

琉球大学学術リポジトリ

米国管理下の南西諸島状況雑件 沖縄関係 米国関係
（議員等発言(2)（講演、記者会見等）

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ウオルフ及びガバーク下院議員報告(昭四五・四二四)

大政軍外務省
 務務 典房
 田信信審審長長
 信信大電厚計
 信信法会営給
 信信調析企
 信信旅移
 信信中東
 信信北東
 信信北北保
 信信一
 信信東洋
 信信東
 信信近ア
 信信二
 信信一理
 信信協基
 信信経科
 信信社忠
 信信道内外

注意
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 2. 本電の主管変更その他については検閲班に連絡ありたい。

電信写

総番号 (T A) 19169
 70年 月 22日 19時 15分 米 国 省
 70年 月 23日 29時 49分 本 省
 主管 米 省
 外務大臣殿 下 回 大使 臨時代理大使 総領事 代理

日米関係。オキナワ問題 (ウォルフ・パーク報告)

第1190号 平 至急 (ゆう先処運)

22日下院外交委員。ウォルフ (民主) 及び J. H. パーク (共和) 議員はアジア諸国情勢調査報告を発表した。同報告は、日本、オキナワ、ホンコン、タイワン、フィリピン、インド、パキスタン、イランの諸地域の視さつにつきとりまとめたものであるが、そのうち日本、オキナワ関係部分要旨次のとおり。 (報告書空送)

なお、議員をして同報告書発表の際の記者会見をちよう取せしめたところ、日本の軍事力増強問題が同議員の発言及び質問の主要部分を占めた趣。

1. 日本政府及び日本国民は引き続き米國と緊密な友好関係を維持することを望んでおり、サトウ政権は安たいである。

2. 調査團は日本経済の實力、明かるい将来に強く印象づけられた。問題点をあげると、日本は年際10億ドルの対外援助を恐るもののその大部分はアジア諸國に向けられており、大部分は輸出拡大のための補助金やハード・ロー

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ンであつて、これでは経済援助にならぬ「経済さく取」である。

また、米國の対日貿易収支あか字が10億ドルを越えるときに、日本の制限的貿易政策は米國の反ばつをよぶことになる。日本は均たうのとれた貿易関係が必要であることを理解すべきである。

3. 日本國內の一部には再軍備及びむかしの「大東あ共榮團」の復活を思わせるてい流めいたものがあり、調査團は日本國內の一部に軍備増強の聲が強まりつつあることをゆう慮している。現在日本國憲法は防衛のはん圍を日本のみに限定しているがこれを拡張解しやくすることも可能なるべく、現に中東からの原油の通過するマラッカ海きようを防衛せよとの議論もある。サトウ總理は最近「日本國民はもはや自國の安全のみを目的とした消極的な平和主義には満足できない」と述べて、日本の新たな軍國主義への方向を示さした。

4. 調査團がちよう取したところでは、日本はもはや米國にその防衛を依存したくないとのことで、それ自体としては結構なことであるが、日本政府権い筋はオキナワのみならず日本本土からの米軍の全面的撤兵を1970年代に完了すべく努力が進められていると述べていた。

5. 日本は核保有能力を持っており、まもなく核兵器運ば

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ん手段を保持するに至るであろう。日本は核防条約に關印はしたものの、批准は無期限に延期されるであろうと聞いている。(注：記者会見の席上、ウルフ議員は日本が核兵器にんしん8カ月半であると形容した。)

6. オキナワ返かんは日本の国家的課題であり、防衛庁高官は返かん決定前からオキナワにある米軍施設を調査していたと述べていた。明きらかに日本政府はその海空の防衛のためにオキナワにある米軍施設を使用したい意図と思われる。これは返かん後にオキナワに米軍基地を維持するとの日米間の合意に反するが、いずれにせよ米國はオキナワにおける米軍基地の使用が拒否された場合を考慮して、アジアにおける米國の役割のための作戦計画を策定する必要がある。

7. オキナワ返かんは合意されたが、その最終的条件はまだ決定されていない。調査団は米國議会在これらの条件決定に積極的役割を果たすべきであり、うわさされる日本側のオキナワにおける米軍基地の使用制限あるいは米軍基地撤収といった動きは議会の審議に付さるべきものと信ずる。しかし、米國は1975年以降オキナワにおける基地が撤収ないし使用制限された場合を考慮して、アジアにおける安全保障措置を考慮しておくことが實際上必要である。(記者会見の席上、パーク議員はオキナワ返かんは原則的にや

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むをえないとしても、米國がワイエトナムで戦とうを続けているときに返かんするというタイミングには大いに疑問を持つと述べた。)

(3)

4

ソビエト 万大 博阪

大政事外務省
 事務 典房
 次次 官審審長長
 臣官 備録入電厚計
 備録 文会當給

参閣析企
 参領旅移

参地中東
 参北東
 参北北保
 参一
 参西東洋
 参西東

参参近ア
 参総経國万
 参参統
 参政技二
 参一理
 参条協規
 参政経科
 参社専
 参道内外
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極秘

総番号(TA) 19439 主管
 70年 4月 23日 21時 20分 米 国 発着 米北1
 70年 4月 24日 12時 08分 本 省 着

外務大臣殿 下田(大使) 臨時代理大使 総領事 代理

日米関係、オキナワ問題(ウォルフ、パーク両議員報告)

第12/4号 極秘 至急(ゆう先処理)
 貴電米北/第747号に関し

諸般の情報を総合するに一応次の諸点が指摘される。

1. ウォルフ議員は65年より、パーク議員は67年より議会に席をおき、何れも比かく的新がお議員であり、外交問題通というにはほどとなく、外交委の序列もウォルフが民主党で19位、パークが共和党で16位であり、その影響力はとるに足りない。
2. 共に中間選挙をひかえ、それぞれの活やくぶりをプレイアップする必要があり、出張報告書公表の機会にわざわざ記者会見を行ない、尚情心流ジャツ起するため殊更努力を払った。なお、本報告書は、モーガン外交委員長がことわるまでもなく、外交委の見解ではなく、むしろ議員の出張報告を記録にとどめる性格のものといった方が適切である。
3. 記者会見も通信社を除けば二流の記者が10名程度参加しただけで、「日本の軍国主義」にても言及しない限り

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注目に値しなかつた。23日の当地紙の中ではポストがUPI電で同報告書を小さく報じたのみである。ウォルフ議員はセンセーショナルリズムを好み、67年に訪日した時も中共、ハノイに行くと言ふ。米国各紙にも右が大きく報道されて話題をまいた経緯がある。

4. 本件報告書の内容をみても、日本のGNPは毎年25%増で軍事費も4年間で倍増すると述べ、判断材料にも誤りが指摘される。冒頭貴電のブリーフィングにもかかわらず、もつぱらツーリスト的早みみ情報にたよつた感がある。たまたま両者の本邦滞在中、中そね防衛庁長官のとう場が確定。在本邦米人記者団間にさまざまなおく測を生んでおり、あるいは、日米知識人会議に出席中のライシャワー教授等に接触の機会を持ち、種々の意見に接し、これらを早のみこみして本件報告書が作成された節が多分にある。従つて内容的に根拠がはく弱であり、影響力も微弱であることから本件両議員の動きならびに報告書自体は特にわが方として問題視するには値しないと考えられる。

5. しかしながら、本件の如き誤解が今後重なり、ふくれあがることはオキナワ返かん協定締結の問題を含め、諸般の悪影響を及ぼすべく、わが国が着実な平和国家として歩んでいることの認識を深めるための努力は今後一層必要である。日本の経済成長、万ばくの行事等にかんがみ、日

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本をきよう異視。いけい視することが昨今のはやりとなつた傾向があり。ジョンソン次官までがそのフィラデルフィア演説にみられるとおおり。米國は日本を再軍備にかりたててはいないと弁明的な声明をした次第がある。日本がとつ如として再軍備するとみるのは、せつからな米國人の好みに合致すべく、従つてかかるふうちようは一時的現象にとどまることが期待されるが、かような時期において、總理が10日プレスクラブで日本の大國意視をいましめる趣旨の所信を表明されたことはTIMELYであつたものと考えられる。

6. なおウオルフ議員はユダヤ系議員で、68年選挙にはマッカーシーこう補を支持し、(首びーかんしないが)中共渡航を意図するかたわら、台湾に好意的関心を持つ。なお、その選挙区の関係からユダヤ人、イタリア人、アイルランド人の悪口はいえず、結局日本をやりだまに上げるのが一番無難だというのがうがつた評である。

ADAのレーディングは80、ACA23、COPE88の示すとおおり、一応進歩分子と目される。外交委ではアジア太平洋小委のメンバーである。

7. 他方、パーク議員は外交委のヨーロッパ小委のメンバーでアジアとはえんがないが、グイエトナム戦継続中のおりから、オキナワを日本に返かんするのは時期しよう早と

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述べており、オキナワの返かんに反対である。また、在リュウ米資産の動向についても日本側の出方に多大の関心を示している。ADAのレーディングは7、COPE8、ACA100の示すとおおり、保守的である。国連を除く在米公館に転報ありたい。

(P)

(回覧番号) 外務省電信案 (分類)

機密表示 (極秘・秘の朱印) 極秘	符号表示 (略) 略 平 ※ 総第 21976 号
第 747 号	昭和 45.4.23 時 20.27
YYYY	大至急 (至急・普通・LTF) 発電係 26

大臣 岸 信介	主管 アメリカ局長	主管局部課 (室) 名 米北1
政務次官 森 外務審議官	参事官 北米第一課長	起案 昭和 45年 4月 23 日
事務次官 官房長		起案者 加藤 電話番号 447

協議先
 不台計課長 条約課長 安全保障課長
 2/4 総務室長 下田大使 臨時代理大使
 在米 総領事 代理 大使 臨時代理大使 代理

件名 日米関係・沖繩問題 (ウォルフ・パーク報告)

貴電才 1190号に因し、
 先納のウォルフ、
 要望もあり、本省幹部の沖繩問題を中心とする
 日米関係につきフリーフLTF際 (在京米大エリソン
 参事官同席)、先方の関心の深かった防衛問題

23 175
236

にも触れ、日本の立場につき誤解なきよう十分
 説明した。経緯等として、両議員は当省
 以外の政府関係者等との会談その他を通じて
 目頭電表示の如き認識をもつに至ったものと
 思われる。現在行われる「日本の軍国主義化」に
 関し、内外で論議される次第であり、念のため
 (1) 両議員からかかる内容の報告書を提出するに
 至った真意、背景、等から (2) 本件報告書から
 米国内世論に及ぼすべき影響等につき、必要に応じて
 HH 等を活用し、内外調査の上 結果を急
 回電ありたい。

2

外務省電信案 (分類)

機密表示(極秘・秘密・機中)	符号表示	※ 略 平	※ 総第 21988 号
機密表示(極秘・秘密・機中)	※ 第 号 外 号	※ 昭和 年 月 日 時 分 発	45.4.24 01.11
機密表示(極秘・秘密・機中)	※ 大至急・至急・普通・LTF	※ 発電係	7

大臣 政務次官 事務次官 外務審議官 外務審議官 官一房一長	主管 アメリカ局長 参事官 北米オ一課長	主管局部課(室)名 米北1 起案 昭和45年4月24日 起案者 電話番号
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協議先 (60:40 米日新聞社依頼)

在米 下田大使 臨時代理大使
総領事 代理 外務大臣 発

電報 在 大使 臨時代理大使
総領事 代理 発

件名 訂正報

往電第747号中段「身元として右報告書
(特に貴電3、4、5、6の部分)」のカッコ内
を次の通り訂正ありたい「(特に貴電3、
4、5、6、7の部分)」

24 1
53

(※印欄内は電信課記入)

(昭和四二・七一改正)

GB-1

ソカヒ 万大 博販

大政事外外衛官
事務 典房
次次
臣官官密審長長
儀総人電厚計
儀書文会營給

参調折企
参領旅移

参地中東
長 北東西
参北北保
参一二
参西東洋
長 西東

参参近ア
次総経国万

参参旅國
参政技二
國一理

参参協規
参政経科

参社享
参道内外
一二

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電信写

総番号(1A) 19600
70年4月24日17時30分 米 国 発 着
70年4月25日09時35分 本 省 着 米北

外務大臣 閣下 下田 大使 臨時代理大使 総領事 代理

ウォルフバーク報告

ネ1219号 平

往電第1190号に關し
冒頭往電を国連を除く在米各公館に転報
しむ。

(3)

秘
無期限

昭和45年4月24日

殿

北米第一課長

日米関係、沖縄問題（ウォルフ、バーク両議員報告）に関する米来電第1214号6に記載されおるADA、ACA、COPEなる略字はそれぞれ下記の通りの意味につき、念のため御参考まで。

記

- (1) ADAは Americans for Democratic Action
- (2) ACAは Americans for Constitutional Action
- (3) COPEは Committee on Political Education
(AFL-CIOの下部機構)

なる団体の略称であり、いずれの団体も米国議会における各議員の voting behavior（投票行動）の分析を行なっている。一般的にADAと

COPEの分析結果は類似しており、数値が高いほど進歩的傾向を示し、ACAは逆に数値が高いほど保守的傾向を示すものとされている。

91st Congress
2d Session

REPORT OF SPECIAL STUDY

MISSION TO ASIA

BY

Hon. LESTER L. WOLFF, New York

AND

Hon. J. HERBERT BURKE, Florida

COMMITTEE ON FOREIGN AFFAIRS

APRIL 22, 1970

FOREWORD

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C., April 22, 1970.

