

The Pacific-Basin Model:
The Moderation of Politics

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Economic development, and the means by which economic development has been achieved or not achieved, have played a decisive role in determining whether Asian countries experienced domestic and international strife or an increasing tendency toward domestic and international amity. The degree to which this is true has long been obscured by ideological perceptions and by the details of individual conflicts, but a long view, which compares conditions in Pacific Asia a generation ago with conditions today, illuminates some of those conditions.

Over the last generation, Pacific Asia has experienced rapid economic growth, in some cases equitably distributed and in other cases not, to a degree that has never occurred in prior human history for such a wide geographic area, such a huge number of people, or such a diverse collection of cultures. However, not all of Pacific Asia has experienced such growth. The countries which have failed to achieve it, or which have achieved it without any reasonable degree of equity, provide a backdrop against which one can assess the consequences of rapid growth for domestic and international peace. In particular, Burma, which has failed to achieve growth, and the Philippines, which has achieved less growth and has distributed its existing growth less equitably than other countries in Northeast and Southeast Asia, provide cases of failure that one may contrast with the various kinds of success found elsewhere in the region.

In order to comprehend the shape of the forest, one must step far back from the individual trees. One can analyze the consequences of economic growth and development for peace only by stepping back and taking a long historical perspective. It is therefore appropriate to begin with the period immediately after World War II and the beginnings of the decolonization in order to obtain historical perspective on the present situation of Pacific Asia. Post-World War II conditions in Pacific Asia, from the late 1940s through the early 1960s, present a sharp contrast with today. World War II had disrupted governments, wrecked economies, and spread violence and disorder throughout the region. In most of Southeast Asia, although not in Japan and Korea, there was little sense of nationhood, and tribal loyalties frequently predominated over national loyalties. Decolonization, however good in itself, in many cases brought to power inexperienced elites who became desperate trying to cope with poverty and disorder. In the context of poverty, disorder did not naturally abate. Throughout the 1950s and the early 1960s, most Pacific Asian societies were characterized by the following conditions.

First, a high degree of domestic violence prevailed. Crime levels in major cities were extremely high. Banditry was common in rural areas. Warlords dominated many regions of Southeast Asia, and their feuds were frequently violent. Poverty, a sense of injustice, fears of the market economy, outrage over governments' failure to ensure order, endemic violence, and the presence of communist ideology encouraged the emergence of strong communist guerrilla movements and pro-communist forces in virtually every country of Pacific Asia. At one point, the communist Huks had Manila surrounded. The Malayan Emergency was resolved only after years of bloody, bitter fighting. Until early 1966, the Indonesian Communist Party was the most

institutionalized and fastest growing political force in that country, and it was the third largest communist party in the world. Through the early 1960s, poverty and disorder were the norm in South Korea and pro-communist sentiments were widespread. Thailand and Burma had important communist parties, and Singapore's Communist Party seemed very strong as late as 1959. The communist parties in Indochina were the best organized political forces there.

Second, revolutionary enthusiasm was widespread in the region. This is analytically distinguishable from the gradual growth of organized communist parties, which in principle could have occurred through solid organization and technocratic calculation without revolutionary fervor. They could, in short, have been more like the communist party of the Soviet Union in the 1980s and less like the communist enthusiasm of China during the Cultural Revolution. But, on the contrary, this was an era of revolutionary enthusiasm.

Third, both communist giants, China and the Soviet Union, were actively promoting revolution and revolutionary enthusiasm. Both were seen as revolutionary powers governed by revolutionary principles and seeking to promote revolutions everywhere. Their principles were admired by broad segments of Asian populations and were considered, even by liberal, pro-Western intellectuals, to be serious alternatives to democratic, liberal Western principles.

