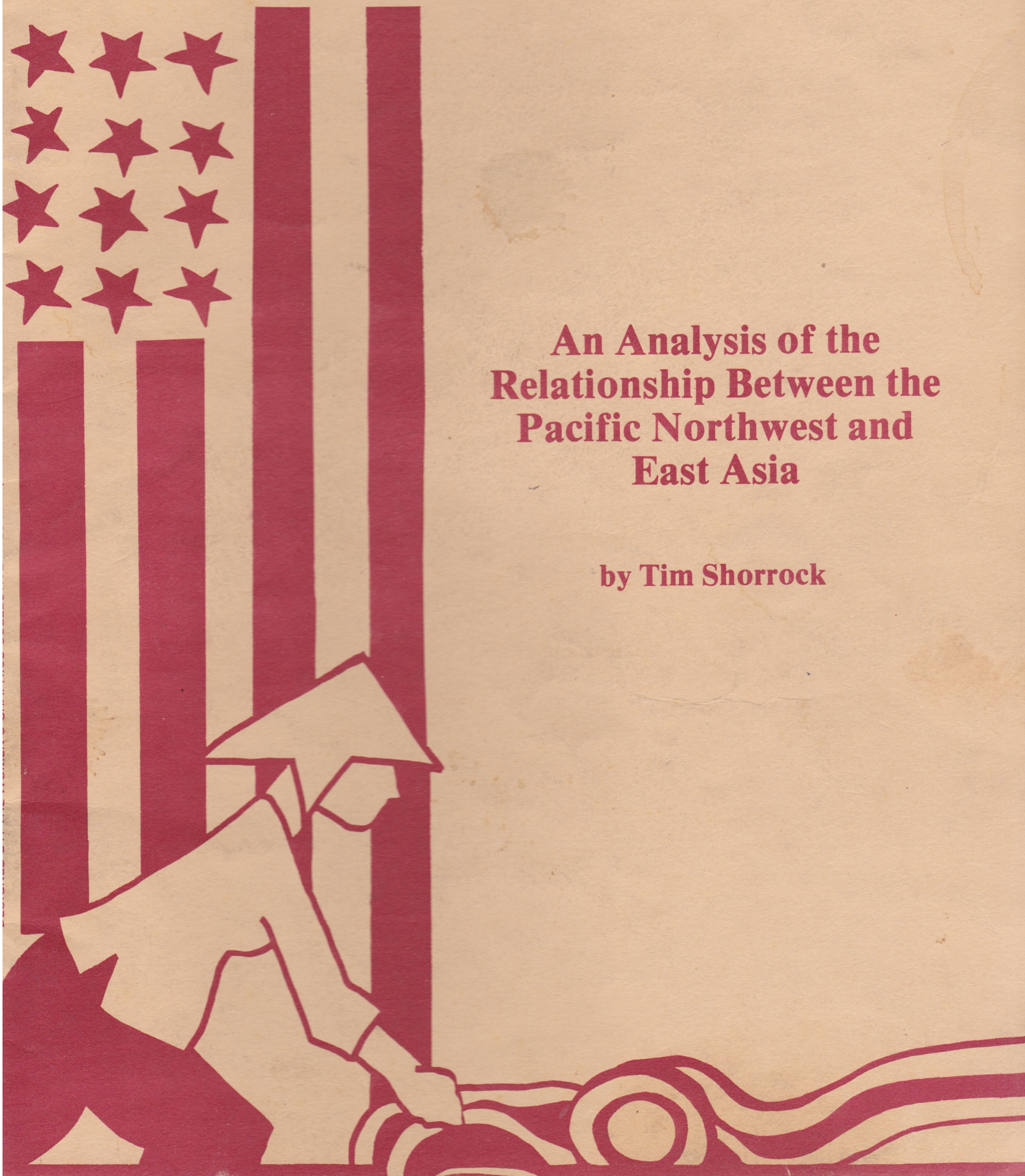
THE POLITICAL ECONOMY OF THE PACIFIC RIM



An Analysis of the Relationship Between the Pacific Northwest and East Asia

by Tim Shorrock

INTRODUCTION

On June 3, 1980, two weeks after the military had seized total control of south Korea, John Moore, the President of the U.S. Export-Import Bank arrived in Seoul. The blood in Kwangju—scene of one of the largest insurrections against military rule in south Korean history—was barely dry. Despite the events of the past month, Moore signed agreements to loan the military junta several hundred million dollars for the construction of six nuclear power plants being built by Westinghouse Corporation. Asked by a reporter if such overt support might be a violation of human rights, a State Department planner replied, "It is not a human rights issue. It is a question of the national interest of the United States in achieving and maintaining stability in Northeast Asia."

The purpose of the Pacific Rim Economic Project and this pamphlet is to analyze the economic structure of the Pacific Rim (the countries in Asia and North America bordering the Pacific Ocean); to analyze the economic relationship between the Pacific Northwest and its major trading partners, Japan and south Korea; to describe the historical background of the U.S. in Asia; and to redefine the "national interests" of the United States and expose the reality behind "maintaining stability" in Asia.

This pamphlet is the result of nearly three years of research and political work. It grew out of my years of living in Asia (I was raised in Japan and south Korea), my experiences with the anti-war movement of the 1960s and early 1970s, and several years of work-place organizing in California and Maine. In 1977 I returned to school at the University of Oregon in Eugene, where I began to research the political economy of south Korea and participate in Korea support work. It didn't take me long to find out that south Korea carries on more trade with Oregon than any other nation outside of Japan, and is the second-largest purchaser of the state's exports—particularly wheat. The more I researched this relationship, the clearer the picture became: the "cheap" labor force of south Korea is largely a result of policies that have encouraged food imports and discouraged farming. This provides a large market for U.S. grain, especially Northwest wheat. Second, the "cheap" labor in Korea enables U.S. corporations to move abroad to take advantage of wages that are one-tenth those of U.S. workers.

But imports from south Korea have taken away the jobs of thousands of workers in U.S. industries, particularly shoe workers, electronic workers, and textile and garment workers. With the enormous U.S. military support for south Korean dictatorships, American workers are put in a position of supporting a relationship that is harmful to their interests and dependent on the repression of the working class in south Korea. While the government and the press tries to tell us of the dangers of the "north Korean" threat to "freedom and democracy" in south Korea, our military aid goes to repress worker, student and religious opponents of this exploitative economic system.

The U.S.-Korea relationship is one aspect of a larger political and economic structure that has developed over the last 35 years. This pamphlet concentrates on the social impact of Pacific Rim economic relations by looking at how U.S. trade and investment affect working people in both the U.S. and Asia. The focus will be on: the impact of grain imports from the Pacific Northwest on farmers in south Korea; the increasing corporate domination of Northwest agriculture; the relationship between the rising number of plant closures in the Northwest lumber industry and log exports; the investments by U.S. wood-products corporations in Indonesia, the Philippines, and Korea; and the relationship of independence struggles in Asia to our own struggles in the U.S. to create a more equitable and democratic economic system.

This pamphlet is not "objective" or "neutral." It takes sides; it encourages resistance. I have written it in the hope of encouraging a more internationally-oriented movement in the United States. Many local issues—such as plant closures—and many international issues—such as human rights violations—are directly related to the workings of the international capitalist system. To work towards change in the Northwest, we must focus on the close economic relationship of Oregon, Washington, Idaho and Alaska to Japan, south Korea, and the Philippines. Without this international perspective, our solutions can only be half-way measures that do not go to the root of the problem. By clearly showing how the people in the Northwest and Asia are oppressed by the same forces, I believe this pamphlet can create links between our movements, give each other strength, and make us more effective in the long-run struggle to regain control over our lives.

Comments and criticisms will be gratefully accepted. Write to Tim Shorrock c/o Nautilus International, Inc., 2237 Carleton Street, Berkeley, California 94704.

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CHAPTER I

THE PACIFIC RIM AND CAPITALIST DEVELOPMENT IN ASIA

EAST ASIA PRIOR TO WORLD WAR II

Prior to the second world war, the countries of Asia were nearly all colonies. The Philippines was a colony of Spain until 1898, when it became a colony of the United States. Korea, Taiwan, and Manchuria (the northeastern part of China) were colonies of Japan. India, Burma, Pakistan, Ceylon (Sri Lanka), Malaya, and the trading cities of Singapore and Hong Kong were colonies of England. Indonesia was a colony of Holland. Vietnam, Laos, Cambodia (Kampuchea) were colonies of France. Germany had smaller holdings in China, while Portugal had small colonies on the south coast of China (Macao) and on the island of Timor in the Indonesian subcontinent.

Trade and investments in the colonies were controlled by the European countries or Japan for their own benefit. Most colonies had a dual economy, with a modern sector (trade, limited industry) financed by foreign capital and a traditional sector (primarily subsistence agriculture) based on domestic capital. Little linkage existed between the two sectors; profits from the modern sector were rarely re-invested in the traditional sectors, but instead flowed back to the colonizing countries.

Under this system, which came to be known as imperialism, the colonies were a source of raw materials and markets for the capitalist countries' manufacturing industries. Southeast Asia primarily provided a source of rubber, tin, petroleum, bauxite, and wood for the European countries. In Northeast Asia, Japan used the southern part of Korea as a source of cheap food for its empire and built up the northern area as an industrial base producing minerals, steel and munitions. Manchuria was developed in much the same way, producing large amounts of coal, pig-iron, cement, chemicals and machinery. In 1935, Taiwan, Korea and China received 41 percent of Japan's exports and provided 35 percent of Japan's imports—chiefly food and raw materials.[1] During the war, thousands of Koreans and Chinese were forcibly evacuated to Japan, where they were used as slave laborers in Japanese factories and mines.

U.S. investments during the prewar period were concentrated in the oil industry of Southeast Asia and China. American trade, however, was primarily with Japan. In 1938, the U.S. exported $575 million worth of goods to Asia. Imports totalled $556 million.[2] Nearly one-half of these exports went to Japan, mostly cotton, petroleum, iron and steel, machinery, copper and lumber, purchased by Japanese industrialists engaged in manufacturing consumer goods, munitions, and plant equipment.[3] The principal Japanese exports to the U.S. were light industrial commodities, primarily textiles and cotton goods.

JAPANESE IMPERIALISM AND WORLD WAR II

Since the 1890's, the rise of Japan as an industrialized and expanding power had been a threat to the established imperialist powers in Asia. But until the 1930's, Japanese conquests in China and Korea were recognized as legitimate. The tensions caused by the Great Depression of 1929 led to serious conflicts, which led directly to World War II.

By 1929, the Japanese economy was controlled largely by giant industrial conglomerates called *zaibatsu*. Military conquests of Korea and, especially, Manchuria greatly benefited the zaibatsu by expanding their markets and providing a cheap source of labor. There was a close connection between the government, the military, and Japanese capitalists.

The Depression dealt a severe blow to Japanese farmers and silk exporters. But it greatly strengthened the monopolized sectors of the Japanese economy, particularly the manufacturers of cotton and chemical textiles. As the economies of Europe and the U.S. stagnated, Japanese exports of these products increased enough to cause the Western nations to throw up protective barriers. This added to a growing sense of nationalism and isolation in Japan.

During the 1930's, as the Japanese military expanded, the heavy industrial sector of the Japanese economy also grew—and with it the need for raw materials and markets. Economic concentration in the zaibatsu increased. But the uneven development of the economy fell hardest on the peasantry, and it was from the peasantry that most of the Japanese army came. When a group of army officers attempted a coup in 1936 and assassinated several government and corporate officials, Japan's ruling class began to support a more direct policy of expansion than before. They began to plan how to gain control of Asian supplies of oil, tin, rubber, bauxite and other strategic materials. They also began to consolidate their hold on China.

Both the Japanese military actions in China and their concentrated export drive led to censure by the U.S. and Britain. Economic pressures increased: commercial treaties were not renewed, embargoes were placed on exports to Japan of oil and scrap iron, and, in July 1941, the U.S. froze all Japanese assets in the U.S. as a response to the Japanese occupation of Indochina.

These acts by the U.S. were perceived by many Japanese as unfair. Since the U.S. appeared content with British and French policies in Asia, the Japanese ruling class could not comprehend why Japan's activities in China were so upsetting. With strategic materials being blocked, the Japanese moved towards war with the U.S. In December 1941 the Japanese military attacked the U.S. naval base in Hawaii and occupied most of Southeast Asia.

World War II changed the fundamental politico-economic structure of Asia. The destruction of Europe caused a weakening in the economic links between the colonies and the colonizers. The Japanese occupation of South- and North-East Asia accelerated the forces of nationalism, with the result that many Asians began struggling for economic and political independence.

Some Asian nationalists collaborated with the Japanese, seeing hope in the Japanese vision of a non-European Asia under the control of Asian people (the "Greater East Asia Co-Prosperity Sphere"). But the brutal and oppressive methods used by the Japanese—and their own policies of economic exploitation—led most Asian nationalists to an anti-capitalist position. Thus, many nationalists also became socialists, seeing in capitalism only further exploitation and degradation.

THE U.S. IN THE IMMEDIATE POSTWAR PERIOD

In the first two or three years after the surrender of Japan, U.S. policy was to stabilize the region from the destructive impact of war and repression through economic aid and relief programs.

But the socialist-nationalist movements in the colonial states represented a direct threat to the interests of the European economies that had been severely damaged in the war. Almost from the start, therefore, the U.S. began to fight these movements and support capitalist alternatives that would maintain the colonial structure in Asia. Openly allied with reactionary elites (usually landlords and financiers), the U.S. aided in the repression of independence movements in the Philippines, Korea, Vietnam and China.

By 1947 the political and military policies of the U.S. in Asia were being matched by economic measures that were designed to promote capitalism and deter socialism. These policies were dictated by the needs and demands of U.S. capitalism and were institutionalized by the World Bank, a body that had been formed shortly before the war ended.

THE WORLD BANK AND POSTWAR DEVELOPMENT IN ASIA

In July 1944 a large group of bankers, corporate leaders, and government officials from the U.S., Latin America, Canada, and Great Britain met at Bretton Woods, New Hampshire, to discuss the postwar economic development of the world. Their goal was to re-establish the capitalist system—seriously damaged during the war—by building up a system of international trade and finance. The representatives recognized that "trade wars," economic competition between capitalist countries for markets and sources of raw materials, had been among the major causes of World War II. To ensure the stability of capitalism after the war, a liberal trade system had to be set up, one that minimized economic issues and allowed the "free" flow of goods between nations.

It was seen as especially important that Japan be integrated into the postwar system. Thus Japan's access to raw materials and markets had to be guaranteed: "The core of America's problem was how to demobilize the antagonistic elements within Japanese capitalism without undermining the entire system."[4]

To help achieve this goal, the dollar was established as the basic currency for world trade, replacing the pound sterling. Two institutions were set up that remain very powerful to this day: the International Bank for Reconstruction and Development (the World Bank), and the International Monetary Fund (IMF).

The purpose of the World Bank, now as then, is to encourage capital investment for the reconstruction and economic development of its member countries. These funds come from both private sources and from resources pledged by member nations. The loans are used to develop infrastructure—factories, roads, communications facilities—to facilitate future investment. Between 1946 and 1971, Japan was the second largest recipient of World Bank loans.[5] In 1960 the bank set up the International Development Association (IDA) to give similar loans to developing countries.

The purpose of the IMF is to act as administrator of these loans. IMF capital is used to supplement each nation's foreign reserves, the money they use to buy goods on the world market, and to give emergency loans to countries that temporarily are in a financial crisis. This aid prevents such countries from curtailing their imports or imposing any restrictions on trade. Through these methods, the IMF prevents disruptions in markets and investment flows. Borrowing is limited, however; if a country goes beyond its established limit and wants to continue receiving loans, the IMF can virtually take control of that economy, and demand policies that limit "wasteful" spending that cuts foreign exchange. As one analyst of the IMF has written:

> **A developing nation forced to apply to the fund for a loan must expect to devalue its currency, abolish exchange controls, open its export and import markets to foreign companies, slash real wages, double or triple unemployment and eliminate government subsidies for food and public services, which in many countries meant the difference between starvation and survival.**[6]

Unfortunately, as this same writer concludes, "usually these measures can be achieved only through dictatorships."

Since their inception, the World Bank and the IMF have been dominated by the U.S. and other advanced capitalist countries. Power is determined by the amount of capital each country has invested: one dollar, one vote. Thus, the U.S. has held veto power in these institutions. The most dominant influence in the World Bank and the IMF has been the Rockefeller-Chase Manhattan-Standard Oil interests that have largely directed U.S. foreign policy since WWII.

THE POSTWAR REHABILITATION OF THE JAPANESE ECONOMY

The Bretton Woods system helped rebuild capitalism, confirmed the position of the U.S. as the most powerful economy in the world, and was instrumental in developing Japan's economy after it was destroyed in the war. The U.S. was guaranteed a market for its manufactured goods and technology, providing nearly two-thirds of Japan's imports in the first few years afer WWII; reciprocally, Japan was granted access to raw materials and markets. In this way Japan and the U.S. became closely linked.

The U.S. occupied Japan from September, 1945 to August, 1952. During this time, all economic and political decisions were made by the U.S. For the first year or two, the occupation worked to undo the military-industrial-political complex that had brought Japan to war. The giant combines, the zaibatsu, were dissolved, and many businessmen were arrested for war crimes. Politicians and military men were also imprisoned. Labor leaders, socialists, and other progressives were freed, and for the first time in its history, Japanese workers were allowed to organize themselves into a political force. A land reform program helped to alleviate social inequalities in the countryside.

But events in Japan soon began to reflect political events in Asia. As revolutionary movements in Korea, Indochina, the Philippines and elsewhere grew in strength, and as the Japanese left gained in power and influence, U.S. policy became more and more oriented towards defeating these movements. The rebuilding of Japanese industry came to be a primary objective of the U.S. This became especially pronounced with the mounting victories of the communist forces in China.

The most important economic dimension in this process was allowing the zaibatsu to re-establish themselves. The earlier decartelization policies were dropped and the conglomerates were allowed to regroup along the same basic lines as in prewar days. Only now, Japanese banks gained a much more central role. A strict anti-inflation program was established by cutting back on workers' wages, limiting social spending, and cracking down on the labor movement.

The most significant impetus for the Japanese economy came with the Korean Civil War, which began in June, 1950. During this war, the Japanese steel and munitions industry reached full capacity, selling nearly all their exports to the U.S. military effort in Korea. U.S. technology began pouring into Japan, creating links between the U.S. and Japanese military-industrial complexes. Politically, Japan became the partner of the U.S. in its war against social revolution in Asia.

With the stimulus of the war, the Japanese economy began to expand quite rapidly. This was especially true in heavy industry, such as metals, chemicals, and engineering, which by 1960 represented 60 percent of the country's gross factory production, compared to 30 percent in 1930.[7] Another important factor was the import of U.S. technology and continued procurement orders for U.S. troops and bases in Japan. Between 1952 and 1956 these procurements accounted for about a quarter of Japan's commodity imports every year.[8]

By the end of the 1950's, a totally rebuilt Japanese economy waited to emerge as a major power and investor in Asia.

POST-COLONIAL ASIA IN THE POSTWAR PERIOD

With the growth of the Japanese economy, the U.S. became more and more concerned with maintaining the flow of raw materials from Southeast Asia into Japan. A 1952 National Security memorandum explained

> Southeast Asia, especially Malaya and Indonesia, is the principal world source of natural rubber and tin, and a producer of petroleum and other strategically important commodities. The rice exports of Burma and Thailand are critically important...The loss of Southeast Asia, especially of Malaya and Indonesia, could result in such economic and political pressures on Japan as to make it extremely difficult to prevent Japan's 'accommodation' to communism.[9]

Consequently, the U.S. began a program of military and economic aid to Southeast Asian countries that had three principal goals: to "resist communist infiltration;" improve the U.S. and Japanese positions in trade; and guarantee the supply of raw materials to both Japan and the U.S.[10] Anti-communist regimes were supported and strengthened in south Vietnam, the Philippines, south Korea, Taiwan and Malaya, with the aim of "encircling" China and preventing "the spread of socialism." The ultimate culmination of these policies was the U.S. war against the Vietnamese people.

In the first 15 years after WWII, U.S. investments in Asia sought mainly to procure raw materials, especially oil, for the U.S. and Japan. Trade with Asia thus followed the basic colonial pattern established during the prewar years, with foreign investments flowing primarily into petroleum, mining, agriculture, and public utilities. This helped perpetuate the pattern of import dependence of Asian manufacturers on the western industrial powers.

In an attempt to break this cycle, many newly independent countries in Asia (and throughout the developing world) tried to develop their economies' minimum foreign imports with investments, or loans by producing their own goods instead of buying them from overseas. Through such "import substitution" policies, foreign exchange was earned largely through the export of raw materials. High tariffs were placed on imported goods. The populations of these countries remained largely rural.

But these import-substitution policies began to collapse in the 1960's. To manufacture goods, machinery had to be imported from the advanced economies and this accelerated the outflow of foreign exchange. Many of the resulting high-cost products produced found only limited domestic markets since the majority of the population remained in poverty. Because of high tariffs on imports, they were too expensive to sell on the world market. Foreign, mostly U.S., investments grew in the form of joint ventures, dominating the domestic economy and forcing many native capitalists out of business.

