

Washington and Peking have launched a no-holds-barred pressure campaign on ASEAN. Thus far, Singapore's Prime Minister Lee Kuan Yew has enthusiastically endorsed the Chinese-American attacks on Vietnam, and his Foreign Minister Sinnathamby Rajaratnam has promoted this policy in international forums. The armtwisting has primarily been directed at Indonesia, Malaysia and the Philippines.

Indonesia, the most important country in the region with 130 million people is the key target of attack. Pressures have included economic, "human rights" manipulation of the Chinese community in the country, and the threat of Iran-style "Islamic" destabilization. (Indonesia has the largest Muslim population of any country in the world.) More and more, the country is conforming to Chinese-American policy.

Indonesia is close to normalizing long-broken relations with China. This came one step closer with the recent announcement of a plan for the repatriation of one million Chinese ethnics holding Peking passports. This has been a major obstacle to normalization, especially since Indonesia was the target of a Chinese-backed coup attempt in 1965, which included elements from the Chinese community living in Indonesia.

The high degree of pressure on Indonesia was recently reflected in a series of articles in Kampuchea's nationalist paper, *Merdeka*. On Dec. 3, the paper attacked Thailand for sponsoring United Nations resolutions against Vietnam, and thus "dragging" all of ASEAN into a "confrontation policy" with Vietnam. The U.N. resolution sponsored by ASEAN on Thailand's initiative "was clearly master-minded by the United States and China," the paper said.

Earlier, on Dec. 1, the paper carried an interview with Indonesia's former national security chief, Gen. Sumitro, who criticized ASEAN for sponsoring resolutions on Kampuchea against Vietnam. "ASEAN is playing with fire," he said, and is "disregarding the consequences" of these actions.

In Malaysia and Thailand, the story is the same. According to diplomatic sources the Malaysians are informing friendly visitors that it is the level of Chinese control over the Malay economy via the ethnic Chinese community that has been largely responsible for the country's increasingly hostile attitude toward Vietnam.

Finally, in the Philippines, where the United States is maintaining huge military installations, the government of President Ferdinand Marcos is coming under increasing attack for "corruption" and "human rights" violations. A major radical destabilization operation is also being carried out through "guerrillas" and "social activists" around the country. This Jesuit-controlled Christian left is in many cases working closely with the Chinese-backed "New People's Army."

Japan goes anti-Soviet?

Ohira plays the 'China Card'

Japanese Prime Minister Masayoshi Ohira's just concluded trip to China has dramatically restructured Asian politics. In the 1950s all of Asia was polarized around the creation of the U.S.-Japan alliance and SEATO (South East Asia Treaty Organization) which were poised to "contain" China. Now, Japan and China have formed an anti-Soviet axis to which they hope to recruit the nations of Southeast Asia as well as both North and South Korea. A key component of the new axis involves bringing all participating nations within a revived yen bloc—the Asian counterpart to proposed currency blocs in Europe, the Americas, and so forth.

Ohira has long favored cooperating with the Carter administration and particularly National Security advisor Zbigniew Brzezinski in engineering the new lineup in Asia. But most Japanese observers had insisted that Ohira would be contained by widespread opposition within Japan. That view was strengthened by the narrowness of Ohira's victory over the coalition supporting former Prime Minister Takeo Fukuda. Ohira's actions subsequent to that early November vote show that in fact he has not been "contained."

Two points of discussion with his Chinese hosts remove all doubt that Ohira reached an anti-Soviet "understanding" despite all his public disclaimers. First, Vietnam. Just as in January of this year, Ohira warned China not to invade Vietnam but then indicated that Japan would enforce no penalties on China if it went ahead.

Japan agreed to an immediate \$200 million in yen-denominated loans at concessionary terms (10 years grace and 3 percent interest) normally reserved for foreign aid recipients, Japan promised \$200-250 million in each of the succeeding 5-8 years. At the same time, Japan continues its freeze on aid to Vietnam, including food aid, imposed following the overthrow of the Pol Pot government in Cambodia.

Just as in February of this year, China is taking Ohira's position as tacit acceptance of its planned invasion.

The second point of discussion was Korea. The U.S. State Department long considered Park Chung Hee the

major obstacle to achieving an entente between North and South Korea within the framework of a Japan-China-Korea axis against the Soviet Union. Park made no secret of his opposition to this strategy, commonly termed the "China card."

