

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. letter	To John Goodman from Bill Alexander re: Shipbuilding initiative (partial) (1 page)	07/02/93	P6/b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Carol Rasco (Meetings, Trips, Events)
OA/Box Number: 4592

FOLDER TITLE:

Bill Alexander 8/3/93 2:30 p.m.

rw149

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

THE WHITE HOUSE
WASHINGTON

August 5, 1993

John Goodman,

Could you please call Bill Alexander, and explain to him why this is not something we think should be done.

Bob Rubin

✓ cc: Carol Rasco

THE WHITE HOUSE

WASHINGTON

To: Jonathan Goodman

TO: Bob Rubin
FROM: Carol H. Rasco *CHR*
SUBJ: Former Rep. Alexander
DATE: August 4, 1993

From: Bob Rubin
CC: Carol Rasco

Could you please
call Bill Alexander, and explain
to him what

Mr. Alexander, the former Congressman from Arkansas who represents the shipping company, made his way back into my office yesterday to make his plea that ARPA be requested to conduct their study which he discussed with you and me previously. He is renewing his plea, would like a call back from me with an update on the decision. Is there someone on your staff who can call him with something?

Sigh.....

why
this
is
w.f.
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should
be done.

cc

file

THE WHITE HOUSE
WASHINGTON

TO: Bob Rubin
FROM: Carol H. Rasco
SUBJ: Former Rep. Alexander
DATE: August 4, 1993

Mr. Alexander, the former Congressman from Arkansas who represents the shipping company, made his way back into my office yesterday to make his plea that ARPA be requested to conduct their study which he discussed with you and me previously. He is renewing his plea, would like a call back from me with an update on the decision. Is there someone on your staff who can call him with something?

Sigh.....

MEMORANDUM

TO: Mr. Robert Rubin, Assistant to the President for Domestic Policy
National Economic Council

Ms. Carol Rasco, Assistant to the President for Domestic Policy
National Economic Council

FROM: William V. Bill Alexander
Tel: 202/783-1800
Tel: P6/b(6) (private)
Fax: 202/783-2913

RE: Shipbuilding Initiative

DATE: June 24, 1993

The National Economic Council is currently involved in developing policies dealing with the U.S. shipbuilding industry. One of the drivers of the effort is the October 1 deadline for submission to the Congress of a plan for the revitalization of the U.S. shipbuilding industry.

For its effort, the National Economic Council is likely to consider a number of inputs, including the status and competitiveness of the U.S. shipbuilding industry vis-a-vis its European and Asian counterparts; the prospects of a revitalized U.S. shipbuilding industry to obtain international market share; the potential for job creation in the vitalized shipbuilding industry and supporting sectors; and the types of technology, automated manufacturing, management practices and capital infusions needed to achieve international competitiveness.

It is suggested that a highly credible study be initiated to provide an assessment of the impact of a revitalized shipbuilding industry on jobs and the U.S. economy, to include the following criteria, to wit:

- Provide an independent assessment of the current impact of the shipbuilding industry on jobs and the overall U.S. economy, by means of an Input-Output (I/O) analysis.
- Provide a dynamic analysis tool to support near term goals for developing a revitalization plan, and on an ongoing basis, to examine new developments, assess progress, and evolve new strategies.
- Provide a methodology (ex ante I/O) for evaluating the impact of the infusion of alternative advanced technologies and of advanced management and manufacturing processes on the competitiveness of the shipbuilding industry. It is anticipated that the impact would be felt in the creation of new jobs in the shipbuilding and supporting industries, as well as in other positive effects on the U.S. Economy.

We know that the Advanced Research Project Agency (ARPA) has, as part of the Technology Reinvestment Project (TRP), been working on the National Shipbuilding Initiative. Discussions with Charles Stuart of ARPA indicate that he is in a position to provide cooperative input in the time frame required, using his existing data augmented by the above-mentioned study effort and that the needed resources, e.g., TRP support funds, might be made available with your approval. I would greatly appreciate your authorizing Mr. Stuart to provide timely support to the National Economic Council in this matter.

THE WHITE HOUSE
WASHINGTON

Aug. 5, 1993

Bob Rubin
Bob will have someone
call Bill Alexander.

Roz

MEMORANDUM

TO: Mr. Robert Rubin, Assistant to the President for Domestic Policy
National Economic Council

Ms. Carol Rasco, Assistant to the President for Domestic Policy
National Economic Council

FROM: William V. Bill Alexander
Tel: 202/783-1800
Tel: [REDACTED] (private)
Fax: 202/783-2913

RE: Shipbuilding Initiative

DATE: June 25, 1993

My memorandum to you of June 24, 1993 needs to be clarified with regard to the necessary action to initiate the study that I proposed to you yesterday. Since a ready source of funds rests in ARPA and they are willing, if so directed by Dr. Denman, to fund the study, I have taken the liberty of enclosing a discussion draft of a proposed letter from you to Denman.

Our discussion yesterday makes it imperative to point out that while the proposed study focuses on shipbuilding, per se, the tool that will be employed can provide supporting answers to the questions that will inevitably arise from the debate on the future of shipbuilding:

- Should shipbuilding be a candidate for revitalization at all?
- How does it compare with other industry sectors?
- What is the proper level and kind of federal government support?
- How many jobs will be affected if the industry is allowed to die? What is the prospect of creating jobs if the industry is revitalized?

And so on.

