

Advantage Capitalism

In this wide-ranging discussion, former U.S. Assistant Secretary of State for East Asian and Pacific Affairs Gaston J. Sigur and NHK news commentator Takanori Aebe talk about some of the political developments affecting Asia and the rest of the world and the need for Japan and the United States to transcend their bilateral differences and to concentrate on the global picture and the historical context. The present is an era of opportunity for the West, but only if it is played right.

Aebe: *There are major changes taking place in the Soviet Union now with perestroika. Is the cold war over? Are we looking ahead to a new era of rapprochement between the superpowers, and with it a thawing of tensions? And what, if any, impact will this have on the Japan-U.S. relationship? Do you see any groundswell changes in store for us?*

Sigur: If you look at what is happening and has happened in the Soviet Union, you will see some very remarkable efforts by Gorbachev to change things. I think the Soviet leadership has come to the conclusion that its system has not been working, particularly in the economic area, and that it has not benefited from its confrontational policies in the international arena. I do not think anybody, including Gorbachev, sees what is being done as weakening the Soviet Union.

Quite to the contrary, they are trying to strengthen the Soviet system, internally as well as externally, but these changes take time. I think we have to look favorably on what is going on in the Soviet

Union. This reduces tensions, as we have already seen, and it is a good thing from the global perspective.

At the same time, I think that we will have to wait a while to see results from what Gorbachev seems to be trying to do. We still have some concrete issues that have to be dealt with in, for instance, this part of the world. The Soviet withdrawal from Afghanistan is encouraging, as is the withdrawal of some of the Vietnamese forces from Cambodia. The changes that seem to be taking place in North Korea's attitude will be useful if they continue, although that is a little less clear. But to this day, the Soviet military build-up continues, and they persist in supplying very advanced weaponry to North Korea. These are not good signs.

Aebe: *The first product of perestroika and "new thinking" was the rapprochement with China. Do you see any movement of mood in China toward more cooperation with the West, or does it seem to you that China's conservatives are getting stronger?*

Preferring stability

Sigur: I think that the Chinese made a fundamental decision back in late 1981 or 1982 to move toward an opening to the West—including the United States, Japan and Western Europe—believing that this was necessary if China was to meet its development goals, particularly in economic development. They realized this would also require rather significant changes inside China itself as far as the reliance on classic Marxist-Leninist economic doctrine is concerned.

The Chinese also saw that opening to the West and strengthening its ties with Japan and the United States would give it greater leeway and strength in dealing with the Soviet Union. Thus China has taken the opportunity to move forward and try to normalize its relations with the Soviet Union.

Aebe: *Do you think the movement will bog down, or is it going to keep on building?*

At the moment, it seems that the conservatives are increasingly powerful and the propensity is to prefer stability without political risk to development with some risk.

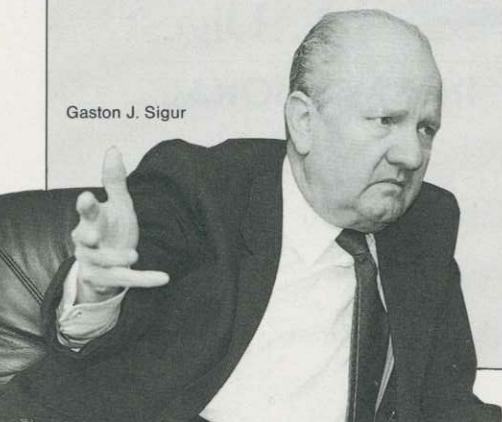
Sigur: I think they have to handle their situation very carefully. I was with President Bush when he was in China in February, and we had some very interesting conversations with the Chinese leadership. They understandably placed considerable emphasis on the necessity of stability to achieve economic progress. I believe China's decision to reform and open up its economic structure is a fundamental one that no one in China really disagrees with.

It is just that there are a lot of different views about what is happening—are we going too fast, are we going too slow, do we need to slow down, do we need to speed up—so it is only natural that there be a lot of internal debate. I think also, with China, we are looking at the internal dynamics of power—who will wind up on top, whose voice will be stronger, and so forth.

Aebe: *Don't you think that the conservative movement in China is giving rise to the people's mistrust of Western intentions and might precipitate a move back into the Soviet camp?*

Sigur: I suppose that is always a possibility, but I believe the Chinese leaders see the future of China as very closely tied up with the kind of relationships they can develop with the non-Communist world. They realize that if they are going to succeed in their modernization efforts, they must maintain and strengthen ties with the West, and that closer ties with the Soviet Union cannot give them this. Of course they want to have good ties, but the really strong ties have to be with the Western world—that is where their future lies.