This report has been submitted to the Committee on Foreign Affairs by a special study mission to Asia which visited there during the month of January 1970. The findings in this report are those of the special study mission and do not necessarily reflect the views of the membership of the full Committee on Foreign Affairs.

THOMAS E. MORGAN, Chairman.

INTRODUCTION

The American preoccupation and media attention to events in "Indo China," has in recent months, caused too little attention to be focused on events in the rest of Asia. United States officials must not, however, be diverted from a constant reexamination of the political and economic developments in all of Asia and the subcontinent. Changes in the Asian power structure and economic progress have profound effects on American interests in Asia and certain subtle developments need to be understood in making policy.

This is why a special study mission of the Committee on Foreign Affairs traveled earlier this year to Japan, Okinawa, the Republic of China, Hong Kong, the Philippines, India, Pakistan and Iran. The study mission sought relevant, current insights into political, economic and social developments in this area.

Consisting of Representative Lester L. Wolff, who acted as chairman, Representative J. Herbert Burke, and Franklin J. Schupp, staff consultant, the mission had as well the specific responsibility of determining how to utilize more effectively the U.S.-owned rupees accumulating in India and Pakistan.

Following is a report, prepared on a country by country basis, that seeks to establish a realistic perspective on U.S. interests and policy in Asia.

While we undertake a specific review of the countries visited, the following general assumptions are relevant:

United States policy in Asia must be built upon a clearer definition of our true political and economic interests.

Easy but shallow cliches—such as "undefined partnerships"—must be done away with and replaced with perhaps difficult, but meaningful, evaluations of Asian and American interests.

Although the economic, political and cultural cooperation between the United States and the countries of Asia should be a constant goal, we should, nevertheless, not sacrifice our own national security to reach these goals.

At stake here is not merely short-run cooperation, but very probably the future of world peace.

JAPAN

INTRODUCTION

It was clear to the study mission that the Japanese Government and people welcome continued, close friendship with the United States. During our stay in Japan and at our meetings with high-ranking Japanese officials, we were impressed repeatedly by the apparent desire of the Japanese to maintain cordial relations with our country.

The government of Prime Minister Sato appears to be stable and appropriately responsive to the desires of the people of Japan. The Japanese experience, as we do in the United States, democratic protests, especially by young people. Such protests are an inevitable consequence of an open society and are not, of themselves, an indication of wider trouble.

THE ECONOMY

The study mission was greatly impressed by the strength, vitality and bright future of the Japanese economy. We consider as relevant examples of Japan's economic growth in the post-war period, the following:

Japan is the world's greatest shipbuilder, it is the second greatest automobile manufacturer and it is the third greatest steel producer.

Japan is the free world's second greatest producer of manufactured commodities.

Japan's annual growth rate (in real terms) is 15 percent.

Japan's trade surplus in 1969 was \$2.28 billion, more than half of which was gained in trade with the United States.

In an attempt to exert even greater influence on the world's economy, Japan is turning away

from

from light industry and toward heavy industry. (There is the disquieting realization however, that such heavy industry is ideally suited to producing military hardware. The study mission will address itself to this matter below.)

Japan's economic growth has been accomplished, not at the expense of the working class, but with a general sharing of her prosperity with laboring people.

Japan's economy is indeed quite healthy. But there are several related areas of concern to the study mission.

While Japan proudly proclaims that it is providing a billion dollars a year in foreign assistance, most of it directed toward other Asian nations, the study mission was distressed to learn that a substantial portion of this aid is in the form of export expansion subsidies and hard loans. This is not true aid, but "economic exploitation" that has in some cases caused the recipient nation to require additional aid funds just to service the hard loans.

As regards economic dealings with the United States, there is the sophistication and quality of Japanese products such as electronic and photographic equipment, automotive products, steel, and other industrial goods that make the old and tired jokes about the inferiority of Japanese products just that—old and tired.

The United States steadily increases its purchases of Japanese products and yet, we are still confronted with the Japanese policy of restricting imports. The difficulty in exporting to Japan has created a U.S. trade deficit of well over a billion dollars a year. Restrictive Japanese trade policies will ultimately bring forth a like response by the United States and operate against the best interests of both countries. Japan must come to realize that successful international trade requires a reasonable flow in both directions, for trade is truly a two-way street.

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Among the byproducts of Japan's economic resurgence have been domestic problems familiar to Americans. The study mission quickly recognized the serious problems of inflation, air and water pollution, overcrowded cities, increased demands of public assistance, and auto safety. The Japanese have just now identified their problems and look forward to the long process of developing solutions. But, as we know from our own experience, this is a costly and difficult process.

The general impression of the Japanese economy was of a healthy animal seeking, on one hand, to protect itself from other healthy animals and, on the other hand, using its strength to secure some measure of obedience from weaker animals. The ironic conclusion to this saga, as we have learned, is that a country cannot assume that a healthy economy alone is the answer to all its problems nor a guarantee of international influence.

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There is a strong effort underway by some groups in Japan toward rearmament and a seeming return to the old "Greater East Asia Co-prosperity Sphere". The study mission was concerned with the increased emphasis by some on enlarging Japan's military prowess, even though it already supports the sixth largest military establishment in the world.

While the Japanese Constitution, by limiting its forces to island defense, does provide certain basic restrictions on rearming, this constitutional provision can be circumvented by broadening the definition of Japan's defensive perimeter. In fact, obviously concerned about maintaining steady flow of Mideast oil to Japanese industry, some in Japan now consider its area of defense reaches to where oil shipments must traverse the Straits of Malacca.

Prime Minister Sato recently sounded the call to Japan's new militarism when he said: "It is clear

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that the (Japanese) people are no longer satisfied with a merely negative pacifism aiming only at the country's safety."

The study mission was told that Japan has decided it does not want to remain militarily dependent upon the United States. No one can dispute this aim, however, they look far beyond this premise. Authoritative Japanese officials have stated that efforts be advanced to accomplish the total withdrawal of American forces from Japan (not merely Okinawa) within this decade.

The Prime Minister, according to information made available to the study mission, interpreted his recent reelection as a mandate to proceed with significant military expansion.

Japan has been spending 1 percent of its GNP for arms. With an annual 25 percent increase in the GNP, Japan's expenditures for military equipment will double every 4 years. In addition we have learned it is now recommended that 2 percent of GNP be devoted to defense spending - geometrically increasing Japan's military power. Is this not a return to the Bushido of old Japan?

The study mission must also state that Japan is reported to possess an advanced nuclear capability and will soon have the delivery systems for nuclear weapons. Although Japan did recently sign the nuclear non-proliferation treaty we were made to understand that ratification could be put off indefinitely.

In our discussions it was indicated that Japan intends to become the great seapower once again, to "protect" its trade routes. This, too, has ominous overtones.

Placing this aspect of our report in perspective, the study mission evidences concern over Japan's emphasis on the new militarism. There seems to be a readiness to commit a substantial portion of Japan's vast wealth to the reestablishment of a major international

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military force. This involves increased spending, a much broader definition of her area of defense, nuclear capability and a clear determination to be a military power on a scale not contemplated since World War II.

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The Sato government appears to be stable; Japan's prosperity has bred a certain degree of comfort with which the Japanese people do not wish to tamper.

In its relations with the other Asian nations, Japan is living with a paradox: it is committed to political support of the Republic of China, yet finds Communist China a profitable trading partner. The study mission sees Japan seeking increased economic and cultural ties with mainland China, even if it means a cooling of relations with the United States.

As indicated at the outset there was every evidence of a cordial relationship with the United States at the present time. But we were made to understand that that friendship is not immutable. Clearly, and understandably, Japan will make its future decisions in international relations in terms of how it views its own self-interest. And we have seen that Japan defines its self-interest in terms of economic and military strength, especially in Asia.

This point was dramatized on February 14, after the study mission had returned from Japan, when Prime Minister Sato told the Japanese people that the 1970's would be "an era where Japan's national power will carry unprecedented weight in world affairs." In his address to the opening session of the new Diet, the Prime Minister set the tone for a more active international role in a manner at odds with previous disclaimers of world ambitions.

As recently as last October, before the election, in the quarterly, "Foreign Affairs," Japanese Foreign

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Minister Kiichi Aichi wrote: "Responsible Americans will understand, I am sure, that any ill-conceived Japanese military contribution to Asian stability would accomplish little except to squander Japan's security capabilities, and our painstakingly built-up good will in Asian countries."

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This is actually part of a broader effort to give the widest possible definition to Japan's perimeter for defense under the terms of its constitution. The area that Japan now seems to consider within its immediate area of defense extends from Korea through the Straits of Malacca.

(Clearly this points to Japan's possible plans for a major military role in Asia, with the probable desire of preeminence in the area. This policy would include the establishment of great seapower and is intimately tied to the total takeover of Okinawa, improved relations with Communist China, a reduced American role in Asia, and a questionable militaristic application of Japan's great wealth.

When Japan signed the treaty banning the spread of nuclear arms, her approval contained reservations by certain officials. The Government made clear that final ratification of the treaty by the Diet "might not come in the foreseeable future." Such approval is necessary before Japan can formally bind itself to the pact. The Japanese Government has reserved the right to pull out of the treaty if it decides "that extraordinary events related to the subject matter of this treaty have jeopardized the supreme interests of the country."

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THE REVERSION OF OKINAWA

Fundamental to Japan's plans for the future is the reversion of Okinawa. For strategic and political reasons Japan has felt it must regain control of Okinawa if it is to achieve its national and international goals.

(The study mission is convinced that some Japanese leaders envision a prompt and total withdrawal of American forces from Okinawa. In fact, we were told that high-ranking Japanese military personnel surveyed the U.S. installations on Okinawa prior to any decision on the reversion. Quite obviously the Japanese are anxious to make use of American-built base facilities on the island for their air and naval forces.

(We recognize that this is contrary to the public position of the two governments in regard to the reversion of Okinawa, which provides for the retention of U.S. bases. But the evidence seemed quite clear to us and we believe that the United States must make contingency plans for its future role in Asia in terms of possible denial of base facilities in Okinawa.

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The study mission read with interest a relevant letter from President Nixon to Senator Ernest F. Hollings which the Senator included in the Congressional Record of February 25. The President wrote: "I am convinced that the arrangements we will make for

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reversion will not impair our ability to meet our security commitments in Asia." The study mission is concerned that this statement does not take into account the probable push by Japan for a total American disengagement from Okinawa.

The decision on reversion has been made, but the final conditions (on bases) have not been determined. The President has pledged that Congress will play an active role in determining those conditions and the study mission trusts the rumored planned move on the part of Japan to restrict our base rights and to oust us from Okinawa will be subject to congressional review. At the very least we had better plan our security requirements in Asia in light of the realities and with practical alternatives in the event Japan is successful in securing our complete departure from Okinawa.

CONCLUSION

The study mission left Japan with a genuine concern about the new militarism we witnessed. While we can readily understand Japan's desire to accept the responsibility of her own security, we believe the move toward intensified rearmament goes far beyond Japan's real security needs.

Without questioning Japan's desire to maintain cordial relations with the United States we must point to the changing orientation in Japan. In this change we find a clue to plan for the 1970's with a realistic perspective on current motivations, rather than with outdated assumptions about our dealings with Japan.

As the situation evolves the United States must be wary of yielding to Japan, or to any other nation, the responsibility of our national interests in Asia.

OKINAWA

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The military implications of the reversion of Okinawa to Japan were discussed above. We would simply reiterate here that as a practical matter it will be necessary for the United States to plan its security needs in Asia after 1975 allowing for the possible discontinuation or limitation of operations on Okinawa.

ECONOMIC FACTORS

Thousands of Okinawans have been employed on U.S. military installations and in related businesses. These people stand to lose their jobs as the U.S. presence in Okinawa is reduced. The study mission was surprised to find efforts underway among Okinawans and Japanese to require the United States to provide generous settlement terms to those civilians who are unemployed as a result of the reversion and the subsequent reduction in U.S. forces. This is a curious situation with one hand we are pushed away and with another we are asked to pay dearly as we go. We hardly consider this fair.