At this time, several Third World countries were encouraged to develop "export-oriented" economies geared towards production for the "world" market (i.e. the U.S., Japan, Western Europe). The main force behind these changes were corporate interests in Japan and the U.S., which brought pressures on Asian policy-makers through the World Bank and other international agencies controlled by the advanced capitalist countries. These pressures reflected changes that had taken place in the major capitalist economies since World War II.

THE EXPANSION OF MONOPOLY CAPITALISM IN JAPAN AND THE US

Japan. During the 1950's and 1960's, the Japanese economy grew at a phenomenal rate, stimulated by the development of heavy industry, particularly chemical and machinery industries. In 1965, the share of heavy industry in Japan's industrial output became larger than in any other industrialized country, a growth greater even than that of the Soviet Union during the Stalin period.[11] This was accomplished through:

• the close relationship between Japanese government and business interests. This has meant a highly centralized control over investments and loans. In many ways Japan is a state-controlled economy, a form of state capitalism. (In contrast to many socialist countries, however, it spends very little on social services—housing, for example.)

• a very high rate of capital accumulation. Japan has continually had the highest saving rate in the world.

• an increasing trend towards monopoly and oligopoly. Since the ineffectual attempt to break up the zaibatsu, concentration of Japanese capitalism increased. In response to foreign (especially U.S.) competition, by the mid-60's a high degree of concentration existed in steel production, automobile manufacturing, and banking which made these industries very competitive in world markets.

• an increased reliance on the world market during the late 1960's. Japanese capitalists invested heavily in order to capture local markets, especially in Asia. The export drive, spearheaded by giant trading companies promoting Japanese products, was aided by the Japanese government, which often subsidized export costs. Profits were usually foregone at first to capture the market.

But capturing export markets was not the major reason for the overseas expansion of the Japanese economy. Several other important factors forced it to expand; one was the Japanese need for raw materials: by the early 60's, Japan had to import all its cotton, wool, natural rubber, bauxite, phosphate rock, nickel, and abaca fiber; more than 90 percent of all its crude petroleum (which was controlled by U.S. oil corporations), tin ore, sugar and iron ore; and a growing amount of grain and other foodstuffs.[12] To ensure the supply of these strategic imports, Japanese corporations began to invest in Southeast Asia, particularly Indonesia.

Second, the concentrated power of the zaibatsu divided the Japanese economy into two parts. As a Japanese government study explains, "on the one hand are large corporations with high efficiency and considerable revenue, and on the other are small firms with lower efficiency and little receipts."[13] These small firms could survive by either being absorbed into a larger corporation or by investing in manufacturing abroad, particularly in south Korea and Taiwan.

USA. By the early 1960's a high degree of concentration had also been achieved within U.S. industry. Between 1950 and 1971 the 200 leading corporations increased their control over all U.S. manufacturing assets from 46 to 87 percent.[14] As labor costs rose in the U.S., corporations that manufactured televisions, radios, toys, plywood and other labor-intensive products began looking elsewhere for cheaper labor. They found it in East Asia. Between 1960 and 1970, U.S. direct investment in under-developed Asia rose from $898 million to $2.5 billion, an 18 percent annual increase.[15]

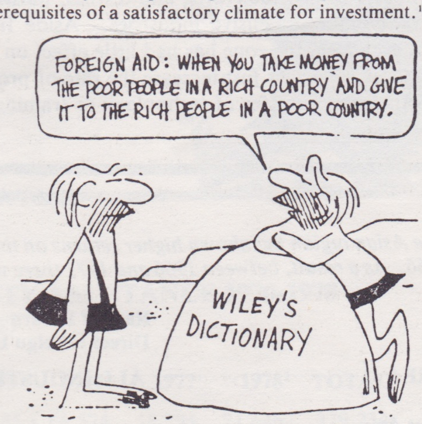
The first industries to invest in manufacturing abroad were electronics and textiles, both very labor-intensive operations. But certain conditions had to exist before whole productive processes could be performed overseas; factories had to be built, energy provided, airports and harbors expanded Above all, "stability" had to be achieved so that private capitalists would feel safe about their investments and profits. This "stability" was achieved through military aid to Third World landlord and business elites. These elites, in turn, used the aid to create military forces able to subdue workers and peasant movements in their countries. In some cases, as in Indonesia and south Korea, the military itself became the modernizing "elite." The final goal of the "modernization" process, i.e., the development of capitalism, was to develop a middle class of professionals, bureaucrats, and small businessmen that would—not coincidentally—be totally dependent on the armed forces and the U.S. for its existence.

THE DEVELOPMENT OF EXPORT-ORIENTED INDUSTRIALIZATION (EOI)

Recognizing the corporate need for a favorable climate for investment, the U.S. government and the World Bank began an active program of loans and direct aid to build the infrastructure for export-oriented development in the Third World. In 1960 the World Bank established the International Development Association (IDA) to give low-interest ("soft") loans for this purpose. That same year, the U.S. created its Agency for International Development (AID).

Casual observers usually think of AID as a "give-away" institution that just sends U.S. money overseas for projects of dubious merit. But its stated goal is to help Third World countries develop a "climate" for U.S. investment. In a pamphlet entitled *AID and Private Enterprise* (1967), these goals are outlined very clearly:

> Imperative to such a climate (i.e. foreign investment) are sound legislation and wise government whose policies—on taxes and revenue, on money and credit, on imports, prices and wages—support rather than inhibit private enterprise. Awareness that all this is so underlies the objectives and methods of AID's program of direct assistance in developing nations...through which it consciously attempts to generate, shape and strengthen the prerequisites of a satisfactory climate for investment.[16]



What these supposedly "neutral" agencies — IDA and AID — did was steer developing countries from import-substitution policies towards "export-led development policies." Loans and aid helped finance construction of factories where U.S. (and Japanese and European) capitalists could invest in labor-intensive production that manufactured goods to be sold on the world market. In south Korea, Taiwan, Hong Kong and Singapore, World Bank and AID officials assisted the governments in passing laws facilitating foreign investment, including 100 percent ownership of stock, unlimited profit repatriation, five- or even ten-year exemptions from taxes, and duty-free import of capital goods for business purposes. In addition, accomodating Third World governments passed strict laws denying the right to strike and severely limiting the right to organize laborers in foreign-owned businesses. The strategy was to build a strong export sector

> based on the comparative advantage...manufacturers could achieve in certain industries in a global market...they paid little attention to industries producing goods to replace imports. Nor did they use their domestic markets as a springboard to growth.[17]

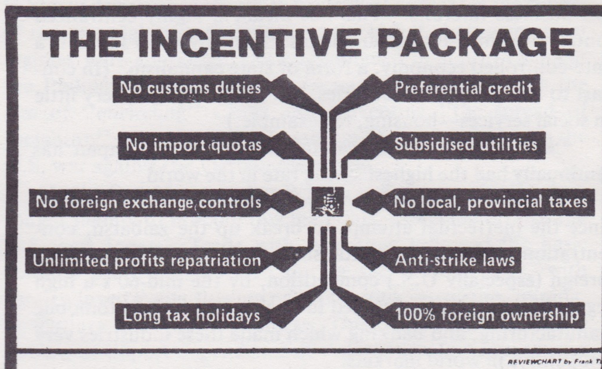
Thus, these countries became "export-platforms," producing goods that were consumed in the U.S., Japan, and Western Europe. The electronic and textile factories, rather than producing goods for Koreans or Taiwanese, became part of a global network of assembly lines.

FREE TRADE ZONES

Many of these export commodities were assembled in free trade zones, a new form of industrial management established during the 1960's. Free Trade Zones (FTZs) are special areas set aside for foreign investment in export industries and exempted from domestic laws on taxation or management. Established to boost exports, earn foreign exchange, provide employment, and attract even greater foreign investment, the FTZs are perhaps the most graphic illustration of an economy dominated by foreign interests. Everything to run a business—electrical power, water, harbor facilities, even golf courses and hotels—are provided by the government free or at very low costs, all paid for, of course, by World Bank loans. A stable supply of cheap labor is guaranteed by the host government, with special laws prohibiting all labor disputes. Limitless repatriations of profits are guaranteed.

The Masan FTZ in south Korea is typical. 90 percent of the capital invested has been Japanese. Most investments are less than $1 million and are predominantly in electronics, electrical machinery, toys, handicrafts, and textiles; most are either labor- or pollution-intensive industries. Aside from earning foreign exchange, the zone has had little effect on the Korean economy. Low wages just increase the rate of profit, and there is virtually no transfer of technology or training in skills. (For example, Tandy Corporation-which owns Radio Shack-reported in 1975 that its training period for assembly workers at Masan was one hour.)[18]

These export-led development policies were a natural outgrowth of the commitment of the advanced capitalist countries to "free trade" and investment flows. But they were also based on international capitalists' need for markets: building infrastructure in the Third World added new buyers for U.S. and Japanese capital goods like machinery, and raw materials.



Everything needed to run a factory is provided by host governments at free trade zones. ***Far Eastern Economic Review* 5/18/79.**

But "cheap" and "disciplined" labor—as the multinational planners like to call underpaid, underfed workers—was not a natural phenomenon in Asia. It also resulted from two important political factors: U.S. military aid to authoritarian regimes and the disruption of traditional Third World demographic patterns through any means necessary: war, repression, or forced evacuation. In Vietnam, this meant bombing villages, which forced peasants out of the countryside and into the cities. And, like the Korean War only 15 years before, Vietnam was the catalyst for a second spurt of economic growth in south and northeast Asia—another step toward the economic integration of the Pacific Rim.

EAST ASIA AND CORPORATE PROFITS

The Asian region has shown higher returns on manufacturing investment than any other region since at least 1966. As a result, between 1966 and 1973 there was a 198% increase in U.S. investments in the region.

	Rate of Return of U.S. Direct Foreign Investment (1973)		Increase in Total U.S. Direct Foreign Investment, 1966-1973	
AREA	**ALL INDUSTRIES**	**MANUFACTURING**	**$ MILLION**	**%**
East Asia	23.5	22.8	4,409	198.0
Africa	20.9	13.8	1,996	96.2
Canada	10.1	12.1	11,056	65.0
Western Europe	16.0	18.2	21,009	129.0
Latin America	14.2	13.3	8,626	87.7
Australia	15.4	16.7	2,603	135.0

SOURCE: *Business International,* Business Strategies for Developing Asia, 1975-1985: 38-39.

VIETNAM

The war in Vietnam was part of an overall policy aimed at containing the spread of socialism, a political message to the people of the Third World about the consequences of revolution. But economically, it had the effect of drawing many Asian countries further into the U.S.-Japanese economic spheres.

As the U.S. intervention in Vietnam escalated, favorable conditions in the U.S. market developed for Japanese products (such as steel) to replace American products consumed by the war. The war also facilitated the expansion of Japanese trade with south Korea, where plants using Japanese-made machinery began producing shoes and clothing for U.S. soldiers. In countries such as Thailand and the Philippines, U.S. bases were an important economic factor, employing many directly and indirectly. "Under MacNamara's leadership," said the *Far Eastern Economic Review* in 1971, "the escalation of the Indochina war...was probably the strongest economic stimulant ever experienced in Asia."[19]

The year 1965 remains an important turning point in the development of Pacific Rim capitalist integration. Three events occured that year:

1) the Asian Development Bank (ADB), modeled on the World Bank, was founded to help the growth of Japanese investments in Asia. Since its inception the ADB has been dominated by Japan, the U.S., and Australia.

2) south Korea and Japan signed a treaty allowing Japanese investments to re-enter Korea for the first time since the end of World War II. Completed after 14 years of negotiations, the treaty was quickly put into effect at the pointed urging of the U.S., which wanted to curtail its expensive aid program to south Korea and commit Japan to sharing the burden of empire in Asia. With the signing of this treaty, the Japanese granted the south Korean government of Park Chung Hee $800 million in loans and investments.

3) A bloody, violent coup overturned the nationalist government of Sukarno in Indonesia and smashed the third largest communist party in the world. After the coup, Japanese-trained generals and U.S.-trained technocrats began instituting the U.S.-World Bank model of economic development in Indonesia, attracting foreign capital with guarantees of "stability" for investments. This also secured the supply of important raw materials from Indonesia to the U.S. and Japan, a strategic concern since 1952.

U.S. MILITARY AID IN ASIA

America's involvement in a land and air war in Vietnam, Cambodia (Kampuchea) and Laos was accompanied by U.S. aid to conservative or military regimes in south Korea, Thailand, Indonesia, the Philippines, and Taiwan. U.S. economic policies quickly went into effect after military coups in south Korea in 1961 and Indonesia in 1965, and after martial law was declared in the Philippines in 1972.

Among the effects of military repression is the institutionalization of low standards of living, low wages, and the repression of worker and peasant organizations. In every Asian export economy, strikes are illegal, unions cannot organize independently, and intellectuals and students who raise questions about the country's economic policies are jailed and often tortured. Thus, investments by U.S. and Japanese corporations are rendered "secure" and "stable."

UNITED STATES MILITARY AND SECURITY ASSISTANCE 1970-1978
(Thousands of dollars)

COUNTRY	1970	1971	1972	1973	1974	1975	1976	1977[1]	1978[2]	TOTAL
Indonesia	8,327	25,210	31,957	21,862	21,895	68,685	56,574	58,794	71,646	379,734
Philippines	21,061	20,532	50,120	61,822	34,884	71,312	100,794	136,774	80,278	604,243
South Korea	354,397	629,303	579,741	383,717	266,934	375,807	785,966	426,950	402,352	4,380,770
Thailand	127,141	116,285	145,189	76,219	73,505	112,024	204,015	121,233	78,298	1,098,306

[1] estimated
[2] proposed by Carter Administration

SOURCE: Center for International Policy
"Human Rights and the U.S. Foreign Assistance Program"

THE GREEN REVOLUTION: FROM PEASANTS TO PROLETARIANS

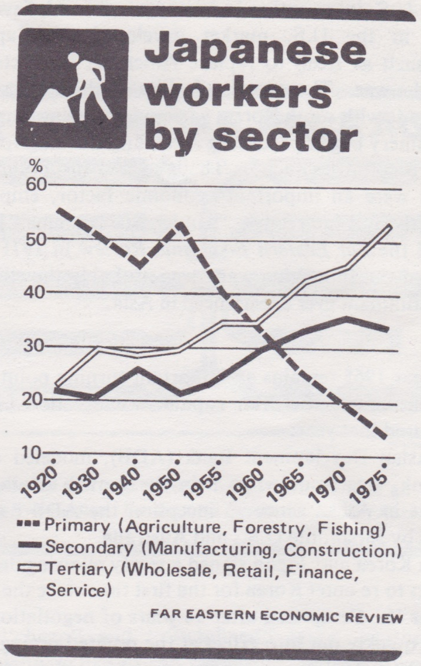
Under military rule, economic planners have maximum freedom to experiment. Export-industrialization was based namely on the rural populations of Taiwan, south Korea, and other countries, who were seen by multinational planners and technocrats as valuable sources of "cheap" labor. But in order to mobilize the vast pools of labor in the rural areas, policies had to be devised to get people out of the countryside and into the cities.

As part of the World Bank philosophy of "free trade" and as a way of combatting hunger and malnutrition—seen as sources of socialism's popularity—U.S.-influenced states in Asia were guided towards the "green revolution." Agriculture was re-oriented towards "miracle grains" of rice and other crops. Social relations on the land did not change, however, because landlords still retained much of their power. The "miracle grains" required a commercialized agriculture using expensive, oil-dependent machinery and fertilizers, which were, of course, imported from the advanced capitalist countries. Much of the rural population was left landless and unemployed because they could not afford to buy into the "revolution." Their only alternative was to migrate to the cities—where low-paid jobs in manufacturing awaited them.

In other words, a large, unorganized and dependent labor force was created by forcing farmers into the cities through government policies that discouraged traditional, labor-intensive agriculture and encouraged capital-intensive methods and food imports. The following quote from a south Korean bank report makes this explicit:

> The apparent deterioration in (agriculture's) role in the economy has been the result of deliberate policy priorities rather than any basic weakness within the sector itself. Indeed, agriculture has played a crucial role in the development process...the sector provided the cheap labor force...without which industrialization would not have been possible.[20]

This pattern of urbanized industrial development at the expense of agriculture first arose in Japan, which rapidly built up its manufacturing sectors after World War II using labor from the countryside. Japanese-style industrialization and the consequent drop in rural population was also accompanied by Japanese-style agricultural development: "promoting agriculture of high productivity through selective expansion." The number of farmers was reduced to an elite few who concentrated their production by specializing in a limited number of crops (usually rice). This sector became a protectorate of the government, which bought its rice at inflated prices, and imported inexpensive American surplus grains to compensate for the drop in total production caused by migration and rationalization. Crops that could not compete with imports (barley, fruit, wheat) were taken out of production, and a one-crop system highly dependent on chemicals and machinery was developed. Thousands of acres of agricultural land were taken out of production and became sites for factories and petrochemical plants.



This Japanese-style industrial development became the model for the export economies of south Korea and Taiwan, whose labor forces in the labor-intensive industries of textiles and electronics were largely displaced rural people and predominantly women. This pattern repeated itself in Singapore and Hong Kong. But a major difference exists between these economies and Japan. The latter's initial economic growth after World War II was based primarily on producing goods for its domestic market. Japan's export drive only began in the 1960's after domestic sales leveled off and markets opened up in Southeast Asia and the U.S. In contrast, south Korea, Taiwan, Hong Kong, and Singapore developed industrial economic systems based from the very beginning on exporting to

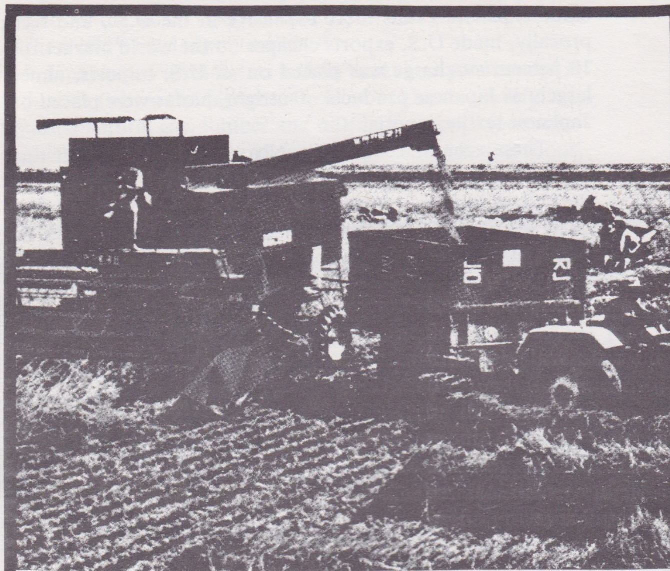
FOOD FOR PEACE: CREATING MARKETS FOR U.S. GRAIN

The demand for non-traditional grain in the developing countries of Asia has been greatly encouraged by years of direct food aid, the financing of bakeries by the Agency for International Development (AID), and aggressive marketing practices by U.S. wheat corporations, who like to boast of how "we taught people to eat wheat who didn't eat it before."

Soft white wheat, for example, a major export from the Northwest, is not usually suitable for bread production and is instead made into hard noodles, snacks, and pastries. These foods are not part of the traditional diet of any part of the world; and in poor Asian countries they are luxury foods that only the upper middle class and the rich can afford. Under America's "Food for Peace" program (Public Law 480), however, there has been an attempt to switch the diets of peasants and working people away from traditional grains (rice) and toward wheat.

According to a recent U.S. Department of Agriculture publication, Western Wheat Associates, a Portland-based marketing firm, has been "working to change eating habits...to build up markets for American wheat exports...The Korea arm...cooperated with other groups last year to teach 22,000 housewives to learn to make American style sandwiches." The Director of Western Wheat Associates in Korea attributes the success of wheat penetration into the Korean market as largely due to PL-480. 'If this wheat hadn't been provided, the people wouldn't have grown used to it. We can attribute its success to PL-480."

Source: Eugene *Register-Guard*, 1/29/79. Interview with Robert Bratland, Director of Wheat Associates, (Korea (American Friends Service Committee, 9/78) *Northwest Bulletin*, 11/76, p. 7.



The mechanization of south Korean agriculture has forced the poor rural population into the cities, creating a "cheap" labor force.

Japan, the U.S., and Western Europe. Their domestic market—the rural and urban population that buys goods produced in factories—was not a factor. Many products still are are not sold domestically, while others are so expensive only a few can buy them. Although south Korea has 30 million people—one-third the population of Japan and one-seventh that of the U.S.—the domestic Korean market only provides one-twentieth the buying power of Japan's home market and one-forty-sixth of the U.S. home market.[21]

Thus the social dislocations of capitalist development in the EOI countries of Asia have been quite severe. Overall, the impact of grain imports and industrialization has been far more serious than in Japan. (This social impact will be discussed in a later chapter).