It would appear that a national debate on the future of shipbuilding will take place since issues include jobs and national security.

To illustrate the application of the suggested Input - Output (I/O) analysis, a recent study of the Pittsburgh Region estimated that the upgrading and recapitalization of the local iron and steel industry would cost approximately \$2.2 billion. Over a five year period it was estimated that this would lead to: (1) a 36% increase in iron/steel capacity; (2) an increase in regional output of more than \$3 billion; and (3) a sustained increase in regional nonagricultural employment of about 31.3 thousand persons (4% of base level).

Three industries of about the same size as shipbuilding have gone through decline and revitalization in recent years. They are metal working machinery and equipment, tires and tubes, and glass and glass production. All had to undergo sweeping technology infusion to regain competitiveness.

DISCUSSION DRAFT

Dr. Gary L. Denman, Director
Advanced Research Projects Agency
3701 North Fairfax Drive
Arlington, Virginia 22203-1714

Dear Mr. Denman:

The National Economic Council is currently involved in developing policies dealing with the U.S. shipbuilding industry. One of the drivers of the effort is the October 1 deadline for submission to the Congress of a plan for the revitalization of the U.S. shipbuilding industry.

For its effort, the National Economic Council needs a number of inputs, including the status and competitiveness of the U.S. shipbuilding industry vis-a-vis its European and Asian counterparts; the prospects of a revitalized U.S. shipbuilding industry to obtain international market share; the potential for job creation in the revitalized shipbuilding industry and supporting sectors; and the types of technology, automated manufacturing, management practices and capital infusions needed to achieve international competitiveness. We are in receipt of an unsolicited proposal for "An Assessment of the Impact of a Revitalized Shipbuilding Industry on Jobs and the U.S. Economy" which would provide many of the inputs we require. However, we are not in a position to fund this study.

We know that ARPA has, as part of the Technology Reinvestment Project (TRP), been working on the National Shipbuilding Initiative. Discussions with Charles Stuart of your Agency indicate that as a result, he is in a position to provide such inputs in the time frame required, using his existing data augmented by the above mentioned study effort and that the needed resources, e.g., TRP support funds, might be made available with your approval. I would greatly appreciate your authorizing Mr. Stuart to provide timely support to the National Economic Council in this matter.

Sincerely,

MEMORANDUM

TO: Mr. Robert Rubin, Assistant to the President for Domestic Policy
National Economic Council
FAX: 202/456-2878

Ms. Carol Rasco, Assistant to the President for Domestic Policy
National Economic Council
FAX: 202/456-2878

FROM: William V. Bill Alexander
Tel: 202/783-1800
Tel: P6/b(6) (private)
Fax: 202/783-2913

RE: Shipbuilding Initiative

DATE: June 30, 1993

In further reference to our continuing dialog regarding the revitalization of the U.S. shipbuilding industry, it appears that Secretary Aspin may be vacillating in his views on this matter. It was recently reported that he does not view U.S. shipbuilding as important to National Security. On the other hand, in February 1992, Chairman Aspin's study of the Defense Industrial Base stated:

"Certain sectors of our defense industrial base will disappear under current plans. . . this is particularly disturbing in two sectors: heavy combat vehicle production and shipbuilding. Both of these sectors would require an inordinate amount of time to rebuild from scratch, and production of both requires amplification of unique technologies, skills and facilities." Les Aspin, 2/92

This leads me to the conclusion that the value of the shipbuilding industry to U.S. National Security remains subject to debate.

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A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

ATTORNEYS AT LAW
THE COLORADO BUILDING
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1341 G STREET, N.W.
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TELEPHONE (202) 783-1800
TELECOPIER (202) 783-2913

LOS ANGELES, CA
RENO, NV

WM V. BILL ALEXANDER
(202) 783-1467

July 2, 1993

Mr. John Goodman
National Economic Council
Room 233
The White House
Washington, D.C. 20500

RE: Shipbuilding Initiative

Dear Mr. Goodman:

Pursuant to our telephone conversation, I am enclosing herewith, several copies of memoranda which have been provided to Mr. Rubin and Ms. Rasco in furtherance of my conference with them on Thursday, June 24, 1993. The memoranda are in preparation of a scheduled meeting with you on Tuesday, July 6, 1993 at 3:00pm.

To accompany me at the meeting are the following:

Mr. Robert Widder
Battelle

P6/b(6)

Tel: 703/516-7458
SSN: [REDACTED]
DOB: [REDACTED] P6/b(6)

Admiral Malcolm MacKinnon, III
MacKinnon Searlle Consortium Ltd
Post Office Box 9910
Alexandria, Virginia 22304
Tel: 703/370-7333
SSN: [REDACTED]
DOB: [REDACTED] P6/b(6)

Looking forward to seeing you next week, I am,

Sincerely,



Wm. V. Bill Alexander

Enclosures

cc: Mr. Michael Deich
Mr. Robert Rubin
Ms. Carol Rasco

Chron
Battelle file

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July 6, 1993

Mr. John Goodman
National Economic Council
Room 233
The White House
Washington, D.C. 20500
1

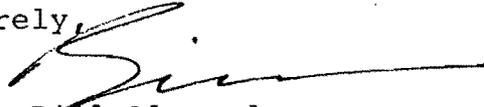
RE: Shipbuilding Initiative

Dear Mr. Goodman:

Thank you for the time and attention you gave to the issue of the U.S. shipbuilding industry to become competitive worldwide. It is my hope that this can be made sufficiently convincing to create the opportunity.