Moreover, it appears that some Japanese businessmen view the reversion of Okinawa as an opportunity to take over businesses on the island now run by Americans. The study mission recommends that the exact conditions of reversion contain adequate safeguards against unfair takeovers of American-owned businesses.

CONCLUSION

Okinawa is an integral part of Japan's master plan for economic, military, and political advancement in the 1970's. Having made the commitment to reversion the United States must now accept this reality. However, prior to final reversion we believe it in the best interest of this Nation that a review of base arrangements be made by Congress.

CONCLUSION

We, the members of the mission are highly gratified with the results obtained from our study and efforts. We believe that in some cases we have been able to update situations prevailing in certain areas as well as provide a useful climate for the utilization of almost \$1 billion in hitherto blocked (non-Public Law 480) U.S. funds.

We recognize that the formulation of foreign policy is a complicated process involving many varied sources. The study mission hopes that this report will be one factor considered as American policy in Asia is constantly reexamined.

Three significant points stand out as the summation of our work:

1. The entire Asian power structure is undergoing change. This, combined with unprecedented political awareness and activity, makes it mandatory that the United States discard old ideas about our Asian role and accept the new realities;
2. Foremost among those realities is that our security position in Asia will change drastically in the coming decade. We can foresee changes in agreements with Japan and the Philippines, that could require a complete overhaul of American presence in the Pacific with attendant effects on our Asian posture.
3. There is now an opportunity to utilize almost \$1 billion of U.S. assets (non-Public Law 480 funds) that have long been dormant. The proper employment of these funds can contribute to the mutual security and welfare of the host nations as well as the United States Nation, and return to United States, dollars that now gather dust and are eroded by inflation.

アメリカ局長

参事官

2ヒロ-配布済
45.4.28

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91st Congress }
2d Session }

COMMITTEE PRINT

REPORT OF SPECIAL STUDY
MISSION TO ASIA

BY

Hon. LESTER L. WOLFF, New York

AND

Hon. J. HERBERT BURKE, Florida

COMMITTEE ON FOREIGN AFFAIRS

PURSUANT TO

H. Res. 143

AUTHORIZING THE COMMITTEE ON FOREIGN AFFAIRS
TO CONDUCT THOROUGH STUDIES AND INVESTIGA-
TIONS OF ALL MATTERS COMING WITHIN THE JURIS-
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FOREWORD

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C., April 22, 1970.

This report has been submitted to the Committee on Foreign Affairs by a special study mission to Asia which visited there during the month of January 1970.

The findings in this report are those of the special study mission and do not necessarily reflect the views of the membership of the full Committee on Foreign Affairs.

THOMAS E. MORGAN, *Chairman.*

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LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C., April 22, 1970.

Hon. THOMAS E. MORGAN,
Chairman, Committee on Foreign Affairs,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: We submit herewith, for consideration by the
Committee on Foreign Affairs the report of the special study mission
to Asia conducted by us during January 1970.

We hope that the report will be useful to the committee in its con-
sideration of legislation relating to U.S. relations with Asia.

LESTER L. WOLFF,
Study Mission Chairman.
J. HERBERT BURKE.

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INTRODUCTION

The American preoccupation and media attention to events in "Indo China," has in recent months, caused too little attention to be focused on events in the rest of Asia. United States officials must not, however, be diverted from a constant reexamination of the political and economic developments in all of Asia and the subcontinent. Changes in the Asian power structure and economic progress have profound effects on American interests in Asia and certain subtle developments need to be understood in making policy.

This is why a special study mission of the Committee on Foreign Affairs traveled earlier this year to Japan, Okinawa, the Republic of China, Hong Kong, the Philippines, India, Pakistan and Iran. The study mission sought relevant, current insights into political, economic and social developments in this area.

Consisting of Representative Lester L. Wolff, who acted as chairman, Representative J. Herbert Burke, and Franklin J. Schupp, staff consultant, the mission had as well the specific responsibility of determining how to utilize more effectively the U.S.-owned rupees accumulating in India and Pakistan.

Following is a report, prepared on a country by country basis, that seeks to establish a realistic perspective on U.S. interests and policy in Asia.

While we undertake a specific review of the countries visited, the following general assumptions are relevant:

United States policy in Asia must be built upon a clearer definition of our true political and economic interests.

Easy but shallow clichés—such as "undefined partnerships"—must be done away with and replaced with perhaps difficult, but meaningful, evaluations of Asian and American interests.

Although the economic, political and cultural cooperation between the United States and the countries of Asia should be a constant goal, we should, nevertheless, not sacrifice our own national security to reach these goals.

At stake here is not merely short-run cooperation, but very probably the future of world peace.

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JAPAN

INTRODUCTION

It was clear to the study mission that the Japanese Government and people welcome continued, close friendship with the United States. During our stay in Japan and at our meetings with high-ranking Japanese officials we were impressed repeatedly by the apparent desire of the Japanese to maintain cordial relations with our country.

The government of Prime Minister Sato appears to be stable and appropriately responsive to the desires of the people of Japan. The Japanese experience, as we do in the United States, democratic protests, especially by young people. Such protests are an inevitable consequence of an open society and are not, of themselves, an indication of wider trouble.

THE ECONOMY

The study mission was greatly impressed by the strength, vitality and bright future of the Japanese economy. We consider as relevant examples of Japan's economic growth in the post-war period, the following:

Japan is the world's greatest shipbuilder, it is the second greatest automobile manufacturer and it is the third greatest steel producer.

Japan is the free world's second greatest producer of manufactured commodities.

Japan's annual growth rate (in real terms) is 15 percent.

Japan's trade surplus in 1969 was \$2.28 billion, more than half of which was gained in trade with the United States.

In an attempt to exert even greater influence on the world's economy, Japan is turning away from light industry and toward heavy industry. (There is the disquieting realization however, that such heavy industry is ideally suited to producing military hardware. The study mission will address itself to this matter below.)

Japan's economic growth has been accomplished, not at the expense of the working class, but with a general sharing of her prosperity with laboring people.

Japan's economy is indeed quite healthy. But there are several related areas of concern to the study mission.

While Japan proudly proclaims that it is providing a billion dollars a year in foreign assistance, most of it directed toward other Asian nations, the study mission was distressed to learn that a substantial portion of this aid is in the form of export expansion subsidies and hard loans. This is not true aid, but "economic exploitation" that has in some cases caused the recipient nation to require additional aid funds just to service the hard loans.

As regards economic dealings with the United States, there is the sophistication and quality of Japanese products such as electronic and

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photographic equipment, automotive products, steel, and other industrial goods that make the old and tired jokes about the inferiority of Japanese products just that—old and tired.

The United States steadily increases its purchases of Japanese products and yet, we are still confronted with the Japanese policy of restricting imports. The difficulty in exporting to Japan has created a U.S. trade deficit of well over a billion dollars a year. Restrictive Japanese trade policies will ultimately bring forth a like response by the United States and operate against the best interests of both countries. Japan must come to realize that successful international trade requires a reasonable flow in both directions, for trade is truly a two-way street.

Among the byproducts of Japan's economic resurgence have been domestic problems familiar to Americans. The study mission quickly recognized the serious problems of inflation, air and water pollution, overcrowded cities, increased demands of public assistance, and auto safety. The Japanese have just now identified their problems and look forward to the long process of developing solutions. But, as we know from our own experience, this is a costly and difficult process.

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There is a strong effort underway by some groups in Japan toward rearmament and a seeming return to the old "Greater East Asia Co-prosperity Sphere". The study mission was concerned with the increased emphasis by some on enlarging Japan's military prowess, even though it already supports the sixth largest military establishment in the world.

While the Japanese Constitution, by limiting its forces to island defense, does provide certain basic restrictions on rearming, this constitutional provision can be circumvented by broadening the definition of Japan's defensive perimeter. In fact, obviously concerned about maintaining a steady flow of Mideast oil to Japanese industry, some in Japan now consider its area of defense reaches to where oil shipments must traverse, the Straits of Malacca.

Prime Minister Sato recently sounded the call to Japan's new militarism when he said: "It is clear that the (Japanese) people are no longer satisfied with a merely negative pacifism aiming only at the country's safety."

The study mission was told that Japan has decided it does not want to remain militarily dependent upon the United States. No one can dispute this aim, however, they look far beyond this premise. Authoritative Japanese officials have stated that efforts be advanced to accomplish the total withdrawal of American forces from Japan (not merely Okinawa) within this decade.

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The study mission must also state that Japan is reported to possess an advanced nuclear capability and will soon have the delivery systems for nuclear weapons. Although Japan did recently sign the nuclear non-proliferation treaty we were made to understand that ratification could be put off indefinitely.

In our discussions it was indicated that Japan intends to become the great seapower once again, to "protect" its trade routes. This, too, has ominous overtones.

Placing this aspect of our report in perspective, the study mission evidences concern over Japan's emphasis on the new militarism. There seems to be a readiness to commit a substantial portion of Japan's vast wealth to the reestablishment of a major international military force. This involves increased spending, a much broader definition of her area of defense, nuclear capability and a clear determination to be a military power on a scale not contemplated since World War II.

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The Sato government appears to be stable; Japan's prosperity has bred a certain degree of comfort with which the Japanese people do not wish to tamper.

In its relations with the other Asian nations, Japan is living with a paradox: it is committed to political support of the Republic of China, yet finds Communist China a profitable trading partner. The study mission sees Japan seeking increased economic and cultural ties with mainland China, even if it means a cooling of relations with the United States.

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Fundamental to Japan's plans for the future is the reversion of Okinawa. For strategic and political reasons Japan has felt it must regain control of Okinawa if it is to achieve its national and international goals.

The study mission is convinced that some Japanese leaders envision a prompt and total withdrawal of American forces from Okinawa. In fact, we were told that high-ranking Japanese military personnel surveyed the U.S. installations on Okinawa prior to any decision on the reversion. Quite obviously the Japanese are anxious to make use of American-built base facilities on the island for their air and naval forces.

We recognize that this is contrary to the public position of the two governments in regard to the reversion of Okinawa, which provides for the retention of U.S. bases. But the evidence seemed quite clear to us and we believe that the United States must make contingency plans for its future role in Asia in terms of possible denial of base facilities in Okinawa.

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CONCLUSION

The study mission left Japan with a genuine concern about the new militarism we witnessed. While we can readily understand Japan's desire to accept the responsibility of her own security, we believe the move toward intensified rearmament goes far beyond Japan's real security needs.

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HONG KONG

INTRODUCTION

The study mission went to Hong Kong, which is accurately described as our "window on Mainland China," to gather current information on the situation in Communist China.

We would note here in the introduction that Hong Kong serves a basic need of the Peking government since, it is for them, an excellent source of valuable foreign exchange. The Communist Chinese welcome the extensive business done in Hong Kong and seem quite content to permit the British colony to prosper while remaining under British control. For their part, the British are equally willing to maintain the status quo since Hong Kong gives them a valuable outpost in Asia now that their other former colonies are independent.

The following report from Hong Kong is, in fact, a report on Communist China gathered from various 3rd country "China Watchers" in the British colony.

DOMESTIC POLITICS

All evidence available in Hong Kong indicates that the recurrent rumors of Mao Tse-tung's death are not valid and that, in fact, Mao is in good health for a man of his years. He does appear to have a firm hand on the Communist party apparatus, the military and, thus, the government.

Mao has had his difficulties in the past. He created the Cultural Revolution and Red Guard to offset competing pressures from hard-line militarists, and from party officials who were advocating a more relaxed, or "revisionist," policy toward the West. The Red Guards served Mao's purpose of solidifying his authority, especially in certain restless provinces. However, Mao has since discarded the Red Guards and assumed direct control of the party and the military, the latter control being operated through the Communist Party. In his own words: "The party must control the gun."

The situation, however, will probably change quite dramatically when Mao, now 76, passes on. The battle lines are already drawn between the party and the military and the absence of Mao's leadership will no doubt produce much jockeying for power with the ensuing internal disruptions.

At the ninth party Congress in April, 1969 (the first such Congress since 1958) Liu Shao-ch'i, who represented the party forces seeking a less militant approach to international affairs, was stripped of power. Lin Piao, the militant defense minister, was tapped as Mao's successor and is now sharing, to the extent Mao will permit, the reigns of government.

The study mission was made to understand, however, that Lin may not be able to maintain domestic peace as well as has Mao. Lin will probably be under intense pressure from the Communist Chinese

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military-industrial forces, with which he is aligned, to further centralize the country's productive capacity to increase her military capability. This same group favors a more militant, aggressive foreign policy.

But with Mao's death the less militant forces within the party will pose Lin with a different set of alternatives. This group not only favors a less militant foreign policy, but appeals to the public with its call for more attention to domestic progress. These party officials, previously headed by Liu, would have the government divert a substantial measure of productive capability to meeting the demands of the people of Communist China.