In the first stage of export-led development, the principal industries of south Korea, Taiwan, Hong Kong, and Singapore were textiles, plywood, clothing, and electronics. U.S. electronic corporations like Fairchild Semiconductor, Motorola, and Signetics sunk their capital into large factories that produced components that were assembled and sent back to the U.S. for use in televisons and radios. Japanese companies invested on a smaller scale in textiles and electronics, with many U.S. retail firms (like J.C. Penneys and Sears) buying clothing and shoes from Japanese companies operating in south Korea and Taiwan. In the late 1960's and early 1970's, the growth rate of these countries was the highest in the world.

But throughout the process of export-industrialization, these countries had become much more integrated into the Japanese-U.S. economic spheres. Most investments and loans came from these two countries. As Third World countries' exports increased, so did their imports, especially from Japan. Japan's exports to Singapore, south Korea, Taiwan and Hong Kong grew more than three times from 1970 to 1976, accounting for almost two-thirds of total Japanese exports to East and Southeast Asia. This created huge deficits for these countries.[22] At the same time, these countries came to depend on Japan and the U.S. for 60 to 80 percent of their export market.

During this period Southeast Asia also became closely tied to Japanese economic interests. Exports of raw materials from Thailand, Malaysia, Indonesia, and the Philippines sharply increased, and "virtually without exception Japan became the major source of imports for the underdeveloped nations of Southeast Asia."[23] In 1972, 93 percent of Japan's exports to

Southeast Asia were finished and semi-finished goods, while 83 percent of its imports from Southeast Asia were raw materials, foodstuffs, and energy resources.[24]

Except for Indonesia, Southeast Asia did not become a major area for foreign investment until the late 1970's. But the defeat of the U.S. in Indochina, the devaluation of the dollar in 1971, the Oil Crisis, and the growing economic conflicts between Japan and the U.S. brought major changes to the economic structure of Asia. By the end of the decade, the Philippines, Indonesia, Malaysia, and Thailand were following the same export-led development policies of the four so-called "economic miracles" Singapore, south Korea, Taiwan and Hong Kong).

DESTINATION OF ASIAN EXPORTS
(percentage of total)

	Developed Countries 1960	Developed Countries 1976	Developing Countries 1960	Developing Countries 1976
Indonesia	54	78	38	21
Thailand	47	60	51	38
Philippines	94	83	5	12
Malaysia	59	62	35	34
South Korea	89	78	11	22
Taiwan	56	73	44	27
Hong Kong	55	74	42	25
Singapore	39	49	54	49

SOURCE: World Bank, World Development Report, 1978

THE POLITICAL SIGNIFICANCE OF JAPANESE EXPANSION INTO ASIA

As Japanese products and brand names spread throughout Asia in the 1960's and early 1970's, people in Southeast Asia began to react to what they perceived as Japanese domination of the area. Riots broke out in Thailand and Indonesia when the Japanese prime minister visited in 1974, and Japanese-owned stores and banks were attacked. The resentment aimed not only at Japanese domination of local markets in everything from clothing to radios to motorcycles, but also at the similarities to the Japanese wartime dominance over Asia in the 1940's.

The increased Japanese reliance on the world market and their investment boom in Asia also had political repercussions in the U.S. While the World Bank "free trade" system had been developed with Japan in a subservient role to the U.S., it began to look as though Japanese were becoming a threat to U.S. economic interests. A 1971 study prepared by the Overseas Development Council, a "think tank" for banks, corporations, and the U.S. government, warned that

> Japan has suddenly become a major capital surplus nation. Its trade and aid in the (Pacific) Basin promise to increase five-fold in the 1970's, and its investment ten-fold. Japan's economy is growing so fast and effectively that many nations are having difficulties in adjusting to the problems and opportunities this raises...
>
> These trends, if permitted to continue unchecked, could lead to Japanese economic domination of the Asian-Pacific, to the long-run economic and political detriment of the Basin countries...[25]

These sentiments—similar to the fears of Japanese domination prior to World War II—were shared by the Nixon administration. In 1971, Nixon devalued the dollar, which made Japanese goods more expensive in the U.S., and reciprocally, made U.S. exports cheaper on the world market. A 10 percent surcharge was placed on all U.S. imports, aimed largely at Japanese products. Outright quotas were placed on Japanese textile imports.

These economic moves by Nixon reflected the fact that Japan had become a major competitor of the U.S., and that the U.S. economic position (in the Pacific Basin) was now relatively weaker than at the end of World War II. In 1971, Japan had a fairly large trading surplus with the U.S.—more than $2 billion, or approximately 30 percent of Japan's total surplus for the year.[26] Because of this deficit, domestic economic issues became more pronounced in the U.S. While in the past the negative impact of imports had been deflected, protectionist sentiments grew as the U.S. economy appeared to be weakening. U.S. steelmakers joined with textile interests in demanding cutbacks in Japanese exports to the U.S. and trade unions became more critical of U.S. trade policies.

THE OIL EMBARGO OF 1973

The increasing economic and political tension between the U.S. and Japan was exacerbated by the OPEC oil embargo of 1973. The ensuing recession put severe strains on the whole international capitalist system.

Japan, south Korea and other industrialized nations in Asia that had based their economic growth on low-cost oil found themselves very vulnerable to a cut-off of oil. Protectionist sentiments, caused by the recession and rising unemployment, cut back severely on exports from the four Export-Oriented Industrial (EOI) countries, south Korea, Hong Kong, Singapore and Taiwan. Unemployment rose in these countries. Raw-material exports from Southeast Asia slowed. The world financial system almost collapsed, with huge surpluses of "petro-dollars" building up in the OPEC countries and in the major world banks.

For Japan, the oil crisis and the recession led to a change in overseas investment policy. Prior to 1973, overseas ventures were mainly in manufacturing, and were meant to control certain domestic markets of host countries by producing goods such as cars or radios more cheaply than in Japan. After the oil embargo, however, Japan's overseas investments became more strategic, and centered around maintaining the flow of raw materials—particularly oil. Structural changes in the economy became a major policy goal: industries that were judged as inefficient because of the inflationary rise in wages or high energy costs were transferred to south Korea, Brazil, and the Philippines. (These also happened to be industries that were very pollution-intensive. By building them overseas in countries that allowed little dissent, Japanese capitalists could escape the growing political strength of the environmental movement.)

The new overseas investments took the form of mammoth resource-extraction projects and key raw-material storage stations. These were all much larger than earlier investments, involved important industrial sectors of the host countries, and were more tightly incorporated into the global designs of Japanese capitalism. With the growing competition between the U.S. and Japan, one of these designs was to make Japan more independent of the U.S., especially in raw materials: U.S. companies controlled 90 percent of Japan's oil imports.[27] By 1971 Japan was the largest resource-importing country in the world, composing 18.2 percent of the total resource imports of the advanced capitalist countries.[28] With just 3 percent of the world's population, Japan now buys one-fourth of the world's total raw materials.[29]

Japan's new investments in Asia were most pronounced in Indonesia (where the Japanese invested in aluminum refining, liquified natural gas, lumber and oil); in Singapore (petrochemicals); in the Philippines (pineapples and other luxury foods, petrochemicals); and in south Korea (petrochemicals, the machinery sector). This strategy of Japanese capital also caused repercussions in the U.S., which will be discussed in the next chapter.

Overseas Japanese investments increased from $12.6 billion in 1974 to $40.9 billion in 1980. By 1985, they are expected to reach more than $80 billion.[30]

Percentage of Japanese Investment Overseas by Industry and Region

	Manufacturing		Commerce, Service, Others		Resource-Related	
	1978	Cumulative	1978	Cumulative	1978	Cumulative
Asia	42.2	37.1	12.0	13.0	49.9	45.9
Central and South America	10.8	24.5	16.4	13.3	15.6	12.7
Middle and Near East, Africa	20.8	10.5	11.2	7.0	6.3	8.3
Australia, New Zealand	2.2	4.9	4.8	4.1	21.7	10.0
Europe	7.9	5.7	8.0	19.7	—	13.6
North America	16.1	17.3	47.6	42.9	6.5	9.4
Total by sector	100.0	100.0	100.0	100.0	100.0	100.0
Total as a percentage of overall investment	46.2	36.3	43.3	38.7	10.4	25.0

SOURCE: *Business Asia*, 2/15/80

THE OIL CRISIS AND THE EOI COUNTRIES

The quadrupling of oil prices and the world-wide recession caused many observers to predict that the "miraculous" growth of the four EOI economies in Asia was over. But expansion continued: while production indices in Japan sank by 3.1 percent in 1974 and 11.1 percent in 1975, they rose in south Korea by 29.2 percent and 19.5 percent.[31] Smaller growth rates occured in Taiwan, Singapore and Hong Kong. Thus, while most capitalist countries suffered severe recessions, the EOI countries—especially south Korea—grew at unprecedented rates.

This expansion was partly a result of pressures from the U.S. and the World Bank, who urged these countries to continue developing economically as if there was no oil crisis. But it was accomplished only through increased labor repression, massive borrowing, an increase in exports, even greater neglect of domestic industries, and the transfer of certain industries to these countries from Japan. By maintaining their export drive, the EOI countries in effect saved the advanced capitalist countries from a depression. This was suggested in an article in the *Asian Wall Street Journal:*

> That recession would have been even worse for the West if most of the fast-growing, middle-income developing countries hadn't accepted the consequences of the oil price increase and decided to plough ahead with their development plans...This enabled the famous petrodollar "recycling" to take place. The demand kept capital goods industries in Japan, Germany, and elsewhere busy, when they otherwise would have been at a near standstill. This ensured that, though the recession was sharp, it was also quite short.[32]

But the inflationary pressures caused by the oil price increases and the enormous influx of foreign loans into their economies caused wages to rise. As a consequence, these economies lost the "competitive advantage" of low wages in labor-intensive products (especially textiles and electronic production). Japanese and American capitalists began to look elsewhere for more profitable investment sites.

Under the guidance of the World Bank, the strategy of the EOI countries in the late 1970's was to channel capital from labor-intensive operations into more capital- and technology-intensive sectors. They initiated a structural change in their economies away from light industries in the direction of heavy industries such as steel, shipbuilding, automobiles, and petro-chemicals. These changes, of course, were dictated largely by the needs of Japanese and American capitalists whose "competitive advantage" in shipbuilding, steel and other industries were eroded because of the rising prices and inflation of the 1970's. Equally important was Japan's and the U.S.' need for markets for goods they could produce most efficiently: heavy machinery from Japan, raw materials and high technology from the U.S.

But Japanese and American capitalists still needed a cheap labor force, especially in the fastest growing—and most competitive—industry: electronics and semi-conductors. Southeast Asia, with its huge surplus labor force, presented a prime area for these investments.

EXPORT-ORIENTED-INDUSTRIALIZATION IN SOUTHEAST ASIA

In the late 1970's, under pressure from the World Bank to develop more effective methods of earning foreign exchange, the countries of Southeast Asia began to copy the export-oriented development plans of south Korea, Taiwan, Hong Kong and Singapore. The major difference, however, came with the development by these late entrants of luxury foods as well as manufacturing.

One reason for this shift lay in the considerable fluctuation in price and demand for Southeast Asia's primary exports—raw materials—despite their strategic importance to the advanced countries. But a more important factor was the millions of landless and near-landless people in these under-developed countries.

In 1975, a study commissioned by the International Labor Organization (ILO) found that 5 percent of the economically active populations in developing countries (700 million people) were unemployed; 36 percent were underemployed.[33] This works out to a total of 283 million un- and under-employed workers in the Third World, double the number of total manufacturing employment in **both** the developed and underdeveloped nations. To multinational corporations, this reservoir of people represents a huge potential labor force.

The ability to use this low-wage and uneducated labor effectively, however, was accomplished by several changes that had been made in the capitalist process of production:

1) an extensive division and sub-division of the productive process, so that most of the resulting fragmented operations can be performed with minimal training and skill; and

2) the development of techniques of transport and communication. This allows the complete or partial production of goods anywhere in the world.

3) Special "offshore sourcing" privileges under U.S. and Japanese tariff laws. These allow corporations to ship raw or unfinished materials to their overseas subsidiaries, which use foreign labor to assemble the materials. The finished goods are then re-imported for sale in the U.S. and Japan, taxed only for the value added during the overseas assembling process. Since foreign wages are low, that added value and the accompanying tax are also very low.

This Fairchild semiconductor plant, and factories like it, cannot absorb Indonesia's huge army of unemployed.

A warning from Business Week

According to the German authors of a study of export-manufacturing in the Third World, "Commodity production is being increasingly divided into fragments which can be assigned to whichever part of the world can provide the most profitable combination of capital and labor."[34] The labor force in the Third World has "become a commodity which must work at any price, a huge reserve army of labor."[35] Thus with wages 3 to 4 times lower than south Korea, Thailand, Malaysia, the Philippines, Sri Lanka, India and even the People's Republic of China have come to be seen as prime spots for investments in labor-intensive operations.

But this unemployed labor force in Southeast Asia also poses a political risk. On the one hand, it represents potential

Structure of Merchandise Exports

	Fuels, Minerals, and Metals		Other Primary Commodities		Textiles and clothing		Machinery & Transport Equipment		Other Manufactures		Total Manufactures	
	1960	1976	1960	1976	1960	1976	1960	1976	1960	1976	1960	1976
ASEAN Nations												
Singapore	1	31	73	23	5	6	7	25	14	15	26	46
Malaysia	20	27	74	57	(.)	2	(.)	6	6	8	6	16
Philippines	10	18	86	58	1	4	0	1	3	19	4	24
Thailand	7	7	91	74	0	8	0	2	2	9	2	19
Indonesia	33	74	67	24	0	0	(.)	1	(.)	1	(.)	2
Other Asian Nations												
Hong Kong	5	1	15	2	45	44	4	15	31	38	80	97
Taiwan	..	2	..	13	..	30	..	21	..	34	..	85
Republic of Korea	30	3	56	9	8	36	(.)	17	6	35	14	88

SOURCE: World Bank, *World Development Indicators,* June, 1979: 26-27.

Symbols
.. no data
(.) less than .5 percent

profits for corporations. But on the other, it also holds a potential threat: as long as large numbers of under- and unemployed people exist, there will be unrest and the possibility of revolution. As the previously mentioned ODC study warned in 1970, the vast number of Third World workers

> are not being fully absorbed into the economy (of the developing nations) despite historically unprecedented rates of economic growth...this situation creates the backdrop for political unrest, which in turn is unsettling to foreign investors...tackling these problems will require radical shifts in policy designed to make efficient use of the most abundant resource in the country, namely the labor force.[36]

In the same year, the vice-president of the World Bank said in Tokyo that Japan especially has a "vital interest" in the stability of these countries. "While development is no guarantee of stability," he said, "there is today little chance of ensuring stability without development."[37]

EOI countries of Asia.

In 1979 the Philippine government announced it was altering its import restrictions to allow "duty-free imports of almost anything that can be profitably processed for export." The new program will include toy factories, jewelry companies, food processing plants, and more electronic plants. A recent advertising section in *Business Week* paid for by some of these companies starts out with this paragraph:

> The Philippines can do in the 1980's what Singapore, Taiwan and South Korea did in the '60s and '70s. The potential for accelerated growth—for an economic take-off—is there. Rich in natural resources, the Phillipines has an infrastructure that can sustain development. It has a large pool of highly trainable, low-wage labor as well as skilled technical and managerial personnel. More important, the country has a government committed to economic and social progress, a government that can formulate and implement pragmatic development policies.[42]

FOREIGN INVESTMENT IN ASIA
(US $ million)

INVESTMENT SITES	FROM ALL SOURCES 1978	Total	FROM JAPAN 1978	Total	FROM USA 1978	Total
South Korea	148.7	1,008.4	78.5	583.6	30.6	193.9
Hong Kong	27.3	451.0	1.6	85.8	6.1	203.2
Philippines	75.4	642.2	13.7	157.2	33.2	221.0
Thailand	12.9	201.2	10.0	69.4	—	26.3
Malaysia	19.4	478.5	6.1	96.7	0.0	81.7
Singapore	482.4	2,305.2	n/a	n/a	n/a	n/a
Indonesia	558.2	7,124.0	93.9	2,534.0	72.5	800.5

SOURCE: *Business Asia,* 2/15/80

When the U.S. finally withdrew from Indochina in 1975, the Association of Southeast Asian Nations (ASEAN)—the Philippines, Malaysia, Singapore, Indonesia and Thailand—committed themselves to economic and political cooperation. Anxious "to resist the perceived threat from their socialist neighbors and to remain closely tied to the West and Japan,"[38] ASEAN government leaders turned towards export-led development policies.

Like the institution of export industrialization in south Korea, the opening up of the ASEAN states to foreign capital was stimulated by military rule. Since 1972 the Philippines has been under martial law, which, in the words of one American banker, "has been good for business."[39] Since 1972, foreign investment in the Philippines quintupled.[40] In 1976, a bloody right-wing coup took place in Thailand, bringing to power a group of military technocrats committed to foreign investment-based economic growth. Indonesia has been a military oligarchy since 1965.

Thus, starting in the mid-70's, these countries began a

> rapid and significant shift towards the substitution of the export of cheap-labor power for the export of primary commodities... whereas they formerly depended on the core countries as buyers of agricultural and mineral raw materials and as sellers of machinery and materials necessary for import substitution industriaization, they now depend upon them as markets for export-oriented industrial products.[41]

The cornerstone of these policies was a new wave of free trade zones, producing electronic goods, textiles, garments, semi-conductors, etc.—industries that are now leaving the first

In 1979, the export of semi-conductors from the Philippines reached $289 million, surpassing sugar on the list of the Philippines' principal exports.[43]

Supported by the World Bank, Thailand has also moved away from its reliance on raw material exports and import-substitution to a program of export promotion that will allow foreign capital into nearly every sector of the Thai economy. Recently, the Thai Deputy Premier for Economic Affairs announced: "Welcome to Thailand, Inc." As a nation, he said in an interview, Thailand "is open to all local and foreign businessmen who are invited to propose projects, of any kind, at the private sector, and note, even in the traditionally public sector."[44]

The *Far Eastern Economic Review* described this announcement as

> nothing less than a repudiation of the economic nationalism which has—sometimes fitfully—guided Thai economic development for the past two decades. It is also an integral part of the World Bank's universal prescription for Third World growth, and one to which Boonchu enthusiastically subscribes: export oriented industrialization based on relatively cheap labor and abundant natural resources.[45]

A NEW INTERNATIONAL DIVISION OF LABOR

This process of corporations moving from one area of the world to another in search of the most profitable combination of capital and labor is part of a global restructuring of capitalist economies. With the growth of "knowledge-intensive" industries (electronics, computers, industrial management) in Japan, the U.S., and Western Europe, their so-called "redundant" industries (steel, shipbuilding) are being shifted to the middle-income countries (south Korea, Singapore). As this occurs, the most labor-intensive industries of the EOI countries (textiles, clothing, toys, plywood, components) are moving to the cheap labor zones of the Philippines, Indonesia, Sri Lanka, Malaysia, Thailand and the People's Republic of China.

The *Far Eastern Economic Review* has called this new structure a "three-tiered technological hierarchy," with the industrialized countries investing in research and development in the information industries. South Korea and the other semi-industrialized countries in Asia—the areas of the first wave of foreign investment in the '60s—are receiving the industries from the U.S. and Japan which are "no longer cost competitive or obsolete,"[46] namely steel, shipbuilding, and petrochemicals. The least developing countries are receiving the most labor-intensive industries.

But as the semi-industrialized EOI countries of Asia move into heavy machinery, chemicals, automobiles, and construction, they become even more dependent on loans from the U.S. and Japan, as well as imports of capital (computers, power and construction equipment, industrial process controls). Despite the loss of labor-intensive industries to the less-developed countries (which are also becoming strapped with debts), wages in the first EOI countries are still considerably lower in Japan or the U.S.

In effect, a division of labor has been established: goods requiring large amounts of labor are produced in both the semi-industrialized EOI and the ASEAN countries; these goods are exported to the U.S., Japan, and other industrialized countries. The advanced countries in turn produce goods requiring large amounts of capital and export them to Asia. This global readjustment of capital and labor is a major force behind the Multi-lateral Trade Agreements signed in Tokyo in June, 1979. The "winners" in this agreement, according to one magazine, will

> include U.S. exporters of such things as aircraft, computers, hospital equipment, paper, plastics, chemicals, lumber and fish as well as some 150 agricultural items...
>
> But the gains will not come without concessions, many of which have yet to be spelled out publically. Experts say, however, that ultimately the losers will include industries that have higher labor costs or use well-known technology.
>
> Examples often cited: textiles, shoes, and leather goods, ceramics, steel products, consumer-electric goods and household appliances, all struggling to compete with low-priced imports from less developed countries.[47]

But the real winners are the multinational corporations, who, through rationalization of production, have created a global network of assembly lines and factories, utilizing cheap labor in Asia and elsewhere, while using more capital-intensive methods in the U.S. and Japan to avoid the higher costs of labor. The real losers are the workers in the U.S. and Japan, who must watch their jobs disappear through this rationalization, and the oppressed and underpaid workers in underdeveloped Asia.