The Chinese have achieved some rather significant results in the economic area in the last few years, not only because of what they themselves have done, although a lot of it is that, but also because



Gaston J. Sigur

of the ties that they have built up with the United States, Japan and Western Europe. These ties have been very beneficial, and I think every Chinese leader recognizes that.

Aeba: *I agree there is a limit on the advantages to be gained from relations with socialist countries. On the other hand, the Soviet Union announced a long-term project in August 1987 to invest \$350 billion to develop industry in the Far East. And China needs hundreds of billions of dollars for their modernization, but do not have this kind of money. At the same time, the fear that the United States will become more protectionist may push the Asian-Pacific countries more to regional cooperation, and this would give the Soviet Union and China additional clout in this area.*

Sigur: But there are so many fundamental changes that the Soviet Union has got to make if they are going to succeed in these grandiose plans they talk about. While we can wish Gorbachev well in what he is trying to do, the situation in the Soviet Union is a very difficult one and not very easy to change. The Soviet Union under Gorbachev has moved toward a little more open political society in some ways, but economically they have not done very much. Whereas China has moved in the economic area but has not done very much politically. Such economic reform is easier for China than the Soviet Union because it has a much stronger tradition of entrepreneurship and individual ambition.

Eye for profit

A lot of what the Soviet Union is doing as far as *perestroika* is concerned remains talk. Nothing much has happened with changes in investment laws or special economic zones, for example. I think Gorbachev is trying, but the situation is just so difficult. I expect great efforts on the part of the Soviet Union to try to get Japan and other countries to do more to help them out. But the Japanese, as do the Europeans and the Americans, see investment and trade in profit terms, and businessmen are not going to just throw their money down the drain in the Soviet Union.

Aeba: *Hyundai's Chung Ju Yung has shown considerable interest in participating in the development of Soviet Asia and northeastern China. He has even suggested joint development projects in Siberia with money and technology from South Korea and human resources from North Korea. What do you think of this?*

Sigur: These are very interesting ideas, but putting them into effect is something else. There has been talk for years of Japanese participation in the development of Siberia—the oil development project during the Tanaka administration is a good example—but it never worked out because the Soviets were not willing to move forward. They talked like they were, but in the end they just would not do anything. So I think we have the same sort of thing here. The Koreans were sincerely interested and the plan was basically good, but the problem is in actually getting it to work. If we can move the Soviet Union away from communism and socialism, we are all better off. But I am not sure they are ready for this.

Aeba: *There are some differences between the Korean situation and the Japanese situation during the Tanaka years. For one thing, Tanaka did not have Gorbachev to work with. Second, there were no Japanese residents in Siberia, whereas there are a lot of Korean residents. Third, Roh Tae Woo needs to do something for the North. Those differences could tip the balance.*

Sigur: You are right that the situation is different from that during the Tanaka years, but I think that if you look at the world economic situation, Korea's economic achievements have come as a result of the efforts by the Korean people and in great part as a result of their relationship with the United States and Japan. There is no question about this. The Korean economy is still very much tied to the United States and Japan and will be for years to come. None of the Korean leaders wants to change that. Thus no matter how exciting these ideas may look on the face of it, they are still small potatoes compared with the total and would not mean much even if they were carried out.

But I think it is all for the better if we can help Gorbachev in his efforts to open

the Soviet Union, bring it more into step with the rest of the world, and stop relying on a failed communist system. If he really wants to make the necessary changes, we should be ready to consider his proposals. You mentioned that the situation is different now because Tanaka did not have Gorbachev to work with, but let us wait and see how different it really is. Let us try to talk about it, and maybe we can think of things that can be done. Let us offer Gorbachev the opportunity to make the changes needed.

Aeba: *Do you see any possibility of Korea having politicians—people of the order of Raul Manglapus of the Philippines—who would be anxious to see ties to America scaled back somewhat?*

Classic example

Sigur: Sure, I can see that. But I know Raul Manglapus quite well, and we met frequently in Washington in the last few months of negotiations on the military bases. I am not that concerned. I think we can get along with Raul Manglapus in the Philippines, and I think we could get along with whatever develops in Korea. Remember we are talking fundamentally about people who are part of the Western world. These people are not communists. Sure, we may have different views about how to proceed, but we all have fundamentally the same mind-set. We all believe that free enterprise and democratic systems are fundamental.

