

# Executive Memorandum

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214 Massachusetts Avenue N.E. Washington, D.C. 20002 (202)546-4400

**RUSH!**

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## STATE DEPARTMENT REFLEX: BEATING UP ON AMERICA'S FRIENDS

Inexplicably, the United States seems to prefer to beat up its friends rather than its enemies. This is poignantly clear this week. As Ronald Reagan prepares to depart for his Moscow meeting with Soviet leader Mikhail Gorbachev, his State Department is embroiled in a bitter, unnecessary battle with Singapore, one of America's closest friends and most loyal backers. In recent months, the State Department has been similarly pugnacious with equally loyal South Korea and the Republic of China on Taiwan. The reasons given for such tactics: these countries are doing too little to open their markets to U.S. goods; they are not doing enough to offset the costs of security provided by the U.S.; they are building democratic institutions too slowly; or they are simply not being polite to U.S. diplomats.

Some of these charges have some validity, but they are vastly offset by what these nations do for the U.S. They support U.S. security interests. They serve as models of free market development and private sector-led economic growth for the rest of the world. And they are building the democratic institutions which the U.S. has been encouraging.

**Enormous Overreaction.** The most recent example of the State Department playing the role of neighborhood bully in East Asia was in its action this month against Singapore. On May 7, the Singapore Government ordered the U.S. Embassy's First Secretary to leave that country, following charges that he had meddled in Singapore's domestic politics. If Singapore acted too hastily in expelling the U.S. diplomat, as it probably did, then the State Department overreacted enormously by retaliating three days later, expelling one of Singapore's four Foreign Ministry officials in Washington. By contrast, the ousted U.S. diplomat was only one of 100 at the U.S. Embassy in Singapore. The State Department's action prompted a chorus of anti-Americanism in the Singapore press. This compounded the already-bitter disappointment with the U.S. in Singapore following Washington's sudden withdrawal in January of Singapore's eligibility for trade benefits under the Generalized System of Preferences.

Over the past two decades, Singapore has been a key U.S. friend. Singaporean Prime Minister Lee Kuan Yew long has advocated policies supporting free trade and resistance to Soviet-supported adventurism in the region. He was a staunch and courageous supporter of U.S. policies in Vietnam. Singapore's importance to the U.S., in fact, may grow dramatically. The island, with its famous harbors and skilled workforce, is a likely candidate for a U.S. naval base

if the U.S. is forced out of the Subic Naval Base in the Philippines. The State Department nonetheless treats Singapore as an enemy rather than as the close friend that it is.

**Beating Up Seoul.** During the past several weeks, meanwhile, the State Department and other U.S. agencies have dispatched trade and security experts to Seoul to bully another of America's staunchest allies. South Korea is accused, among other things, of not importing enough American cigarettes and not contributing to the defense of the Persian Gulf. To be sure, South Koreans unfairly restrict tobacco imports. In recent years, however, Seoul has begun opening its markets to U.S. products, including tobacco. Last September, Korea ended its ban on the sale of American cigarettes in that country. There is no reason, moreover, to try to force the Koreans to do more to contribute to Persian Gulf oil security. Unlike wealthy Japan, which imports 4.5 million oil barrels a day, 60 percent from the Persian Gulf, South Korea imports only 550,000 barrels a day. South Korea thus benefits much less from Persian Gulf security than Japan and many other nations. More important, South Korea spends an extraordinary amount on military security; its outlays last year were 6 percent of its gross national product, compared to one percent for Japan. Curiously, the State Department has chosen to beat up South Korea just at the moment when it is in the midst of a delicate transformation from authoritarian regime to nascent democracy.

The U.S. also recently has been nasty to the Republic of China (ROC) on Taiwan, pressing it to increase its purchase of U.S. agricultural and manufactured products, to reduce its trade tariffs and to boost the value of its currency relative to the U.S. dollar. While the U.S. has a valid case, American tactics and the intensity of the pressure have been tremendously inappropriate. The ROC long has been a strong friend of the U.S. Its steps toward democracy are far more ambitious than anything being tried on mainland China or under Soviet leader Gorbachev's *glasnost* and *perestroika*. The ROC's naval facilities, moreover, like those of Singapore, could be an alternative to current U.S. bases in the Philippines.

**Meeting U.S. Demands.** The ROC has done more to meet U.S. demands than any other country in the region. U.S. exports to the ROC increased nearly 18 percent in 1986, and almost as much in 1987. In April 1987, the ROC cut import duties nearly 50 percent on 62 of 66 items that the U.S. had requested, and simultaneously reduced the tariff on 800 others. The ROC Ministry of Finance has been discussing reducing the duty on 3,000 more items in 1988. The ROC also has responded to U.S. pressure to increase the value of the New Taiwan (NT) Dollar. Since 1985, the NT-dollar has risen more than 20 percent.

As State Department staffers prepare Ronald Reagan's briefing papers for the Moscow Summit, they should remember who are and are not America's friends. At a time when U.S. friends in the world are not legion, Washington can ill afford, as Asia expert Karen Elliott House recently wrote in the *Wall Street Journal*: "stomping around the globe with a tincup in one hand and a baseball bat in the other, roughing up vulnerable friends to help solve its economic problems and help assume its security obligations."

Roger A. Brooks  
Director, Asian Studies Center

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For further information:

Karen Elliott House, "This is No Way to Treat a Friend Like South Korea," *The Wall Street Journal*, May 10, 1988.  
Daryl M. Plunk, "Confronting Political Change in South Korea," Heritage Foundation Asian Studies Center  
*Backgrounder* No. 64, June 2, 1987.