Looking forward to discussing this matter further, I am,

Sincerely,



Wm. V. Bill Alexander

WVA/dda

cc: Mr. Robert Widder, Battelle
Admiral Malcolm MacKinnon, III, MacKinnon Searlle Consortium

MEMORANDUM

TO: Dr. Michael Deich
Assistant to the President for
Domestic Policy

FROM: Wm. V. Bill Alexander, Esq. *WA*
1341 G Street, N.W.
Washington, D.C. 20005
202-783-1467

DATE: July 13, 1993

RE: Maritime, Environmental, Military Conversion and Trade
Policies addressed by Yankee Energy Corporation Plantship
Project

In a recent telephone conversation during which I summarized the Yankee Energy Corporation project you replied that you would like to know more. Specifically (1) a full description of the project; and (2) the role government might play?

SUMMARY

Yankee Energy Corporation of Boston plans to build a fleet of plantships (floating petro-chemical refineries) that are designed to convert wasted natural gas (methane), found off-shore in international waters, to liquid methanol for use in the U.S. domestic market, and other markets.

Yankee methanol is to be produced aboard U.S. flagged vessels built in U.S. shipyards by Americans using domestic materials and

services. Upon commissioning, the plantships will be operated around the world by American crews. According to Admiralty law, Yankee methanol will be "made in the U.S.A."

The Yankee Energy proposal addresses three major U.S. concerns:

1. Provides an immediate market for U.S. shipyards to build a fleet of 270 civilian-use ships the equivalent size of aircraft carriers. This will require an estimated 10.5 million man hours of labor for shipyard workers utilizing millions of pounds of domestic steel, related materials and services.
2. Reduces the effects of flared gas now contributing substantially to global warming. The World Bank has declared the flaring of wasted gas to be a severe environmental hazard. The World Bank is forcing countries to take action requiring oil companies to shut down flaring to abate environmental degradation.
3. Reduces U.S. dependency on foreign oil. While the nation seems to be focused on the federal budget deficit, the increasing trade deficit has a more significant negative impact on the U.S. economy. Inasmuch as the feedstock material (methane) is supplied from waste, the availability is very cheap. In some instances payment will be made to Yankee to dispose of the waste. Yankee methanol will replace expensive foreign oil imports. When compared to the mounting cost of importing foreign oil, Yankee methanol is a much cheaper alternative thereby reducing the cost of imported energy.

A more detailed description of the Yankee plantship project is provided in the attached project overview memorandum.

ROLE OF GOVERNMENT

Yankee needs \$10,000,000 to begin construction of its first plantship. Contracts for methane supply have been negotiated. Permanent financing has been arranged with the Bank of Tokyo. The methanol plantship is ready to acquire the final engineering and design which will facilitate obtaining a fixed price from the shipyard.

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LOS ANGELES, CA

RENO, NV

WM V. BILL ALEXANDER
(202) 783-1467

July 14, 1993

Dr. John Goodman
National Economic Council
Room 233
The White House
Washington, D.C. 20500

Dear Dr. Goodman:

During our meeting July 6, 1993, you expressed particular interest in the Battelle Input-Output economic analysis to be used in the proposed study in re shipbuilding.

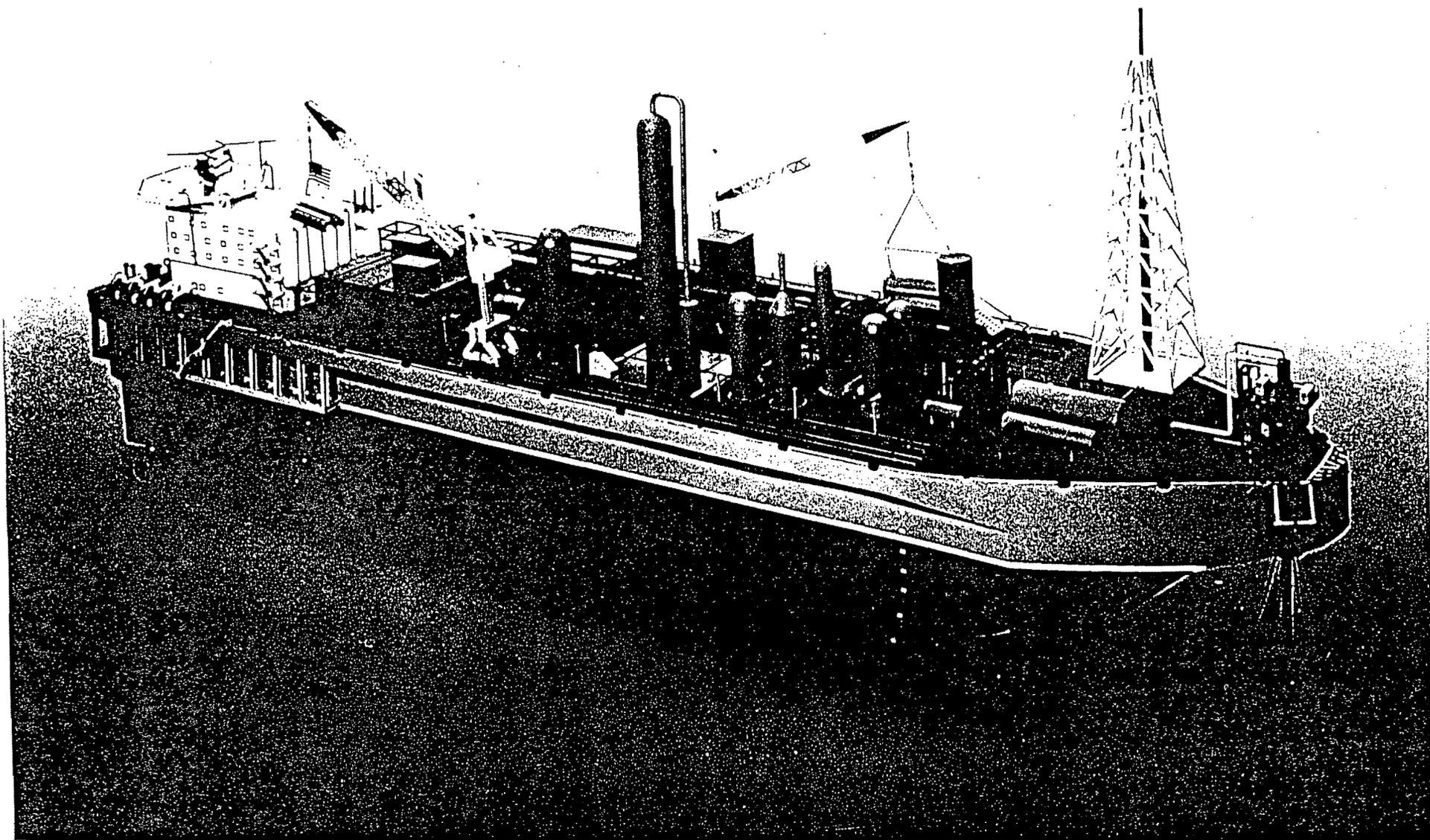
Enclosed herewith is a Battelle paper on the subject which may be useful.