Aeba: *I wonder if the Chinese leaders have really lost confidence in socialism, though. How do you see developments in China and Vietnam?*

Sigur: I think there is definitely movement in the right direction. The Vietnamese economy is another classic example of a failure. More and more Vietnamese

Takanori Aeba





Photo: Reuters-Sun

Chinese senior leader Deng Xiaoping (left) meets with Soviet leader Mikhail Gorbachev in the Great Hall of the People on May 16.

are visiting other countries, and when a Vietnamese political figure goes from Hanoi to Bangkok or Singapore, it is like going from night to day, and it is clear that what has happened to them over the last 40 years is a disaster. They—at least some of them—recognize that changes have to take place. And I think they are getting a certain amount of pushing from the Soviet Union on this. If the Cambodian situation can be settled, I think we will see some remarkable changes in Vietnam. The United States is quite prepared to deal with these changes, but the Vietnamese must first get out of Cambodia and allow the Cambodians to determine their own future.

Aeba: *What is the United States doing to coordinate a settlement of the Cambodian question?*

Sigur: The United States' fundamental position remains that the Vietnamese must get out of Cambodia and that the Khmer Rouge must not be allowed to take over again. As do Japan and the EC countries, we believe that things are moving in the right direction, but that it is very important to keep the pressure on the Soviet Union, China and Vietnam on these issues. It is difficult because there are differences of opinion as to how rapidly you can move ahead, but we have to be sure that we do not move away from these rather necessary conditions.

Aeba: *There has been speculation that these Indochinese countries may be allowed to join ASEAN.*

Sigur: ASEAN has always allowed that these countries would be welcome to join if certain things were done. If Vietnam

got out of Cambodia, it is possible that this would happen.

Aeba: *Do you feel that there is no resistance on the ASEAN side to these countries joining—that the problems are strictly with the Indochinese countries?*

Sigur: I think there are still problems on both sides. But certainly the Indochinese states have an interest in much closer ties with ASEAN in order to facilitate their economic growth. After all, trade between the ASEAN countries and Vietnam is increasing, and I think the Vietnamese recognize that they must conduct their affairs differently if they are going to rectify their disastrous economic situation. But there is very little that America can do there compared with the potential Soviet or Chinese role.

Aeba: *Going slightly further west, what does the future hold for the Indian subcontinent? India is making considerable progress, and tensions are being eased by the Soviet withdrawal from Afghanistan. It seems that Gorbachev's "new thinking" is affecting all of the Asian countries.*

Sigur: Of course, we are quite pleased with the easing of tensions between India and Pakistan. But I think the India-Pakistan situation has changed more due to the fact that Bhutto is now in power—and the fact that Ghandi is quite different from previous leaders—than anything the Soviet Union has done.

Aeba: *Given this situation in Asia, what kinds of cooperation can be achieved between Japan and the new administration in Washington?*

Sigur: I do not have any particular suggestions. Japan and the United States are

two very great powers, and there is so much that can be achieved, economically as well as in contributing to stability and peace in this region and the world, if we work more closely together. I think we must continue to try and develop programs and policies which need to be geared to how we can best contribute to the welfare of other peoples. We need to think more in terms of international contribution. We have a tendency to get bogged down in specific problems in our relationship, particularly in the trade area, and these problems tend to overwhelm us and to consume our attention.

Winning ideas

The policies that we have pursued and the systems that we, Japan and the United States, have embraced—democracy, free trade—are winning ideas. Now is the time for us to be even more active in the arena—not to pull back but to be more active and work more closely together. I think we are thinking this way. Although surface problems that seem to take precedence over everything will probably always be with us, we have to think in much deeper ways.

The whole world is beginning to believe in the things that we believe in. Even the Soviet Union, even China—they are all beginning to say that this is the future. We have to believe in ourselves. We cannot lose faith. Look at our societies and our economies. Both of our countries are very strong, and we cannot lose sight of this vitality.

Aeba: *Do you think the new Congress thinks the same way?*

Sigur: I think some people in Congress do, but Congress is made up of a whole group of people. We tend oftentimes to give the noisiest people the most prominence, but we have to be careful about that. There are some very thoughtful people in Congress, in both parties, and we have to get their support and come up with the ideas and programs we need to move this relationship forward. This is what President Bush and Secretary of State Baker will be concentrating on in the months and years ahead.