THE PACIFIC RIM ECONOMY

The structure of the Pacific Rim economy is as follows: the United States, Japan, Australia and Canada are the dominant powers in the region. They buy manufactured goods from south Korea, Taiwan, and other EOI countries, and mostly raw materials from Southeast Asia. The U.S. and Australia are also major resource-exporting nations, selling coal and uranium to Asia.

The countries of ASEAN and the "middle-income" countries of south Korea, Taiwan, Hong Kong, and Singapore have been integrated into the capitalist structure dominated by Japan and the U.S. Other countries are beginning to increase their integration with this structure: the People's Republic of China, which since 1976 has begun to turn outward for markets, investments and loans; Sri Lanka, which has become the newest area for Free Trade Zones; and the Pacific islands north of Australia (Micronesia), which are utilized by the advanced economies as fishing grounds (Japan), and weapons testing (the U.S. and France). They are also being considered by the U.S. and Japan as potential sites for nuclear waste dumps.

The **socialist countries** in the Pacific Basin have differing degrees of economic relations with the advanced capitalist countries. The Soviet Union trades with the U.S. and Japan, buying grain and high technology from the U.S., machinery from Japan, and selling lumber and other raw materials to Japan. (This trade has been limited since the Soviet invasion of Afghanistan).

The three socialist countries in Vietnam, Kampuchea (Cambodia), and Laos, have agricultural economies, but are still recovering from the terrible effects of the Indochina War. The invasion and occupation of Kampuchea by Vietnam (in retaliation against Chinese-supported border attacks by the Khymer Rouge) has increased Vietnam's dependence on the Soviet Union. In addition, the pressure of maintaining large military forces drains capital and human energy away from developing its economy. There is virtually no trade and investments between Indochina and Japan and the U.S.; and the World Bank refuses to lend any money to Vietnam until Vietnamese troops leave Kampuchea. U.S. and Chinese support for the anti-communist ASEAN countries—who strongly oppose Vietnam and support the ousted Khymer Rouge—has increased military tensions in the area.

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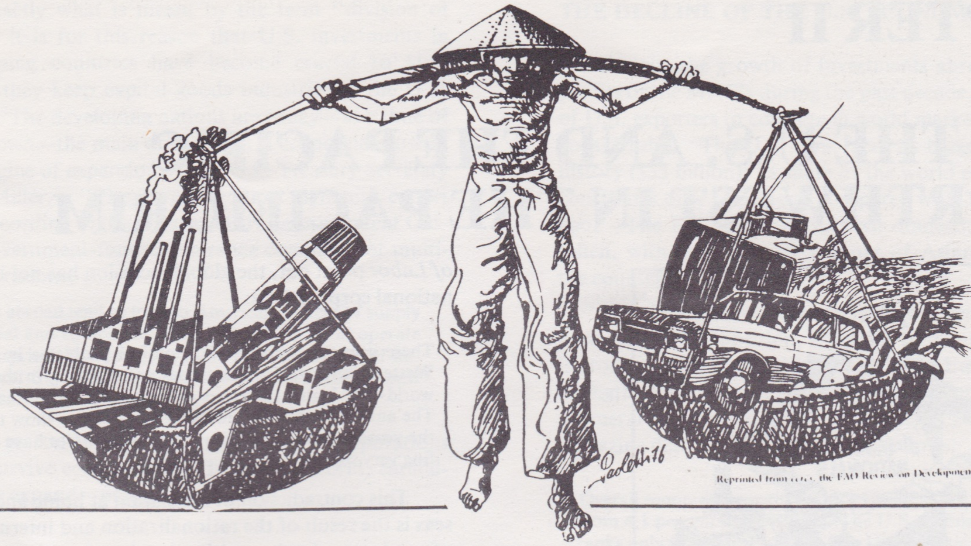

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CHAPTER II

THE U.S. AND THE PACIFIC NORTHWEST IN THE PACIFIC RIM

THE ROLE OF THE CORPORATIONS IN THE NEW DIVISION OF LABOR

The incipient U.S. recession, with its depressive effects on the industrialized countries' economies, is bound to bring to a boil the long-simmering question of the West's consistently high unemployment rates and their resultant social costs. But the problem is really a more fundamental, long-term one, stemming from ongoing industrial restructuring as the economic powerhouses struggle to adapt to the new competitive environment.

—quote from "Why Multinational Corporations Should Prepare For Major Labor Problems Over The Next Few Years," *Business International,* June 13, 1980.

The growth of manufacturing employment in the Third World and the increase in U.S. investments and trade with the Pacific Rim countries has been accompanied by unprecedented unemployment, high inflation rates, and falling rates of domestic investments in the U.S. This is a phenomena common to all the advanced capitalist countries.

In 1975, official unemployment in Western Europe, the U.S., and Japan stood at 5 percent, with the highest rate (8.5 percent) in the U.S. This amounts to more than 15 million workers permanently without jobs, a situation accepted (and implicitly dismissed) as "structural unemployment." What little investment has occured has been directed towards rationalization, making the productive process more capital intensive so that less labor is required.[1]

As the German authors of *The New International Division of Labor* point out, the global recession has not hurt the multinational corporations:

> These economic, social and political problems in each of the Western industrialized countries are occuring in the context of world-wide higher turnovers and profits by individual companies The annual reports of most large companies show that, even in the years of world recession, these companies have been operating very successfully.[2]

This contradiction of stagnation at home and growth overseas is the result of the rationalization and internationalization of production by the multinational corporations. As they have spread around the globe in search of cheap labor, raw materials and markets, they have made decisions not in the interests of working people, but for the purpose of increasing profits. The multinational corporations are unconcerned that certain sectors of the U.S. economy lose out to foreign competition; if importing or investing abroad presents the cheapest way to market a product, then it is considered the most rational, efficient method. One World Bank economist, in describing this process, asserts that the internationalization of production is

> a new dynamic for reducing, if not eliminating, the basic irrationality in the use of world resources implicit in the nation-state... (This means) that the multinational corporation, with sufficient capital and organizational resources, can minimize the effects of these barriers by making its decisions on a global basis and operating as an international rather than a national productive unit.[3]

There are three advantages to foreign corporate investment, according to this economist:

* consumers benefit from cheaper commodities (clothing, radios, etc.). Prices are low because corporations can "use global as opposed to merely national resources efficiently"—presumably including cheap labor.
* American foreign investments prevent Japanese domination of overseas markets and investment sites. When U.S. investors put their money in a Taiwanese electronics factory, they are not "exploiting cheap labor;" they are making a "defensive investment" that prevents the Japanese from investing in the same factory and capturing their factory's share of the U.S. market (where the electronics goods would be exported to).
* U.S. investments maintain the competitiveness of U.S. exports, which are primarily capital intensive. By investing in the Taiwanese electronics factory, the U.S. investors are guaranteeing a market for U.S. capital goods, a market that would have been captured for the Japanese without their investment. In this fashion, the corporation is "increasing its total output and employment in the U.S., and at the same time obtaining profits from overseas sales it would not have realized." Therefore, this writer concludes,

> the increase in exports from the developing countries gives the former increased purchasing power for the capital- and skill-intensive products of the developed countries, thereby increasing employment in higher wage-paying industries in the latter.[4]

A NEW INTERNATIONAL DIVISION OF LABOR

This process of corporations moving from one area of the world to another in search of the most profitable combination of capital and labor is part of a global restructuring of capitalist economies. With the growth of "knowledge-intensive" industries (electronics, computers, industrial management) in Japan, the U.S., and Western Europe, their so-called "redundant" industries (steel, shipbuilding) are being shifted to the middle-income countries (south Korea, Singapore). As this occurs, the most labor-intensive industries of the EOI countries (textiles, clothing, toys, plywood, components) are moving to the cheap labor zones of the Philippines, Indonesia, Sri Lanka, Malaysia, Thailand and the People's Republic of China.

The *Far Eastern Economic Review* has called this new structure a "three-tiered technological hierarchy," with the industrialized countries investing in research and development in the information industries. South Korea and the other semi-industrialized countries in Asia—the areas of the first wave of foreign investment in the '60s—are receiving the industries from the U.S. and Japan which are "no longer cost competitive or obsolete,"[46] namely steel, shipbuilding, and petrochemicals. The least developing countries are receiving the most labor-intensive industries.

But as the semi-industrialized EOI countries of Asia move into heavy machinery, chemicals, automobiles, and construction, they become even more dependent on loans from the U.S. and Japan, as well as imports of capital (computers, power and construction equipment, industrial process controls). Despite the loss of labor-intensive industries to the less-developed countries (which are also becoming strapped with debts), wages in the first EOI countries are still considerably lower in Japan or the U.S.

In effect, a division of labor has been established: goods requiring large amounts of labor are produced in both the semi-industrialized EOI and the ASEAN countries; these goods are exported to the U.S., Japan, and other industrialized countries. The advanced countries in turn produce goods requiring large amounts of capital and export them to Asia. This global readjustment of capital and labor is a major force behind the Multi-lateral Trade Agreements signed in Tokyo in June, 1979. The "winners" in this agreement, according to one magazine, will

> include U.S. exporters of such things as aircraft, computers, hospital equipment, paper, plastics, chemicals, lumber and fish as well as some 150 agricultural items...
>
> But the gains will not come without concessions, many of which have yet to be spelled out publically. Experts say, however, that ultimately the losers will include industries that have higher labor costs or use well-known technology.
>
> Examples often cited: textiles, shoes, and leather goods, ceramics, steel products, consumer-electric goods and household appliances, all struggling to compete with low-priced imports from less developed countries.[47]

But the real winners are the multinational corporations, who, through rationalization of production, have created a global network of assembly lines and factories, utilizing cheap labor in Asia and elsewhere, while using more capital-intensive methods in the U.S. and Japan to avoid the higher costs of labor. The real losers are the workers in the U.S. and Japan, who must watch their jobs disappear through this rationalization, and the oppressed and underpaid workers in underdeveloped Asia.

THE PACIFIC RIM ECONOMY

The structure of the Pacific Rim economy is as follows: the United States, Japan, Australia and Canada are the dominant powers in the region. They buy manufactured goods from south Korea, Taiwan, and other EOI countries, and mostly raw materials from Southeast Asia. The U.S. and Australia are also major resource-exporting nations, selling coal and uranium to Asia.

The countries of ASEAN and the "middle-income" countries of south Korea, Taiwan, Hong Kong, and Singapore have been integrated into the capitalist structure dominated by Japan and the U.S. Other countries are beginning to increase their integration with this structure: the People's Republic of China, which since 1976 has begun to turn outward for markets, investments and loans; Sri Lanka, which has become the newest area for Free Trade Zones; and the Pacific islands north of Australia (Micronesia), which are utilized by the advanced economies as fishing grounds (Japan), and weapons testing (the U.S. and France). They are also being considered by the U.S. and Japan as potential sites for nuclear waste dumps.

The **socialist countries** in the Pacific Basin have differing degrees of economic relations with the advanced capitalist countries. The Soviet Union trades with the U.S. and Japan, buying grain and high technology from the U.S., machinery from Japan, and selling lumber and other raw materials to Japan. (This trade has been limited since the Soviet invasion of Afghanistan).

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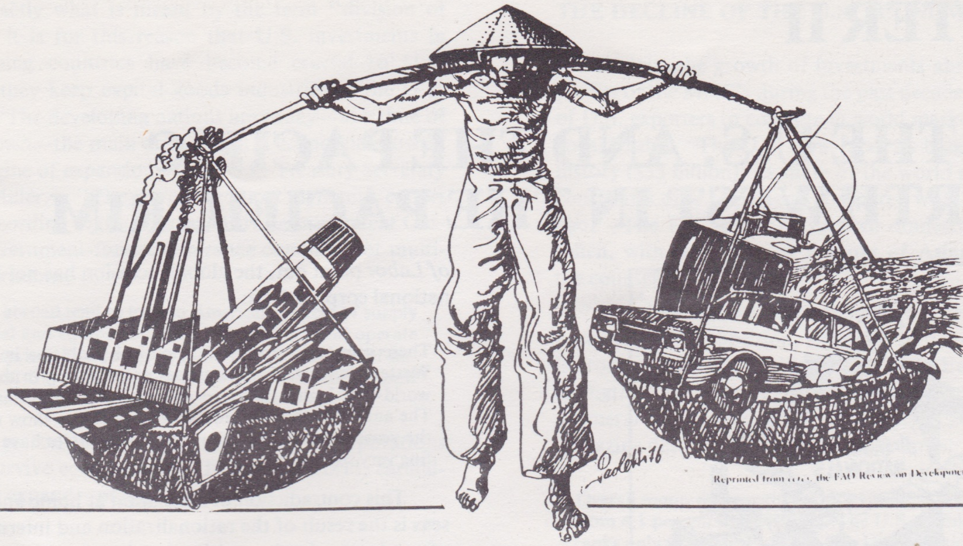

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"Taiwan bids 50 cents an hour Do I hear 40 from Malaysia?"

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> the increase in exports from the developing countries gives the former increased purchasing power for the capital- and skill-intensive products of the developed countries, thereby increasing employment in higher wage-paying industries in the latter.[4]

This is exactly what is meant by the term "division of labor." And it is for this reason that U.S. investments in Asian developing countries have become crucial to U.S. corporations: they keep capital goods industries in the U.S. functioning. "The developing nations are today—at a time of general slowdown—the main area of world economic growth, the world's engine of expansion," says U.S. Treasury Secretary G. William Miller. "They are our most dynamic export market."[5] According to the Overseas Private Investment Corporation, a government-funded insurance company for multinational corporations,

> U.S. investors abroad tend to look to American sources of supply for the material and equipment needed to establish and operate a foreign enterprise. For example, more than 60 percent of initial procurement from the OPIC projects undertaken in the past year will come from U.S. sources.[6]

Thus a major reason for the expansion of U.S. corporations abroad is to survive economically. In today's world, capitalists must either expand—or die.

THE FUTURE ACCORDING TO BUSINESS WEEK

New industries will spring up. The U.S. will close its steel, auto, railroad equipment, machinery, appliance, textile, shoes and apparel industries to producers in other countries, because American companies are unable or unwilling to compete and because these industries are liquidating themselves in the inflation that has wracked the U.S. since 1971...

This does not mean that the U.S. will turn into a society whose people exist by taking in each other's laundry. The old industries will be replaced by at least five others: semi-conductors and electronics, information processing, oceanography, industrial application of space, and molecular biology...

As mass production wanes and information processing technology is introduced widely, the factory as we know it will disappear.

***Business Week*, 9/3/79, p. 3.**

THE DECLINE OF THE U.S. ECONOMY IN THE 1970'S

Despite the growth of investments abroad and the rising profits of the MNC's during the past decade, the overall ability of U.S. exporters to compete in world markets has deteriorated considerably. The U.S. now faces its biggest trade deficit in history ($35 billion); its share of the world export market now constitutes only 14 percent, compared with 23 percent 10 years ago.[7] The U.S. share of its own domestic market has also fallen, with an increasing amount of Asian imports entering the country.

The loss of overseas strength worries U.S. capitalists, because the U.S. position, especially in manufactured exports, is eroding while the position of Western Europe and Japan is strengthening. But the decline comes not only in exports; it is a general economic decline. In a recent issue, *Business Week* magazine described these trends as follows:

> Overall economic growth slid to 2.9 percent per year in the 1970s from 4.1 percent in the 1960s...The U.S. standard of living now ranks only fifth in the world...The U.S. inflation rate was higher than the average of all industrial countries in 1979 for the first time in history...the U.S. economy is showing signs of the kind of fatigue that causes industrial powers...to go into an irreversible slide. Investments in the U.S. stands at some 10 percent of GNP as compared with 15 percent in Germany and 20 percent in Japan. Lacking the stimulus of new capital plant, U.S. productivity growth has declined...since 1976, the capital stock has increased at a 3 percent annual rate and hours worked by a larger 3.8 percent. The statistics for Germany and Japan are exactly the opposite.[8]

What *Business Week* and the rest of the owning class blame these trends on are the government and the working class. The two battle cries of American conservatives in 1980 are "Get the government off our backs" and "Increase Productivity."

The attack on government places the blame for the U.S. economic decline on controls on business expansion and mineral exploitation. Critics of the government attack:

- Restriction on trade policies (human rights restrictions, bans against exporting nuclear materials),
- limitations on exploiting natural resources such as coal and uranium that lie mainly on government-owned land and Indian reservations,
- anti-trust policies which "impede business efficiency,"
- the lack of coherent industrial development plans that would phase out "inefficient" sectors like textiles. According to *Business Week*, the U.S. is "only now beginning to debate whether to adopt policies actively favoring dynamic industrial sectors or whether to continue makeshift policies of propping up financially troubled companies and industries." Businessmen often look longingly at Japan which "has a deliberate policy of restructuring its industries to cope with changing cost factors and their impact upon its competitiveness."[9]
- government inability to push U.S. exports in protected markets like Japan: "The major competitive strength of the U.S. is in its high technology products, and the single most glaring failure of Washington trade policy is its inability to guarantee that foreign markets remain open for these products in which the U.S. still has an edge."

To regain the United States' "competitive edge," pro-business forces advocate the lifting of government controls on corporate expansion (what few controls there are), the lifting of regulations concerning safety and pollution, and a speed-up in depreciation taxes. They have called on workers to "increase productivity" and are trying to undermine the Occupational Safety and Health Administration (OSHA), workers' compensation, social security, cut social programs, and shift the tax burden to workers. Business people and their supporters in the government

> stress the need to modernize—partly through tax benefits to corporations—the factories and equipment with which the U.S. produces goods.
>
> *Only then, it is argued, will productivity pick up,* cutting labor costs and giving American exports a competitive edge they now lack.[10] (Italics added).

In terms of the international economy, these forces want the U.S. to allow certain industries to die, while building other more competitive industries, such as information processing. Domestically and internationally they advocate "free markets" and "free trade." This is the vision of a vice-president of the Morgan Guaranty Trust Company, and a former economist for AID in south Vietnam and south Korea:

> Declining industries should not be propped up by tariffs or quotas, and industry rationalization should not be blocked by anti-trust as long as international competition will keep prices down. A large declining industry eats up productive resources at low rates of return. These are resources we cannot afford to waste. *We must overcome our fear of corporate bigness and take an international competitive view.* A large and growing world economy requires this, especially where economies of scale are competitively important.[11] (Italics added)

For the United States, this means that

> comparative advantage lies in food grains and certain other agricultural products where high technology and abundant land can be combined with skilled labor and fairly capital-intensive processes of production, and in manufacturing industries utilizing high technology, skilled labor and relatively capital-intensive methods of production, or in certain specific sectors where such determinants as marketing may be important, as in high fashion. The United States will continue to lose out in traditional, relatively labor-intensive industries, including some textiles, some electronic consumer goods production, and probably certain types of machinery.[12]

This is where East Asia comes into the picture.

U.S.—ASIA TRADE

Between 1970 and 1978, U.S.—Asian trade quadrupled from $18.7 billion to $76.6 billion. In 1978 for the first time, American trade with Asia surpassed its trade with all of Western Europe, representing roughly one-quarter of all U.S. trade world-wide.[13]

While this expansion reflected a sharp increase in U.S.—Japanese trade, it also stemmed from an increase in U.S. investments and loans in the manufacturing economies of Asia, particularly south Korea and Taiwan. With the decline in manufacturing in the U.S., an increasing quantity of manufactured goods began to enter the U.S. from these two countries, replacing Japanese imports. The growth of these economies has attracted greater U.S. investments in oil refining, petro-chemicals, and electronics—and increasing imports of American capital goods.

SHIFTING SHARES OF U.S. MARKET
(percentage)

	Japan		EOI Countries*	
	1970	**1976**	**1970**	**1976**
Clothing	21.9	5.6	31.0	50.5
Plywood	18.3	14.9	53.6	73.0
Footwear	14.6	0.5	9.1	31.8
Radios	65.5	49.5	20.8	30.0
TV Receivers	80.7	70.0	13.0	25.8
Light Bulbs	82.0	20.8	8.0	22.1
Bicycles	30.4	40.3	1.8	19.5
Typewriters	21.4	21.2	0.0	7.9
Sewing Machines	56.6	42.1	1.2	9.0
Steel Joints	56.3	55.5	0.0	13.6
Nails-Pushpins	60.1	43.2	0.0	11.6
Steel Sheet	49.6	53.0	4.2	7.5

Source: U.S. Trade Statistics

* South Korea, Taiwan, Hong Kong, and Singapore

Asia Trade of Washington and Oregon, 1977
($ million)

	WASHINGTON		OREGON		USA	
	Exports	Imports	Exports	Imports	Exports	Imports
JAPAN	1,014	1,661	782.7	835.9	10,528	18,549
South Korea	166	131	225.6	55.3	2,371	2,883
Taiwan	121	197	42.3	86.5	1,798	3,666
Singapore	125	51	—	—	1,328	1,284
Hong Kong	32	211	72.4	25.9	1,292	2,894
Philippines	45	27	33.9	—	798	1,112
Thailand	15	4	—	—	510	346
Indonesia	33	424	—	—	763	3,491
Malaysia	11	100	—	—	561	1,381
Australia	207	186	44.4	111.7	2,538	1,242
Asia percent of total	37%	52%	77.6%	70.5%		

Washington's major exports: Aircraft, logs and lumber, fish, motor vehicles, fruit and vegetables, wheat, wood pulp, paper products, aluminum and alloys, machinery. **Major imports:** crude petroleum, lumber, natural gas, cars, truck and bus chassis and bodies, aluminum oxide, televisions, radios.
Oregon's major exports: wheat, logs and pulpwood, lumber, non-military aircraft, plywood and veneer, barley, paper. **Major imports:** cars, alumina, truck, auto and bus chassis and bodies, steel, plywood and veneer, tires, televisions and clothing.

