN countries will have to be intensified to enhance cooperation in security and defense, but the nature of an ASEAN cooperation in this field need not be transformed into a military or other formal alliance.

Even more important is the continuation of support for ASEAN's development in the economic field in terms of finance, investment and trade involving the public and private sectors. For its part, ASEAN would have to strengthen economic cooperation among its members to prevent it from slackening, as it threatens to do. The importance of outside assistance to relieve pressures created by the refugees, especially in Thailand, Malaysia and the Philippines, has been acknowledged internationally, but such aid lags behind the flow of new refugees.

Intensive consultations between ASEAN and the United States are vital to the stability of the region. China's punitive actions last year may have gradually transformed the role of the Soviet Union in the Southeast Asian region from that of a second class presence into a first class power which, according to ASEAN, implies a capability to project political power. Perhaps this has been the most negative result of China's action against Vietnam.

While the ASEAN countries can cope with Vietnam by themselves, they cannot deal with an increased military presence by the U.S.S.R. in the region. The United States is the only power capable of balancing the emerging imbalance of power. This implies that the United States has to reverse the process of its dwindling credibility in the region. And this has to be tackled at its very source—public and congressional support for a more comprehensive foreign policy in the region.

The oft-repeated contention that there is a direct correlation between peace and economic progress is simplistic, especially in areas where peace is understood by certain elements as merely a continuation of the politics of violence by other means. Likewise, an earlier United States perception that little progress could be made on socioeconomic problems until the "security shield" was in place is not empirically correct. A successful government must tackle both issues—economic and security—simultaneously.

The Asia-Pacific region, united until today by only the great Pacific Ocean, is the world's fastest expanding trade and tourism area, and its vastness is being conquered by sophisticated information systems and advanced

technology. By the year 2020, Matsumoto, a Japanese futurologist who wrote *Southeast in Year 2020*, predicts that this resource-rich region, whose combined GNP has doubled in ten years, and which has been geographically described as the wedge with countries around the South China Sea as its resource base and Japan as its apex, will be the economic center of the world.

ASEAN, or non-communist Southeast Asia, is endowed with abundant natural and human resources. It is a major world supplier of essential raw materials like oil, tin, bauxite, rubber, copper, nickel, cobalt, iron ore, chrome, coconut oil and timber. The vast oil potential of its extensive continental shelves is only beginning to be realized, attributable in large measure to United States multinational corporations which have dominated oil exploration, production and marketing in the region since the 1960s.

Since the industry of the region is primarily agricultural and extractive, and has shown considerable potential for growth, it offers an expanding market for American and Japanese consumer and manufactured goods. It offers cheap labor and opportunities for investments that have historically been shown to be more profitable than similar investments in Europe and South America. Since most Southeast Asian countries are developing, they are still largely dependent on imports of machinery and manufactured goods from the United States and Japan. With a combined population of 309 million and a market of \$240 billion which has been growing at an annual rate of nine percent, ASEAN is an attractive trading partner.

Notwithstanding the continued uncertainties in the world economy in respect of oil supply and prices, inflationary pressures, trade and payments possibilities, monetary stability, and economic recovery of the western industrial countries, the long-term outlook for the economic performance of each of the ASEAN countries is good, and this region could continue to be the fastest growing area of the world. This growth momentum has already been started. It was initially sparked by the import demands of the Japanese economy and continues to be sustained by investment outflows from Japan and, to a lesser extent, from the United States and Australia, who have taken advantage of the relatively cheaper transport link of the Pacific Ocean to the region to locate more of their land, labor, resource and energy-intensive phases of production in the ASEAN countries in order to retain their competitiveness in production costs and proximity to their markets.

Despite different interests among some of its members and despite relatively slow progress on matters like the industrial complementation schemes, ASEAN has been able to contain major tensions which could have prejudiced regional harmony. On issues like Timor, the Mindanao-Sulu conflict, the Vietnamese boat people, the Vietnamese invasion and occupation of Kampuchea and Vietnamese intrusions into Thai border areas, the five members of ASEAN have demonstrated their collective interest and political commitment to ASEAN solidarity. The Association has been accepted by the major powers as a cohesive and an effective regional group with which they must now relate and take into consideration in formulating their respective policies with respect to the area.

The future fate of the region once might have been determined largely by the evolution of the dynamic balance of power in the years ahead. To a large extent this will still be true, but this should not obscure the strong resolve of the ASEAN states to enhance their independence, self-reliance and self-esteem. While having little capacity individually to influence the balance of power game, ASEAN, by being internally strong and by containing possible threats arising internally from indigenous, divisive forces, can, to a limited extent, influence the basic character of the power game by not creating situations or conditions that would upset the present balance and attract the interference or intervention of external forces in their affairs.

To the ASEAN people then, the best guarantee against any threat to security, whether internal or external, whether economic or military, is that their people are free from hunger, disease, ignorance, exploitation; and the surest way of fomenting rebellion or inviting intervention from outside is to perpetuate a state of underdevelopment and all that it implies for the human condition: underprivileged masses with a pitifully low standard of living.

The ASEAN leadership know what it is like to go through a communist bloodbath, and they know what communism thrives on. They are aware that once the conditions for discontent and unrest and dissidence are removed, then the conditions that give rise to communism will no longer exist.

For the leadership then, the ultimate strategy is development and the ultimate purpose is human welfare. All others are supportive tributaries to the mainstream that will ultimately bring the boons of science and technology, social organization and management of resources to the people.

The enlarged concept of security that embraces the special dimensions referred to by (former) Secretary of State Cyrus Vance in his keynote address to you yesterday takes note of how the ASEAN nations' perceptions of security differ from the perceptions of, say, NATO members. Vance's suggestion that key issues, e.g., energy, food, unemployment, etc., be discussed in a Pacific round table by leaders and experts from the private sector across the Pacific would certainly be welcomed by the ASEAN countries who view private enterprise as the main engine for economic growth in their countries. Such an informal organization already exists in the Pacific Forum organized here in Hawaii, and to the credit of this organization it has done much in its own way to bridge the North-South problems in the region.

While there is an occasional throwback reference to the need for a protective "shield" especially by outside powers over the region as the various countries go about the business of development, it is already a recognized principle that the best shield is internal, and that the only guarantee that works is a social system that works. It works if the economy provides the basic necessities; it works if the political and social institutions work for the attainment of these and other aspirations, and generate a sense of identity, pride and self-respect. It works if the entire society is enabled to enter in the mainstream of world society with dignity, and with the capacity to contribute its full share to the advance of mankind. And judging from the performance of each of the ASEAN countries, the system each has evolved appears to be working well for the larger masses of their people.