The entire situation will be compounded by two additional factors: First, the demand for a decentralization of Peking's authority and a more active role for the provinces will be revived.

Second, Communist China faces a precarious balance between its enormous population and its food producing ability. This will cause greater demands for attention to agricultural production as a first need of the people.

It is impossible for anyone to reliably predict the outcome of the almost inevitable struggle between the military and party for power in Communist China. The study mission thinks it fair to assume, however, that with Mao's death the country will become preoccupied with resolving its domestic differences and, thus, be diverted from international affairs. For as long as the almost inevitable power struggle takes we can expect a less aggressive role for Communist China throughout the world.

SINO-SOVIET DIFFERENCES

The study mission is convinced that the Sino-Soviet border dispute, which began as a petty rivalry and grew in importance as relations between the two countries deteriorated, could well erupt into full-scale war between these two massive powers. (This conclusion is based on information gained in Hong Kong and other stops on our trip. There is a general apprehension throughout Asia about the possibility of a Sino-Soviet war and it was a favorite topic of speculation among officials at all the countries we visited.)

According to all the information available to us, the Chinese fear of war with the Soviets is directly associated with the August 1968 invasion of Czechoslovakia by Russia. The strong-armed tactics employed in the Czech invasion symbolized for the Peking government a newer, more militant attitude bred from the Soviet desire to regain control in the Communist world. This fear of Soviet attack has taken on even greater proportions as the Soviets are reported to have mobilized large numbers of troops and sophisticated military equipment on its border with Communist China. Still another element is the suspicion in China that the Soviets are supporting anti-Maoist forces and would welcome Mao's downfall or death.

The study mission finds that suspicion consistent with the conclusion that Mao's departure from the scene will precipitate a Chinese preoccupation with domestic matters and thus diminish Communist China's role in world affairs.

For its part, the Peking government seems to believe the Soviet Union has sought to undercut the Communist Chinese position in a number of areas. There is, therefore, great hostility toward Moscow.

For example, the Communist Chinese believe that the Soviet Union would like to see Hanoi negotiate a peace settlement and, in that way, destroy Peking's militant influence in North Vietnam.

In still another area, Communist China considers the Soviet participation in strategic arms limitation talks (SALT) with the United States as a sign of increased Soviet-United States cooperation which, from Peking's point of view, could result in a full-blown alliance against Communist China. This is part of a pattern in which Peking is hostile toward any cooperation between the Soviet Union and the United States and Moscow is similarly hostile toward the renewal of meetings in Warsaw between United States and Communist Chinese officials.

ATTITUDE TOWARD THE UNITED STATES

Communist China obviously welcomes the discomfort felt in Moscow at the resumption of our meetings at the ambassadorial level in Warsaw. The renewal of these conversations and the relaxation of U.S. travel restrictions to Communist China would seem to suggest an easing of tension between our two countries.

Such an easing of tension should be welcome. But, we must be wary. The study mission learned nothing during our travels to suggest a moderation in the militant posture of Communist China towards the United States or in regard to the war in Vietnam or the other areas of disagreement, including the Middle East.

As regards the Middle East, the Peking government has viewed the Arab-Israeli conflict as a means of stirring anti-American opinion. Communist China is supplying weapons, training, and a number of advisory personnel to Arab commando forces.

The study mission would welcome a more reasonable posture in Communist China as the basis for establishing better relations, but for the present saw no inclination on the part of the Peking government to adopt the reasonable position necessary.

RELATIONS WITH HER ASIAN NEIGHBORS

The study mission in its talks came to the conclusion that Communist China desires a prolongation of the war in Vietnam. The war gives her a militant cause to be championed in the world Communist community and provides an excellent vehicle for anti-American propaganda. It is also clear to the study mission that Communist China is pleased at the extent to which Vietnam has monopolized our resources and diverted American efforts from other areas.

In another direction, Communist China obviously welcomes a relaxation in her relations with Japan. Improved relations with Japan will provide Communist China with a new market and an excellent source of many products she is not producing. Moreover such an improvement in relations, which Japan would welcome in its constant search for new markets, would aid Communist China's ongoing effort to drive a wedge between the Republic of China and other Asian countries.

CONCLUSION

Considering Mao's age and the improbability that Lin can control Communist China's many divergent factions, it seems clear to the study mission that the Peking government will experience much.

turbulence in the 1970's. Whether or not this internal disruption will be of the magnitude of the "cultural revolution" is difficult to assess. But it is almost certain to divert Communist China from world politics until it is resolved.

The manner in which the inevitable power struggle will be resolved is open to speculation. But if Lin can keep a firm hand on the military it may well turn out that Mao's contention that "the party must control the gun" will be turned around and the gun will control the party.

The study mission would not be surprised to read of more frequent and more serious border incidents between Communist China and the Soviet Union and considers war a possibility.

The future of U.S. relations with Communist China will probably hinge on the outcome of the anticipated power struggle. During Mao's lifetime there is little likelihood of a substantial improvement in our relations with Peking.

TAIWAN (REPUBLIC OF CHINA)

The Republic of China has achieved a rapid economic growth in a short period of time. Its growth rate is estimated to be 8.7 percent. It is very commendable that it was the first of the developing countries to detach itself from U.S. foreign aid.

Whether one has taken a position for or against the Republic's military establishment, one thing is certain—a possibility of aggression by the Red Chinese continues to exist. At present the forces of the Red Chinese armies are confronting the Soviets on Red China's northwest border. If this confrontation did not exist, the island of Taiwan could be opposing forces from the mainland of China.

There appears to be no assurance that the Japanese are willing to extend any security consideration to the Republic of China which strongly opposes Okinawa's reversion to Japan. The Japanese seem convinced that the time is approaching when Red China will become a member of the community of nations.

The Republic of China will continue to be important to the United States in view of the pending loss of base rights in Asia during this decade. It is possible that by the end of the 1970's, our Pacific line of defense may extend from Alaska to Guam to Hawaii. For this and many other reasons, the Republic of China must be retained as a friend and ally.

PHILIPPINES

INTRODUCTION

The Philippines have a long history of being one of America's closest friends and allies. There are close ties between the Filipinos and Americans who fought and died, side by side, in World War II. There continues a genuine feeling of mutual respect and freindship between the Filipino people and the Americans.

DOMESTIC POLITICAL SITUATION

The Philippines is experiencing growing unrest throughout the country, especially from students. It is reported that many of the students are associated with radical elements. The outlawed Communist Party, which has a steady base of operations through the Huks in the central part of the country, is taking advantage of the prevailing unhappiness with the status quo. As the study mission shall explain in more detail below, the Philippines is perched precariously between possible upheaval and reform. The question is whether the government of President Ferdinand E. Marcos will institute necessary reform in time to head off a change of government. Some think he has waited too long already.

1969 Presidential election

President Marcos was elected to an unprecedented second term last November in an election clouded by charges and countercharges of corruption, vote buying and fraud. Marcos defeated Sen. Sergio Osmena, Jr., who subsequently has protested the election.

Osmena's allegations, filed at the time the study mission was in Manila, included the fact that Marcos received all the votes in 2,212 precincts giving the incumbent 335,509 votes to Osmena's zero in those precincts.

The study mission also was exposed to charges that Marcos had the Philippine treasury print tens of millions of new pesos during the campaign and reintroduced millions of dollars of "retired" pesos which were then used for political purposes. The study mission also heard rumors that President Marcos used the other powers of his office, including command of the military, to insure his reelection. The charges of blatant fraud and the lopsided election result (Marcos won by 2 million votes) has further aggravated a tense domestic situation in the Philippines.

Domestic unrest

The study mission found three basic causes of unrest in the Philippines: a growing nationalistic fervor, widescale unemployment (about 25 percent in some areas) causing great poverty for most Filipinos and the failure of the government to eliminate corruption and to end reported misappropriation of funds.

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The nationalistic fervor is an understandable drive in a country that believes it has been exploited by other nations, even after achieving independence. The growing nationalism has been exploited by a small Communist element to stir revolutionary zeal among some of the youth in the Philippines. A successful alliance between the radical, restive young population and outside Communist influences could spell the end of democracy in the Philippines. This nationalism has certain specific implications for the United States which we will discuss below.

Unemployment and underemployment in the Philippines is now reported over 25 percent and is concentrated among young people. The frustration felt by students who are unable to put their skills to work is manifest in repeated anti-Government demonstrations. These demonstrations have taken on an increasingly violent character and there were several mysterious fires in Manila during the period that the study mission was there.

The general sense of frustration is complicated by the fact that 5 percent of the Philippine population controls 50 percent of the country's wealth. This situation is compounded by a regressive tax system that places the tax burden on the poor and relegates millions to hopeless poverty. In a "culture" such as this extreme elements can find many followers.

Moreover the reports of flagrant corruption and fraud in certain areas of government further antagonize the populace and fuel the flames of unrest. The daily newspapers are often filled with reports of corruption and officials who dip into the public treasury. Adroit and able revolutionaries would have little difficulty in exploiting these facts in encouraging public restiveness.

The study mission witnessed first hand the rebelliousness of the young people in the Philippines and could not help but wonder if there is still time for the Marcos government to institute the sweeping reforms that will be necessary.

This entire situation is accompanied by the release of several Huk leaders and a recent increase in activity and terrorism by the Huks in those areas in which they have been able to survive.

ATTITUDE TOWARD THE UNITED STATES

The government welcomes its strong ties to the United States but has responded to the nationalism of the populace with legislation that will terminate U.S. citizens' rights to own property in the Philippines on July 3, 1974. The government contends this action is permissible despite the Laurel-Langley agreement of 1946 which entitled "U.S. citizens to acquire and maintain property in the Philippines." This situation is currently in the courts and the study mission is concerned that if the court upholds the right of the government to withhold property rights from Americans and other foreign nationals that foreign investment, crucial to long-term Philippine prosperity, will be totally withdrawn. This would be a grave blow to an already faltering economy.

There is still another area of great concern to the study mission. While the present government appears quite willing to continue the base agreements whereby we maintain troops and military equipment in the Philippines, there are no assurances of continued support

for a U.S. military presence in the country. If the government is by any chance overturned, we may well be faced with vehement opposition to an American military presence. As in the case of the possible end to base agreements with Japan, this situation raises important questions about our security position in Asia.

The study mission must report on another matter that causes us great concern. As the U.S. assistance program in the Philippines has declined, we have perpetuated the administrative support operation for the Agency for International Development beyond its needs. There are many American bureaucrats operating out of four floors of plush, air-conditioned offices in a new high-rise building in downtown Manila. Because of the expense of the administrative aspect of our aid program in the Philippines, 25 percent of our aid money for the Philippines is absorbed. This seems an unnecessary cost in the administration of the U.S. aid program in Manila and the study mission considers this matter of utmost concern. Not only do we seem to be wasting great sums of money, but we are setting a terrible example which provides excellent fodder for anti-American agitators. At a time when foreign aid appropriations are decreasing and worthwhile programs are being eliminated, the Agency for International Development would serve a useful purpose to the U.S. taxpayer in the conservation of funds. Several hundred employees are not needed to administer a program of \$16 million in the Philippines.

CONCLUSION

The Philippine government is faced with its greatest crisis since independence. Survival of the Marcos government and democracy may well be decided during 1970 and will depend on the government's ability to respond to the just demands of the people.

A weak response to those demands will serve the interests of revolutionaries and open the door to a totalitarian takeover. The danger of a military coup also is present. The study mission would hope that a new level of public consciousness and righteousness will prevail to reverse the current and very real trend that could spell the end of democracy in the Philippines.

Strong ties of friendship toward the United States still exist in the Philippines. We can assume that most Filipino demonstrations against U.S. military presence are being exploited to take the onus off the government to rectify immediately the political, economic and social demands of a large number of the people.

The United States must understand that our base agreements in the Philippines are not immutable and that we are being confronted with a new awareness that will require increased understanding if we are to maintain our close ties to the Philippines.

The Filipinos have long been our friends and it is in our best national interest to continue mutual cooperation that will provide retention of a viable government responsive to the needs of the Filipino and American peoples.

INDIA

INTRODUCTION

The study mission went to India with two basic purposes:

1. We were seeking, as in the other countries we visited, to gather up-to-date insights into political, economic and social developments; and
2. We were anxious to discuss with Indian and American officials and the private sector, possible uses of U.S.-owned excess rupees worth approximately \$900 million. This interest grew from the "Wolff amendments" (section 302) to the Foreign Assistance Act of 1969 which was designed to promote use of all U.S.-owned excess foreign currencies.

In exploring the first of these two general areas, the study mission will make specific comments on India's domestic politics, her economic condition, her campaigns against overpopulation and malnutrition and her foreign policy. We shall then go specifically into the matter of the excess rupees and our productive meetings on this subject.