SOURCES: Washington State Department of Commerce and Economic Development, Oregon Department of Economic Development, ***Far Eastern Economic Review.***

The expansion of export-manufacturing economies in East Asia has meant that the most "competitive" exports of the U.S., certain capital goods, are going to Asia, reflecting the general trend of "comparative advantage" described above. These capital goods include food exports, cotton, seeds, fertilizers, and high technology items like military equipment, nuclear power plants, and sophisticated machinery. Increasingly popular exports are resources, particularly coal and uranium. With the growing deficits in U.S. trade, maintaining these Asian markets has become a strategic goal of the U.S.

These trends in trade and in corporate strategies can be seen very clearly in the relationship of the Pacific Northwest to the Pacific Rim countries.

THE PACIFIC NORTHWEST ECONOMY: AN OVERVIEW

The economy of the Pacific Northwest has become closely tied to Asia. This development especially shows up in the pattern of trade: imports and exports between the Northwest and the Asia-Pacific area compose close to 50 percent of all the trade of Washington, and 70 percent of Oregon's trade. Commodities shipments through the Port of Portland increased by 400 percent between 1970 and 1978.[14]

Trade between the Northwest and Asia follows the general trend in U.S. trade with Asia, with capital-intensive goods the principal export, labor-intensive goods the main import. But for the Northwest, the export markets in Asia play a much more important role in the economy than the U.S. in general. Nearly 85 percent of the area's wheat (Oregon's biggest export) goes to Asia; 20 percent of its total log production; and a growing amount of fresh fruit and leather hides.

The Northwest-Asia relationship is not restricted to trade. Several Northwest-based corporations have investments in Asia, primarily in the lumber industry of Southeast Asia. The region's major banks have overseas branch offices in Seoul, Singapore, Tokyo and Manila. The fastest growing new industry, electronics, is dominated by California-based corporations that have factories scattered throughout Southeast Asia.

Reciprocally, since the early '70s, the Northwest has become a major area for Japanese investments. Japanese interests now virtually control the Alaska fishing industry. Large Japanese trading corporations have purchased several grain elevators in the Northwest.

The major industries of the Pacific Northwest (Washington, Idaho and Oregon) are lumber and wood products, agriculture and food processing, aerospace, electronics and tourism. Except for tourism, all these industries are very vulnerable to capital mobility and are closely integrated into the division of labor of the Pacific Rim economy.

INTERNATIONAL TRADE

East Asia has been a traditional market for Northwest products. As early as 1845, Northwest furs were being traded by Eastern businessmen for silks and other goods from China. After the turn of the century, the opportunity for wheat and flour exports to China and Japan helped promote the growth of flour mills and ports in Seattle, Tacoma and Portland.[15] But until the 1950's, the bulk of Northwest trade was with Canada and Europe.

Immediately after World War II, the U.S. began a program of relief aid to both Asia and Europe. This aid stimulated the Northwest wheat industry and established its most important market.

Since 1965, the Pacific Rim countries of Japan, south Korea, and Taiwan have become major trading partners of the Northwest. As the manufacturing sectors of Japan and other East Asian economies have expanded, markets have opened up there for grain, logs and raw hides—the principal exports to Asia from the Northwest. Grain is imported because these Asian countries have emphasized industry rather than agriculture; the logs are used as raw materials in the Japanese housing industry and the Korean plywood industry; and the raw hides are used in the shoe industries of Korea and Taiwan.

Exports from the Northwest provide far more jobs and income than imports. Northwest ports, nonetheless, have become major entry points for manufactured goods from Asia. Thus, as the U.S. in general has become dependent on imported consumer goods, the Northwest has become a major importer of automobiles, televisions, radios, clothing, plywood, and shoes from Asia. The most important imports that stay in the Northwest are plywood, bauxite and alumina (largely imported from Australia) for the aluminum industry and Indonesian oil. In 1975, 18.2 percent of Oregon's gross state product was directly related to international trade.[16]

"FREE" TRADE?

Trade is the tried and true cure for ailing international relations. What better weapon do we have against the rise of alien philosophies in nations we hope to hold in our orbit than export-import commerce?

—C. Howard Burnett, 1978 President of the Portland Chamber of Commerce, "Re Our Relations with South Korea," *Portland Magazine*, February 1978.

AGRICULTURE

In the past twenty years, Northwest agriculture has gone through a major transformation. Thousands of farms have disappeared and employment has dropped nearly one-third. But production value, sales, exports and government subsidies have increased significantly. Large corporations are now involved in nearly every aspect of agriculture, from growing crops to processing and marketing them. Northwest agriculture, like the rest of U.S. agriculture, has become extremely capital-intensive, with large capital outlays for irrigation, mechanization and fertilizer.

NORTHWEST FARMING TRENDS
($1,000)

	# Farms	Cash Receipts	Government Payments
1950	62,000	$ 380,740	$ 3,411
1960	47,000	416,120	8,734
1970	34,500	567,934	23,112
1978	34,000	1,268,373	30,416

Acreage under irrigation 1970: 600,000 acres; 1979: 1 million

SOURCE: *Oregon Business Barometer* 2/80

CORPORATE FARMING AND FOOD PROCESSING

Since the mid-sixties, vertically-integrated, conglomerate corporations have taken advantage of cheap land and water and high food prices to develop semi-arid land along the Columbia River. At costs often exceeding $1,000 an acre, these companies have built huge irrigation systems that pump water out of the Columbia to grow potatoes, corn, alfalfa and wheat. These systems—known as "center-pivot irrigation"—water land in half-mile diameter circles, which "place the equivalent of 60 inches of rain on their crops in a region which ordinarily would have received only a fraction of that amount."[17] Acreage under sprinkler irrigation increased from an estimated 600,000 acres in 1970 to nearly one million acres in 1979.[18]

Many of the corporations involved in this kind of farming are conglomerates or corporations with no connection with agriculture. Boeing, for example, has invested in desert lands in the Columbia Basin, along with several insurance companies and banks. Northwest food processing is now dominated by ITT-Continental Baking Company, WR Grace and Carnation Company.

The development of corporate farming and food processing is aimed at both the growing market in the U.S. for processed foods, especially potatoes, and at the export markets in Asia for both wheat and processed potatoes. Other crops being exported are apples, cherries and hops. But by far the most important export crop is wheat.

WHEAT EXPORTS AND THE PACIFIC NORTHWEST ECONOMY

Wheat is the largest agricultural export from the Pacific Northwest and the most important export commodity of Oregon. In 1978, more than $1 billion worth of wheat was exported from Oregon, 45 percent of the state's total exports.[19]

The growth of wheat exports derives from three important factors: the rapid industrialization of south Korea, Japan and Taiwan; American foreign aid to these countries; and the expansion and intensification of irrigated land in the eastern parts of Washington and Oregon.

East Asia buys approximately 85 percent of the region's wheat crop.[20] The demand for the wheat in Asia has been created and nurtured by years of U.S. government food aid and the marketing techniques of the Western Wheat Associates (now called U.S. Wheat Associates—USWA), the marketing arm of Northwest wheat growers. U.S. foreign aid programs have promoted the use of white bread and biscuits (which must be made from soft white wheat as is grown in the Northwest) and have financed the building of bakeries and grain elevators throughout East Asia. The promotion of these foods has led to dietary changes in the Orient, from rice to wheat-based foods. Oregon businessmen make no secret of this.

Agricultural Exports through Port of Portland, 1957-1976 (percentage share of exports)

	1957	1965	1970	1976
Western Europe	13.3	8.5	3.4	3.1
Eastern Europe	0.0	0.0	0.0	1.5
Asia-Pacific	**81.0**	**83.6**	**92.6**	**89.8**
Korea & Taiwan	*0.7*	*9.8*	*28.1*	*29.1*
West Asia	0.6	2.4	0.3	4.1
Americas	5.0	5.4	3.6	1.4
Africa	0.0	0.7	0.0	0.0

SOURCE: Edward Hallet, "A Framework for the Regional Analysis of Agricultural Trade Policy," (MA Thesis, University of Oregon, 1977)

I have heard...that people may become dependent on us for food. I know that was not supposed to be good news. To me that was good news because before people can do anything they have got to eat. And if you are looking for a way to get people to lean on you and be dependent on you, in terms of their cooperation with you, it seems that food dependence would be terrific.

—Hubert Humphrey, 1954.

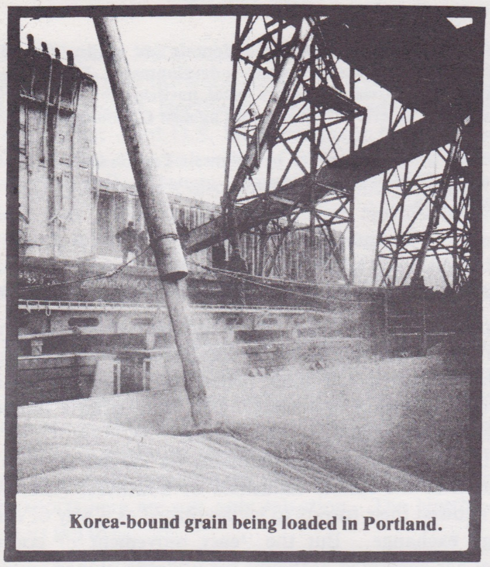
> In recent years, Koreans have turned to wheat-based foods such as bread and pastries and an expansion of the traditional use of noodles. As in Japan and other Asian nations, a great deal of the credit for this dietary change is due to the combination of the marketing efforts of the Western Wheat Associates...and the impact of U.S. government aid programs under Public Law 480.[21]

The Associates' aggressive marketing practices are supported by the Foreign Agricultural Services of the U.S. Department of Agriculture, which provides matching funds to the USWA to stimulate exports. The Department (USDA) has also recently established offices in Seoul, Singapore, and other "key markets" in Asia to promote U.S. food and agricultural machinery exports.

These efforts are important to the Northwest; according to the former director of the Associates,

> Americans can consume only 40 percent of our annual wheat crop. The American farmer MUST export 60 percent of his crop in order to stay in business. In the case of the soft white wheat produced in Oregon, Washington and Idaho, we must export 85 percent of this crop![22]

The 1978 Western Wheat Associates' 386-page marketing plan for Asia covered 243 specific projects, including regional baking schools, milling and baking seminars, introduction of new wheat products, and trade teams to the U.S. Through these projects, the U.S. share of the Asian wheat market has increased to 40 percent. Japan buys 56 percent of its wheat from the U.S.; the Philippines 96 percent; Taiwan 90 percent; south Korea 100 percent; Hong Kong 77 percent; and Thailand 52 percent.[23] Northwest wheat is now being promoted in the rice-eating countries of Singapore, Malaysia, Indonesia, and



Korea-bound grain being loaded in Portland.

Sri Lanka. Indonesia buys 1 to 1.2 million tons of U.S. wheat yearly. "These purchases," notes the Portland *Oregonian*, "are made possible by long-term, low-interest loans from the U.S. government."[24]

With the U.S. balance of payments worsening year after year, these food exports are getting more emphasis from the U.S. government. As a Northwest banking executive writes,

> The importance of agricultural exports to the trade balance of the U.S. economy is clearly seen. It is currently estimated that international trade in agricultural products contributed a trade surplus of $16.6 billion in the 1978-79 fiscal year, while U.S. imports of non-farm products contributed a deficit of about $40 billion, largely due to petroleum imports.[25]

However, the dependence on the world market often means "rather violent fluctuations in foreign demand"[26] because of changing political conditions. After the Iranian revolution, for example, Iran—which had been purchasing up to 20 percent of the Northwest wheat crop—stopped buying U.S. wheat, choosing instead to develop its own agriculture and diversify its sources of imports. This caused a sharp drop in Northwest wheat prices, hurting the farmers dependent on the exports for their income. Since the market is now concentrated in south Korea, Taiwan, and Japan, major changes of policies in these countries could wreak havoc for Northwest wheat farmers.

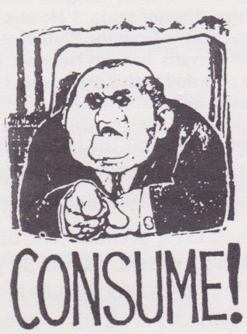
Corporate control over the grain trade is considerable: five huge multinational corporations account for 85 percent of the total volume of U.S. trade, according to the U.S. Department of Agriculture. Two companies—Cargill and Continental—own or lease **one-half** of all grain storage space at American ports.[27] Eight terminal elevators in the lower Columbia account for 70 percent of the export grain storage capacity in the Pacific Northwest. One joint venture between Cargill and Marubeni accounts for 25 percent of Pacific Northwest volume.[28] This storage control gives the wheat corporations tremendous market power.

FUTURE PLANS FOR NORTHWEST AGRICULTURE

The governors of Idaho, Washington, and Oregon recently commissioned a study of the future of Northwest agriculture. The author of this report is Jim Youde, a former director of the Department of Agriculture in California. According to this report, the main features of Northwest agriculture will be:[29]

- Extensive development of irrigated tracts and greater dependence on export markets. In the next 20 years, 1.6 million acres of irrigated cropland will be opened up in Washington, Idaho and Oregon. Wheat exports will double by the turn of the century; exports of french fried potatoes and other fruits and vegetables may also increase "if Northwest marketers take advantage of potential in Japan and the Pacific Rim countries." Market development, according to Youde, is "The most important challenge facing Pacific Northwest agriculture during the next twenty years." In fact, the future will remain bright for the Northwest "only so long as markets are developed."
- While 1.6 million acres of land will be irrigated, 200,000 acres will be lost to urban development. But "just how the lands will be developed—how much public land and how much private—hasn't been determined," says the report.
- Development of the added irrigation acres, plus the need for power generation will mean more capital- and energy-intensive kinds of farming and will put more demand than ever on the region's limited water supply.
- The trend towards big farms will continue, but at a "less pronounced rate than before." However, it is clear that as wheat and other exports expand, Northwest agriculture is becoming more and more capital intensive. In Oregon, for example, employment decreased 17 percent between 1970 and 1976, but dollar output increased 14.8 percent. At the same time, wheat exports have increased 30 percent.[30]
- The development of additional farmland and new processing facilities will "put a squeeze on an already tight labor supply—emphasizing the need to develop laws pertaining to the use of foreign laborers...The availability of seasonal workers...will pose a challenge to employers during the next two decades...Federal level clarification of the status of foreign nationals is need for future agricultural labor stability." What the report seems to suggest is that, with the expansion of food processing for export markets, there will be a need for low-wage labor. In a report to a June, 1980 conference on Oregon agriculture, Youde suggested opening the border with Mexico to allow more foreign labor into the country.

This report is based on several basic assumptions: the first is that increasing imports of food to Pacific Rim countries is a good thing for Asian people; the second is that the loss of farmland to developers can be made up by the expansion of irrigated desert land; and the third is that public policy favors the growth of bigger and "more efficient" farms. It is highly questionable whether these assumptions are shared by the majority of workers, farmers, or consumers in either the U.S. or Asia. But it is certain that these assumptions are those of the food processing, grain exporting and giant farming corporations.



THE LUMBER AND WOOD PRODUCTS INDUSTRY

This industry is a major sector of the Northwest economy, and accounts for 40 percent of Oregon employment, 32 percent of Idaho's and 18 percent of Washington's. The number of workers in the wood products industry in the Northwest is seven times the national average.[31]

Employment fluctuates because the industry is so sensitive to the national business cycle. But in summer, 1980, employment was below the level of the 1974-5 recession: of the 35,000 Northwest members of the International Woodworkers of America (IWA), between 8 and 9,000 were out of work. In the last year, some 10,000 jobs have been lost in the industry; between December, 1979 and June, 1980 there were 17 permanent mill closures in Oregon.[32] There have also been many partial shutdowns and "temporary curtailments."

These closures and the rising unemployment are not only due to the recession—or the government, as the corporations like to claim. They are due to corporate decisions to invest in timberlands and plywood mills in Asia, to export logs to Japan, and to the overcutting of Northwest timber lands. As the industry has become internationalized, jobs have been lost.

One of the major export industries in the export-oriented industrialized (EOI) countries of Asia is plywood manufacturing. South Korea, for example, is the world's largest exporter of plywood; about half of its exports go to the U.S.[33] The industry developed primarily because of the country's low wages. Most of its wood imports come from Southeast Asia.

Resource Control of the Big Six Timber Corporations (Acres, 1977)

Corporation	U.S.	Foreign
International Paper	7,700,000	13,700,000
Weyerhaeuser	5,800,000	4,832,000
Georgia-Pacific	4,300,000	4,179,000
Champion International	3,403,000	1,900,000
Boise Cascade	3,052,000	1,700,000
Crown Zellerbach	2,712,000	1,330,000

SOURCE: *Northwest Bulletin,* May-June-July 1978

Northwest companies played a major role in developing this industry in south Korea, supplying the raw materials, the capital, and the markets—as this writer in the March, 1969 *National Geographic* explains:

> All of Korea's progress has not been financed by government grants. Private money has come as well. I found one of the best examples at the Tong Myung Timber Company, a plywood manufacturing firm at Pusan..."A vice president of the Evans Products Company of Portland, Oregon, came to Korea in 1961," (the production director said). "He met our president... and they decided that timber from the Phillipines and from northern Borneo (where Evans had investments in timber land) could be made into plywood with Korean skilled labor and sold at a profit in the United States..."[34]

Tong Myung went on to become the largest plywood factory in south Korea, exporting 30 percent of south Korea's total. (But it went bankrupt in 1980 due to mismanagement.)

Between 1966 and 1976, overseas sales of Korean plywood expanded at an average annual rate of 30 percent; in 1976, nearly 60 percent of these exports went to the U.S.[35] A major purchaser of Korean plywood has been Georgia-Pacific Company (G-P). G-P is a "multi-million dollar customer" of south Korea, buying primarily hardwood plywood (some of which is shipped to G-P mills, including Eugene, to be finished into wall paneling) and nails. G-P also exports lumber to Korea from its subsidiary in Indonesia.[36]

> **Southeast Asian countries like Indonesia are putting the lid on politics to concentrate on economic development...The policies of (ASEAN) countries to require local participation in American projects was an effective protection against Communist takeover.**
>
> **—former U.S. Ambassador to Indonesia Francis Galbraithe, in a speech to Northwest businessmen, quoted in *Oregon Progress,* January 1976.**

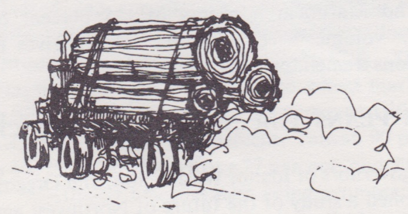
The main overseas investments by lumber corporations has been in the timber industries of Southeast Asia, which have allowed their forests to be developed as a way of earning foreign exchange. But the "easy movement of corporate capital has generated problems for underdeveloped countries. In a rush to gain outside capital, Third World countries often permit accelerated development and the exploitation of their forests."[37] According to the *Far Eastern Economic Review,* this exploitation has been devastating in Asia:

> Tropical hardwood, for so long plentiful and cheap, is moving towards a period of chronic shortage. Years of forestry mismanagement are catching up with the timber industry and with Southeast Asia countries...Little reforestation is occuring, and of that mostly of softwood or lower quality hardwood. No one is replanting the dipterocarp hardwood (which has been) the mainstay of the world plywood industries through the late 1970s.[38]

Because of this overcutting, says the *Review,* Thailand is already a net importer of timber, and will soon be followed by Peninsular Malaysia and the Philippines. "The ramifications, it says, "are enormous:" the overcutting has caused the price of lumber to skyrocket, which has meant disaster for the plywood industry in south Korea and Taiwan. Worse, it has had "a dreadful effect on the supply of firewood and charcoal, the cheap fuels by which most of the people of rural Asia get their energy."

Georgia-Pacific, Weyerhaeuser, Boise Cascade, and Evan Products Company have all invested millions of dollars in the Philippines, Malaysia and Indonesia. One joint venture between Weyerhaeuser and an Indonesian military cooperative is the "largest private concession-holder in Indonesia."[39]

Through huge timber reserves, four corporations (Weyerhaeuser, Boise Cascade, Georgia-Pacific and International Paper) control 13 percent of the island of Mindanao (Philippines)—where they have clearcut virgin forest at a rate nine times faster than the rate of reforestation.[40] Much of the capital for these projects was generated by overcutting the forests of the Northwest to export logs to Japan.



