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TO : Department of State

INFO: AUCKLAND, BANGKOK, DJAKARTA, KUALA LUMPUR, LONDON, MANILA, PHNOM PENH, SAIGON, SINGAPORE, VIENTIANE, TOKYO, CINCPAC

FROM : Amembassy WELLINGTON

DATE: August 28, 1970

SUBJECT: Opposition Leader Kirk's Views on Southeast Asia

REF : A. Wellington 957 / POL 7 NZ
B. Wellington A-191, July 17, 1970

The Leader of the Opposition, Norman Kirk, delivered his first public foreign affairs speech since his return from his recent four-week trip to Southeast Asia at a luncheon meeting sponsored by the New Zealand Institute of International Affairs in Wellington on August 11. In his speech Kirk analyzed the current scene in Southeast Asia, noting four major factors which he feels will shape the balance of power in the region during the coming decade, and which make it necessary for the nations in the region to consider new types of regional organizations. These four factors are:

1. Britain's East-of-Suez policy, with a continuing but reduced British presence in the area.

2. America's reduction of forces in the area and the new emphasis on self-protection for the region's nations, with the U.S. role being reduced to supplying arms and materials, but not military forces.

3. Japan's rising economic role in the area, with a greater participation of Japanese capital in the economies of most nations in the area. Kirk sees Japan as eventually playing a greater military role in the area.

Enclosure:
Text of address by Mr. Norman Kirk

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4. China's role, which Kirk sees as being limited to one of supporting wars of national liberation and political disruptions. Kirk also noted Russia's interest in the area as a rival to China.

These factors have brought a feeling of uncertainty to the nations in the region, with all of them turning towards increased military spending in anticipation of possible internal and limited external threats. Kirk stated that new regional arrangements are necessary for the area. He emphasized that these arrangements must initially center on economic matters such as aid, development and trade so that nations with no common political basis might all be included. As interests broaden through the success of the economic associations, he noted, this arrangement may extend to defense cooperation. Kirk reiterated his basic foreign affairs theme that political stability will come with economic progress.

Enclosed is a copy of Kirk's text which he followed very closely. In a lengthy question and answer period following his speech, Kirk handled a number of probing questions concerning his tour of the area. In response to one question on Malaysia and the possible return of a parliamentary government to that nation, Kirk pointed out that western style democracy may not be the most suitable form of government for Asian nations, and he urged that these nations not be judged by western standards. Parliamentary democracy is a form of government based on Western cultures and traditions, he observed. Many Asian nations adopted this form of government, he recalled, following their independence, but these government structures are undergoing an "evolution to a form of democracy more suitable for people in the area."

On Vietnam Kirk stated that he saw little possibility of the war ending at the Paris peace talks because this would call for concessions from North Vietnam, concessions which that country's leaders are not willing to give. Instead, Kirk saw the war as eventually diminishing in intensity as the "forces of restraint" continue to work in Hanoi.

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COMMENT: Kirk took a broad view of his trip and, except in responding to questions, did not attempt to give a country-by-country run-down of his tour. His speech tends to give an optimistic view of the region's future, an optimism which reflects Kirk's belief that political stability depends on economic growth, which he admits to having viewed in many of the area's nations. We understand that he has written an 80-90 page report of his trip for his fellow Labour Party M.P.'s, giving more details than he has released thus far in his public statements. There has been no public reaction to his expressed views from the Labour Party's left-wing, but since Kirk's public statements have generally followed the party's foreign policy pronunciations, it may be that the left-wing will hold their fire until they have the opportunity to do battle in the party's inner caucuses. It seems apparent to the Embassy, however, that Kirk benefitted from his trip by gaining a broader, more up-to-date perspective of the complicated factors involved in any consideration of Southeast Asia.

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MR. NORMAN KIRK, M.P.
LEADER OF THE OPPOSITION

SPEAKING TO THE

N.Z. INSTITUTE OF INTERNATIONAL AFFAIRS
ON TUESDAY, 11 AUGUST 1970

The domination of world headlines by the war in Vietnam has given South East Asia an exaggerated reputation for violence and instability. Of the nine countries visited all but three have made real progress in the past decade. By their own efforts they have achieved greater economic and political stability. Their agricultural and industrial production has been usefully increased. Although low by comparison with any western country living standards have improved for a significant number of people. These real advances should not be overlooked or underestimated just because other events have pushed them into the background.