Fourth, with countries of the region at a common, low level of economic development, communist discipline proved decisive in domestic and international competition. Within countries the communist parties were disciplined and directed toward relatively coherent goals, while their

opponents were loose coalitions practicing fractious indiscipline and pursuing incoherent priorities. Between countries, the non-communist powers displayed the internecine strife of market economies and of more or less undisciplined coalitions, while the communist countries displayed organization, purposefulness, and the ability to direct both economy and polity toward clear political and military goals. In countries as disparate as Indonesia and South Korea, it was widely assumed by leftists, neutralists, and pro-Western analysts alike that the communist forces possessed a kind of natural and inexorable superiority which could be overcome only by overwhelming external pressure from the United States. The degree to which this perception predominated was so great that it is very difficult to communicate to a younger generation which never experienced it.

Finally, throughout the region, territorial disputes were the rule rather than the exception. The Philippines claimed Sabah in Malaysia. Indonesia had territorial disputes with Malaysia and the Philippines. For a while Indonesia seemed to claim the right to dominate most of the region. Malaysia and Thailand had serious border disputes, as did Thailand, Burma, Laos, Cambodia, and China wherever they had common borders.

This was the situation for most of the first post-World War II generation in Pacific Asia. Virtually all of the Third World, including Singapore and Malaysia, fit the description, and, to an extent that few remember today, even Japan fit the description. It is all too easy to forget from the perspective of 1985 that 30 years ago the Soviet Union wanted and expected to divide Japan between a communist north and a non-communist south. There was a widespread expectation through much of the 1950s that Japan would never again be an

industrial country and that the dominant image of Japanese society would derive from the rice paddies. Leftist rioting dominated much of the political news from Japan. The Japanese Communist Party appeared extremely powerful, certainly a serious contender for eventual political power. And the non-communist opposition forces were dominated by radical factions of the Japanese Socialist Party.

Into this situation intruded two major historical forces. The first, and the most visible from the mid-1940s through the mid-1960s, was the conservative, pacifying force of the United States, which deployed everywhere its hegemonic economic position (half of the gross world product in the early 1950s), its predominant post-War political position and contacts, and its military power. The United States gave aid, trained technocrats, built alliances, consolidated its military bases, and when necessary (as in Korea) deployed its own soldiers in order to create a barrier to communism and to suppress disorder. As in Europe, the United States made frantic but frequently unsuccessful efforts to reduce conflicts among its allies. This was critically important to what came later, but one of the lessons of Vietnam and of many other parts of the world is that such an external force cannot long succeed without nationalism, cohesion, political will, and development in the country and in the region. Pacific Asia is too big, too diverse, and too unruly for any outside power to pacify. The American effort failed completely in Indochina, a small corner of the region where the United States made a tremendous effort to prevail. The U.S. has had little impact on Burma and finds itself in difficulty elsewhere in the world, for instance Central America, where indigenous developments have failed to create political cohesion, economic development, and central military power. Hence the U.S.

effort at containment could not have succeeded in Pacific Asia in the absence of largely indigenous developments which created strengths internal to the region.

In the rest of the region however, the U.S. did succeed -- or, more precisely, the mutual aspirations of most of the regions' governments and of the U.S. for greater cohesion, greater peace, greater prosperity, and greater stability--were achieved through a combination of indigenous developments and secondary U.S. support. Economic development played a critical role in this change, and economic development was achieved by means which were largely peculiar to the region. Distinctive strategies of development made Pacific Asia's performance extraordinarily successful by comparison with the performance of South Asia, Africa, and Latin America.

While it is dangerous to generalize economic models of development in such a diverse region, and while it is still more dangerous to generalize about the underlying political-economic models of development, there has been a shared logic in the Pacific Asian development successes which can be described without stretching the evidence excessively. To the extent that this model has been implemented, superior economic performance has made it possible to achieve the goals of stability and peace, at least for one generation, whereas to the extent that the model has been ignored the result has without exception been continuation and worsening of domestic and international strife. Although the revolutionary thrusts of the Soviet Union, China, and Vietnam have played a significant role in the region, they have never succeeded where the Pacific Asian model of development has been implemented. Although American and Japanese efforts to stabilize the region

have had a major impact, most impressive in the military shields provided to South Korea and Taiwan, they have never achieved stability when indigenous political-economic development has failed.