DOMESTIC POLITICS

The study mission sensed an atmosphere of great restlessness that is, at once, the cause and the effect of a distinct political move to the left. Among most Indians, to whom great poverty, hunger and hopelessness are common, this restlessness is a drive for a decent living through whatever political system they believe will work. The Indian leadership has responded to demands for a more equitable distribution of wealth and better standard of living by nationalizing certain major industries and financial institutions. This policy, which is designed to reduce the economic dominance of a very small number of Indian families, has been encouraged by active and powerful leftist forces with which Prime Minister Gandhi seems to have made an alliance of convenience. (Mrs. Gandhi, in fact, survived a "no confidence" vote despite substantial opposition in her own Congress Party because many minor leftist parties came to her rescue.)

Thus far the Government has resisted pressures from extreme elements who want foreign holdings, especially American banks, nationalized. The study mission was very much concerned over the policy of nationalization because of our conviction that it could well work against the best interests of India and the Indian people in the long run. The effect of India's nationalization of financial institutions and industries has been to discourage foreign investment and thus deny India the capital vitally needed for the development of basic industries. India desperately needs foreign investment to get its economy moving and the threat of nationalization is chasing away the investors who might otherwise be willing to take the risk on India's vast market.

The move to the left, as we have indicated, included a successful effort by Mrs. Gandhi to improve her position and her power now seems unquestioned. The study mission spoke with some informed Indians who were concerned that Mrs. Gandhi's unprecedented power and the strength of leftist forces could lead to an eroding of certain basic freedoms. Certainly democracy in India is at a crossroads, with the legislative and executive branches on a possible collision course with the judiciary on the matters of individual liberty and national economic policy including land reform and nationalization of basic industries.

INDIA'S ECONOMY

As indicated above, India's economy reflects the traditional situation of a small, elite, wealthy group and general poverty among the masses. The previously discussed policy of nationalization has been the government's most dramatic response to the situation. But the study mission thinks, on the basis of information provided to us, that not even the high drama of nationalization will obscure the basic fact that this is a poor approach to India's overwhelming economic woes.

India has failed to take full advantage of the basic industrial strength that has been built up through extensive U.S. assistance. Although certainly not fully industrialized, India does have impressive steel mills, chemical factories, and machine tool plants. Unfortunately, Indian officials have traditionally approached international trade with predetermined products, then searched the international marketplace for buyers. The study mission believes that India must put into practice a more modern economic approach, beginning with basic marketing surveys of potential foreign markets and then producing to meet the needs and demands of the buyers. This policy would make it possible for India to use its vast manpower resources and unique potentials to develop those products for which there are ready international markets, rather than relying on the hope that goods placed in international trade will find a market.

In other words, as India develops into the 1970's, its international economic success will depend upon sophisticated marketing techniques resultant from intensive study bringing about a development of those industries for which a demonstrated demand exists. We recommend a portion of future U.S. assistance be devoted to such international explorations of potential marketing areas. Without this planning, India's balance of trade, and thus its economic viability, will be jeopardized.

In the development of its economy India must recognize that it cannot permit the threat of nationalization to hang, like Damocles sword, over the heads of potential foreign investors. There is great interest in the private sector throughout the world, and especially in the United States, in India's potential. This interest could be the basis of significant joint business ventures between Indian and American companies, but this excellent source of capital investment will not be realized as long as there is the hazard of nationalization.

It appeared to the study mission that India is on the verge of important economic breakthroughs. It would be a setback of major proportions if their great hopes for the 1970's were not realized.

OVERPOPULATION AND FAMILY PLANNING

All of India's efforts toward improving the general standard of living and her economy are complicated by an awesome problem of overpopulation. India's estimated population is now close to 550 million and it is increasing at an annual rate of 2.5 percent, or 1 million persons a month.

Because of its population, second only to mainland China, India has a difficult time merely maintaining the status quo in per capita income. Increased food production may mean no significant improvement for the general population because of the population growth. India's plight is like that of a nation on a vast treadmill running to maintain the status quo.

The study mission found a general awareness of the magnitude of the population problem in India and the Government seeks to give family planning the priority it deserves. But efforts at population control in India are impaired by superstition, ignorance, and fear. The Government has embarked on a vast program of education. As an extreme method, to date, 5 million Indians have been voluntarily sterilized. As to desirable methods of contraception the study mission found that the use of birth control pills is not too reliable since this requires daily attention to the problem. Also, the women are suspicious of the pills and reluctant to use them. The study mission was made to believe that interuterine devices, which are easily introduced and require replacement only at long intervals, might well be the best approach to India's population problem. However, current available devices do not seem to meet the need because of the side effect which render them objectionable to Indian women.

Whatever approach is taken, it is clear that India must control its population if any of its other worthy goals of uplifting its people are to be realized.

HUNGER AND MALNUTRITION

Starvation and malnutrition are commonplace throughout India. The sources of this massive problem are varied. There is the obvious problem of too little food for too many people. But there are other more complicated problems such as the quality of the food that is available, diet and the distribution of foodstuffs.

In an effort to increase food production and raise the nutritional value of food products the United States financed a large fertilizer plant at Trombay. Unfortunately the demand for fertilizers has exceeded available supplies and the Indian Government has not seen fit to expand its production of fertilizers. This has required importation of fertilizers and has caused India to divert available foreign trade credits to this area. It is foolhardy for India to waste money on importing greatly needed fertilizers when it could have additional plants for domestic production of this vital product. This is a perfect example of how local development can replace imports and thus help the Indian economy.

India must take other basic steps to further increase its agricultural production. At the same time it is essential that modern scientific means of improving the nutritional value of agricultural products be undertaken. The study mission was pleased to find a growing awareness of these problems, but must repeat that population control is a necessary complement to expanding and improving the food supply.

As indicated above there is another problem in this area. That is the distribution and marketing of those food products that are available. Increasing the food supply and improving its nutritional quality will go for nought unless the proper food can be gotten to the people who need it, when they need it. India needs modern approaches to the problems of food storage, processing and preservation. Distribution and marketing are an integral part of the battle against hunger and malnutrition. In this, as in the other related areas, the study mission found an awareness of the problem among government officials. Recognition of problems such as these are necessary first steps to their solution, but they must be followed up with the appropriate technological assistance. It is here that increased emphasis and effort is needed on the part of Indian officials and on the part of the United States.

FOREIGN POLICY

Relations with the United States

While India has followed the course of other developing nations in a burgeoning nationalism and an independence of mind in international affairs, the study mission found that the attitude toward the United States remains friendly. The study mission was impressed by the excellent job being done by our Ambassador in New Delhi, the Honorable Kenneth Keating. Ambassador Keating and his staff represent U.S. interests very well, while making it evident that they have proper respect for India's own national desires. This was evidenced time and again by Indian officials who have reacted very favorably to Ambassador Keating's dedication and interest in their problems.

India is appreciative of U.S. assistance, which, since 1951 is over \$9 billion. However, it has become necessary for India, which borrows money from other countries on short-term, high interest hard loans, to use long-term, low-interest U.S. soft loans to pay its other debts. This borrowing from Peter to pay Paul coupled with its enormous debt servicing, prevents India from using certain loans for domestic development, and little net U.S. aid is the result.

The study mission feels there is ample room for continued close ties between our two countries. Such a continuation of our friendship, however, will require mutual respect for the problems confronting both nations.

Other international relations

India is seeking a broader international role in two areas: in Asia and in the nonaligned international community. Certainly India has the size to justify a leading role in the affairs of its immediate area and in world affairs. Toward these ends India maintains close relations with the Soviet Union and is seeking more cordial relations with Communist China.

India's international position is greatly influenced by her desire to become a more active and more profitable international trader. India does recognize that effective international trading requires open markets and cordial relations throughout the community of nations.

Once again, we must note that her future will depend, however, not on her international posture but on her success in dealing with basic and immense domestic problems.

EXCESS RUPEE UTILIZATION

As indicated at the outset of our comments in relation to India, the United States owns approximately \$900 million worth of Indian rupees excess to our requirements for embassy, consular and other such expenses in India. This excess is part of \$3 billion dollars in "excess" foreign currencies owned by the United States in more than a dozen countries. India is the country of greatest "excess."

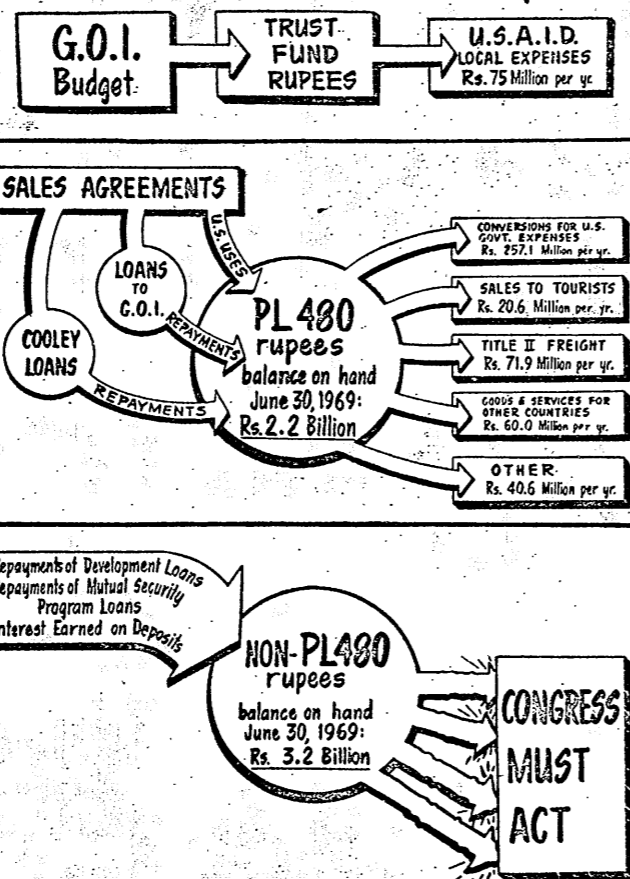
These currencies were accumulated in repayment of loans under the program of foreign aid and in payment for goods sold to developing nations. Under the agreements between the United States and the recipient countries, it was stipulated that these funds could only be used in the recipient country and only with the consent of that country's government. Because of these requirements and a lack of initiative, little was done to put these funds to constructive use of mutual benefit to the recipient country and the United States.

AN AMENDMENT TO THE FOREIGN ASSISTANCE ACT OF 1969

This amendment, sponsored by Hon. Lester L. Wolff (D-N.Y.), "requires the President to obtain from all recipient countries in which the United States owns excess foreign currencies an agreement to release such currencies in an amount equivalent to the dollar value of U.S. assistance for mutually agreed upon programs; with the purpose of using excess foreign currencies to promote development rather than having them remain idle."

There are only a few countries of the world in which we have excess non-Public Law 480 currencies. The chart which follows concerns India with a balance on hand June 30, 1969, of 3.2 billion rupees which has gone unused because there was no legislation encouraging utilization of such sums. The Wolff amendment will permit a release of non-Public Law 480 currencies in an amount equivalent to the dollar value of U.S. assistance to such recipient nations, notwithstanding the provision of section 1415, Supplemental Appropriation Act of 1953. The purpose of the amendment is to utilize fully the surplus rupee balances for expanding agricultural endeavors, including industrial and agricultural vocational training, housing facilities, extension of electrification to rural communities and promoting Indo-American joint ventures in small and medium-sized businesses that are productive of needed foreign exchange.

Sources & Uses of Indian Rupees



Congressman Wolff's basic idea is that these currencies can be lent, (taking India as an example) to Indian and American businessmen who could enter into joint venture projects in India. Thus the rupees would be selectively and productively invested in certain basic foreign exchange producing industries that would help the Indian economy and not raise the problem of inflation which has long been an obstacle to their use. The United States, which would be loaning the funds, would receive repayment on a long-term, low-interest basis, in dollars.

This would enable us to convert our substantial holdings of dormant currencies, to dollars, in a manner that would in addition actually help the host country.

The study mission went to India to discuss the concept, since host country permission is required if the effort is to be undertaken and since India is the country where we have the greatest excess. The discussions were within the framework of the "Wolff amendment" which would limit the amount of "excess" released in a single year to the amount available to the host country under the Foreign Assistance Act.

Discussions about this issue were held with American and Indian officials, including the Indian Foreign and Economic Ministers, and Indian businessmen. There was a very receptive attitude among all consulted since the Indian fear that use of the currencies would cause inflation were put to rest, as it was pointed out that the funds could be limited only to development projects that would produce foreign exchange in the international marketplace and therefore do not raise an inflation threat.

Among the areas in which it was considered that the excess rupees could be productively put to use were agricultural processing endeavors, housing, extension of rural electrification, and a host of small, medium, and large-sized industries that could find markets outside of India.

