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PROSPECTS FOR REGIONAL HEGEMONY IN SOUTHEAST ASIA
Statement Presented to the
Subcommittee on Future Foreign Policy Research and Development
of the
House International Relations Committee.

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PROSPECTS FOR REGIONAL HEGEMONY IN SOUTHEAST ASIA

Current discussions about the future world order have popularized the concept of regional powers which, although they are not capable of playing a major role on a global scale, are expected to assume a dominant position in their respective part of the world by virtue of their human and natural resources and of the self confidence and sense of destiny caused by their abundant material endowment. Brazil, Nigeria, Iran, and Indonesia are usually named as the most obvious candidates for medium power status in the 1980s. This vision of a two-tiered global power structure, would place such medium powers hierarchically just below the five entities which are seen as the power centers of the multipolar world of the 1970s, (the United States, the Soviet Union, the People's Republic of China, the European Community, and Japan), which in turn replaced the bipolar world of the 1960s.

Medium powers are expected to create around themselves a regional order or limited sphere of influence, possibly as the result of a tacit devolution of responsibilities by global powers interested in lightening their burdens or anxious to avoid confrontations resulting from rivalry with other global powers, but unwilling to yield the field to their principal competitors. The idea is not without merit, as a global power is more likely to be willing to concede a dominant regional role to a medium power which cannot challenge its global prominence than to another global power whose incremental gains might threaten to upset the global balance.

Indonesia is often viewed as a potential regional power in South-east Asia. Its strategic location would allow it to project power into the whole region, while being itself relatively invulnerable to attacks from its neighbors. A glance at Table I shows that the population of Indonesia exceeds in numbers the combined population of the next three largest countries in the region, the Philippines, Vietnam, and Thailand.

TABLE I

Projected Population (Thousands)

	<u>1975</u>	<u>1980</u>	<u>1985</u>	<u>1990</u>
Southeast Asia	323,836	370,855	423,221	478,712
Brunei	147	160	175	189
Burma	31,240	35,195	39,687	44,573
Cambodia	8,110	9,409	10,911	12,491
Indonesia	136,044	154,869	175,471	196,576
Laos	3,303	3,721	4,182	4,678
Malaysia	12,093	13,998	16,075	18,260
Philippines	44,437	52,203	60,862	70,119
Singapore	2,248	2,437	2,636	2,829
Thailand	42,093	49,473	57,784	66,752
Timor	672	755	846	943
Vietnam	43,451	48,634	54,612	61,302

Source: United Nations, World Population Prospects 1970-2000, as assessed in 1973.

Table 2 shows that it has also the largest total GNP and volume of foreign trade in Southeast Asia. On the other hand, it has the lowest levels of income per capita, after Laos and Burma, and is still in an early stage of economic development, having lost precious time in the first twenty years after its proclamation of independence, first

TABLE 2

National Income and Foreign Trade

	<u>GNP/GDP*</u> <u>(\$ millions)</u>	<u>Per capita</u> <u>(\$)</u>	<u>Exports</u> <u>(\$ millions)</u>	<u>Imports</u> <u>(\$ millions)</u>
Brunei	177 (GNP)	1,430 (1971)	199 (1974)	125 (1974)
Burma	2,900 (GDP)	96 (1975)	210 (1974)	125 (1974)
Cambodia	950 (GNP)	140 (1971)	15 (1974)	210 (1974)
Indonesia	20,000 (GDP)	150 (1974)	7,426 (1974)	3,842 (1974)
Laos	220 (GNP)	70 (1972)	10 (1973)	62 (1973)
Malaysia	8,700 (GNP)	715 (1974)	5,000 (1974)	4,400 (1974)
Philippines	14,000 (GNP)	340 (1974)	2,625 (1974)	3,140 (1974)
Singapore	5,500 (GNP)	2,400 (1974)	6,200 (1974)	8,900 (1974)
Thailand	12,200 (GDP)	280 (1974)	2,477 (1974)	3,168 (1974)

* GDP equals GNP plus income earned in country but sent abroad, minus income earned abroad but sent into country. GDP exceeds GNP in debtor countries, reverse in creditor countries.

Source: Central Intelligence Agency, National Basic Intelligence Factbook, January 1975.

because of the anti-colonial war it had to fight against the Netherlands and then because of the mismanagement of its resources by the romantic-nationalist government of the late President Sukarno.

In the last decade, since 1966, the "New Order" of President Suharto has made serious efforts to stabilize the economy, previously plagued by hyperinflation, and to create the preconditions for economic take-off, by achieving self-sufficiency in food and by rehabilitating the economic infrastructure which had been run down constantly since the end of the Dutch colonial administration in March 1942.