LOG EXPORTS

Since the late 1960s, Japan has become a major importer of logs from all over the world, especially from British Columbia and the Pacific Northwest. Taking advantage of this growing market—and U.S. laws that favor log exports—the major corporations export millions of dollars worth of logs to Japan each year (logs are also exported to south Korea). "Government and private studies show that Northwest private forest lands were overcut" to take advantage of this market, says an IWA report. "The capital generated from these abuses has been used to invest in places like the Phillipines and Indonesia."[41]

These log exports—about 20 percent of the Washington and Oregon harvest—have become crucial to the profits of the corporations. Weyerhaeuser sold some $335 million worth of logs to Japan in 1978, accounting for a quarter of the company's $791 million in operating earnings.[42] One Weyerhaeuser executive was recently quoted in the *Wall Street Journal* as saying, "The exports here are our only salvation. The Northwest is busting its tail to export."[43]

Value ($ thousand) of Softwood Log Exports from Washington and Oregon to Japan and south Korea

YEAR	TOTAL LOG EXPORTS	JAPAN	KOREA
1961	25,470	24,744	11
1965	70,424	63,211	78
1970	280,920	273,988	3,659
1975	603,854	560,754	14,757
1979	1,408,036	1,387,602	80,173

SOURCE: Pacific Northwest Forest and Range Experiment Station

Besides generating large profits for the corporations to invest overseas, the export of logs from the Northwest is a major reason for the growing amount of plant closures in the area. First, the massive overcutting of Northwest forests (more than double the harvest rate of national forests) has caused a shortage of logs on the privately-owned lands of the major corporations, which has caused the price of logs on public lands to skyrocket. This has forced many small lumber companies out of business because they cannot compete with the large lumber corporations.

Second, the log exports cause a loss of jobs because raw logs are exported instead of finished lumber: over the last ten years the ratio between lumber manufacturing and log exports has shifted drastically, from 9 to 1 in 1965 to 3 to 1 in 1976.[44] Using the most conservative estimates, IWA researchers say that "the 3.5 billion board feet...exported in 1979 could yield 14,000 full-time sawmill and planer mill jobs in Oregon and Washington."[45] (Due to pressure from unions and public officials on this question, the Japanese forestry industry recently proposed a non-governmental Japanese-American committee to "work out commercial and technical arrangements for increasing the Asian country's lumber imports." This could "change the mix of exported lumber and raw logs," meaning more jobs in the Northwest. At this writing, the committee was expected to meet in November or December, 1980.[46])

As they have closed Northwest mills and used up the area's timber supply, the lumber corporations have begun to move their operations to the southern U.S. Over one-half of the capital spending of $615 million in 1978 was used for projects in the south because of "its undervalued timber, its opportunity for increased harvest levels, the low wages and good transportation access to eastern, and even export markets."[47]

Thus economic growth in the Pacific Rim has meant the expansion of the lumber industry into other areas (Philippines, Indonesia, Korea), and new export markets (Japan, Korea). But this "free" movement of capital has nearly destroyed the industry in the Northwest, causing a severe loss of jobs for Northwest workers.

JAPANESE ECONOMIC INTERESTS IN THE PACIFIC NORTHWEST

Japan is the primary trading partner of the Pacific Northwest. During the 1970's, Japanese companies became heavily involved in investments in the Northwest fishing industry and the export-import business. This development was due to several factors. First, after the devaluation of the dollar in 1972, U.S. goods became cheaper on the world market. Second, the world recession of 1974-5 started a process of increased Japanese investments in raw materials around the world. Third, because of the growing trade imbalance between the U.S. and Japan, the U.S. government has been putting pressure on Japanese capitalists to invest in American industries rather than export to the U.S. and take away American jobs.

One of the features of the Japanese economy are giant trading corporations, known as "soga shosha." These firms are a combination of brokerage house, distributors, and investment companies, and handle a large amount of Japan's trade. In 1975 the "big ten" trading firms accounted for 57.5 percent of Japan's imports.[48] Since the recession of 1974-5, these companies have been in a slump, largely because of the rising value of the yen, which has made Japanese products more expensive; and the decreased profitability of Japanese steel, ships, and chemicals. The soga-shosha decided to expand to more profitable raw materials to make up for this slump.

As part of this new policy, the soga-shosha have expanded into agriculture, forest industries and fishing in the U.S., which has meant large investments in the Pacific Northwest. These investments include:

* the purchase of Alumax, a joint venture between Mitsui, Nippon Steel and AMAX, an American mining conglomerate. Alumax (the largest single Japanese investment in the U.S.) owns 50 percent of Intalco, an aluminum smelter in Ferndale, Washington. If Intalco were an independent entity, it would be the sixth largest aluminum producer in the U.S.[49]
* the purchase of several grain elevators in the U.S. by Mitsui, and a joint venture between Cargill and Mitsui in Portland.
* the sub-leasing of a large grain elevator in Portland by Marubeni.

Japanese direct investments in the Northwest are primarily in the fishing industry of Washington and Alaska. Many of these are joint ventures. Some of the major interests are held by Nichiro Gyogyo, Taiyo Gyogyo and Kyokuyo (three of the largest Japanese fishing corporations); and Mitsubishi, Marubeni, Mitsui and C. Itoh, four of the largest Japanese trading corporations.

Japanese interests have also invested in Northwest wood and lumber, especially in Alaska. Japanese companies have a

50 year U.S. Forest Service contract for 5.25 billion board feet of lumber from two islands off the Alaska coast. With their acquisitions of mills and long-term purchase agreements in Alaska, it has been estimated that Japan buys almost the entire yield of the Alaska forest industry.[50] Combined with its imports of logs from the Northwest, Japan has become the most important overseas market for Northwest wood products.

The impact of corporate practices (including the reliance on the Japanese market) on workers in the lumber industry has been described above. Similar patterns can be seen in the fishing industry. An increasing trend towards mergers and capital-intensive practices (such as bottom fishing and the use of "floating factories" that employ low-wage labor from south Korea) has meant high unemployment and plant closures for cannery workers, and disruptions in supplies and price for small fishing people. The heavy reliance on the Japanese market by large fish processors has caused heavy surpluses to build up because American and European wholesalers have turned to Canadian processors for their salmon.[51] This led to a long strike of fishing people during the summer of 1980 because the prices offered to them were so low.[52] Finally, cannery workers—predominantly Asian and Native Americans—have been faced with racist and sexist practices. Several years ago, one of the largest companies in Alaska, the New England Fish Company (now owned by Marubeni of Japan), was found guilty of "relegating its minority cannery workers to the lowest-paying menial jobs, [and] forcing them to live in segregated and inferior housing."[53]

JAPANESE INVESTMENTS IN THE PACIFIC NORTHWEST (INCLUDING ALASKA)

Fish Processing

KYOKUYO: Whitney Fidalgo Seafoods, Inc. (100%)
MARUBENI: Togiak Fisheries (100%), Marubeni Alaska Seafoods (100%), North Pacific Processors (50%), Kodiak King Crab (25%), Kodiak Fishing Company (25%), Bering Sea Fisheries (25%), Golden North Fisheries (24%), Wards Cove Packing Co. (10%), Nefco Marubeni (100%), Juneau Cold Storage (40%).
MITSUI: Polar Pacific Ltd. (22%), Overseas Fisheries (30%), Dutch Harbor Seafoods (25%), North Star Seafoods (25%).
NICHIRO GYOGYO: Peter Pan Seafoods, Inc. (100%), Adak Aleutian Processors, Inc. (100%), Orca Pacific Packing (21% Joint venture with **Mitsubishi** [20%], **Nefco** [58%]) Hilton Seafoods (40%, Joint venture with **Mitsubishi [10%]).**
NIPPON SUISAN: Universal Seafoods (47.6%), Nippon Suisan U.S.A. (100%), Pacific Rim Seafoods (47%), Morpac (46%, Joint venture with Mitsui [45%]).
ALASKA PULP CO: Harbor Seafoods (100%).
HOKUYO SAISAN AND C. ITOH: New Northers Processors (49%).
KANAI FISHERIES: R. Lee Seafoods (25%).

Forest Products

ALASKA PULP CO: Alaska Lumber and Pulp Co. (100%), Alaska Pulp Co. (100%).
IWAKURA-GUMI LUMBER CO: South Central Timber Development Co.
MITSUI: Kodiak Lumber Mills (50%), North American Forestry Development, Inc. (100%).
OJI PAPER: Oji Paper Co. (100%).
SUMITOMO FORESTRY: Sumitomo Forestry America (100%).
JUJO PAPER CO: Joint venture with **Weyerhaeuser** (Longview, Washington).

Mining

MARUZEN OIL: Maruzen Oil of Alaska (100%).
MITSUBISHI: Iron Ore Co. of Alaska (100%).

Petrochemicals

MITSUBISHI GAS CHEMICAL CO: Collier Carbon and Chemical Co (10% UREA PLANT, Alaska).
MARUZEN OIL: Maruzen Oil of Alaska (100%).

Grain Exports

MARUBENI: Western Grain Exchange, Inc. (51%), Portland. Operates two Port of Portland grain elevators with **CARGILL CORP.**
MITSUI AND CO: United Grain Corp (85%), Vancouver, Washington.

Manufacturing

CHIYODA CHEMICAL ENGINEERING AND CONSTRUCTION: Chiyoda International Corp (100%), Seattle.
KOHKOKU CHEMICAL INDUSTRY: Kohkoku U.S.A. (100%), Everett, Washington.
MARUBENI: Three Island Steel, Inc. (100%), Portland.
ALUMAX: Intalco (50%), Ferndale, Washington.
MARUMAN INTEGRATED CIRCUITS: Maruman Integrated Circuits (100%), Gresham, Oregon.
SHIN-ETSU HANDOTAI: SEH America (100%) Vancouver, Washington.

Import—Export

KYOKUYO: Kyokuyo U.S.A (100%), Seattle.
MITSUI AND CO: Sea-Port Steel Co. (100%), Seattle.
NICHIRO-GYOGYO: Nichiro Pacific Ltd. (100%), Seattle.

Other

MARUBENI: Mac Citrus, Inc. (100%). Orchard operation, Seattle.
MEIKO KAIUA KAISHA: San Mode Freight Services, Inc. (67% Joint venture with **Utoku Express** [33%]). Warehousing, Seattle.
MITSUBISHI: Palmco, Inc. (80%). Vegetable oil refining, Portland.
TOKYU CORP: United Development Corp. (47.9% Joint venture with **OHBAYASHI-GUMI** [35.9%]). Land developing, real estate, golf course, Seattle.

Sources: *Oriental Economist* (June, July, August 1979)
Portland *Oregonian* (8/15/79, 1/27/80)
Business Week (6/16/80)
Northwest Bulletin (May 1977)
Portland Magazine (September 1978)

Note: Does not include sales outlets (i.e. Toyota dealerships, etc.)

ASIA-RELATED NORTHWEST INDUSTRIES

In the last ten years the **electronic industry** in the Northwest has grown considerably, and now employs 12,000 people in Washington and 9,000 in Oregon. Hundreds of firms have moved to the area between Seattle and Eugene from the "Silicon Valley" of California. These include giants like Hewlett-Packard and Intel. They are moving because of the "liveability" of the area; promotional campaigns by state and city governments; the attraction of the area's work force (namely its comparitively low wages and high productivity rates); and the low price of land.

The principal advantages of the electronics industry are environmental (it uses little electricity and doesn't pollute the air) and economic: it is increasing employment while the other major Northwest industries are in decline. But there are serious disadvantages and social implications to the electronics industry.

First, it cannot replace the wood products industry as a major employer; it offers an entirely different kind of work and pays lower wages. Second, the rapid growth of the industry could bring serious congestion problems to the Northwest: the "Silicon Valley" is known for a highly inflationary economy, high housing costs, and a rapidly diminishing amount of land available for building.

Third, the growth of electronics and high-technology as an industry is an integral part of the global rationalization of production by multinational corporations. "Much has been said about the continuing necessity of American business to modernize its productive capacity," writes an Oregon banker. "As this process naturally evolves, our high-technology industries will grow."[54] But this "natural process" has social costs:

> Micro-electronics is spreading into industries which employ large numbers of skilled workers like welders, lathe operators, fitters and electricians. As they become replaced by automated, electronically-guided operations, fewer technicians will be needed... *(Far Eastern Economic Review)*[55]

> New technology is making it possible to replace increasingly skilled workers...a new generation of robots that 'see' and 'feel' and even 'think' is emerging from the laboratories. *Some automation experts say that such smart robots could displace 65 per cent to 75 percent or more of today's factory work force.* (Italics added). *(Business Week)*[56]

Thus the expansion of information-processing and high-technology industries is partly aimed at decreasing labor input. This means that many Northwest electronic workers will be producing computer-based machines designed to put other workers out of work. A perfect example is one of the newest factories in Eugene, Spectra-Physics. This California-based company manufactures cash registers that "scan" groceries with lasers; these devices are used to automate checkout stands at supermarkets.

Finally, one of the worst disadvantages for workers in electronics is the fact that the industry is "footloose," with factories scattered all over Asia. The most important element in high-technology instruments and computers are semiconductors. These tiny components—the "brains" of the latest generation of computers and other products—are manufactured in Southeast Asia, where "increasingly sophisticated Western technology has made cheap semi-skilled labor a strategic commodity. The new processing technologies are designed to combine automated, capital-intensive production of some components with their assembly by unskilled or semi-skilled workers."[57] All of the major electronic companies that are moving in the Northwest own factories in Asia, where "foreign investors look for the price and availability, not the skill levels of Asian labor."[58]

Because semi-conductors are small and light, the costs of transporting them from Malaysia to cities like Corvallis are unimportant. Thus factories "can be located anywhere there is a labor supply (to build the products) and an airport (to ship them out)." This gives electronics a mobility that other, heavier industries lack, making it easy for this notoriously anti-union industry to move whenever material or political costs get too high. In California electronics companies often use the threat of relocation to Asia as a weapon against union organizing.

A Working Economy for Americans/cpf

MAJOR U.S. INVESTMENTS IN ASIA

MALAYSIA: Texas Instruments, ITT, Hewlett-Packard, Motorola, Monsanto, Goodyear Tire and Rubber, **Weyerhaeuser**, Borden, (Northwest investors in bold)

THAILAND: Dole Pineapple, National Semiconductor, AMAX, Signetics Corporation, Firestone, Kimberly-Clarke, Cargill, Castle and Cooke, Foremost-McKesson, Inc.

INDONESIA: Alcoa, Cargill, **Georgia-Pacific, Weyerhaeuser, Morrison-Knudsen Co.**, Mobil, ITT, Uniroyal, Monsanto, Bechtel

PHILIPPINES: Exxon, Mobil, Ford, IBM, ITT, GE, Dow Chemical, Goodyear Tire and Rubber, Kodak, Firestone, **Georgia-Pacific, Weyerhaeuser**, Motorola, Texas Instruments, **Boise-Cascade**, Monsanto, Westinghouse, Standard Brands, Rockwell.

SINGAPORE: Hewlett-Packard, **Boise-Cascade**, Mobil, Monsanto, **Morrison-Knudsen**, Teledyne, **Weyerhaeuser**, International Paper.

TAIWAN: Cargill, **Evans Product Co.**, Hewlett-Packard, American Bechtel, Mobil, Monsanto, Rockwell, Scott Paper Co.

HONG KONG: Continental Grain, Control Data, Kimberly-Clarke, Mobil, Monsanto, Rockwell, Teledyne Semiconductor, **Weyerhaeuser.**

SOUTH KOREA: Gulf Oil, Union Oil, Caltex, Dow Chemical, Skelly, Swift, Control Data, Motorola, General Motors, Fairchild Semiconductor, IBM, Sperry Rand, **Morrison-Knudsen, Weyerhaeuser**, Dana Corporation, GTE International, Scott Paper, Rockwell, Westinghouse.

SOURCES: *Directory of American Firms Operating in Foreign Countries* (1979); *Overseas Private Investment Corporation* (1979); *Forbes;* U.S. Department of Commerce, *Overseas Business Reports; Business International.*

The nine **aluminum** smelters in the Pacific Northwest represent nearly 30 percent of total U.S. capacity. As imports of alumina and bauxite from Australia increase, this industry is becoming closely integrated with the Pacific Rim economies. Alumax, a joint venture between Mitsui and Nippon Steel of Japan and the U.S. multinational AMAX, owns 50 percent of Intalco, an aluminum smelter in Washington. Reynolds Metals, which owns two plants in the Northwest, recently invested $450 million to build a smelter to process bauxite on the island of Samar in the Philippines.[60]

Although **mining** is not a major industry in the area, several Northwest ports (Portland, Astoria, Kalama) have plans to become bulk handling facilities for coal exports to Pacific Rim countries. Much of the coal will come from Montana, Colorado, and other Western states, which are "stepping up efforts to export a portion of their vast coal reserves to countries around the Pacific Rim...Japan, Korea and Taiwan are all interested in increasing coal imports."[61]

AMAX corporation is involved in mining molybdenum, a metal used as an alloy agent in steel. But its planned mine at Mt. Tolman in Washington is on the Colville Indian Reservation, and has been opposed by residents of the reservation who do not want their sacred mountain drilled and excavated. Much of what AMAX plans to mine from Mt. Tolman will be exported to Japan. (AMAX is also heavily involved in mining uranium in Australia—where, like the U.S., much of the valuable minerals are on native lands—and Namibia, which is occupied by South Africa. AMAX has also proposed a $300 million potash mine in Thailand).

Sports shoes are a popular commodity, especially in Eugene, Oregon (the "running capital of the world"), home of Nike and Osaga shoes. Both of these companies buy their shoes from low-wage shoe producers in south Korea and the Philippines. In 1979, Nike doubled its purchases in south Korea, and "is currently buying over two million pairs of Korean running, basketball and other athletic shoes a month," according to the *Asia Wall Street Journal*.[62] These shoes are made in Pusan, Korea, home of the world's first, second, third and fourth-largest shoe factories. Wages in this industry in 1978 averaged $125 a month, far below the government-prescribed minimum living standard of $163; as in other Korean industries, there is no limit on work hours, and unions are suppressed. The Pusan shoe factories have caused serious pollution problems in that city.

The major **banks** in the Northwest have branch offices and, in some cases, direct investments in Asia. These offices serve the needs of U.S. business by giving corporate loans for investments or to facilitate trade. The First National Bank of Oregon, which has offices in Singapore and Hong Kong, also serves as a conduit for government medium-term loans. The other Northwest-based banks with offices in Asia are: Rainier Bank (Tokyo, Singapore, Manila, Taipei); Pacific National Bank of Washington (Hong Kong); Seattle-First National Bank (Japan, Malaysia, wholly-owned subsidiary in Indonesia); U.S. National Bank (Singapore).

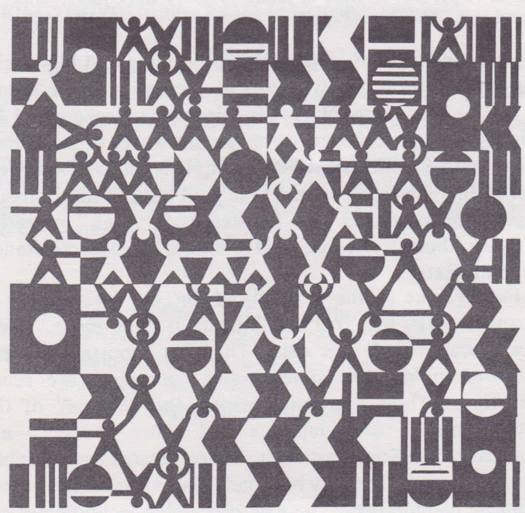
Other industries: White Stag and Jantzen, Portland-based clothing companies, buy most of their material from Asia, with south Korea being the principal supplier. Over the years, these imports have forced the closing of several Northwest textile and clothing plants. The only Northwest-based company with a manufacturing subsidiary in Korea is Tacoma Boatbuilding Company of Tacoma, Washington, which builds gunboats for the south Korean military at the Free Export Zone at Masan. Its factory was built with money from U.S. military aid contracts. In May, 1980, the President of Korea Tacoma was arrested for "illegally amassing a fortune."

Aerospace, dominated by the Boeing Company of Seattle, has provided one-half of the new manufacturing jobs in Washington for the past three years. A large proportion of Boeing's market is in Asia, particularly Japan and south Korea. In 1978 the south Korean government ordered more than $1 billion worth of jets from Boeing;[64] nearly half of this capital was furnished by a loan from the U.S. Export-Import Bank. Because of its dependence on foreign demand, military contracts, and U.S. government aid, employment at Boeing fluctuates wildly from year to year.

The role of state government. The states of Idaho, Washington, Oregon and Alaska promote trade with Asian countries by sponsoring tours of business people to Japan, south Korea, and elsewhere. The Departments of Economic Development research market possibilities and have offices in key cities in the Orient. In 1979, state-sponsored business delegations from Alaska, Oregon and Washington toured south Korea. Governor Atiyeh, leading the Oregon delegation, proclaimed that "we want to spread the word through your country that Oregon is ripe for investment by overseas corporations...[south Korea's] expanding trade with Oregon has been a major reason why we must continue to grow."[65]

SUMMARY: THE PACIFIC NORTHWEST & THE PACIFIC RIM ECONOMY

The Northwest serves mainly as a supplier of raw materials to the manufacturing economies of East Asia. Wheat, raw hides, logs and other imports are exported to south Korea, Japan and other Asian countries. Many of these goods return as finished products such as plywood, baseball gloves and shoes after being processed by cheap labor in south Korea. Besides manufactured consumer goods, major imports from Pacific Rim countries are bauxite and alumina for the aluminum industry, and unfinished plywood from Korea for use in Northwest plywood mills. Thus the Northwest supplies capital goods to Asia, while importing primarily labor-intensive goods. In this way, it plays a role in the new international division of labor.