Sincerely,



Wm. V. Bill Alexander

Enclosure



The YEAP Plantship

Development Project of YANKEE ENERGY CORPORATION, Boston, USA

Methanol
3000 TD

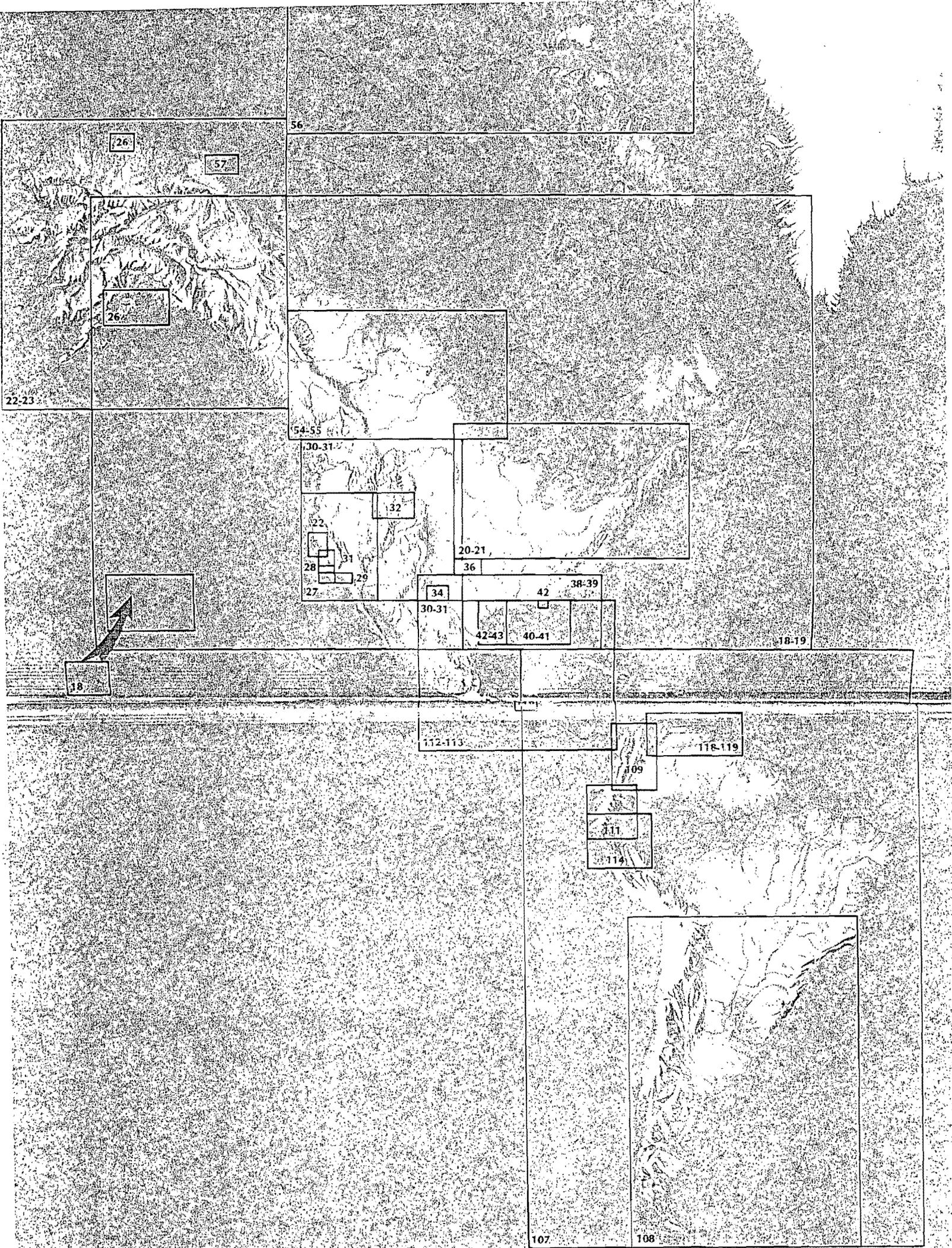
Length: 780 F
Width: 200 F

Displacement: 180,000 T
Storage: 63,000 T

Draft: 55 F
Cost: \$250 MM



International Petroleum
Encyclopedia
1993



*Put w/ stuff for
eventual Alexander
meeting*

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LOS ANGELES, CA
ROME

TELECOPY INFORMATION

DATE: August 2, 1993

TO: Carol Rascoe, Domestic Council

COMPANY: The White House

FAX NUMBER: 202/456-2878

FROM: Bill Alexander

NUMBER OF PAGES TRANSMITTED: _____

If you don't receive all the pages, please call 202/783-1800.

Should you need to FAX to our office, our number is 202/783-2913.

MESSAGE:

Info re shipbuilding issue.

Please confer.

Bill

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NATIONAL SECURITY

The Pacific Card

While the Asia-Pacific area is more pacific today than at any time during the long Cold War, a regional arms race is on, and Asian governments are eager for U.S. forces to stay in place to keep the peace. But Washington, for its part, is still searching for ways to support such a commitment.

BY DAVID C. MORRISON



I believe the time has come," President Clinton said in a July 10 speech to the South Korean National Assembly, "to create a new Pacific community, built on shared strength, shared prosperity and a shared commitment to democratic values."

With or without the United States, some sort of "new Pacific community" will most assuredly emerge on its own account, as Cold War strictures and structures recede into history.

This, after all, is a region that contains 60 per cent of the world's population. It is also a region that's enjoyed 6-7 per cent average annual growth while the rest of the world has plodded along at 2 per cent. Excluding Japan, Asia accounts for 9 per cent of the world's gross domestic product (GDP). Within the next 40 years or so, projecting at reasonable rates of growth, non-Japanese Asia is expected to account for more than 50 per cent of global GDP; the United States is expected to generate only 5 per cent of that worldwide wealth—a third of China's share.