But despite some real progress, notably in the production of rice and in the growth of extractive industries, there has also been massive backsliding. The national oil company Pertamina ran into very serious financial difficulties in the spring of 1975, weakening both the foreign exchange position of the country and the confidence of its elites in the capacity of the Suharto regime to manage national economic resources efficiently.

As an oil-producing country with an assured market for most of the low-sulphur oil it can currently produce and a significant price advantage due to relative closeness to its markets, Indonesia will be able to overcome the financial setback caused by the Pertamina affair. But it has only modest proven oil reserves for a country with Indonesia's needs. Although such figures are notoriously unreliable, the latest estimate, as of January 1, 1976, was 14 billion barrels, only 2.1 percent of the total global proven oil reserves.* At current f.o.b. sales prices, without taking into account production costs or discounting interest for sales which will take place many years in the future, the total value of its principal national patrimony was about \$175 billion. Using 1975 population figures, this amounts to less than \$1300 per capita and if the 1990 population projection from Table 1 is used less than \$900 per capita. This is not a large amount of capital to help create new jobs in one of the world's poorer countries.

*Sevinc Carlson, Indonesia's Oil, Georgetown University Center for Strategic and International Studies, 1976, p. 21.

Indonesia has also other natural resources not all of which are depleting, including fertile though overcrowded soil and an excellent climate for tropical agriculture, substantial though qualitatively uneven forest resources, promising though not exceptional amounts of mineral deposits and natural gas.

The overall level of general and technical education is still low, with a rate of literacy reaching at best 72 percent for the 6-16 years age group, and Indonesia's total reservoir of managerial and administrative skills is extremely limited. The constraints on rapid economic growth on a broad front are obvious and it does not seem likely that Indonesia will become a major economic power in the coming decade or even by the end of the century, even if its resources are managed more efficiently and imaginatively than has been the case until now.

The possibility seems remote that Indonesia will emerge as the dominant economic power in Southeast Asia, achieving by its superior wealth and productivity a hegemonial influence in the region. A significant test of this assertion occurred at the first summit meeting of the heads of government of the Association of Southeast Asian Nations (ASEAN) in Bali in February 1976.

During preparatory negotiations for that important gathering, in late 1975, Singapore supported by the Philippines had proposed that the other three member-nations, Indonesia, Malaysia and Thailand join with them in the gradual establishment of a free trade area by 1990.

But the Indonesian government felt politically and economically too insecure to face the prospects of some dislocation of established but weak import-substituting industries that such a policy would entail.

A country so insecure cannot expect to exert hegemonial influence over its economically more advanced neighbors.

In fairness to the present Indonesian leaders it should be pointed out that at no time during the decade since the new regime came to power have they expressed either directly or indirectly the desire to assume politically or militarily a hegemonial position in the region, nor have their actions betrayed any hidden intentions to embark on the road to glory and aggrandizement. On the contrary, President Suharto and his aides have played down the fact that Indonesia is the world's fifth most populous country and have tried to deal with their neighbors on terms of sovereign equality.

This policy has been motivated in part by the desire to erase the very unfavorable memories left in Southeast Asia by President Sukarno's "confrontation" with Malaysia and by the grandiloquent style of his foreign policy, but also by the recognition that in view of Indonesia's massive domestic problems the danger of diverting resources toward a regional policy of "manifest destiny" must be resisted because it would involve military expenditures which Indonesia could not afford.

As a result of that policy of self-restraint, Indonesia's military capabilities are not adequate for a regional hegemonial role or even for that of senior partner in an alliance for the common defense of the five

countries which established in 1967 the Association of Southeast Asian Nations (ASEAN)--Indonesia, Malaysia, Philippines, Singapore, and Thailand. Under the Suharto government, Indonesia's defense budget has been limited to routine expenditures consisting primarily of living and housing expenses for the troops, while no money was spent on the acquisition of sophisticated weapons, contrary to prevailing trends in other oil-exporting countries.

The self-restraint of the Indonesian Armed Forces with regard to the acquisition of modern weapons was greatly weakened last year by the Communist victories in Indochina, which gave the forces of the Democratic Republic of Vietnam large quantities of modern American weapons. The reaction in Jakarta was that under the changed circumstances created by the American defeat and withdrawal and the emergence of Communist Vietnam as a major military factor in the region, Indonesia's defense plans have to be reviewed and the readiness of its armed forces improved.

But that revised threat assessment happened to coincide with the severe liquidity crisis created by Pertamina, which depleted the country's foreign exchange reserves. That circumstance may have contributed to the decision to avoid a weapons acquisition crash program and initiate instead exchanges of views with the United States government seeking relatively modest increases of military assistance grants and credits.