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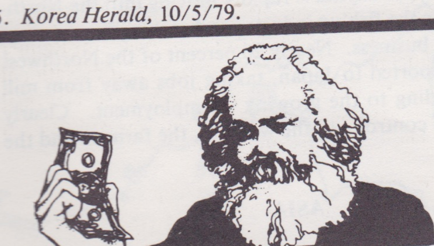

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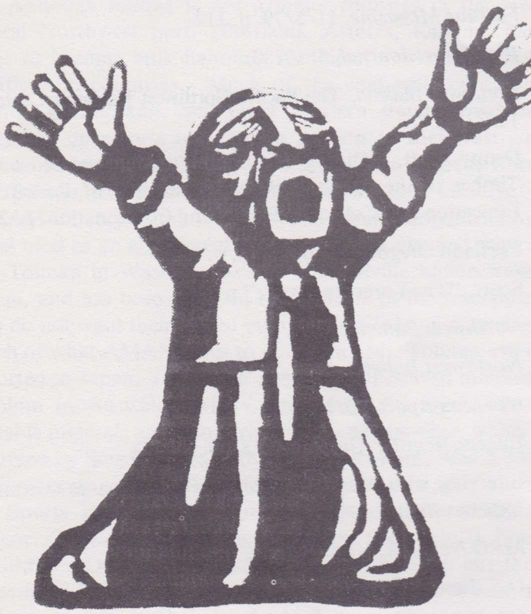
CHAPTER III

THE IMPACT ON THE PEOPLE



Tomiyama Taeko, AMPO

THE PACIFIC NORTHWEST

The picture drawn of the Northwest economy and its relationship to the Pacific Rim has not been a pretty one. Basic industries like lumber and wood products are dying, the large corporations running to the South and the Third World; as food exports increase, food processing and marketing is becoming monopolized and the number of family farms is decreasing; non-union, low-wage service and ''high-technology'' industries are growing rapidly; and thousands of people are out of work.

As the U.S. economy sputters from lack of capital investment, Japanese capital is rapidly moving into the Northwest, dominating the fishing industry and making inroads into the grain export business. Nearly 20 percent of the Northwest log harvest is exported to Japan, taking jobs away from mill workers and adding to the growing unemployment. Clearly things are out of control—of the workers, the farmers and the middle class.

ASIA

Japan. The rapid industrialization of Japan has had an extremely destructive impact on the Japanese people and their environment. This destruction has been hardest on farmers and fishing people, who have lost their lands and their fishing grounds to steel mills, power plants, soil storage stations, refineries, petro-chemical plants, and nuclear reactors.

By 1973, 21 percent of the total Japanese coast line had been reclaimed for use by heavy industry.[1] The Seto Inland Sea, for example, one of the most beautiful waterways in the world, has been almost totally closed off to use by the people. Because it is so heavily industrialized—the production of steel in the area surrounding the sea equals the total steel production of Germany and France[2]—there has been disastrous air and water pollution, and serious, perhaps irreparable, damage to the ecology. One of the most pathetic victims of Japan's pollution are the fishing people of this sea, who sell their catch to cement factories to be ground into cement. The fish are so infested with polluting chemicals and wastes that they are inedible.

Coastal fishing people have been in the forefront of the fight against nuclear power in Japan. Through acts of civil disobedience and mass demonstrations they have protested the siting of nuclear power plants in their coastal waters. Japanese peasant-farmers have also taken part in struggles against the intrusion of industrialization into their farmlands.

For nearly ten years a group of farmers in Sanrizuka, Japan, (supported by radical students and workers), held out against the power of the Japanese government, refusing to leave their land to clear the way for a new modernized airport. Although the airport was finally built, many of these farmers are still protesting and still producing food. A network of coops in Tokyo supports them by purchasing their crops. This struggle symbolizes the plight of the Japanese farmers, who, like the coastal fishing people, have had their means of production taken away (their land) and are left with only one thing left to sell: labor.

Today 69 percent of farm households depend on outside work for income, and less than 30 percent make all of their living from agriculture.[3] Much of their income is spent to pay for the expensive inputs that go into Japan's rice monoculture: tractors, rice transplanters, weeders, fuel and chemicals. In many rural Japanese communities, the only people who live in the villages are women, older people, and children: most of the men work in cities like Tokyo, building subways, highways, and industrial complexes. ''Both the supporter and his family spend half the year in loneliness separated from each other. During that time, the village ceases to function as a community...The agrarian village without farmers is a hollow shell.''[4]

Thus the rapid development of heavy industries and petro-chemicals in Japan has uprooted thousands of people from their traditional means of employment, crowding them into the cities. As in the U.S., Japanese industrial workers are being increasingly threatened by manufactured imports from south Korea and Taiwan.

Southeast Asia. Because Japanese agriculture and fishing have become marginal industries, Japan—once self-sufficient in food—has become one of the biggest food importers in the world. Most of Japan's food imports come from countries like the Philippines and Thailand, which have turned to export-oriented agribusiness. This strategy, long encouraged by the World Bank, is the logical corollary to "export-oriented industrialization" (EOI). Like EOI, it is dominated by multinational corporations (MNCs), and developed for the benefit of the advanced capitalist countries.

Since the early phases of its industrialization, the Japanese government has emphasized the development of a few large fishing companies, which have advanced all over the world. In 1976, Japan caught 15 percent of the world catch of fish. Between 1965 and 1976, the catch of Japanese fish fleets increased 50 percent, from 6.9 million tons to 10.6 million.[5] In Southeast Asia, the main catch of the industry is luxury fish—shrimps and prawns. Japanese MNCs export 80,000 tons of shrimp a year from Indonesia, Thailand, the Philippines, and Malaysia. Most of this goes to Japan; some ends up in the U.S.; but only a fraction is sold in Southeast Asia.

The fishing practices of the Japanese fleets are capital-intensive; most investments go to modernizing the ships, or to build facilities for landing, storage, processing, and transport. (Some of the funds for these investments—"infrastructure loans"—come from the World Bank). The size and practices of the Japanese fishing fleets leads to severe disruptions for traditional, small-scale fishing communities, which no longer remain economically viable. According to the *Far Eastern Economic Review,* "In their rush for profits, most trawlers in ASEAN waters use techniques...which destroy the seabed and all possibility of regenerative life for decades."[6] As a result of these practices, the total local fish catch in Southeast Asia has shown an "irreversible decline," with the local supply increasingly diverted abroad. Because the people are deprived of locally-caught fish, ASEAN *imports* 50,000 tons of canned fish from Japan a year.[7]

Export-oriented luxury food agribusiness is the fastest growing sector of Southeast Asian agriculture, supplying one-quarter of the Third World's total processed food output.[8] Virtually all is marketed by the major food multinational corporations: Dole (owned by Castle and Cooke), Del Monte, and United Brands. These three companies, plus Sumitomo of Japan, control 85 percent of the world banana trade.[9]

The MNCs have close relationships to host governments, who protect their "interests" with military force. Either through "land-grabbing" (forcing peasants off land that is intended for banana or pineapple cultivation) or through contracts with local landlords, MNCs have acquired thousands of acres of land in the Philippines and Thailand (on the island of Mindanao in the Philippines, Del Monte has control of 23 percent of total banana production)[6] The MNCs make extensive use of fertilizers and pesticides, which are harmful to plantation workers and damage the land. "When the resource is exhausted, due to over-intensive cultivation and chemical saturation of the soil—the MNC can easily relocate elsewhere."[11]

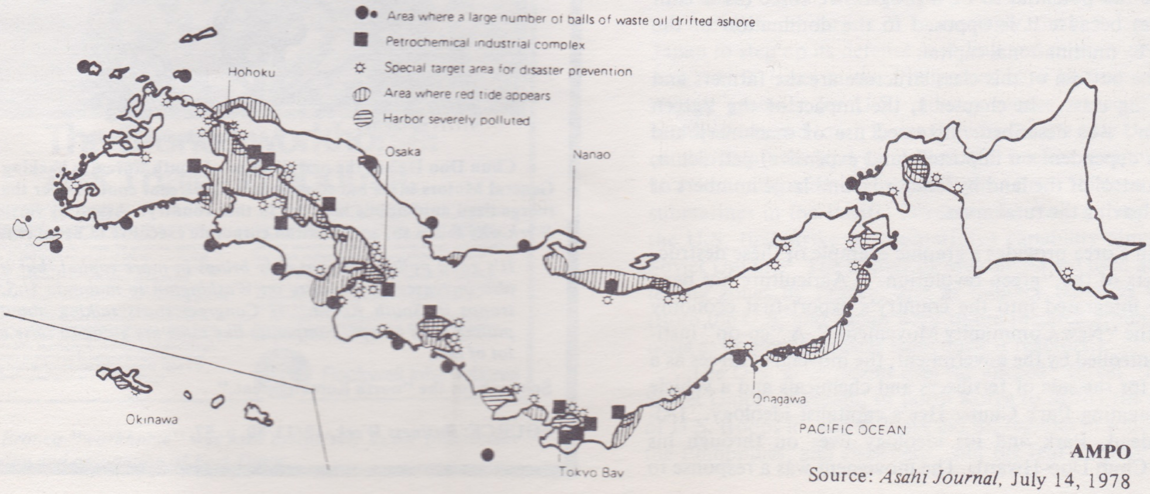
The MNCs have invested in Southeast Asia to escape from the higher wages and better working conditions that workers have won in the U.S. Until the 1960's, Dole grew its pineapples in Hawaii, but because field and cannery workers organized a union and started to receive liveable wages, Dole moved to the Philippines—where, in 1980, workers receive wages as low as $1 a day, below the poverty line.[12]

The worst aspect of MNC control of food exporting from these countries is that local nutrition needs are not met. According to the Philippine government's Food and Nutrition Center, some 3.2 million Filipino pre-school children out of the 4.1 million surveyed (in 1979) were determined to suffer from various degrees of malnutrition.[13] *Over a ten year period, 80 percent of the population was found to be malnourished.*[14] But the Marcos government is far more concerned with maintaining its image than helping the Filipino people: government expenditures for the World Chess Championship held in Manila in 1978 were more than three times the government expenditures on nutrition programs for that year.[15]

Heavy industrialization has had a similar destructive impact on Southeast Asia and south Korea that it has had in Japan. But the rapid development of certain regions rich in natural resources, and the total lack of democratic rights has meant a far worse impact on the people. Many Japanese investments have been directed towards relocating polluting industries overseas; this has led to water pollution from copper smelters for rice farmers in Malaysia, and alarming air and sea pollution from the huge steel and petrochemical complexes built in the southern coast of Korea.

Like the western expansion of the American economy, the industrialization of Southeast Asia has been extremely destructive to the lives of indigenous and tribal people, especially in the Philippines. But, as the *Southeast Asia Chronicle* points out, "It took the United States government over a century to herd Native Americans into reservations and take away their lands. The Marcos dictatorship is trying to do it in a few years."[16] In the rush to build the infrastructure required

Polluted Japanese Sea Coast



AMPO

Source: *Asahi Journal,* July 14, 1978

for corporate investment, thousands of tribal people have been forcibly relocated to make way for hydro-electric dams, mining projects, or steel and aluminum plants. One of the most violent struggles is taking place on the island of Luzon, where the World Bank has agreed to finance the Chico Dam River Project, slated to be the largest hydro-electric complex in Southeast Asia. If it is built, the dams will destroy the homes and fields of at least 10,000 Kalingans, a people with a highly organized, self-sufficient society that grows its own food on terraced hillsides, and rules through self-governing villages.[17] In July, 1980, the leader of the Kalinga people, an outspoken critic of the dam project, was assassinated by Philippine government soldiers.

EOI and the class structure in Asia. The rapid development of export-oriented industrialization in Asia has changed the class structure of the nations involved. According to one analyst of EOI development in Southeast Asia, "the changes (EOI) brings about for both the working class and the bourgeoisie have the potential to become very significant for domestic political struggles in the 1980." At the top of this structure are businessmen who have joint ventures with foreign corporations, and entrepreneurs whose "continued existence is completely tied to the sale of manufactured goods produced on contract for large buyer firms in the West and Japan."[19] They receive the principal benefits from the import of foreign capital (loans from government banks, protection against labor unrest, the highest share of income). It is this sector that is considered the "friend" of the U.S. by American businessmen and government officials; U.S. military aid keeps them in control.

Tied to the upper class are the bureaucrats and the upper echelons of the middle class: bank officials, managers, technocrats. They also benefit from the tightly controlled economies of Asia, and provide a market for imported luxury goods like grain-fed beef, bread and pastries made from soft white wheat, and consumer goods. Like the owning class (the bourgeoisie), this sector has a great deal to lose.

As manufacturing is oriented more and more towards the world market, small businessmen who produce for the domestic market are often driven out of business. In south Korea, for example, there have been hundreds of bankruptcies by small firms during the last two years. Because they don't have access to low-interest loans, which are given for export purposes only, they have little access to capital. When inflationary pressures drive up the cost of raw materials and the price of labor, these small entrepreneurs cannot survive. This sector has the potential to be a progressive force (as it is in Nicaragua) because it is opposed to the domination of the economy by multinational capital.

At the bottom of this class structure are the farmers and the working class. In chapter I, the impact of the "green revolution" was described: increased use of machinery and fertilizers dependent on imported (and expensive) petroleum, greater control of the land by landlords, and large numbers of peasants leaving the rural areas.

South Korea provides a graphic example of these destructive aspects of the "green revolution." Agriculture has been vertically integrated into the country's export-first economy through the "New Community Movement." A "co-op" institution controlled by the government, the movement serves as a network for the sale of fertilizers and chemicals and a vehicle for propagating Park Chung Hee's capitalist ideology. (Although dead, Park and his ideology lives on through his disciple, Chun Doo-Hwan). The movement was a response to the terrible poverty and underdevelopment in the rural areas caused by the rapid development of export industrialization.

By controlling market and distribution channels, the government has control over crop decisions. Thus, while rice production has increased, production of other crops has declined. And only one variety of rice is being grown: a high yield strain that requires large amounts of chemical fertilizers. Between 1968 and 1975, there was an eight-fold increase in the use of poisonous chemicals.[20]

This overconsumption to increase production has resulted in mercury poisoning to farm families; and DDT, mercury, lead and copper have been found in grain supplies throughout the country.[21] Gulf Oil, Dow Chemical, and Swift Agricultural Chemical have reaped handsome profits from these policies. Despite south Korea's self-sufficiency in rice, it still imports U.S. surplus rice.

But government "supports" have actually profited the government, not the farmers. According to the Catholic Farmers Association, fertilizer is sold to farmers at double the production costs. In 1978, the average **loss** to the farmer per 50 kilogram bag of rice was $31; largely due to the expensive fertilizers, farmer debt has more than quintupled since 1970.[22] The burden of debts and the low market costs due to cheap imported grain have resulted in several hundred thousand people a year migrating to the cities of south Korea. Similar patterns have been observed in Malaysia, Thailand and the Philippines.[23]

One of the features of EOI development is a large female working class, used in industries that require a cheap and docile labor force. Most of these women are migrants from the rural areas, pushed out by the process described above. They receive less pay than men, and are expected to be

WHY WE ARE IN SOUTH KOREA

Nuez, Granma, Havana

Chun Doo Hwan, the new dictator of south Korea, is backing General Motors in its bid to maintain 50 percent control over the reorganized automobile industry in that country. Asked by *Business Week* why this is so, an American corporate executive in Seoul replied:

> *It's good politics. It not only brings in more capital, but it also increases the pressure on Washington to maintain U.S. troops in South Korea. If Congress starts talking about pulling back troops, companies like mine are going to raise a lot of hell.*

So much for the "north Korean threat."

SOURCE: ***Business Week*, 10/13/80, p. 57.**

obedient, work for a few years, and get married. But women workers have become a political force in Asia; much of the labor unrest of the past few years in south Korea, for example, has been in the predominantly female textile and electronic industries. (A strike by female employees of a Korean export textile company brought on the political crisis during which Park Chung Hee was assassinated in October, 1979.)

The working conditions for many Asian workers is dismal; long work hours (in south Korea they **average** 60 hours a week), lack of safety regulations (south Korea has the highest industrial accident rate in the world according to the International Labor Organization), suppression of unions. The American CIA has helped to subvert the union movement in Asia by promoting anti-communist company unions. Reactionary unionists in both the AFL-CIO and Japanese unions have participated in the subversion of labor movements in Korea and Southeast Asia.[24]

As described in chapter I, the development of an industrial infrastructure in Asia means dependence on the U.S. and Japan for expensive capital goods. One of the most destructive aspects of this dependence is the increasing number of nuclear power plants being exported from the U.S. to south Korea, the Philippines and Taiwan. These three countries have embarked on ambitious nuclear programs to develop energy for the heavy industries they are now in the process of building. But there is another aspect to this development: in the past three years, not one nuclear energy corporation has sold a reactor in the U.S.—and corporations like Westinghouse are desperate for markets. They have found their nuclear "nirvana" in Asia. South Korea (a country smaller than Indiana), with 46 plants planned for production by the year 2000, is the largest market for nuclear technology in the world. Westinghouse is now building six of these plants. The export of Westinghouse technology is made possible by loans from the U.S. Export-Import Bank, which has lent south Korea over $5 billion since 1967; more than half of this total has subsidized nuclear reactor imports.

The Bronco "workhorse" was used extensively in the Indonesian invasion and occupation of East Timor.

Asian Wages In Scale With Hong Kong = 100
(Skilled Worker)

Philippines	31
Indonesia	31
Thailand	44
Taiwan	54
Malaysia	76
Singapore	84
Hong Kong	100
South Korea	132
Australia	243
Japan	262

SOURCE: *Business Asia* 9/26/80

These imports from the advanced capitalist countries create huge trade deficits for the EOI countries. Since the price of their manufactured goods is low (to maintain "comparative advantage"), the price of imported goods constantly exceeds the price of exports. This adds to the country's growing debt, increases the pressures on the working people to produce more, and gives the government an excuse to maintain low wages and repress the power of unions. The trade deficits of major Asian borrowers in 1980 were: Thailand, $2.4 billion, the Philippines, $1.7 billion, and south Korea, $1.7 billion.[25]

This whole structure is kept afloat by loans from commercial banks like Chase Manhattan, Citibank and the Bank of America, and the intervention of the International Monetary Fund. The debts of the developing countries of Asia have grown astronomically in the last few years as their imports have increased and the price of oil continues to rise. By the end of 1980, south Korea was in debt nearly $30 billion, the Philippines $11 billion. According to the *New York Times,* the 13 largest American banks now derive almost 50 percent (and in some cases more than 80 percent) of their total earnings from overseas loans.[26] Thus the maintenance of "stability" in these countries has become very important to the banks. It was no coincidence that one of the first visitors to General Chun Doo Hwan after he assumed the presidency of south Korea was David Rockefeller of the Chase Manhattan Bank. (The **first** vistor was Robert Kirby, President of Westinghouse Corporation).

With the Pacific Basin countries becoming major investment sites and financial centers for U.S. corporations and banks, the area is fast becoming one of the most militarized regions of the world. The Japanese military is now the world's tenth-largest.[27] Increasingly, the U.S. is pressuring Japan to step up its defense spending and military presence in Asia. U.S. bases in the Philippines have become important staging grounds for U.S. military moves, especially in the Middle East; and south Korea is home for the only U.S. troops on the Asia mainland (as well as 600 nuclear weapons). The U.S. has decided to deploy the first thirteen Trident submarines in the Pacific Ocean as the major component of the U.S. first strike or counterforce capability aimed at the Soviet Union.[28] The islands of Micronesia are used as nuclear testing zones by France, and as military bases by the U.S. (Both the U.S. and Japan want to use the area around Micronesia as dumps for wastes from nuclear reactors.)

The U.S. government uses the alleged "threat" from the Soviet Union, Vietnam, or north Korea to justify the presence of U.S. troops in, and military aid to, regimes in south Korea, the Philippines, and elsewhere. But the real purpose of these forces is to preserve "stability," the code word for U.S. loans and investments. The interventionary nature of U.S. military aid can be seen in the Indonesian invasion of East Timor in 1975; the wars against independence movements in the Philippines; and the repression of the Korean people, particularly the putdown of the Kwangju uprising in May, 1980. During this rebellion, troops under U.S. control were released to make the final assault on the city.

As the economic situation in the developing countries of Asia worsens, and foreign capital increases its dominance in the area, the U.S. is becoming closely allied with the most reactionary elements in Asian countries. To put it bluntly—and accurately—U.S. military and economic aid is supporting fascism, defined by Webster's Dictionary as *"a political philosophy, movement, or regime...that exalts nation and race above the individual and that stands for a centralized autocratic government headed by a dictatorial leader, severe economic and social regimentation, and forcible suppression of opposition."*[29]

THE POLITICAL IMPLICATIONS OF PACIFIC RIM ECONOMIC INTEGRATION FOR THE PACIFIC NORTHWEST

The growing relationship with Asian countries has far-reaching implications for the people of the Pacific Northwest.