Even as it focuses obsessively on European affairs, as it always has, Washington clearly cannot afford to lose sight of its considerable interests in Asia, which currently consumes \$120 billion a year in U.S. exports, or 40 per cent of the total.

Despite Clinton's preoccupation with the U.S. economy, however, trade is far from the sole consideration in crafting a new,

post-Cold War policy for the Pacific. Indeed, Asian leaders are as concerned about the "shared strength" to which Clinton referred in Seoul as with the "shared prosperity." (They are, generally, irritated by chiding talk of "shared commitment to democratic values" and other human rights rhetoric.)

Chief among their concerns is that the United States, a powerful Pacific presence since World War II, is now poised to withdraw into some sort of penurious, protectionist Fortress America. Total U.S. forces in the Pacific region, in fact, are slated to fall from 390,000 today to 350,000 by the turn of the century. That's only a 10 per cent reduction—a fraction of the dramatic U.S. drawdown in Europe.

But forward-based U.S. troops in the Pacific have already fallen by 28 per cent from the Cold War peak, down to 82,000 personnel on non-U.S. soil in the region, the vast bulk of them stationed in Japan and South Korea. (For a report on Asian defense, see *NJ*, 5/1/93, p. 1048.)

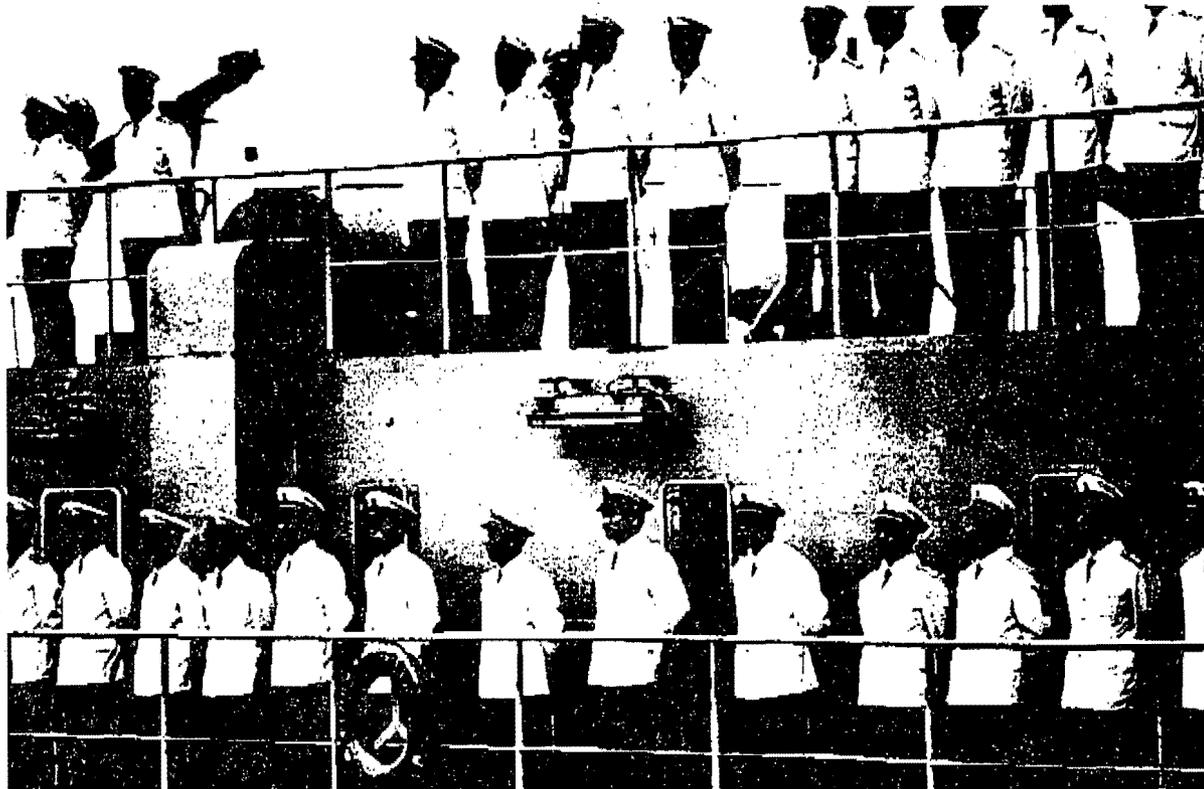
Consequently, off-the-record comments tendered in May by Peter Tarnoff, the new undersecretary of State for political affairs, about "setting limits on the amount of American engagement . . . around the world," burst like a bombshell in Asian capitals. The new U.S. Administration has since moved aggressively to smother those flames.