The following model is a composite, which no country in the region fits completely. Some countries, such as South Korea, had no need to create nationalism since it was already there. Some countries implemented the parts of the model which led to growth, but not the parts of the model which led to equity, and thus achieved some of the political and security benefits of the model but not others. But there is an overall integrity to the way Asian countries achieved economic development, then exploited that development to enhance peace and security.

The prerequisite of any economic development in this model is prior stimulation of a sense of nationhood, if necessary by fighting a vigorous battle for independence and then, even after independence, waging a vigorous campaign against real or imagined adversaries in the developed world and against one's neighbors. This prerequisite of any further development, as Sukarno so brilliantly understood, was worth achieving even at great short-term cost to economic development and to relations with the major powers.

Having achieved a sense of nationalism, the next step is also political. To a greater or lesser extent, institutions must be cleaned up; the military, key civilian government agencies, and often some businesses which exercise preeminent roles in the economy must be purged of the corrupt and the incompetent. This was the administrative rock upon which Park Chung Hee, Chiang Ching-kuo, and Lee Kwan Yew built their economic successes. If the

government's development policies are to be a success, there must be effective institutions capable of implementing those policies. Having purged the institutions (never completely and never with the goal of completely depoliticizing them), the leaders install Western-trained technocrats who share their belief that economic dynamism will save their country from domestic revolution and international subordination. These technocrats crack down on crime, political strikes, and disorder, and repress the powerful pressure groups which cause government policy to be subverted by patronage and cause economic rationality to be distorted by the inflation which always is the consequence of strong pressure groups pushing on a weak government.

If necessary, and nearly everywhere it has been seen as necessary, they use authoritarian methods to accomplish these goals. Nearly all Third World countries have shared the goal of democracy. Many, including in Asia most notably the Philippines and Malaysia, have experienced periods of democracy; even South Korea had an interlude of complete democracy in 1960-61 and subsequent interludes of relative democracy. But throughout the Third World only a handful of democracies have survived. Even in those handfuls, social conditions frequently raise questions about whether traditional Western democratic institutions are really providing anything that resembles the traditional meaning of democracy. Much of Western journalism and academic scholarship has been premised on the assumption that stability requires democracy, and over a very long period of time it is probably true that continued stability will require far greater degrees of political liberalism and of popular influence over the selection of leaders. But in countries with per capita incomes between \$100 and \$2000, democracy has been scarce and has not been strongly associated with improved human dignity, with domestic stability, or with international peace.

THE PACIFIC ASIAN MODEL

STIMULATE A SENSE OF NATIONHOOD, IF NECESSARY BY ANTAGONISM TOWARD THE DEVELOPED POWERS

CLEAN UP INSTITUTIONS

--PURGE CORRUPT, TIMESERVERS, INCOMPETENTS

--INSTALL WESTERN-TRAINED TECHNOCRATS

CRACK DOWN ON CRIME, POLITICAL STRIKES, DISORDER

REPRESS PRESSURE GROUPS THAT CAUSE PATRONAGE, CORRUPTION, INFLATION

COME TO TERMS WITH THE ADVANCED INDUSTRIAL COUNTRIES IN ORDER TO SHARE THEIR CAPITAL, MARKETS, AND TECHNOLOGY

KEEP MILITARY BUDGETS SMALL, DEVELOPMENT BUDGETS HIGH

SHIFT TO EXPORT-LED GROWTH

REFORM INCOME DISTRIBUTION

--LAND REFORM

--LABOR-INTENSIVE INDUSTRY

CHEAP LABOR, TEXTILES, AGRICULTURE

--HUGE INVESTMENT IN EDUCATION

COOPT WITH THE LEFT WITH EGALITARIAN REFORMS, THE RIGHT WITH GROWTH: GIVE THE MASSES A STAKE IN SOCIETY

CREATE LARGE, MODERN FIRMS TO ENHANCE TRADE

CREATE EXPORT PROCESSING ZONES

ACQUIRE TECHNOLOGY, CAPITAL AND TRAINING FROM MNCs AND INTERNATIONAL BANKS

--USE TECHNOCRATS AND NATIONALISTIC LEADERSHIP TO MAXIMIZE BENEFITS FOR COUNTRY

MOVE UP A LADDER THAT STARTS WITH LABOR-INTENSIVE SECTORS:

--AGRICULTURE AND RAW MATERIALS

--TEXTILES, SHOES

--LIGHT INDUSTRY, ESPECIALLY CONSUMER ELECTRONICS

--HEAVY INDUSTRY

--HIGH TECH

USE AUTHORITARIAN MEANS IF NECESSARY TO ACCOMPLISH THE ABOVE

Having established their position, the technocrats typically come to terms with the advanced industrial countries, in order to profit from developed nations' capital, markets, and technology. For instance, Park Chung Hee forced his fellow Koreans to accept the reopening of diplomatic relations with Japan, and Suharto came to terms with Western financial institutions. Success has required the nations of Pacific Asia to deal with multinational corporations, to deal with Western banks, and to orient at least parts of their economies toward servicing international markets; simultaneously they also maintained the domestic political cohesion, clarity of purpose, and integrity to avoid being manipulated by those foreign institutions. They have grown and improved their income distributions by coming to terms with economic reality and avoiding the false ideological posturing of many Latin American states. Their integrity at the top, despite the inevitable corruption on many peripheral issues, has enabled them to avoid the subversion by foreign interests so common in Africa.

Contrary to what one would expect, the success of Pacific Asia's third world nations has not depended primarily on whether the leaders saw themselves as leftist or rightist, or on the details of how they managed their relations with multinational corporations. South Korea has generally held big multinational corporations at arm's length, whereas Taiwan and Singapore are much more open to them. Singapore's Lee Kwan Yew originally was a product of the left. Park Chung-hee spent some time in jail for his association with a communist front, and his economic and social policies were far to the left of the democratic government which preceded him. Taiwan's economic planners used to start every major briefing by explaining that they were running a socialist economy; much of the market orientation was originally imposed under pressure

from the U.S. On the other hand, many of their policies are now perceived as right wing. What has counted has been the degree to which their political institutions facilitated technocrats' implementation of rational policies by providing the domestic political prerequisites of their success: to repeat, political cohesion, clarity of purpose, and integrity.

The most successful countries have, very early in the game, also taken radical steps to improve their income distributions. South Korea and Taiwan, as well as Japan, implemented radical land reforms, made extraordinary financial commitments in order to ensure universal education, promoted agriculture and labor-intensive industry to spread the benefits of growth among the maximum number of people, and created tax systems are highly progressive. These countries were far more successful in achieving egalitarian income distributions than Western countries have been, but generally have not received credit for their success in this respect.

Economically, these countries have advanced by moving gradually up the ladder from agriculture to textiles and shoes to consumer electronics to heavy industry and eventually to computers and sophisticated service industries. They have always exploited the characteristic mechanisms of market economies: they have sought to serve the available markets, to use intense domestic and international competition in order to enhance their efficiency, and to motivate workers and enterprises through powerful market incentives. Conversely, however, their governments have taken a far more active role in building economic institutions, and in leading their economies toward higher levels and quick adjustments, than their market-oriented counterparts in the West. In other words, they have been neither socialist nor capitalist in the

traditional meanings of those words, but have created a new model of their own. Politically, they have advanced by stimulating nationalism, imposing order, creating meritocratic institutions, coopting the left with egalitarian reforms, and placating the right with economic growth. The most successful have used the United States, explicitly or implicitly, to provide a military shield, while they kept their military budgets limited and their development budgets as large as possible. Japan has always done this. South Korea did this throughout the 1960s and 1970s. In its own way China is doing it today. Against all the predictions of the experts a decade and two decades ago, South Korea overshadows North Korea today because of the success of this strategy. Similarly, if China continues moving in the direction of such a strategy, and the Soviet Union and the Vietnamese empire do not, then China will come to overshadow those neighbors, possibly in little more than a generation.

