
Shultz in Asia

Pledging security, but boosting the IMF

by Susan Maitra in New Delhi

U.S. Secretary of State George Shultz's major objective on his just completed 10-day tour of Asia was to mend frayed ties with India and the nations of Southeast Asia. In this effort, Shultz focused above all on concessions—some real, some fictitious—on various particular regional security issues, e.g., ameliorating Henry Kissinger's notorious "Pakistan tilt" against India. However, Shultz completely stonewalled on what is really the major security issue in the region: the potential for social instability in Asian countries due to the world trade depression. Regarding the latter problem, Shultz simply forecast that U.S. "recovery" would eventually solve the problem, suggesting, in the meantime, that countries accept nation-killing International Monetary Fund (IMF) austerity conditionalities.

Therefore, while this trip has, in the opinion of Asian officials, produced both genuine and merely public relations victories for American influence in the region, that improvement may be undermined down the road in the face of growing economic turmoil.

Southeast Asians don't believe recovery

The major issues in Shultz's first stop, Southeast Asia, are Kampuchea and the fact that, in the last six weeks, the depression has forced country after country to slash billions from their industrial development programs.

At a June 25 stop in the Philippines, Shultz told President Ferdinand Marcos to continue "economic adjustment," such as investment cutbacks and the recently announced peso devaluation. Shultz then flew to Bangkok, Thailand for an 11-nation meeting hosted by the foreign ministers of the Association of South East Asian Nations (ASEAN) which includes Indonesia, Philippines, Thailand, Singapore, and Malaysia.

The ministers told Shultz they didn't believe in reliance on the weak "U.S. recovery." Rather, the ASEAN ministers insisted in their own communiqué, "For global recovery to materialize and endure, it is imperative to . . . revitalize the development process and especially to accelerate economic growth in the developing countries." Shultz stuck with proposals for further IMF-style "adjustment," and opening the door to more American private investment.

Regarding Kampuchea, Shultz echoed Peking's long-standing tactic of keeping the Kampuchea fighting going in order to "bleed" Vietnam. After raising suddenly discovered

"evidence" of Vietnamese "colonization" of Kampuchea, Shultz urged the ASEAN nations to resist talks with Vietnam since "time was on their side." Due to Shultz' pressure—as well as other factors—the ASEAN ministers backtracked on terms of a June meeting between Thai Foreign Minister Siddhi Savetsila and Vietnamese Foreign Minister Nguyen Co Thach, raising new preconditions to any Siddhi visit to Hanoi for talks on Kampuchea and other issues.

In regard to the Indian subcontinent, President Reagan has been trying to end the previous U.S. presumption that America could have good relations with *either* India *or* Pakistan, usually choosing Pakistan. Reagan has been trying both to solidify a misguided strategic alignment, not with Pakistan as such, but with Pakistani dictator Zia ul-Haq—an alignment designed by Henry Kissinger—while also attempting to improve cooperation with Indian Prime Minister Indira Gandhi. For her part, Gandhi—both as head of state and as leader of the 101 members of the Non-Aligned Movement—has tried to engage Reagan in cooperative efforts on a number of international strategic and economic issues, as well as bilateral cooperation, without jeopardizing India's proud independence.

The still-fragile relationship between India and the United States received a jolt just before Shultz's arrival. An unfortunate offhand comment by U.S. Ambassador Harry Barnes on the subject of U.S. granting of visa status to "Khalistan" separatist fanatic Jaghit Singh Chauhan provoked a furor, including calls for Barnes' removal and the first ever demonstration by the ruling party, i.e., the Congress-I Party, at the U.S. Embassy. With the White House determined to make the visit succeed, Shultz stepped off the plane and declared, "I want to emphasize that the Reagan administration is fully committed to the unity and territorial integrity of India."

Shultz also announced that the United States would meet India's request for spare parts for the Tarapur nuclear facility, which Reagan had decided to provide over objections from some U.S. Congressmen.

On the other hand, Shultz rebuffed the proposal of Mrs. Gandhi and the Non-Aligned Movement to deal with the international economic crisis through a worldwide conference on monetary reform and Third World development. Asked by *EIR* about this proposal, as well as U.S.-Indian differences on whether or not the integrity of the IMF can be challenged in any such conference, the secretary responded emphatically that the integrity of the IMF must be maintained, and sidestepped a response on the conference proposal.

Proceeding next to Pakistan, Shultz and Zia discussed stepped-up coordination around Afghanistan and the Middle East. Following the meeting, Zia told the press it would take a long time before any negotiations with the Soviets on Afghanistan yielded results. Shultz was very careful to repeat in Pakistan that the United States valued ties with *both* India and Pakistan, and that the United States is interested in promoting improved relations *between* Indian and Pakistan.