"We are strengthening our military presence in Asia and in the Pacific," Clinton insisted at a July 9 press conference in Tokyo. "We reaffirm our security commitment to Japan and to Korea and to all our other allies in this region."

Those were precisely the words that Asian leaders wanted to hear. To ensure that the U.S. domestic political consensus remains supportive, however, Washington must now advance a clear and convincing rationale for its security commitment.

The evaporation of the Soviet threat has unambiguously complicated that task. Russia's Pacific fleet is largely stuck in port these days, Capt. Ronald L. Christenson, the commander of the U.S.S.

This article was reported during a nine-week Jefferson Fellowship provided by the East-West Center, a congressionally financed research institution based in Honolulu.



A Chinese ship in Pearl Harbor signifies the country's new capability to project military power far from its own shores.

Dubuque, a Marine Corps transport vessel, reported in a shipboard interview at the Sasebo Naval Base in southern Japan. "I've bumped into a couple of their assets out there," he said. "But we ain't never see them anymore."

From the vantage point of various Asian nations, though, new bogeymen are springing up. "Now that the Soviet menace is gone, China is a menace," Kigoaki Kikuchi, formerly Japan's ambassador to the United Nations and now an adviser to the Foreign Ministry, said in an interview in Tokyo. "And North Korea is a menace. And some people believe South Korea is, too."

Such feelings of unease are entirely mutual. "Even after unification [with North Korea], South Korea should maintain some kind of military alliance with the United States," Ahn Byung-jaun, a professor of political science at Yonsei University in Seoul, said. "Korea is a place where the military interests of the great powers intersect. To be blunt, we need U.S. forces as a constraint on Japanese military capabilities, as well as on China's."

Washington has the perfect résumé to act as an honest broker, Ahn added, because "it so happens that the United States is the least-hated of the Pacific powers. The U.S. is less interested in ter-

ritorial ambitions and only in maintaining a balance of power."

A REGIONAL CHESS GAME

Despite continuing civil conflicts in Afghanistan, Burma, Cambodia, Kashmir and Sri Lanka, Asia by and large is enjoying a respite from many of the tensions that plagued the region during the Cold War era.

All the same, numerous interstate territorial disputes remain to be resolved. Japan seeks the return of the Kuril Islands—the so-called Northern Territories—from Russia. Japan and China both lay claim to the Senkaku Islands. And Vietnam and China bicker over the Pratacel Islands.

Beijing and Taipei have recently been engaged in their most intimate dialogue since the successful Communist revolution drove the Chinese Nationalists to seek refuge on Taiwan in 1949. But that rift is far from healed.

A particularly dire scenario has a new government in Taipei declaring "independence" from the mainland—in other words, abandoning the notion that there is but "one China." Beijing's rulers have repeatedly warned that in such an event, they would reclaim Taiwan by force. It is not at all clear that they would follow

through on the threat. But a Chinese attack on Taiwan would, at a minimum, leave Washington in a painful quandary over how to respond.

Although few analysts believe that it's likely to spark regional warfare, the most-discussed potential Asian flashpoint is the Spratly Islands. This sprawling cluster of reefs dotting the South China Sea may or may not be surrounded by rich oil and natural gas deposits. Of the half-dozen nations laying claim to the Spratlys—Brunei, China, Malaysia, the Philippines, Taiwan and Vietnam—only Brunei hasn't stationed troops on the islands. (One islet, claimed by Malaysia, is no larger than a football field.)

China, which clashed bloodily with Vietnam over possession of the Spratlys five years ago, is viewed as the most aggressive player in this six-sided sparring match. Beijing says that it is committed to the peaceful development of the islands. But its continuing naval buildup and reports that two dozen Su-27 fighter-bombers recently acquired from Russia are to be based near the South China Sea have raised questions about Beijing's real intentions.

"What we are witnessing now," a Malaysian official has cautioned, "is a Pax Sinica in the making in the place of a reluctant Pax America and an impotent Russia."