In short, despite all the extraordinary regional variations, the experience of Pacific Asia does point to a new and successful political-economic model: neither capitalist nor socialist; neither democratic nor communist; with the incentives favored by the right and the egalitarianism favored by the left; with a basic market orientation but also a government stronger and more interventionist than any in the West. This model, when fully implemented--and it seldom is outside of Japan, Taiwan, and South Korea--offers growth potential far superior to the U.S., Western Europe, and Soviet bloc models.

In the process of implementing this overall model, Asian countries have frequently exploited various tactics, such as creating large modern firms to enhance trade; creating export processing zones; keeping their currencies

sufficiently well-aligned with market forces to ensure the competitiveness of their exports; and so forth. But these have been the details of the strategy, and the use of such details has varied widely. For instance South Korea depends on small number of huge firms, whereas Taiwan depends on numerous small firms. Taiwan has avoided foreign indebtedness (its net foreign debt is negative), while South Korea relies heavily on foreign borrowing. As noted earlier, attitudes toward multinational corporations are diverse. While these are just tactical variants within a basic strategy, they have often been treated by writers as if they were the essence of the strategy.

The economic consequences of this model have been straightforward. Pacific Asia has experienced far higher rates of growth than any other region of the world. Second, Pacific Asia has been far more resilient against economic crises than its counterparts elsewhere. Aside from Indonesia and Malaysia, the countries of Pacific Asia are oil-poor, but they avoided Latin America's and Africa's disasters in the aftermath of the rises in oil prices. Although they are highly dependent on exports, the Pacific Asian countries did better in recession years like 1975 and the early 1980s than their counterparts elsewhere. Although countries like South Korea are highly indebted, they sailed through the global financial crisis without the reschedulings that plagued most of Africa and almost all of Latin America. Those countries which seriously implemented policies intended to eliminate mass unemployment and to improve income distributions (most notably Japan, South Korea, and Taiwan), achieved their goals, while their more right-wing neighbors to the south did not achieve the benefits of egalitarianism.

The political consequences have been equally dramatic. In every country except Burma and the Philippines, domestic communist forces have radically declined in numbers and effectiveness. Economic development has provided modern roads and communications and administrations, which have enhanced the sense of nationhood and unity. Internationally, the Philippines, Malaysia, Indonesia, and Thailand, and a China which even under Mao Zedong focused its priorities on economic development rather than territorial conflicts, have concluded that domestic economic development is much more lucrative than the ancient mode of achieving prosperity by foreign conquest. Despite the fractiousness of market economies and more open polities, it is now clear that higher standards of living, higher levels of technology, and larger national budgets have increasingly shifted the balance of power away from North Korea toward South Korea and away from Vietnam toward ASEAN.

In the process, revolutionary enthusiasm has dwindled both in the non-communist countries and in the Soviet Union and China. In the Soviet Union, revolutionary enthusiasm dwindled through a process of bureaucratization. In China it dwindled because of the manifest economic failures of the Cultural Revolution era and the manifest economic successes of most of China's neighbors. Deng Xiaoping initiated his conservative economic revolution in China with speeches in which he praised the economic successes of Taiwan, and he has promoted the continuation of that conservative revolution recently by sending numerous senior generals to the region near Hong Kong in order to observe the beneficial economic developments that have resulted from more market-oriented policies. Thus, the success of China's neighbors has induced China to change its policies in ways which reduce ideological division, reduce China's promotion of revolutionary warfare, and

generally stabilize both China and the region. The Pacific Asian model is not just an economic model, and not just an economic success; it is a political model and a domestic and international political success also.