The study mission was quite pleased by the willingness of the Indian Government and business leaders to cooperate. There was the essential recognition that success in this undertaking will require mutual cooperation for the benefit of both countries.

Considering adoption of the Wolff amendment to the Foreign Assistance Act of 1969 and the success of the study mission in this area it is now up to American businessmen, with the assistance and encouragement of the AID to propose specific projects for joint ventures with Indian companies.

While recognizing that the AID must handle the implementation of this unprecedented program, the study mission considers that one means of providing information and support to American businessmen might be through the excellent series of trade missions organized by the Department of Commerce. In any event, it is important for the private sector, as well as AID, to move immediately to carry through on the use of these surplus currencies so that we can realize an ultimate dollar return to the United States.

CONCLUSION

The study mission acknowledges that India is confronted with serious fundamental problems in its economic, social, and political systems. Yet we saw first-hand an acknowledgment of these problems, and sensed a national mood of determination—public and private—to overcome them. India has made great strides in recent years and the study mission believes that there is an excellent prospect of further progress in the 1970's.

PAKISTAN

INTRODUCTION

The study mission was anxious to learn of the political situation in Pakistan, which is operating under the authority of President Agha Mohammad Yahya Khan who took control of the government last spring when Mohammad Ayub Khan was deposed after 10 years as chief of state. As we shall explain in more detail below, the study mission was impressed by the significant strides toward democracy taken by the present regime as well as by Pakistan's economic development.

We also had the goal of opening discussions, similar to those held in India, about possible uses of the more than \$200 million of excess Pakistani rupees owned by the United States.

DOMESTIC POLITICS

The most important observation that can be made about Pakistan's political situation is that Pakistan's first truly free election is scheduled for October 5 and the assembly elected at that time will be charged with preparing a new constitution protecting basic individual liberties.

Moreover the study mission was quite impressed to learn in detail how President Yahya has cracked down on corruption in government, broken up business monopolies that were perpetuating an inequitable distribution of wealth, and allocated a fairer share of development funds to east Pakistan which his predecessor had treated with second-class status.

President Yahya has permitted much greater freedom of expression both in and out of government, and thus given credence to his contention that his personal control will be used to institutionalize democracy in Pakistan. The study mission would not attempt to predict what the final outcome will be of the move toward a free and open society, but there is certainly a pattern of encouraging signs.

West Pakistan has traditionally controlled the geographically divided country but the coming election should end this situation since east Pakistan has 25 percent more voters. The previous Government was able to maintain control in the west since the franchise was not extended, as it will be this fall, to all adults.

But there is at least one major question remaining. Under the terms of the election procedure set up by President Yahya, the constitution drafted by the assembly must have his personal approval before it can go into effect and before the assembly can assume its other responsibilities as the national governing body. The study mission questions whether this veto power is an appropriate approach to democracy, but only time will provide the answer.

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PAKISTAN'S ECONOMY

Unlike neighboring India, Pakistan has been quite successful at increasing exports. Its annual exportation of manufactured goods was equivalent to \$720 million in 1968 and thus has given Pakistan valuable foreign exchange for use in basic development.

The study mission was generally impressed by the manner in which Pakistan has been growing economically, in part, through the effective use of U.S. assistance. We were further pleased to find a general acknowledgment that American aid is considered a temporary supplement to the Pakistani economy and not a permanent backstop.

Recognizing that American aid will never be a substitute for her own development, Pakistan has embarked on an ambitious industrial development program. Although she has failed to fully meet her high goals, she has done fairly well and there is, the study mission feels after talking with responsible officials, reason for optimism about Pakistan's future economic self-sufficiency.

For example, the effective use of modern agricultural techniques, including fertilizers, should mean that Pakistan will be able to achieve food grain self-sufficiency sometime in 1971. This is a remarkable accomplishment and indicative of Pakistan's agricultural and industrial successes.

RELATIONS WITH THE UNITED STATES

As indicated above Pakistan welcomes U.S. assistance as supplement to her own efforts at economic development. There is a genuine appreciation of American aid and a basically friendly attitude toward the United States fostered by the highly effective work of our Ambassador Farland.

The study mission took note of Pakistan international independence and will discuss this in the section immediately following.

There is at least one area in which Pakistan has not accepted the validity of U.S. action. That is the decision, taken in the wake of the 1965 war between India and Pakistan, to discontinue military assistance to both countries. Pakistan deeply resents the lack of U.S. military assistance and views this as unfair in light of similar assistance to other nations in Asia and throughout the world.

RELATIONS WITH OTHER COUNTRIES

As indicated above Pakistan wishes friendly relations with the United States, but does not hesitate to pursue a very independent course in world affairs. The study mission was made aware of the presence of (technical) advisers from mainland China in Pakistan. We were also advised that the Soviet Union was contemplating construction of \$570 million steel mill for Pakistan.

Clearly Pakistan would like to maintain cordial relations with the United States, the Soviet Union, and the Peking government at the same time. How well she succeeds in this effort remains to be seen.

There is one aspect of Pakistani foreign policy that places her at direct odds with the United States. This is the Middle East. Pakistan has chosen to heed the Moslem cry of "jihad" or Holy war and there are rumors of support for Arab irregulars in the Mideast battle. This

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matter was of direct concern to the study mission. Even while we were in Pakistan we read of fundraising efforts for Al Fatah, the leading commando organization.

What is particularly disturbing about this is that the Pakistanis are not supporting the legal Arab governments but actually helping the commando groups not welcome in many countries of the Arab world. The United States is committed to peace in the Middle East; which Al Fatah if aided by Pakistan, would destroy.

EXCESS U.S.-OWNED RUPEES

The United States owns more than \$200 million worth of Pakistani rupees acquired in circumstances similar to those described earlier in our discussion of India.

The study mission was pleased to find in Pakistan a ready willingness to put these funds to constructive use in basic development projects. How this might be done was explained in the discussion of this matter in our report about India.

We do want to emphasize that we were highly gratified to find a spirit of cooperation among Pakistani officials and businessmen. Such an acknowledgment of mutual interests is the best possibility of productive use of excess foreign currencies owned by the United States.

CONCLUSION

The study mission found Pakistan at a crucial point in her political and economic development. If President Yahya is serious about his promise to bring democracy to Pakistan, if he then succeeds and if Pakistan's economic development can be sustained, the future is indeed bright for this divided country.

Of course Pakistan will have to learn to live as a geographically divided country. But this is something that should be possible in a world of increasingly easy travel and communications.

Certainly we cannot fault Pakistan for following her own path in international relations. We can only wonder if, in an effort to be everybody's friend, she might not alienate countries sincerely interested in helping Pakistan. She has chosen a potentially perilous path, yet may well have the agility to follow it without stumbling.

IRAN

INTRODUCTION

The chairman of the study mission stopped briefly in Iran for the purpose of discussing with Iranian and American officials Iran's domestic situation and her role in international affairs. By virtue of her geographic position, Iran is drawn into the affairs of the Middle East and Asia. She also shares a long border with the Soviet Union and thus is subject to direct pressures from the Soviets. Despite these pressures Iran has remained a firm friend of the United States.

DOMESTIC POLITICS

The Shah has maintained his largely autocratic power within the framework of a constitutional monarchy. The telling point, however, is that the Shah has used his power for the common good.

The study mission was quite impressed by Iran's economic growth, averaging about 10 percent in real terms annually. This fantastic growth has been accomplished without inflation through the effective use of Iran's oil reserves in international trading. This astonishing progress has enabled Iran to let its wealth filter down to the general populace. Unlike other oil rich countries, Iran has used its resources in a balanced way that has enabled her to achieve a standard of living envied in other developing countries.

The Shah has further moved to provide a balanced standard of living among his countrymen through effective land reform. More than 15 million peasants are now tilling their own soil through this program and the benefits in production and morale are significant.

As still another important step in improving domestic conditions, The Shah has placed great importance on education. Some regimes prefer to keep the people uneducated as a means of maintaining control. The Shah has taken the opposite course and made education a national goal so that Iran will be able to keep pace with the progress achieved by her economy.

The impressive pattern of social and economic growth has enabled Iran to keep at home its educated class which might otherwise contribute to "a brain drain." Many developing countries experience such a loss of educated nationals. Iran has not only stopped its brain drain but is actually proving successful at bringing home Iranians who in past years had gone elsewhere.

INTERNATIONAL AFFAIRS

Iran remains a good and close friend of the United States. The study mission was quite impressed to see the successes Iran achieved with U.S. economic assistance. That assistance has been terminated because Iran's economic progress has enabled her to achieve self-sufficiency. In fact, even the limited U.S. military assistance provided

to Iran is in credit sales, rather than on a grant basis. Iran is an excellent example of how foreign economic assistance, when properly used, can help a country progress economically and socially.

There are persistent Soviet efforts to woo Iran away from her close association with the United States and other Western countries. These entreaties appear to be unsuccessful and the study mission attributes this to the Shah's unwillingness to tamper with success.

Iran refuses to be dragged into the Middle East war and has been firm in rejecting Arab efforts to involve her in the conflict against Israel. The study mission considers this further evidence of Iran's responsible perspective in world affairs and is gratified to find Iran a healthy friend in a crucial geographic position.

CONCLUSION

The study mission believes Iran has done an excellent job in developing a sound economy and viable social order. The Shah's progressive approach to land reform, balanced distribution of Iran's wealth and an improved educational level all deserve commendation.

In a period when U.S. foreign economic assistance is coming under close review the study mission would call the public's and House of Representatives's attention to the crucial boost our aid gave Iran in achieving economic independence and growing prosperity.

The Shah has the structure for a more democratic system of government and the ultimate institution of more democratic procedures will complete Iran's impressive success story.

In the international arena the study mission respects Iran's strength and appreciates her continued friendship toward the United States. It appears that that friendship is secure and should remain stable through the 1970's.

CONCLUSION

We, the members of the mission are highly gratified with the results obtained from our study and efforts. We believe that in some cases we have been able to update situations prevailing in certain areas as well as provide a useful climate for the utilization of almost \$1 billion in hitherto blocked (non-Public Law 480) U.S. funds.

We recognize that the formulation of foreign policy is a complicated process involving many varied sources. The study mission hopes that this report will be one factor considered as American policy in Asia is constantly reexamined.

Three significant points stand out as the summation of our work:

1. The entire Asian power structure is undergoing change. This, combined with unprecedented political awareness and activity, makes it mandatory that the United States discard old ideas about our Asian role and accept the new realities;

2. Foremost among those realities is that our security position in Asia will change drastically in the coming decade. We can foresee changes in agreements with Japan and the Philippines, that could require a complete overhaul of American presence in the Pacific with attendant effects on our Asian posture.

3. There is now an opportunity to utilize almost \$1 billion of U.S. assets (non-Public Law 480 funds) that have long been dormant. The proper employment of these funds can contribute to the mutual security and welfare of the host nations as well as the United States Nation, and return to United States dollars that now gather dust and are eroded by inflation.

大外務省 送付 信 北米米課

政 第 3610 号 昭和45年4月28日
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 Evening Star, Apr. 24, 1970
 Japan Disputes Reported Trend To Militarism

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EVENING STAR

APR 24 1970

Japan Disputes Reported Trend To Militarism

TOKYO (AP) — Foreign Minister Kiichi Aichi said today that two U.S. congressmen who reported a trend toward militarism in Japan appeared to have insufficient facts and one-sided information.

Rep. Lester L. Wolff, D-N.Y., and J. Herbert Burke, R-Fla., told the House Foreign Affairs Committee this week that they were deeply concerned over what they observed during an Asian trip in January.

They said some Japanese leaders "envision a prompt and total withdrawal of American forces" from the island of Okinawa and their replacement by Japanese troops. They said the United States should plan now for Japanese takeover of all U.S. military facilities on Okinawa, which the United States has agreed to return to Japan in 1972.

Their report conflicted with public statements the Japanese government has made concerning Okinawa. The Japanese said the American bases could remain on the island provided nuclear weapons were removed and they were operated under the same rules that apply to U.S. bases in Japan.

万大 傳販

注意

1. 本電の取扱いは慎重を期せられたい。
2. 本電の主管変更その他については検閲班に連絡ありたい。

電信写

録番号 (T.A) 23155
 70年 6月 3日 20時 00分 米 国 省 米北1
 70年 5月 16日 9時 20分 本 省 省 米北1

外務大臣殿 下田(大使) 臨時代理大使 総領事 代理

ウオルフ・パーク両議員報告

第1408号 極秘 至急 (ゆう先処理)

貴信米北/第559号に関し

東京発共同、A.P.電等によれば、コサオ外交調査会長がウオルフ、パーク議員のアジア出張報告の内容につき反論を行なわれている趣、しきりに報道されている。

本件については属頭貴信のとおり、当地共和党、民主党の指導者に注意をかん起されたのは至当のことと存するも、それ以上に、この際何ら措置する必要は当面ないものと思料される。

本邦では本件報告が種々問題とされることはあつても、当地に関する限りは議会においてもだれも問題にしおらず、日本側で余りに大きくとりあげることは逆効果になる恐れがあるので、しばらく様子を見極めた方がよいと思われる。念のため。

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81st Congress }
2d Session }

COMMITTEE PRINT

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MISSION TO ASIA

BY

Hon. LESTER L. WOLFF, New York

AND

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APRIL 22, 1970

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COMMITTEE ON FOREIGN AFFAIRS,
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The findings in this report are those of the special study mission and do not necessarily reflect the views of the membership of the full Committee on Foreign Affairs.