There is every reason for expecting this progress to continue in the next decade. This does not mean that there will be no violence or instability over the next ten years. Just as the recent past was, for some countries, marred by armed conflict so armed conflict could mar the future for others. But though such troubles may frustrate progress and development within the affected nation there is little prospect of this bringing to a halt continuing progress in the region. It seems probable that such violence as may exist will be on a lower and more manageable scale. Furthermore, on a scale that can be coped with by the affected nation's own forces.

The new decade opens in a climate of agonizing assessment. That there is some nervousness and uncertainty is not surprising.

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All the established concepts - and some have endured for nearly two decades - of regional cooperation and collective security have been severely shaken. Changes and impending changes in great power relationships within Asia and probable shifts in the balance of power within the region give policy-makers much to think about.

There are a number of factors that have created this situation. Firstly, there is Britain's East of Suez policy and the changes in this contingent upon the change to a Conservative Government in Britain.

It seems likely that whereas it was the intention to withdraw British Forces East of Suez, some, but a very much reduced capability will be retained for at least a short time in the region. However, even with this change in the application of policy non-Asian forces stationed in Singapore-Malaysia will be sharply reduced, and that wholly by way of a reduction of British participation.

Secondly, America's policy in respect to Asia has been radically revised. Although it has not been expressly stated, it is clear that the intention is to reduce sharply, if not totally recall, American forces stationed in Asia. A start has already been made in reducing troop numbers. Since this policy was given effect in respect to forces operating in Vietnam, America has returned Okinawa to the Japanese and has announced her intention to reduce by one-third United States forces stationed in South Korea. It is expected that further reduction in forces will be announced in the next few months.

The new policy adopted by President Nixon acknowledges a duty to treaty commitments but this does not mean, nor do the treaty commitments require, the involvement of American military forces. Only in the case of a major threat involving nuclear weapons would there be any possibility of the United States sending soldiers to Asia after the end of the war in Vietnam.

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Instead America has made it clear to her allies and others that their security is primarily their own business. Furthermore, should any ally become the subject of aggression the United States would carefully evaluate the circumstances in the light of any existing commitment, the significance of the matter to the area involved, and the importance that America herself attaches to the situation.

Certainly support and/or aid will not be automatic and when provided will be limited to the supply of arms and military material. It will not include military forces.

Thirdly, there is Japan. In the seventh decade of the twentieth century Japan will play a new role in Asian and world affairs. Her rising economic strength and growth rate of industrial investment in South East Asian countries apart from any other consideration assures her of that.

Japan is vitally important to the whole region. The whole region is sensitive to Japanese attitudes and shifts in Japanese policy. The high rate of growth of the Japanese economy rapidly expands her appetite for raw materials and other goods. It has been estimated that Japan's imports will grow some 16.5% per annum up until 1975 by which time they will amount in value to $36.4 billion. Then the raw materials, foodstuffs and light industrial goods imported from South East Asia by Japan will amount to about 30% of the South East Asian region's entire exports.

Thus Japan is an important factor in the sustained growth and development of South East Asian countries. But one price of this tempting development in trade is the acceptance of an increasing penetration of other country's industrial and commercial activity by Japanese interests.

For example, in 1968 aid extended by Japan to developing countries increased by 23% to reach $1,049,000,000 or the

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equivalent of 0.94% of Japan's national income. But official government aid fell by 9%. The increase in aid came from private investment which increased by 45% and from commercial export credits which were 50% higher than in the previous year.

For Japan, as for other countries in the region, military security and political stability are important. In recent times Japan has been showing signs of greater consciousness of the power it is gaining. Recently Prime Minister Sato was quoted as saying that "the seventies would be the decade in which the country must face the problem of national power." This, he said, meant the "aggregate of a country's political stability, economic strength, military might, influence over international opinion, cultural heritage and so forth."

Article nine of the Japanese Constitution forbids the making of war or the stationing of Japanese military forces outside Japan. But she is able constitutionally, and has, created quite substantial "self defense forces." These forces will grow significantly in the next five or six years: in part in response to the imminent reduction in American forces in Asia. Japanese spending on defense in the current year is to rise by 17% and considerable increases in what is an already large defense budget are planned for the period up to 1976.

Thus it is not surprising that most nations in the region are preoccupied to no small degree about future relationships, or that there is a willingness and indeed a strong desire to work out a basis of association between themselves and Japan which is capable of providing a basis of peaceful and prosperous co-existence.

Fourthly, although she has received significant setbacks in her essays in political and diplomatic activities in Africa and Indonesia, Mao's nuclear China also poses unsettling questions for the decade. But the consensus in the region is that China's activities would probably be limited to political

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activity and the provision of supplies to groups engaged in so-called "Wars of National Liberation." Even with such support most of this type of activity outside, and perhaps within the Indo-China countries, is thought most likely to take the form of sporadic and harassing actions aimed at disrupting and unsettling rural communities and rural development work.