In the aftermath of Park's assassination, Ohira and his Chinese hosts sat down to decide how to bring Korea into the fold. This, however, proved a stickier issue than the Vietnam issue: Japan would not openly agree to China's policy of open attack on South Korea's current "lack of democracy." But what was discussed privately became clear when Chairman Hua stated that Japan and China must discuss the "problem" in South Korea with "our American friends." This is the first time a Chinese official has admitted that the three nations are discussing the Korean peninsula.

Yen currency bloc

Integral to the Japan-China axis is the emergence of a revived yen bloc. In this regard, the fact that Japan's new soft-term loans are denominated in yen cannot be dismissed. The background to this is as follows. When Michael Blumenthal as U.S. Treasury Secretary visited Tokyo on his way back from China—just weeks after China's invasion of Vietnam—he urged Japan to make its international loans in yen rather than dollars. The object was to set up a yen trading bloc parallel with other trading blocs in order to eliminate the reserve currency role of the dollar and to strengthen the International Monetary Fund as the central bank presiding over these currency blocs.

In the last month, Ohira made three key decisions propelling the yen bloc forward. He appointed as the new governor of the Bank of Japan Haruo Maekawa. Maekawa is committed to the yen bloc notion. He has virtually prohibited international dollar loans by Japan's banks, and now he has announced a program of hundreds of millions of yen-denominated loans beginning with China.

The financial centers in New York as well as Washington, D.C. apparently approved of these decisions. During the period of Ohira's China trip, the yen suddenly recovered, making an astounding 10 point jump on Dec. 10 alone.

Pacific basin plan revamped

The Japan-China-Southeast Asia axis against the U.S.S.R. and the moves toward a yen bloc conforms to a scheme pushed in the United States by Zbigniew Brzezinski, the Stanford Research Institute, and Republican presidential hopeful George Bush known as the "revamped Pacific basin." The supporters of this strategy in Japan include Ohira, his new Foreign Minister Saburo Okita, and the Nomura Research Institute.

In the late 1960s, Japan's industrial leaders proposed a Pacific basin economic development strategy. They envisioned a U.S.-Japan partnership to industrialize the developing nations of Asia and Latin America including cooperation with *both* the U.S.S.R. and China. American think tanks such as Stanford proposed revisions aimed at limiting economic aid to Southeast Asia to resource development, not manufacturing, to cooperation with China as opposed to the U.S.S.R., and a greater regional military role for Japan. The China axis yen bloc policy is an implementation of this "revamped Pacific Basin."

The advisors behind this policy are Nomura Research Institute, which collaborates closely with Stanford, and Japan's Foreign Minister Saburo Okita. Nomura, back in 1978, proposed a \$20 billion resource extraction economic cooperation plan to counter a \$500 billion world infrastructure development plan proposed by the Mitsubishi Research Institute. Recently, Nomura's head, Kiichi Saeki, proposed a three-point plan for U.S.-Japan relations: 1) strengthen U.S.-Japan cooperation particularly in the areas of economy and technology; 2) Japan's self-defense forces must function "properly" and *in cooperation with other country's military forces* (a NATO-ization of Japan long opposed by Japan's leaders); and 3) gain greater acceptance for Japan's military among the Japanese people. Not accidentally, Saeki, who collaborates with London's International Institute for Strategic Studies (IISS), has long supported the "China card"

Foreign Minister Okita is a member of IISS, the Club of Rome and the Trilateral Commission. While he has at times advocated "appropriate technologies" for developing countries, he has for the most part sided with the "high-growth" forces; he served as an advisor to former Prime Minister Takeo Miki. As one Japanese observer commented, "Okita has no politics. If you want a low-growth program he will design that, if you want high-growth he can design that."

Okita began his public career serving with the economic staff of the Asian Development Board, Japan's wartime colonial apparatus in China, where Ohira also served. He was commissioned by China to advise them on a development scheme. His advice: avoid overemphasis on rapid industrialization. The same advice came from Washington and London.

At a Nov. 11 meeting, the Carter administration insisted that Japan's yen loans not be tied (not be conditional) upon China using them to purchase goods in Japan. Despite the uproar from Japanese business, Okita demanded that Japan accede to Washington's wishes. Cooperation with Washington, he said, is the basis of Japan's China card. Is it any wonder that the proponents of Brzezinski's "revamped Pacific basin" list Saburo Okita as their most important collaborator in Japan?

—Richard Katz