As that remark suggests, China is the power that wary Asian nations are watching. Fueled by an economy that's ballooning by better than 12 per cent annually, China's military budget in 1991 marked a 50 per cent increase over its defense spending in 1989. (*For a report on China's economy, see NJ, 5/29/93, p. 1282.*)

Mightily impressed by the United States's high-technology trouncing of Iraq in 1991, China's generals are investing their newfound wealth in upgrading their three-million-strong forces with modern equipment, much of it purchased from Russia at bargain-basement prices.

China vehemently disclaims any aggressive intent. "Our military force will only protect the country and the rights of the country," Chinese Vice Premier Li Lanqing said in an interview in Beijing. "We will never become a superpower, and will never be a threat to other countries."

Neighboring nations, however, are still nervous. At a late-May meeting in Tokyo, Japanese Foreign Ministry officials urged Chinese Foreign Minister Qian Qichen to have his government publish a detailed annual white paper on China's military expenditures "as part of an effort to create mutual confidence." They also "expressed regret" over reports that China may acquire aircraft carriers and, with them, a new capability to project military power far from its shores.

"Where it is headed has a lot to do with Chinese diplomacy," a U.S. official in Beijing said of China's modernization drive. "They will have a stronger military, especially if the economy keeps growing. But China has not yet squared how it can have a stronger military, play a larger role in Asia and yet secure the trust of its neighbors, who historically distrust the Chinese."

COPING WITH THE JITTERS

North Korea is another source of North Asian anxiety, especially as the isolated Stalinist state moves toward transition from rule by Kim Il-sung to his son, Kim Jong-il, who earlier this year assumed command of Pyongyang's 1.1 million troops.

South Korean officials hope for a gradual, peaceful process of reunification with the North. Some U.S. military planners, though, fear that as its economy grinds to a halt and the political challenge posed by a liberalizing South grows, a desperate North may lash out militarily. (*For more on Korean security, see NJ, 6/5/93, p. 1359.*)

"The kindest thing you can say about Kim Jong-il is that he's not very stable," a senior official at U.S. Pacific Command headquarters in Hawaii said. "If you were unkind, you could say that he borders on the schizophrenic."



David C. Munro

Chinese Vice Premier Li Lanqing
"We will never become a superpower..."

Few analysts doubt that Seoul, with ample assistance from Washington, would win a new Korean war—albeit at a dreadful price. But Pyongyang's apparent efforts to develop a nuclear arsenal have anted up the stakes across the region, even for China, Kim Il-sung's sole remaining ally.

"We want our neighbor, Korea, to be a nuclear-free zone," Vice Premier Li insisted. "If there are too many nuclear weapons, that would be bad not only for the world, but for China, too."

In mid-June, Pyongyang backed off from its threat, issued in March, to withdraw from the 1968 Nuclear Nonproliferation Treaty (NPT). And, in mid-July, it agreed to consult with the International Atomic Energy Agency on nuclear safeguards and to resume talks with Seoul on banning nuclear weapons from the Korean peninsula. But there's still no guarantee that the North will open all of its nuclear facilities to inspection.

"Because of its belligerent nature and aggressive designs on South Korea, in no way could a nuclear-armed North Korea be allowed; it is a life-and-death situation for the people of the South," Park Soogil, the chancellor of the Institute for Foreign Affairs and National Security in Seoul, said in an interview. If Pyongyang declared itself a nuclear power, he added, "that could fuel a weapons competition in Northeast Asia. Japan has a huge supply of plutonium with which it could build weapons at any time."

During the mid-July G-7 summit meeting of major industrial nations, Japan was the only government that declined to endorse an indefinite extension of the

NPT. The Japanese public's profound "antinuclear allergy" makes any deployment of atomic arms by Tokyo wildly unlikely. But Japan adopted this diplomatic stance in response to North Korea's nuclear ambitions.

The Korean drama and the frissons of fear it has sent through Asia are of a piece with the region's near-universal trend toward military modernization. If not yet a full-fledged arms race, this orgy of acquisition is nonetheless disquieting.

According to figures compiled by the Stockholm International Peace Research Institute, Asia accounted for 25 per cent of global military spending in 1991, up from just 15 per cent in 1981. In the rest of the world, defense budgets have fallen by 20 per cent or more since the collapse of the Soviet Union. In Southeast Asia, Taiwan and South Korea, on the other hand, defense spending grew 12.5 per cent in 1991 and held steady last year.

This phenomenon flows from a host of factors, not the least of which is China's looming military presence. Many Asian nations also now have the cash with which to upgrade their arms. Most also have laid claim to often-overlapping 200-mile coastal economic exclusion zones in which they seek to control petroleum and fishing resources.

Indonesia is buying 37 ships from the former East German fleet. South Korea is planning to buy 120 F-16 fighters from the United States. Taiwan has ordered 150 F-16s and 60 French Mirage fighters. Singapore is acquiring 11 more F-16s, for a total of 19. Thailand has bought six frigates from China and is looking at picking up 16 F-16s. Malaysia is buying two missile frigates from Britain and as many as 30 Mig-29 fighters from Russia.

The arms buildup has spurred efforts to craft some sort of pan-Asian security framework. The Bush Administration was leery of this notion, preferring to adhere to the bilateral "hub-and-spoke" arrangement under which Washington has traditionally dealt with each Pacific nation individually.