Even if fully realized, the resulting \$36 million program authorized by the Congress for FY76 cannot turn Indonesia into a significant

military counterforce to Vietnam. It would at best give Indonesia a slightly improved capability to provide for its national defense.

The military planners in Jakarta are particularly sensitive to the possibility of infiltration of weapons and ammunition to a resurgent Communist underground. The Indonesian Department of Defense seeks surveillance equipment enabling it to monitor potentially hostile traffic across the South China Sea, and light air and naval rapid reaction forces for the interception and destruction of subversive contraband.

There are no indications that Indonesia plans to acquire in the near future sophisticated modern weapons that would give it an offensive capability or the mobility necessary to dispatch rapid reaction forces to the defense of its ASEAN neighbors.

Consistent with its frugal defense acquisitions program, Indonesia has expressed no interest in transforming ASEAN into a military alliance or in making other multilateral defense arrangements with its neighbors. The "Declaration of ASEAN Concord" signed in Bali on February 24, 1976 provided for "continuation of cooperation on a non-ASEAN basis between the member states in security matters in accordance with their mutual needs and interests." Translated from diplomatic language this means that cooperation in defense matters will continue on an ad-hoc bilateral basis. Indonesia is not asserting a leadership role in regional defense.

The conclusion seems warranted that despite its size and a certain, inhibited, sense of "manifest destiny," Indonesia is not likely to assert hegemonial claims in Southeast Asia as long as the views of the present regime remain national policy. Vietnam is a much more likely candidate for the position of regional power in Southeast Asia than Indonesia.

If the leaders of the Lao Dong Party have or develop hegemonial aspirations, Vietnam could become in Southeast Asia the Prussia of the 20th century. The team which is carrying out Ho Chi Minh's testament has been able to maintain its unity, without factional strife for more than thirty years, unlike any other Communist party. Its collective leadership was able to defeat first France and then the United States politically as well as militarily and to secure assistance from the Soviet Union and the People's Republic of China, despite the rivalry between the two Communist powers, without becoming the satellite of either. It can safely be assumed that the morale of the Vietnamese leadership, of its political cadres, and of the armed forces under its command, is extremely high.

The inner strength, cohesion and self-assurance of the Vietnamese leadership is demonstrated by the speed with which the unification of North and South proceeds. It will be completed one year after the April 1975 victory, despite more than twenty years of separation, contrary to the predictions of foreign experts that rivalries between the leadership in the two segments of the country and the great disparity of their economic and social systems will delay reunification for at least five years.

Unlike the Southeast Asian countries which do not have well developed methods of mass mobilization and population control, Vietnam can continue to impose material deprivations on its people without having to resort to demagogic agitation or to show instant successes. This would allow it to pursue a calculating, carefully planned, foreign policy, much more flexible and vigorous than that of its less regimented neighbors, making each move when circumstances are favorable.

Added to these political advantages, Vietnam's military capabilities put it into a class all by itself in the setting of Southeast Asia. Its level of forces equals that of all the non-Communist countries in the region together and even exceeds the 21 divisions maintained by the People's Republic of China in its South-Central Military Regions. The figures of the International Institute for Strategic Studies are indicative. According to its September 1975 estimates, the Democratic Republic of Vietnam had total armed forces of 700,000 at the time of the cessation of hostilities in April 1975, organized in 24 infantry divisions, 3 training divisions, 1 artillery command of 10 regiments, 10 independent infantry regiments, 15 SAM regiments, and 40 AA artillery regiments. The manpower of the former Army of South Vietnam was not included in those figures.

It is inconceivable that a substantial number of the 500,000 military of the regular Republic of Vietnam Armed Forces (RVNAF), of which many had been trained by the United States in the use of sophisticated weapons, will not be indoctrinated and absorbed into the People's Army of Vietnam (PAVN), especially now that the country is scheduled to be reunified after the April 25, 1976 elections.

Even if some peacetime reduction in forces is implemented, if unified Vietnam with a population of over 43 million continues Hanoi's past policy of a minimum of two years compulsory military service and retains a substantial part of the combat-experienced veterans of both PAVN and RVNAF, its total forces may well exceed the 700,000 figure given by the IISS.

According to the same source, the total forces of the non-Communist countries of Southeast Asia were, as of September 1975:

TABLE 3

Non-Communist Military Forces

	<u>Manpower</u>	<u>Tanks</u>	<u>Seagoing Ships</u>	<u>Combat Aircraft</u>
Burma	167,000	0	48	11
Indonesia	266,000	132	86	47
Malaysia	61,000	0	40	40
Philippines	67,000	4	62	52
Singapore	30,000	75	18	95
Thailand	<u>204,000</u>	<u>195</u>	<u>112</u>	<u>110</u>
Totals	795,000	406	466	355

Source: The International Institute for Strategic Studies, The Military Balance 1975-1976, pp. 53-60.