And, as though the problems posed by changes of policy and the growing strength of the two Asian giants are not enough to think about, there is the added complication of quite vigorous Russian activity in the region.

Although they share a common ideology and are a lot more united in terms of alignment than border arguments would seem to suggest, China and Russia act like rivals on the Asian scene. Both are striving to increase their influence and standing with South East Asian countries.

Clearly the U.S.S.R. is interested in getting a foothold in or on the Asian mainland if it can. To this end its relationships with Malaysia and Indonesia have been improved and in the event Russia did not prove as intractable on the Cambodian question as many expected. The planned withdrawal of most, if not all, of the British military presence East of Suez and the reduction in and ultimate total withdrawal of American military forces from Asia have obviously resulted in some new and revised thinking on the part of the Russians.

In June last year, for example, at the 75-nation International Communist Conference Leonid Brezhnev said "We are of the opinion that the course of events is putting on the agenda the task of creating a system of collective security in Asia." 'Izvestia' the Moscow newspaper expanded on this in an editorial article that said in part :"Mao and his henchmen entertain definite designs on a number of countries in this part of the world. The British East of Suez withdrawal and the American pullout from Vietnam should pave the way for the laying of the

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foundation of collective security in which case the countries which have gained their freedom would by pooling efforts, consolidate peace and repulse all machinations of imperialist forces."

This amazing change of attitude on Russia's part towards collective security in the area received a very cool reception. After it became obvious that there was little if any interest in the proposition put forward, the U.S.S.R. modified its proposal. In a radio broadcast last October the Russians urged patience and said -- "We in the Soviet Union realize the road to a collective security system is not easy. It will take considerable time and effort .... it should be pointed out a collective security system naturally cannot be directed against a country or a group of countries ... it remains to be seen which form collective security in Asia will assume. It is quite possible Asian countries after consultation will agree to call an all-Asia conference to draw up a charter and other provisions for a regional system of collective security. One thing is clear. An effective system of collective security in Asia is possible and necessary. The biggest continent in the world should become a zone of lasting peace."

India's Foreign Minister said the modified Russian proposal was in line with Indian ideas on the subject and Malaysia welcomed the proposal.

Since that time efforts aimed at improving relationships with South East Asian countries have been intensified and also efforts directed in increasing trade. So much so that the Japanese were invited to contract for development work in Siberia. An invitation that Japan accepted.

These developments and the uncertainties have resulted in positive responses in the region. While the various countri are keen to ensure their own security there is no great enthusiasm for new arrangements of a military character with nations located outside the area. While there is no pronoun

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policy move toward non-alignment in most countries there is very considerable reserve and caution about alignment. Leaders in every country - other than the Indo China countries - expressed the conviction that they could handle domestic challenges posed in insurgency and banditry.

All, it seems, will spend more on arms and military materials. Singapore for example has already responded to the changing circumstances by establishing armed forces of its own. The region has been told that American policy is to view the preservation of security as being primarily the business of the country concerned. Individual countries are acting accordingly in respect to possible domestic problems or such conflicts as may arise between one small neighbor and another.

But because these small countries live in the shadow of giants they are groping toward some broader basis of mutual assistance. This wider arrangement may come through the expansion of an existing arrangement or by way of creating a new association. Indonesia's Ambassador to the United Nations said, for example, that he did not think that "Asia's members have relinquished the hope that eventually Asia will include all other nations in South East Asia."

Mr. Malik, Indonesia's Foreign Minister, said that "As there was no immediate threat from any major power there was no need at this stage for a general defense agreement." "Emphasis at this stage should be on non-military cooperation." As, indeed, it must if there is to be any hope of an arrangement which would achieve Japanese and Indonesian participation.

Any such new arrangement will be exclusive to the nations within the region. The initial basis of any such arrangement would need to center on aid, development, and trade to have any real hope of success. Unlike the British Commonwealth which is a political association of states with no common

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economic basis, an all-in Asian regional arrangement would be an economic association of states with no common political basis - at least for the early years of its existence. Later, as interests broaden and trust deepens, cooperation may extend to defense cooperation. But mainly the purpose would be to develop economic cooperation and political stability of the region while preserving the independent sovereignty of member states.

Most of the region has a long way to go to establish adequate economic progress. The necessity, imposed by changing policies and shifts in the balance of power within the region to create a new basis for political stability and national security may also provide member states with the means of accelerating economic progress.