The reasons for this political success are not obscure. Economic growth meant that politics was no longer a zero-sum game. At home and abroad, growth reversed a millenia-old fact and tradition that the only sure way to prosperity was plunder of one's neighbors. Modern military technology, itself a consequence of growth, makes plunder terribly destructive. The Pacific Asian model of development makes a focus on cooperative, indigenous growth extremely attractive.

In contrast, Burma today resembles Southeast Asia of the 1950s. Burma believed that its national integrity required cutting itself off from the outside world. It believed that economic development would result from self-reliance vis a vis outside countries. Burma believed that social benefit would follow from thoroughgoing government control of the economy. This argument was taken seriously by most analysts of a generation ago. But today Burma has failed to achieve growth. It has failed to achieve a reasonable income distribution. It has failed to achieve technological advancement. In the process it has failed to create a sense of national identity and failed to bring peace to its long-suffering citizens. It is faced by half a dozen major internal insurgencies. It is vulnerable to manipulation by outside powers, most notably China. And its inability to control its politics leads to difficulties with its neighbors, as overlapping insurgent groups, drug rings, and warlord factions spill back and forth across the borders. The intentions of Burma's leaders have been noble. But its search for purity has left it an infertile old maid, so torn internally that its pain affects its neighbors.

The Philippine situation is different. The Philippines declared adherence to the Pacific Asian model, but never really implemented it. In the era when the Philippines was a democracy, President Marcos's advisors carefully studied the development successes of Singapore and South Korea. In 1972, they declared martial law with a view to implementing what they referred to as a Singapore-style model but which bore a closer resemblance to the South Korean model. Many of the early policies appeared quite progressive and seemed to achieve some success. The Marcos regime collected huge numbers of weapons from private individuals who had used their weapons in ways that created disorder. It destroyed much of the reactionary old landed elite. It appointed a group of world-class technocrats to senior government positions. It celebrated the reduction of congressional corruption. It imposed law and order and reduced street crime. In parallel with these political reforms, it invested heavily in infrastructure, improved the taxation and investment rules, rationalized foreign investment policies, attracted numerous loans from international financial institutions, and founded a group of very large trading companies which seemed to be modelled on their South Korean counterparts.

While undertaking these right-wing political and economic reforms, the Marcos martial law regime nonetheless coopted the left with seemingly egalitarian reforms. A formerly left-leaning labor leader became Marcos's Minister of Labor. Luis Taruc, the former head of the Huk guerrillas, became a land reform leader. A leftist intellectual, Adrian Cristobal, became presidential spokesman and key member of the board of the Social Security System. A vast land reform eliminated all rice and corn holdings larger than 7 hectares. The agrarian reform included vast investments in roads, rural

credit, rural electrification, irrigation, and improved prices for farmers. Discrimination against the Chinese minority was reduced both by making access to citizenship easier and by eliminating certain barriers to Chinese participation in the economy.

There was widespread expectation at the time that these reforms would lead to development successes parallel to those which had occurred elsewhere. Public order improved. The economic growth rate increased. The country almost achieved self-sufficiency in rice by 1976. The political consequences were equally dramatic so long as these expectations persisted. Dissidence almost disappeared in Central Luzon, for a century the heart of religious and communist uprisings in the Philippines. Marcos attracted broad support from the middle class and from big business as well as from farmers who liked land reform and agrarian reform..

But in the Philippine case the land-reform stagnated by the mid-1970s. The administrative reform stopped at the top, and corruption and incompetence remained otherwise universal. The great firms founded by Marcos associates did not become less protected and more efficient in the manner of their Taiwanese and South Korean counterparts; instead they became more and more protected by Presidential fiat and less and less competitive. The creation of monopoly sectors and protected industries reduced productivity. Agricultural marketing reforms taken in the name of helping the common farmer became monopolies which plundered the farmers instead. Instead of building sound institutions, the government systematically weakened the courts, the military, the competitive businesses, the financial management, and the orderly administration of government. The military budget was enormously expanded

rather than being kept under control, and military discipline and competence underwent an extraordinary decline. Enormous foreign debts were contracted but were not put to productive use; whereas in Pacific Asia as a whole it takes only \$2 of investment to increase annual economic production by \$1, in the Philippines it took \$9 of investment to accomplish that result.