The Clinton Administration is far more willing to promote a defense dialogue. In his Senate confirmation testimony in late March, Winston Lord, the assistant secretary of State for East-Asian and Pacific affairs, committed Washington to "developing multilateral forums for security consultations while maintaining the solid foundations of our alliances." Japan, too, has actively encouraged broad efforts to craft what it has called "some picture of the future of this region's security."

Given the broad disparities in geopolitical position and strategic interests among Asian states, European models are not much of a guide. A close-knit mil-

itary network such as NATO is simply not in the cards; neither is a larger, looser "talking shop" such as the Conference on Security and Cooperation in Europe.

The forum of choice thus far has been the post-ministerial conference that follows the annual meeting of the Association of Southeast Asian Nations. At the most recent of these events, staged in Singapore in late July, a new Regional Security Forum, which will include all major Pacific Rim nations, was established. "The goal is transparency, and to get countries that mistrust each other to sit down and talk," a U.S. official in Tokyo said.

THE BIG QUESTION

Inevitably, the future role of the United States in Asia was a chief topic of conversation in Singapore. With the budget-driven drawdown now in train, Asian security analysts wonder whether Washington will continue to meet its wide-ranging commitments in the region.

It has hardly escaped notice, after all, that the Navy chiefs in Washington are drafting plans to pare the U.S. fleet from 457 primary warships to fewer than 340—roughly half the size of the vaunted 600-ship Navy that the Reagan Administration sought to build. The number of U.S. aircraft carriers is likely to dwindle from 12 to 10.

"Yes, we are worried, very worried" about U.S. cutbacks in the Pacific, Vice Adm. Chiaki Hayashizaki, the commander of the Japanese Maritime Self-Defense Force base at Sasebo, acknowledged in an interview. "If American forces decrease in the area, instability would become even worse. What Asian countries fear most at the moment is that American forces will reduce in the region, and China will run in to fill the vacuum." (*For a report on Japanese defense policy, see NJ, 7/3/93, p. 1707.*)

U.S. officials caution their Asian counterparts not to confuse downsizing with departure. "Neither our adversaries nor our friends should mistake adjustments in our . . . forces as a diminishment of U.S. commitment," deputy Defense secretary William J. Perry recently proclaimed in Tokyo.

Although the Pentagon has been shaving back the number of troops posted in Korea and Japan, the most striking U.S. force adjustment has been the loss of Clark Air Field and Subic Naval Base in the Philippines. But, a U.S. defense official in Japan said, "the impact of that loss is relatively minor" in the post-Cold War context.

Above all, that impact has been eased by the willingness of Indonesia, Malaysia and Singapore to volunteer access to



The Sasebo Naval Base in southern Japan
Forward-based U.S. troops in the Pacific have fallen by 28 per cent from the Cold War peak.

ports and airfields for U.S. ships and aircraft in need of refueling and maintenance.

"Our post-Cold War strategy emphasizes expanded cooperation and interaction with our regional friends under a philosophy we call 'places, not bases,'" Adm. Charles R. Larson, the chief of the Pacific Command, told Congress earlier this year. "We do not seek large permanent bases in Southeast Asia."

Places where Washington already has large permanent bases, such as the West Pacific territory of Guam, are also filling the gap. "Where everybody else seems to be downsizing, [the military presence on] Guam is growing because of the Subic roll-back," Rear Adm. Edward K. Kristensen, the commander of U.S. naval forces in the Marianas, said. "Where all of this is going to settle out, I don't know. But I think we'll end up in a plus-up position."

The Base Realignment and Closure Commission recently recommended that the naval air station in Agaña, Guam's capital, be shut down. Its functions will be shifted to Andersen Air Force Base, a largely inactive facility on the other end of the island. But 1,500 additional personnel have already been shifted to Guam to run aviation and ship supply and maintenance facilities that have been beefed up in the wake of the Subic shutdown.

This sort of forward presence—Guam is only four hours by air from both Japan and Korea—is key to shortening the logistical umbilicus that's needed to sustain the U.S. forces now operating in Asia, U.S. defense officials say, and thus to "showing the flag" in the ostentatious fashion that so many Asian governments seem to desire.

"We're 12,000 miles from Washington here," Capt. Frank T. Giesemann, the commander of the Sasebo Naval Base, said in an interview. "By having forces on the ground here, we have a lot more influence than if we kept them in San Diego and visited here only every so often."

For the same reason, 8,500 U.S. air, sea and ground personnel embarked on an annual joint exercise, code-named Cobra Gold, with 10,000 Thai troops in May. Similarly, 70,000 U.S. troops participated in the Team Spirit exercise in South Korea earlier in the year.

Whether the United States will still be running such exercises and maintaining so comparatively vigorous a forward presence in the Pacific 10 years from now, much less 20, is but one of many questions raised by the abrupt conclusion of the Cold War. While the consensus across the region demands a continuing U.S. military role in Asia, the ground rules of the game will surely shift, if only because American military and economic clout is on the wane as Asian power waxes.

"The Pacific region is moving toward a new equilibrium, a fundamental change in the balance of power," Muthiah Alagappa, a former Malaysian army officer and now a security analyst with the East-West Center, a think tank in Honolulu, remarked. "That's not yet reflected in the structures of power. So the target today is mainly the maintenance of order and stability. And that is the responsibility of *all* states in the region, not just the United States.

"There is still an important role for the United States, a stabilizing role," Alagappa added. "But the United States has to sort out its own interests in the region and decide on its role." ■