First, it is amplifying the divisions between those who sell their labor and those who own and control the means of production. The corporate agenda for the 1980s—plant closures, investments in cheap labor havens overseas, the "rationalization" of production—pits the jobs of working people against the greed of corporations—labor against capital. The increased control over farming, processing, and marketing by MNCs is amplifying divisions between local producers and distributors, and those corporations with access to capital and international markets. It is clear that the majority of people in the Northwest are not sharing in the important decisions about the economy that affect them.

Second, the relationship between the Northwest economy and the underdeveloped countries of Asia means that Northwest economic growth is tied to the maintenance of a highly undemocratic system. By making Northwest jobs dependent on the continuing exploitation of Asian workers and farmers, corporate investments and markets in the Third World pit workers in the U.S. against workers and farmers in Asia.

One of the worst examples of this unequal structure is the wheat export business, which provides jobs and income to Northwest wheat farmers and longshore workers, but depends on the neglect of agriculture in the south Korean economy. During the "Koreagate" bribery scandal (during which wheat executives from 11 Western states criticized the Carter Administration for its lack of support for Park Chung Hee), an editorial written by Leonard Kunzman, Oregon Director of Agriculture, appeared in *Portland Magazine*. Kunzman's article provides insights into how the logic of American business can override concern for basic human rights and lead to the distortion of an economy to fit the needs of the U.S. "The deterioration of relations between the U.S. and Korea could obviously change all this," Kunzman wrote, referring to south Korea as the second largest buyer of U.S. wheat. "Korea is likely to diversify its sources of wheat and beef up its agricultural self-reliance."[30]

In other words, *the development of self-sufficiency in Korean agriculture is a threat to the interests of U.S. grain exporters.*

This is just one example: log exports and the investments of electronic companies in low-wage Southeast Asian countries are others. But this bald assertion that the U.S. should support one of the most repressive regimes in the world because it is good for the Northwest economy points out the basic irrationality of this system—and why it must be changed.

Chapter III

1. Okada Osamu and Yamaka Junko, "The Japanese Coastal Fishing People's Struggle," *AMPO,* Vol. 10, Nos. 1-2, Jan-June 1978, p. 48.
2. Okada, p. 49.
3. Murata Goro, "How to Deform Agriculture in the Name of Development," AMPO, Vol. 11, No. 1, 1979, p. 49.
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7. Ho, p. 55.
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10. Ho, p. 54.
11. Ho, p. 56.
12. Ho, p. 56.
13. Philippine Liberation Courier, 8/18/78, p. 4.
14. Philippine Liberation Courier, 8/18/78, p. 4.
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17. *Southeast Asia Chronicle,* 10/79, p. 22-29.
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23. For example, see "Malaysia: What Price 'Success'," *Southeast Asia Chronicle,* 4/80.
24. Lenny Siegel, "Asian Labor: The American Connection," *Pacific Research and World Empire Telegram,* Vol. 6, No. 5, 7/8/75.
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26. *New York Times,* 6/10/79.
27. FEER, 3/14/80, p. 57.
28. Peter Jones, "The Growing Political, Economic and Strategic Significance of the Pacific Ocean," Christchurch, New Zealand Peace Office, 1978. p. 1.
29. *Webster's New Collegiate Dictionary,* 1976.
30. *Portland Magazine,* 9/78, p. 38. This magazine is published by the Portland Chamber of Commerce.

CHAPTER IV

DON'T MOURN, ORGANIZE

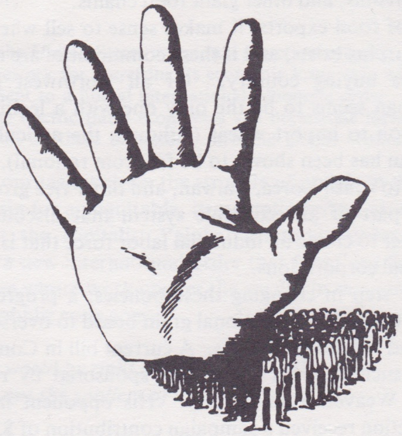
Clearly we are at the end of an epoch of economic growth and development. Going to war is no longer a viable or even thinkable option for resolving those periodic economic crises that seem to be part and parcel of the system we live in. The chief natural resources of Third World countries which we exploited to our own advantage for so many years are a thing of the past. And a quarter century or so after World War II where we were able to roam the world at will as the single largest richest capitalist economy is now ten years gone...

The endless cycle of growth and prosperity that many of us took for granted has either ended or is very much in doubt. Jobs are and will continue to be hard to find. Entire communities face economic extinction.

Under these circumstances it is absolutely imperative that as workers we get a handle on understanding what is happening to us and the economy we live in...

If we can clean the windshield of our vision and develop a creative respect that goes beyond the limitations we have now politically, if we can corrall a new and more aggressive anger, and if we use our organizational skills, then the great and the awesome corporate power that has Washington on its knees will end.

—Jim Herman, President of the International Longshoremen and Warehousemen Union (ILWU), in an address to the Pacific Northwest Regional Conference on Plant Closures, June 20, 1980.



In the last 35 years, the United States has replaced England and Japan as the major imperialist power in Asia. By supporting ''independent'' Asian elites with military and economic aid, it has preserved the old structure of colonialism in the Pacific Rim (described in the first few pages of this report) with a less direct but equally exploitative system. This has enabled multinational corporations to continue taking raw materials and using cheap labor in the Third World—and has generated tremendous wealth in the U.S. and supported one of the highest living standards of the world.

As we have seen in this report, this system in Asia (known as ''neo-colonialism'') maintains markets for certain sectors of the American economy, especially for agribusiness, exporters of high technology, and consumer electronic and garment manufacturers. It has also been shown that growth rates during periods of world recession help cushion the U.S. economy from the effects of its periodic slowdowns. Militarily, south Korea and the Philippines have become strategic military bases for the U.S.

For these reasons, the popular movements in these countries, whether they be religious, nationalist, or socialist, are seen as a threat to the U.S.

The repression of workers and farmers in Asia, however, is clearly harmful to the interests of American workers. It allows corporations to move their productive capacity and investment capital abroad while closing plants and causing economic ruin in the U.S. To deal with the power of international capital to move around the world at will, it is imperative for Asian and American people to start working together on an international scale. What follows is a discussion on alternatives to the current system, ways that we can support the struggles for self-determination in Asia, and a summary of groups that are working towards systematic change in our economic system and in the relationship of the Northwest to the Pacific Rim countries.

Agriculture. The people who benefit from the expansion of irrigated lands in the desert are the wealthy corporate owners with the capital to invest in huge amounts of machinery and land; the private grain companies that control the storage elevators and the ships that transport grain; and the chemical companies that sell expensive and harmful chemicals.

But the rest of us lose: the small farmer doesn't benefit; wheat prices in the Northwest are among the lowest in the nation, and often fluctuate as a result of uncertainty in markets. The pressure of producing more wheat to make up for the rising costs of farming often lead small farmers to increase their inputs of chemicals that, over time, are beginning to cause serious damage to the aquifer, or the underground water system. The loss of 12,000 farms in the last twelve years is testimony to the brutal fact that the increasing capital-intensity of American farming is making it more and more difficult for small landowners to compete with corporate-managed ''farms.''

Workers and consumers don't benefit from grain exports, either. In fact, the capital that flows back into the Northwest from these exports is probably equalled or surpassed by the huge water and electricity subsidies which support the large corporate farms. The increasing scarcity of Columbia River water is causing problems for Native American fishing people. From an ecological point of view, the carrying capacity of the land itself needs to be considered: the toxic wastes from chemicals that stay in the soil and the draining of water tables from heavy irrigation are doing irreparable damage to the land in nearly every farming state. All of these factors—plus the tremendous amount of energy wasted by the center-pivot irrigation systems—raise serious questions about the "efficiency" of corporate farming.

An alternative people's food system would be less dependent on capital, electricity, and chemical inputs, and more geared to local needs rather than export markets. Food cooperatives that buy local produce and distributors committed to selling healthy and inexpensive food now exist on a small scale. But to make these work on a large scale involves breaking the power of agribusiness, limiting the power of outside capital to invest in land in Oregon or Washington; and breaking up the monopolistic control over marketing of Safeway, Albertsons, and other giant food chains.

In terms of food exports, it makes sense to sell wheat or potatoes if a surplus exists, and if these commodities are really needed by the buying country. Of all Northwest grain importers, Japan seems to be the only one with a legitimate economic reason to import wheat (although the agricultural system in Japan has been shown to be far from rational). But wheat exports to south Korea, Taiwan, and other rice growing countries are part of an economic system that discourages farming in order to create an industrial labor force that is used by multinational corporations.

As a first step in changing these policies, a progressive step would be to establish a national grain board to oversee all commercial and federal grain sales. A current bill in Congress would create such a board (the bill is sponsored by representative Jim Weaver from Oregon. His opponent in the November election received a campaign contribution of $3,250 from Cargill Corporation).[1] But long-term change is only going to come through sustained organizing on both the local and national level.

Manufacturing. The reason manufactured goods from south Korea and Taiwan are so inexpensive is because working people in these countries are forced to work between 10 and 12 hours a day, receive very low wages, and have no freedom to organize or strike. The imports from these countries have robbed American workers of their jobs. The availability of cheap, "disciplined" labor has given corporations the incentive to invest in the Third World and close their plants in the U.S.

In the Northwest, a long-run solution to capital flight would be to strengthen our economy by manufacturing more goods here—producing furniture or clothing instead of buying these goods from Asia, by milling logs here instead of exporting them to Japan and Korea. But simple, short-term solutions like "Buy America" campaigns do not go to the root of the problem, which is that American corporations really have no national interests. Instead of directing anger at Japanese or Korean **workers,** a campaign to protect jobs should be aimed at the corporations that have divided the world up into their own preserves, using the divisions between working classes to "rationalize" production and maximize profits.

An initial step towards gaining control over the economic decision-making process is plant closure legislation on both the state and federal level. Currently a bill in the Oregon legislature would make it mandatory for companies to announce plant closures one year in advance. In addition, the bill would provide for an investigation into the reasons for the closure, provide compensation for affected workers and communities, and set up a framework for the sale of closed plants to community groups, employees, or government agencies. Like recently introduced federal legislation, most observers give such bills little chance of passing; corporations see the bills as direct threats to their "freedom" of operation. Similar legislation against log exports is opposed year after year by the wood products corporations for the same reason. Again, this points to the need to combine local and national work.

Still another alternative strategy would be to end government subsidies for big business. The Overseas Private Investment Corporation (OPIC) insures the investments and loans of MNCs to the Third World; if factories are damaged in a war, or seized in a revolution, U.S. taxpayers make up for the loss. The U.S. Export-Import Bank lends money to countries so they can buy capital exports from the U.S.; these loans have become huge subsidies for Westinghouse, General Electric, Boeing and other large companies. Finally, special tariff laws allow U.S. companies to send unfinished goods overseas without paying duties; they only pay a value-added tax based on the wages paid in the processing country. Repealing these massive corporate subsidies might make the U.S. less "competitive" on the world market, but it would also ensure that capital and jobs stayed at home.

However, the crucial aspect of stopping capital flight is to support the struggles in the Third World against dictatorship and repression. The movements for democracy and economic independence in Asia are directly linked to the struggle of American workers for control over economic decisions and for more capital investment in plants. Supporting the demands of Asian workers for a minimum wage and the right to organize and strike would put major obstacles in the way of overseas corporate expansion. This support can be shown by:

- ending U.S. military aid to dictatorships;
- ending Export-Import loans or OPIC insurance to countries that prohibit labor organizing and other basic rights;
- calling for U.S. troop withdrawals from Korea;
- working towards a more democratic economic system in the U.S.

Alternatives for Asia. Asian workers and farmers would benefit from a system that met their needs rather than the needs of the multinational corporations and banks and their ruling elite. Instead of exporting cheap manufactured goods to the advanced countries, Asian countries could develop a viable regional economy by trading more with each other, without taking away basic labor rights, without Del Monte or Weyerhaeuser being the intermediary for their trade. Developing a more self-sufficient agricultural system would be welcomed by thousands of people who are forced to desert their farmlands every year because of government policies (such as tariff-free imported grains, emphasis on capital intensive rice production). But such a system could only be developed under policies that encouraged farming as a viable industry. This would mean restricting imports, redistributing land from wealthy landowners and speculators, and promoting more labor-intensive methods that produced a decent income.

Throughout Asia, workers, students, religious groups, tribal people, intellectuals, and other progressive people are organizing to build a more equitable, democratic system. What these groups in the Philippines, south Korea and elsewhere demand is nothing more than control over their own resources and a right to choose their way of life. But because these basic human rights go against the needs and demands of international capital, these people are thrown in jail, killed, tortured and relocated.

The U.S. cannot have fair trading relationships with Asia until these countries have equitable economic systems. It is obvious that they will not reach this goal without major changes in the U.S., the country that is most directly supporting their repression.

CONCLUSION

Fighting plant closures, building a more equitable food system, gaining control over economic decision-making, and supporting the human rights of people in Asia presents a major challenge because it runs squarely against the concepts of "free trade," "competition," and "stability," that are so valued by multinational banks and corporations—and adopted by the government as if everybody believed in them. In a recent special issue on the "reindustrialization" of America, *Business Week* magazine warned against any policies that would restrict the flow of capital or technology overseas: "Any break of policies would mark a radical break from the U.S.'s postwar commitment to an open, international economic order." And they warned that "special groups must recognize that their own unique goals cannot be satisfied if the U.S. cannot compete in world markets. The drawing of a social contract (to 'reindustrialize' the American economy) *must take precedence over the aspirations of the poor, the minorities, and the environmentalists.*"[2]

The struggle to break the unjust and unequal relationship between the U.S. and Asia also runs against the plans of multinational corporations for a "Pacific Rim Trade Zone." A concept put forward largely by members of the Trilateral Commission (which represents the interests of international capitalists in Japan, Western Europe, and the U.S.), such a zone would be based on the concept of "free trade." In a recent report on the plans, a Japanese government task force led by Saburo Okita (a Commission member) described a Pacific Community as one that would espouse free trade and capital transfers in "free and open interdependent relations." Countries would pursue "basically open policies" which would strengthen the "free international economic system." The report stated that "exclusionist nationalism and protectionism has lost all validity in the contemporary setting." The Pacific Rim Trade Zone would allow the countries of the Pacific Basin to "conduct periodic joint reviews of their changing industrial pattern to enable the richer nations—particularly the United States and Japan—to restructure their economies and to help the developing nations to modernize their economies"[3]—in effect, institutionalizing the new international division of labor described in Chapter II. According to former Ambassador to south Korea Richard Sneider,

> For the United States a regional structure offers a cooperative framework for exercising its economic leadership with its commitment to a liberal international economic order. Expansion of the Pacific Basin economies will necessitate increasing integration of these economies into the global economic order.[4]

Thus, our task is clear: the struggle of people in the Northwest and Asia for an equitable, democratic system must be directed against the capitalist "global economic order." We must create a new international order that functions for the benefit of those whose work creates the wealth in our societies. As an old Wobblie song goes,

The world by right belongs to the toilers
and not the spoilers of liberty.

Chapter IV

1. Eugene *Register-Guard,* 10/23/80
2. *Business Week,* 6/30/80.
3. "Exploiting the Pacific Tide," FEER, 12/21/79, p. 47-49.
4. *Korea Herald,* 9/11/79, p. 5.

ACTION

The following groups are involved in social change work in the Northwest. (Many of them are multi-issue).

Food Issues

Washington State Farm and Food Group
c/o Jim Bauermeister and Louise Dix
Route 1
Box 301
Burton, Washington 98013
(organizing against the Youde report on the future of Northwest agriculture)

Oregon Food Action Coalition
110 Mayfair
Eugene, Oregon 97404

Tilth
13217 Mattson Rd.
Arlington, Washington 98223

People to Preserve Agricultural Land
P.O. Box 1815
Eugene, Oregon 97401

WHO Farm
Route 1
Box 463
Estacada, Oregon 97023

Native American Issues

Native American Issues Committee
1350 Chambers
Eugene, Oregon 97402

Loudhawk Et. Al. Offense/Defense Committee
5632 NW Willbridge
Portland, Oregon 97210
(working on the American Indian Movement trials of Dennis Banks, Russell Redner and Kenneth Loudhawk)

Human Rights and International Issues

American Friends Service Committee
1817 N.E. 17th
Portland, Oregon 97212

Clergy and Laity Concerned
1414 Kincaid Street
Eugene, Oregon 97401

Portland Nicaragua Support Committee
P.O. Box 6443
Portland, Oregon 97214

Eugene Committee for Human Rights in Latin America
547½ E. 13th Street
Eugene, Oregon 97401

Labor Issues

Plant Closure Organizing Committee
1622 North Lombard Street
Portland, Oregon 97217

Lane Coalition to Save Jobs
1641 Grant Street
Eugene, Oregon 97402

International Woodworkers of America
1622 N. Lombard Street
Portland, Oregon 97217

Northwest Forest Workers Association
795 Willamette
Room 310
Eugene, Oregon 97401

Alaska Cannery Workers Association
416 8th Avenue South
Seattle, Washington 98104

Environmental Issues

Uranium Resistance Coalition
P.O. Box 3708, University Station
Eugene, Oregon 97403
(working against uranium mining in Oregon)

Preservation of Mt. Tolman Alliance
P.O. Box 99
Inchelium, Washington 99138

Northwest Coalition for Alternatves to Pesticides
P.O. Box 375
Eugene, Oregon 97440

Farmworker Issues

Treasure Valley Immigration Couseling Service
1052 S.W. 4th Ave.
Ontario, Oregon 97914

Willamette Valley Law Project
356 Young Street
Woodburn, Oregon 97071

Asian and Asian-American Issues

Philippine National Day Organizing Committee
1505 13th South #16
Seattle, Washington 98144

Tinig Ng Pilipino
16811 124 S.E.
Renton, Washington 98055
(radio program on Philippine culture)

Anti-Martial Law Alliance
P.O. Box 3267
Seattle, Washington 98104
(national organization aimed at ending martial law in the Philippines)

Union of Democratic Filipinos
416 8th Ave. S.
Seattle, Washington 98104

Asian American Alliance
P.O. Box 3123
Eugene, Oregon 97403

Newspapers and Research Centers

International Examiner
318 6th Avenue S. #123
Seattle, Washington 98104

Pacific Northwest Research Center
P.O. Box 3708, University Station
Eugene, Oregon 97403
(researches the power structure of the Northwest)

Northwest Passage
1017 E. Pike
Seattle, Washington 98122

Stand Up
P.O. Box 10272
Eugene, Oregon 97440
(published by Eugene-Springfield Labor Action Committee)

Alaskero News
P.O. Box 3513
Seattle, Washington 98124
(provides information about the Alaska fishing industry and its impacts on workers)

Pacific Rim Economic Project
c/o CALC
1414 Kincaid
Eugene, Oregon 97401

McKenzie River Gathering

Portland:
406 Governor Building
408 S.W. 2nd
Portland, Oregon 97204

Eugene:
454 Willamette
Eugene, Oregon 97401

Seattle:
1204 Smith Tower
Seattle, Washington 98104

Groups Outside the Northwest Focusing on Asian Issues

Southeast Asia Resource Center
P.O. Box 4000 D
Berkeley, California 97404
(publishes *Southeast Asia Chronicle,* provides information on Thailand, Indonesia, Malaysia, Singapore, Philippines, Vietnam, Laos, Kampuchea).

Pacific Studies Center
867 W. Dana Street #204
Mountain View, California 94041
(publishes *Pacific Research*)

Pacific-Asia Resource Center
P.O. Box 5250 Tokyo International
Japan
(publishes AMPO, Japan-Asia quarterly review, one of the best sources on Japanese imperialism in Asia and Asian peoples' struggles)

Korea Communique
c/o NCC-Japan
#24 2-3-18 Nishi Waseda
Shinjuku-ku, Tokyo 160 Japan
(excellent source on political economy and peoples' resistance in Korea)

The Pacific Rim Economic Project is an ongoing project aimed at broadening links between the people of Asia and North America. It is currently working with Nautilus International, Inc. on a book about the export of nuclear power plants to south Korea. Other publications include

- *"Resistance and Repression in South Korea, 1979-1980," collected articles from* The Guardian *by Tim Shorrock. ($2.00).*
- *"Shuttered Factories/Shattered Lives: Plant Closures in the Pacific Northwest ($1.00)*
- *"The Politics of Export-Industrialization in South Korea," ($6.00)*

These can be ordered from:

Pacific Rim Economic Project
c/o Nautilus International, Inc.
2237 Carleton Street
Berkeley, California 94704

May 26: "We Oppose Military Rule": 40,000 Kwangju citizens demonstrate in city streets

This pamphlet is dedicated to the citizens of Kwangju, Korea, who heroically rose up in May, 1980 against their U.S.-backed military regime.

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