THOMAS E. MORGAN, Chairman.

(iii)

INTRODUCTION

The American preoccupation and media attention to events in "Indo China," has in recent months, caused too little attention to be focused on events in the rest of Asia. United States officials must not, however, be diverted from a constant reexamination of the political and economic developments in all of Asia and the subcontinent. Changes in the Asian power structure and economic progress have profound effects on American interests in Asia and certain subtle developments need to be understood in making policy.

This is why a special study mission of the Committee on Foreign Affairs traveled earlier this year to Japan, Okinawa, the Republic of China, Hong Kong, the Philippines, India, Pakistan and Iran. The study mission sought relevant, current insights into political, economic and social developments in this area.

Consisting of Representative Lester L. Wolff, who acted as chairman, Representative J. Herbert Burke, and Franklin J. Schupp, staff consultant, the mission had as well the specific responsibility of determining how to utilize more effectively the U.S.-owned rupees accumulating in India and Pakistan.

Following is a report, prepared on a country by country basis, that seeks to establish a realistic perspective on U.S. interests and policy in Asia.

While we undertake a specific review of the countries visited, the following general assumptions are relevant:

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Easy but shallow cliches—such as "undefined partnerships"—must be done away with and replaced with perhaps difficult, but meaningful, evaluations of Asian and American interests.

Although the economic, political and cultural cooperation between the United States and the countries of Asia should be a constant goal, we should, nevertheless, not sacrifice our own national security to reach these goals.

At stake here is not merely short-run cooperation, but very probably the future of world peace.

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It was clear to the study mission that the Japanese Government and people welcome continued, close friendship with the United States. During our stay in Japan and at our meetings with high-ranking Japanese officials we were impressed repeatedly by the apparent desire of the Japanese to maintain cordial relations with our country.

The government of Prime Minister Sato appears to be stable and appropriately responsive to the desires of the people of Japan. The Japanese experience, as we do in the United States, democratic protests, especially by young people. Such protests are an inevitable consequence of an open society and are not, of themselves, an indication of wider trouble.

THE ECONOMY

The study mission was greatly impressed by the strength, vitality and bright future of the Japanese economy. We consider as relevant examples of Japan's economic growth in the post-war period, the following:

Japan is the world's greatest shipbuilder, it is the second greatest automobile manufacturer and it is the third greatest steel producer.

Japan is the free world's second greatest producer of manufactured commodities.

Japan's annual growth rate (in real terms) is 15 percent.

Japan's trade surplus in 1969 was \$2.28 billion, more than half of which was gained in trade with the United States.

In an attempt to exert even greater influence on the world's economy, Japan is turning away from light industry and toward heavy industry. (There is the disquieting realization however, that such heavy industry is ideally suited to producing military hardware. The study mission will address itself to this matter below.)

Japan's economic growth has been accomplished, not at the expense of the working class, but with a general sharing of her prosperity with laboring people.

Japan's economy is indeed quite healthy. But there are several related areas of concern to the study mission.

While Japan proudly proclaims that it is providing a billion dollars a year in foreign assistance, most of it directed toward other Asian nations, the study mission was distressed to learn that a substantial portion of this aid is in the form of export expansion subsidies and hard loans. This is not true aid, but "economic exploitation" that has in some cases caused the recipient nation to require additional aid funds just to service the hard loans.

As regards economic dealings with the United States, there is the sophistication and quality of Japanese products such as electronic and

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photographic equipment, automotive products, steel, and other industrial goods that make the old and tired jokes about the inferiority of Japanese products just that—old and tired.

The United States steadily increases its purchases of Japanese products and yet, we are still confronted with the Japanese policy of restricting imports. The difficulty in exporting to Japan has created a U.S. trade deficit of well over a billion dollars a year. Restrictive Japanese trade policies will ultimately bring forth a like response by the United States and operate against the best interests of both countries. Japan must come to realize that successful international trade requires a reasonable flow in both directions, for trade is truly a two-way street.

Among the byproducts of Japan's economic resurgence have been domestic problems familiar to Americans. The study mission quickly recognized the serious problems of inflation, air and water pollution, overcrowded cities, increased demands of public assistance, and auto safety. The Japanese have just now identified their problems and look forward to the long process of developing solutions. But, as we know from our own experience, this is a costly and difficult process.

The general impression of the Japanese economy was of a healthy animal seeking, on one hand, to protect itself from other healthy animals and, on the other hand, using its strength to secure some measure of obedience from weaker animals. The ironic conclusion to this saga, as we have learned, is that a country cannot assume that a healthy economy alone is the answer to all its problems nor a guarantee of international influence.

THE MILITARY

There is a strong effort underway by some groups in Japan toward rearmament and a seeming return to the old "Greater East Asia Co-prosperity Sphere". The study mission was concerned with the increased emphasis by some on enlarging Japan's military prowess, even though it already supports the sixth largest military establishment in the world.

While the Japanese Constitution, by limiting its forces to island defense, does provide certain basic restrictions on rearming, this constitutional provision can be circumvented by broadening the definition of Japan's defensive perimeter. In fact, obviously concerned about maintaining a steady flow of Mideast oil to Japanese industry, some in Japan now consider its area of defense reaches to where oil shipments must traverse the Straits of Malacca.

Prime Minister Sato recently sounded the call to Japan's new militarism when he said: "It is clear that the (Japanese) people are no longer satisfied with a merely negative pacifism aiming only at the country's safety."

The study mission was told that Japan has decided it does not want to remain militarily dependent upon the United States. No one can dispute this aim, however, they look far beyond this premise. Authoritative Japanese officials have stated that efforts be advanced to accomplish the total withdrawal of American forces from Japan (not merely Okinawa) within this decade.

The Prime Minister, according to information made available to the study mission, interpreted his recent reelection as a mandate to proceed with significant military expansion.

Japan has been spending 1 percent of its GNP for arms. With an annual 25 percent increase in the GNP, Japan's expenditures for military equipment will double every 4 years. In addition we have learned it is now recommended that 2 percent of GNP be devoted to defense spending—geometrically increasing Japan's military power. Is this not a return to the Bushido of old Japan?

The study mission must also state that Japan is reported to possess an advanced nuclear capability and will soon have the delivery systems for nuclear weapons. Although Japan did recently sign the nuclear non-proliferation treaty we were made to understand that ratification could be put off indefinitely.

In our discussions it was indicated that Japan intends to become the great seapower once again, to "protect" its trade routes. This, too, has ominous overtones.

Placing this aspect of our report in perspective, the study mission evidences concern over Japan's emphasis on the new militarism. There seems to be a readiness to commit a substantial portion of Japan's vast wealth to the reestablishment of a major international military force. This involves increased spending, a much broader definition of her area of defense, nuclear capability and a clear determination to be a military power on a scale not contemplated since World War II.

THE POLITICS

The Sato government appears to be stable; Japan's prosperity has bred a certain degree of comfort with which the Japanese people do not wish to tamper.

In its relations with the other Asian nations, Japan is living with a paradox: it is committed to political support of the Republic of China, yet finds Communist China a profitable trading partner. The study mission sees Japan seeking increased economic and cultural ties with mainland China, even if it means a cooling of relations with the United States.

As indicated at the outset there was every evidence of a cordial relationship with the United States at the present time. But we were made to understand that that friendship is not immutable. Clearly, and understandably, Japan will make its future decisions in international relations in terms of how it views its own self-interest. And we have seen that Japan defines its self-interest in terms of economic and military strength, especially in Asia.

This point was dramatized on February 14, after the study mission had returned from Japan, when Prime Minister Sato told the Japanese people that the 1970's would be "an era where Japan's national power will carry unprecedented weight in world affairs." In his address to the opening session of the new Diet, the Prime Minister set the tone for a more active international role in a manner at odds with previous disclaimers of world ambitions.

As recently as last October, before the election, in the quarterly, "Foreign Affairs," Japanese Foreign Minister Kiuchi Aichi wrote: "Responsible Americans will understand, I am sure, that any ill-conceived Japanese military contribution to Asian stability would accomplish little except to squander Japan's security capabilities, and our painstakingly built-up good will in Asian countries."

This disclaimer is somewhat in contradiction with information gathered by the study mission. The point here is that such statements must be properly identified in context of overall action by the Japanese.

In still another area, we were impressed by the renewed popularity in Japan of the old line that "Korea is a dagger pointed at the heart of Japan."

This is actually part of a broader effort to give the widest possible definition to Japan's perimeter for defense under the terms of its constitution. The area that Japan now seems to consider within its immediate area of defense extends from Korea through the Straits of Malacca.

Clearly this points to Japan's possible plans for a major military role in Asia, with the probable desire of preeminence in the area. This policy would include the establishment of great seapower and is intimately tied to the total takeover of Okinawa, improved relations with Communist China, a reduced American role in Asia, and a questionable militaristic application of Japan's great wealth.

When Japan signed the treaty banning the spread of nuclear arms, her approval contained reservations by certain officials. The Government made clear that final ratification of the treaty by the Diet "might not come in the foreseeable future." Such approval is necessary before Japan can formally bind itself to the pact. The Japanese Government has reserved the right to pull out of the treaty if it decides "that extraordinary events related to the subject matter of this treaty have jeopardized the supreme interests of the country."

THE REVERSION OF OKINAWA

Fundamental to Japan's plans for the future is the reversion of Okinawa. For strategic and political reasons Japan has felt it must regain control of Okinawa if it is to achieve its national and international goals.

The study mission is convinced that some Japanese leaders envision a prompt and total withdrawal of American forces from Okinawa. In fact, we were told that high-ranking Japanese military personnel surveyed the U.S. installations on Okinawa prior to any decision on the reversion. Quite obviously the Japanese are anxious to make use of American-built base facilities on the island for their air and naval forces.

We recognize that this is contrary to the public position of the two governments in regard to the reversion of Okinawa, which provides for the retention of U.S. bases. But the evidence seemed quite clear to us and we believe that the United States must make contingency plans for its future role in Asia in terms of possible denial of base facilities in Okinawa.

This situation was made quite vivid for the study mission when we were told by a Japanese official that Japan now envisions joint use of the existing military bases on Okinawa with an appropriate decrease in U.S. forces there. This is a first step away from the original Japanese position that U.S. military operations on Okinawa would not be affected by the reversion. Can it be that Japan is merely waiting for an opportune moment to take the next step, which will be a request for the total withdrawal of U.S. forces from the Island?

The study mission read with interest a relevant letter from President Nixon to Senator Ernest F. Hollings which the Senator included in the Congressional Record of February 25. The President wrote: "I am convinced that the arrangements we will make for reversion will not impair our ability to meet our security commitments in Asia." The study mission is concerned that this statement does not take into account the probable push by Japan for a total American disengagement from Okinawa.

The decision on reversion has been made, but the final conditions (on bases) have not been determined. The President has pledged that Congress will play an active role in determining those conditions and the study mission trusts the rumored planned move on the part of Japan to restrict our base rights and to oust us from Okinawa will be subject to congressional review. At the very least we had better plan our security requirements in Asia in light of the realities and with practical alternatives in the event Japan is successful in securing our complete departure from Okinawa.

CONCLUSION

The study mission left Japan with a genuine concern about the new militarism we witnessed. While we can readily understand Japan's desire to accept the responsibility of her own security, we believe the move toward intensified rearmament goes far beyond Japan's real security needs.

Without questioning Japan's desire to maintain cordial relations with the United States we must point to the changing orientation in Japan. In this change we find a clue to plan for the 1970's with a realistic perspective on current motivations, rather than with outdated assumptions about our dealings with Japan.

As the situation evolves the United States must be wary of yielding to Japan, or to any other nation, the responsibility of our national interests in Asia.

OKINAWA

INTRODUCTION

The military implications of the reversion of Okinawa to Japan were discussed above. We would simply reiterate here that as a practical matter it will be necessary for the United States to plan its security needs in Asia after 1975 allowing for the possible discontinuation or limitation of operations on Okinawa.