Without attempting any systematic net assessment, it is obvious that qualitatively the experienced, pragmatic, battle-hardened Vietnamese forces are superior to the armed forces of neighboring countries, which are poorly trained and deficient in morale. Without counting captured

Americans weapons, PAVN was at the cessation of hostilities in April 1975 superior in artillery and tanks to the combined land forces of all the non-Communist countries of Southeast Asia. It had 900 Soviet T-34, T-54 and T-59 medium tanks and 60 light tanks, whereas the six countries included in Table 3 had only a total of 406 British and American light tanks.

Although the PAVN Navy and Air Force did not exceed in numbers those of Vietnam's non-Communist neighbors, having only 90 as against 466 seagoing ships of all sizes and 268 as against 355 combat aircraft, captured American equipment has probably also tipped that balance.

During 30 years of combat the PAVN acquired unusual skills in logistic improvisation, giving it the capacity to utilize captured equipment even in very difficult circumstances. With American supply stores and American-trained personnel available, it is possible that PAVN will be able to utilize U.S.-produced equipment long after another defense establishment would have been forced to discard it for lack of spare parts and maintenance.

For all these reasons it is conceivable that in the coming decade the Lao Dong leaders might pursue a political offensive backed by genuine military strength against their Southeast Asian neighbors. Such a policy would undoubtedly be conducted with the same patient cunning that characterized the two successful campaigns against France and the United States.

It is of course by no means established that the Lao Dong leaders have decided to undertake a forward movement in Southeast Asia or that they will so decide in the future. There is a long way from ideologically combative newspaper editorials and radio broadcasts to the commitment of material resources for the implementation of an aggressive foreign policy.

It is conceivable that Vietnam will maintain the readiness of its forces only at the level its leaders consider necessary for defense, while maximum priority is given to national reconstruction and development.

If Vietnam were to choose the peaceful road it is not likely to be threatened by its neighbors. On the Southeast Asian mainland Thailand is the only country equal in population to Vietnam. Its government is weak and it has been plagued for many years by a rash of local insurgencies. Its armed forces are no match to PAVN and could under no conceivable circumstances initiate armed conflict.

As mentioned above, the PAVN by itself equals the forces available to the People's Republic of China in the South and may exceed them by a substantial margin if augmented by former RVNAF forces and equipment. In a defensive mode PAVN would certainly be superior, as China could not afford to commit to a campaign in the South, where it faces no military threat, forces dedicated to the protection of its most vital regions against the concentration of 43 Soviet divisions along the Sino-Soviet border. Even in the unlikely case of a Sino-Soviet reconciliation it is not apparent under what circumstances a peaceful Vietnam would become the target of Chinese aggression.

This leaves as the only possible threat to Vietnam in the time-frame of the 1970s-80s a hegemonic Indonesia. The question has been raised in many circles, since the end of the war in Indochina, whether Vietnam and Indonesia, or Communist Indochina and ASEAN, are likely to find themselves eventually on a collision course.

Ideologically the present regimes in Vietnam and Indonesia are indeed adversaries, who have each won a decisive victory against their internal enemies. Although neither country has articulated explicit claims to spheres of influence, they may have overlapping but antagonistic interests in the political evolution of Thailand and Malaysia. If the Indonesian Armed Forces would have the capability to come to the support of Thailand in case of a Vietnamese military intervention in a Thai civil war, open warfare between Vietnam and Indonesia would not be inconceivable.

But as long as Vietnam and Indonesia devote their energies and resources to their respective national development, their ideological antagonism would not necessarily lead to a confrontation. A generation ago Walter Lippmann compared the United States as a sea power to a whale and the Soviet Union as a land power to an elephant and concluded that if each stayed in its natural element they would have no reason to fight and if they decided to fight the aggressor would be at a disadvantage.

The allegory applies to Vietnam and Indonesia within the boundaries of Southeast Asia. If Indonesia decides to overcome its current military weakness, its role as a medium power with regional aspirations

and responsibilities should be maritime. Similarly the Vietnam's comparative advantages as a regional power should be terrestrial.

In the more distant future, if the more foreboding speculations presented earlier do not materialize and if ideological antagonisms subside, it is conceivable that Vietnam would become the protector of Southeast Asia against pressures from its formidable terrestrial neighbor, China, while Indonesia would play a similar role in securing the region from the unwanted interference of the global maritime powers, the Soviet Union and the United States, and thus fulfill the hope of the smaller countries of Southeast Asia for a zone of peace, freedom and neutrality.