Gradually the economy became less able to borrow. A dozen years after the initiation after martial law, the economy simply collapsed. As with weak firms, the collapse came at a time when general economic conditions were poor. But the Philippines' neighbors weathered the recession because they had been building institutions while Philippine institutions were decaying.

Politically the consequences were similar. After two years of declining crime and domestic violence, the crime rate increased to its previous level and has steadily increased since then. Whereas there were fewer than 200 armed communist guerrillas in 1966-67, and only 800 when martial law was declared, today estimates range from 15,000 to 20,000. Filipinos today face not only poverty and inequality, but crime, civil war, and governmental instability. The problems of the Philippines provoke ASEAN fears that the diplomatic unity of ASEAN is about to be threatened and that domestic Philippine strife will spill over into Indonesia and Malaysia. The regional balance between ASEAN and Indochina is fundamentally threatened. Because of the centrality of Clark Air Base and Subic Naval Base to American capabilities in the Pacific, in the Indian Ocean, and even in the Middle East, and because the Soviet Union has developed a powerful military presence in Vietnam and a global naval capability, the global balance is vulnerable to a shift if Philippine instability becomes too serious.

In the Philippines, the failure of the Marcos era is taken by many to be a failure of the Asian development model. The record shows, on the contrary, that the Philippine regime never truly implemented the reforms that are crucial to the success of the Asian model or implemented them only at a superficial level. Burma and the Philippines, the two countries which have failed in the greatest degree to implement the Asian development model, are the sources of instability and weakness which, with great visibility in the Philippine case and considerable obscurity in the Burmese case, potentially threaten the stability and continued progress not only of themselves but of their regional neighbors.

Despite the failures in Burma and the Philippines, the overall model remains a success. Even those countries which have only partially implemented the model have benefitted greatly. Indonesia has moved only partially in the direction of a market economy, and has done almost nothing to improve the income distribution, but it has moved sufficiently far in the direction of its neighbors to avoid the financial tragedies of other overpopulated, oil-dependent states such as Nigeria and Mexico.

The Pacific Asian model has generated a great deal of self-sustaining economic growth and political cohesion. Nonetheless, much of the region remains poor and vulnerable. It is in the interest of the Western alliance, and increasingly of China for the Pacific Asian success story to continue. Despite the adjustments forced by Asian competitiveness, and the hurt Western pride in being so frequently beaten, Pacific Asian successes have enhanced global prosperity and improved global stability.

To enhance the prospects for continued growth and peace, the West needs to focus on four priorities:

First, it must avoid disruptions of the Pacific Asian system. These could occur through trade war caused by short-sighted policies in Washington and Paris; through disruption by local Soviet proxies; or through a tendency to replace economic priorities with military priorities (thereby replacing the South Korean model with the Pakistan model).

Second, the West should enhance the Pacific Asian system through flexible regional institutions, perhaps modelled on the OECD, in order to spread knowledge of the routes to success and to achieve certain minimal kinds of coordination.

Third, the West should act decisively to isolate areas of disruption, most notably Indochina and the Philippines, so that Pacific Asian success ameliorates the problems rather than being disrupted by them;

Fourth, the West needs to help the impoverished South Pacific states in order to avoid disorder and the possible outflanking by the Soviet Union of the more prosperous Asian region to the north.

These priorities are obvious when one focuses on the Pacific Asian model and its economic and political benefits. But political leaders faced with unemployment at home and Soviet meddling abroad are often quick to exclude

Asian goods and to replace economic with military priorities. The central lesson of the last generation in Pacific Asia is that more far-sighted policies yield superior results.

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