ECONOMIC FACTORS

Thousands of Okinawans have been employed on U.S. military installations and in related businesses. These people stand to lose their jobs as the U.S. presence in Okinawa is reduced. The study mission was surprised to find efforts underway among Okinawans and Japanese to require the United States to provide generous settlement terms to those civilians who are unemployed as a result of the reversion and the subsequent reduction in U.S. forces. This is a curious situation: with one hand we are pushed away and with another we are asked to pay dearly as we go. We hardly consider this fair.

Moreover, it appears that some Japanese businessmen view the reversion of Okinawa as an opportunity to take over businesses on the island now run by Americans. The study mission recommends that the exact conditions of reversion contain adequate safeguards against unfair takeovers of American-owned businesses.

CONCLUSION

Okinawa is an integral part of Japan's master plan for economic, military, and political advancement in the 1970's. Having made the commitment to reversion the United States must now accept this reality. However, prior to final reversion we believe it in the best interest of this Nation that a review of base arrangements be made by Congress.

CONCLUSION

We, the members of the mission are highly gratified with the results obtained from our study and efforts. We believe that in some cases we have been able to update situations prevailing in certain areas as well as provide a useful climate for the utilization of almost \$1 billion in hitherto blocked (non-Public Law 480) U.S. funds.

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91st Congress
2d Session

~~COMMITTEE PRINT~~

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BY

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Japan's annual growth rate (in real terms) is 15 percent. Japan's trade surplus in 1969 was \$2.28 billion, more than half of which was gained in trade with the United States.

In an attempt to exert even greater influence on the world's economy, Japan is turning away from light industry and toward heavy industry. (There is the disquieting realization however, that such heavy industry is ideally suited to producing military hardware. The study mission will address itself to this matter below.)

Japan's economic growth has been accomplished, not at the expense of the working class, but with a general sharing of her prosperity with laboring people.

Japan's economy is indeed quite healthy. But there are several related areas of concern to the study mission.

While Japan proudly proclaims that it is providing a billion dollars a year in foreign assistance, most of it directed toward other Asian nations, the study mission was distressed to learn that a substantial portion of this aid is in the form of export expansion subsidies and hard loans. This is not true aid, but "economic exploitation" that has in some cases caused the recipient nation to require additional aid funds just to service the hard loans.

As regards economic dealings with the United States, there is the sophistication and quality of Japanese products such as electronic and

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photographic equipment, automotive products, steel, and other industrial goods that make the old and tired jokes about the inferiority of Japanese products just that—old and tired.

The United States steadily increases its purchases of Japanese products and yet, we are still confronted with the Japanese policy of restricting imports. The difficulty in exporting to Japan has created a U.S. trade deficit of well over a billion dollars a year. Restrictive Japanese trade policies will ultimately bring forth a like response by the United States and operate against the best interests of both countries. Japan must come to realize that successful international trade requires a reasonable flow in both directions, for trade is truly a two-way street.

Among the byproducts of Japan's economic resurgence have been domestic problems familiar to Americans. The study mission quickly recognized the serious problems of inflation, air and water pollution, overcrowded cities, increased demands of public assistance, and auto safety. The Japanese have just now identified their problems and look forward to the long process of developing solutions. But, as we know from our own experience, this is a costly and difficult process.

The general impression of the Japanese economy was of a healthy animal seeking, on one hand, to protect itself from other healthy animals and, on the other hand, using its strength to secure some measure of obedience from weaker animals. The ironic conclusion to this saga, as we have learned, is that a country cannot assume that a healthy economy alone is the answer to all its problems nor a guarantee of international influence.

THE MILITARY

There is a strong effort underway by some groups in Japan toward rearmament and a seeming return to the old "Greater East Asia Co-prosperity Sphere". The study mission was concerned with the increased emphasis by some on enlarging Japan's military prowess, even though it already supports the sixth largest military establishment in the world.

While the Japanese Constitution, by limiting its forces to island defense, does provide certain basic restrictions on rearming, this constitutional provision can be circumvented by broadening the definition of Japan's defensive perimeter. In fact, obviously concerned about maintaining a steady flow of Mideast oil to Japanese industry, some in Japan now consider its area of defense reaches to where oil shipments must traverse the Straits of Malacca.

Prime Minister Sato recently sounded the call to Japan's new militarism when he said: "It is clear that the (Japanese) people are no longer satisfied with a merely negative pacifism aiming only at the country's safety."

The study mission was told that Japan has decided it does not want to remain militarily dependent upon the United States. No one can dispute this aim, however, they look far beyond this premise. Authoritative Japanese officials have stated that efforts be advanced to accomplish the total withdrawal of American forces from Japan (not merely Okinawa) within this decade.

The Prime Minister, according to information made available to the study mission, interpreted his recent reelection as a mandate to proceed with significant military expansion.

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Japan has been spending 1 percent of its GNP for arms. With an annual 25 percent increase in the GNP, Japan's expenditures for military equipment will double every 4 years. In addition we have learned it is now recommended that 2 percent of GNP be devoted to defense spending—geometrically increasing Japan's military power. Is this not a return to the Bushido of old Japan?

The study mission must also state that Japan is reported to possess an advanced nuclear capability and will soon have the delivery systems for nuclear weapons. Although Japan did recently sign the nuclear non-proliferation treaty we were made to understand that ratification could be put off indefinitely.

In our discussions it was indicated that Japan intends to become the great seapower once again, to "protect" its trade routes. This, too, has ominous overtones.

Placing this aspect of our report in perspective, the study mission evidences concern over Japan's emphasis on the new militarism. There seems to be a readiness to commit a substantial portion of Japan's vast wealth to the reestablishment of a major international military force. This involves increased spending, a much broader definition of her area of defense, nuclear capability and a clear determination to be a military power on a scale not contemplated since World War II.

THE POLITICS

The Sato government appears to be stable; Japan's prosperity has bred a certain degree of comfort with which the Japanese people do not wish to tamper.

In its relations with the other Asian nations, Japan is living with a paradox: it is committed to political support of the Republic of China, yet finds Communist China a profitable trading partner. The study mission sees Japan seeking increased economic and cultural ties with mainland China, even if it means a cooling of relations with the United States.

As indicated at the outset there was every evidence of a cordial relationship with the United States at the present time. But we were made to understand that that friendship is not immutable. Clearly, and understandably, Japan will make its future decisions in international relations in terms of how it views its own self-interest. And we have seen that Japan defines its self-interest in terms of economic and military strength, especially in Asia.

This point was dramatized on February 14, after the study mission had returned from Japan, when Prime Minister Sato told the Japanese people that the 1970's would be "an era where Japan's national power will carry unprecedented weight in world affairs." In his address to the opening session of the new Diet, the Prime Minister set the tone for a more active international role in a manner at odds with previous disclaimers of world ambitions.

As recently as last October, before the election, in the quarterly, "Foreign Affairs," Japanese Foreign Minister Kiichi Aichi wrote: "Responsible Americans will understand, I am sure, that any ill-conceived Japanese military contribution to Asian stability would accomplish little except to squander Japan's security capabilities, and our painstakingly built-up good will in Asian countries."

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This disclaimer is somewhat in contradiction with information gathered by the study mission. The point here is that such statements must be properly identified in context of overall action by the Japanese.

In still another area, we were impressed by the renewed popularity in Japan of the old line that "Korea is a dagger pointed at the heart of Japan."

This is actually part of a broader effort to give the widest possible definition to Japan's perimeter for defense under the terms of its constitution. The area that Japan now seems to consider within its immediate area of defense extends from Korea through the Straits of Malacca.

Clearly this points to Japan's possible plans for a major military role in Asia, with the probable desire of preeminence in the area. This policy would include the establishment of great seapower and is intimately tied to the total takeover of Okinawa, improved relations with Communist China, a reduced American role in Asia, and a questionable militaristic application of Japan's great wealth.

When Japan signed the treaty banning the spread of nuclear arms, her approval contained reservations by certain officials. The Government made clear that final ratification of the treaty by the Diet "might not come in the foreseeable future." Such approval is necessary before Japan can formally bind itself to the pact. The Japanese Government has reserved the right to pull out of the treaty if it decides "that extraordinary events related to the subject matter of this treaty have jeopardized the supreme interests of the country."

THE REVERSION OF OKINAWA

Fundamental to Japan's plans for the future is the reversion of Okinawa. For strategic and political reasons Japan has felt it must regain control of Okinawa if it is to achieve its national and international goals.

The study mission is convinced that some Japanese leaders envision a prompt and total withdrawal of American forces from Okinawa. In fact, we were told that high-ranking Japanese military personnel surveyed the U.S. installations on Okinawa prior to any decision on the reversion. Quite obviously the Japanese are anxious to make use of American-built base facilities on the island for their air and naval forces.

We recognize that this is contrary to the public position of the two governments in regard to the reversion of Okinawa, which provides for the retention of U.S. bases. But the evidence seemed quite clear to us and we believe that the United States must make contingency plans for its future role in Asia in terms of possible denial of base facilities in Okinawa.

This situation was made quite vivid for the study mission when we were told by a Japanese official that Japan now envisions joint use of the existing military bases on Okinawa with an appropriate decrease in U.S. forces there. This is a first step away from the original Japanese position that U.S. military operations on Okinawa would not be affected by the reversion. Can it be that Japan is merely waiting for an opportune moment to take the next step, which will be a request for the total withdrawal of U.S. forces from the Island?

The study mission read with interest a relevant letter from President Nixon to Senator Ernest F. Hollings which the Senator included in the Congressional Record of February 25. The President wrote: "I am convinced that the arrangements we will make for reversion will not impair our ability to meet our security commitments in Asia." The study mission is concerned that this statement does not take into account the probable push by Japan for a total American disengagement from Okinawa.

The decision on reversion has been made, but the final conditions (on bases) have not been determined. The President has pledged that Congress will play an active role in determining those conditions and the study mission trusts the rumored planned move on the part of Japan to restrict our base rights and to oust us from Okinawa will be subject to congressional review. At the very least we had better plan our security requirements in Asia in light of the realities and with practical alternatives in the event Japan is successful in securing our complete departure from Okinawa.

CONCLUSION

The study mission left Japan with a genuine concern about the new militarism we witnessed. While we can readily understand Japan's desire to accept the responsibility of her own security, we believe the move toward intensified rearmament goes far beyond Japan's real security needs.

Without questioning Japan's desire to maintain cordial relations with the United States we must point to the changing orientation in Japan. In this change we find a clue to plan for the 1970's with a realistic perspective on current motivations, rather than with outdated assumptions about our dealings with Japan.

As the situation evolves the United States must be wary of yielding to Japan, or to any other nation, the responsibility of our national interests in Asia.

OKINAWA

INTRODUCTION

The military implications of the reversion of Okinawa to Japan were discussed above. We would simply reiterate here that as a practical matter it will be necessary for the United States to plan its security needs in Asia after 1975 allowing for the possible discontinuation or limitation of operations on Okinawa.

ECONOMIC FACTORS

Thousands of Okinawans have been employed on U.S. military installations and in related businesses. These people stand to lose their jobs as the U.S. presence in Okinawa is reduced. The study mission was surprised to find efforts underway among Okinawans and Japanese to require the United States to provide generous settlement terms to those civilians who are unemployed as a result of the reversion and the subsequent reduction in U.S. forces. This is a curious situation: with one hand we are pushed away and with another we are asked to pay dearly as we go. We hardly consider this fair.

Moreover, it appears that some Japanese businessmen view the reversion of Okinawa as an opportunity to take over businesses on the island now run by Americans. The study mission recommends that the exact conditions of reversion contain adequate safeguards against unfair takeovers of American-owned businesses.

CONCLUSION

Okinawa is an integral part of Japan's master plan for economic, military, and political advancement in the 1970's. Having made the commitment to reversion the United States must now accept this reality. However, prior to final reversion we believe it in the best interest of this Nation that a review of base arrangements be made by Congress.

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CONCLUSION

We, the members of the mission are highly gratified with the results obtained from our study and efforts. We believe that in some cases we have been able to update situations prevailing in certain areas as well as provide a useful climate for the utilization of almost \$1 billion in hitherto blocked (non-Public Law 480) U.S. funds.

We recognize that the formulation of foreign policy is a complicated process involving many varied sources. The study mission hopes that this report will be one factor considered as American policy in Asia is constantly reexamined.

Three significant points stand out as the summation of our work:

1. The entire Asian power structure is undergoing change. This, combined with unprecedented political awareness and activity, makes it mandatory that the United States discard old ideas about our Asian role and accept the new realities;
2. Foremost among those realities is that our security position in Asia will change drastically in the coming decade. We can foresee changes in agreements with Japan and the Philippines, that could require a complete overhaul of American presence in the Pacific with attendant effects on our Asian posture.
3. There is now an opportunity to utilize almost \$1 billion of U.S. assets (non-Public Law 480 funds) that have long been dormant. The proper employment of these funds can contribute to the mutual security and welfare of the host nations as well as the United States Nation, and return to United States dollars that now gather dust and are eroded by inflation.

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